

Nitin Fire Protection
Coverage Report
December 2011

**Nitin Fire Protection Industries Ltd
Coverage Report
December, 2011**

Interview

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बिजनेस भास्कर

इंदौर, बुधवार, 14 दिसंबर 2011

इंडिया इंक बैठा है आग के मुहाने पर

अजीत सिंह • मुंबई

कोलकाता में इमामी के संयुक्त उपक्रम वाले एएमआरआई अस्पताल में लगी आग से भारत के कॉरपोरेट घराने चिंतित हो गए हैं। स्थिति यह है कि किसी भी कॉरपोरेट घरानों में अगर आग लग जाए तो अचानक बचाव के कोई उपाय नहीं है। इन कॉरपोरेट घरानों ने अब नितिन फायर से सुरक्षा के उपाय मांगे हैं।

नितिन फायर प्रोटेक्शन इंडस्ट्रीज के कार्यकारी निदेशक राहुल शाह कहते हैं कि हाल में हुए एक सर्वेक्षण में यह पता चला है कि किसी भी कॉरपोरेट घराने में अचानक आग से बचाव के कोई उपाय नहीं है। उनका कहना है कि उनसे टेलीकॉम कंपनी वोडाफोन और कुछ पावर कंपनियों ने संपर्क किया है। उनका कहना है कि हाल के दिनों में टाटा समूह के बांबे हाउस, जयपुर के स्कूल, नई मुंबई के ऑयल कंपनियों में आग लगने की घटनाएं हुई हैं, लेकिन किसी भी घटना के बाद उपाय के कोई प्रबंध किसी ने भी नहीं किए। बांबे स्टॉक एक्सचेंज में



सूचीबद्ध 439 करोड़ रुपए वाली कंपनी के राहुल शाह का कहना है कि भारत में इस समय 15,000 करोड़ रुपए का फायर प्रोटेक्शन बाजार है और मार्च 2013 तक हमने 1,500 करोड़ रुपए के बाजार की हिस्सेदारी पर काबिज होने का लक्ष्य रखा है।

उनका कहना है कि इस दौरान उनकी कंपनी 250 करोड़ रुपए का निवेश नए उत्पादों और क्षमता बढ़ाने के प्रोजेक्ट पर करेगी, जो आंतरिक संसाधन और ऋण से जुटाए जाएंगे। उनका कहना है कि इस समय देश में हर इमारत पर मोबाइल टॉवर

लगे हैं और यह सभी डीजल से चलते हैं।

हर इमारतों में डीजल का बड़े पैमाने पर संग्रह होता है लेकिन अचानक आग लगती है तो यह बहुत बड़ी घटना हो सकती है जिसको रोकने के कोई उपाय नहीं है। उनका कहना है कि कई कॉरपोरेट घरानों में जो आग को बुझाने के यंत्र लगे हैं, वे कभी उपयोग में ही नहीं आए। उनके मुताबिक, नितिन फायर का फोकस मुख्य रूप से स्कूल, हाई राइज इमारतों, ऑयल रिफाइनरी, हॉस्पिटल आदि पर है और यहां से कंपनी को अच्छे राजस्व की उम्मीद है।

शाह के मुताबिक, भारत में आग से सुरक्षा के उपायों का बहुत बड़ा बाजार है जो अभी तक कंपनियों की पहुंच से दूर है। उनके मुताबिक, उनके कुल राजस्व में 50 फीसदी हिस्सा अंतरराष्ट्रीय स्तर से और 50 फीसदी घरेलू बाजार से आता है। कंपनी इस समय घरेलू और अंतरराष्ट्रीय स्तर पर दो कंपनियों के अधिग्रहण की बात कर रही है और बहुत जल्द इसे पूरा कर लेने की संभावना है।

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बिज़नेस भास्कर

नई दिल्ली, बुधवार, 14 दिसंबर 2011

भारत में इस समय है 15,000 करोड़ रुपये का फायर प्रोटेक्शन बाजार

इंडिया इंक बैठा है आग के मुहा

अजीत सिंह • मुंबई

कोलकाता में इमामी के संयुक्त उपक्रम वाले एएमआरआई अस्पताल में लगी आग से भारत के कॉरपोरेट घराने चिंतित हो गए हैं। स्थिति यह है कि किसी भी कॉरपोरेट घरानों में अगर आग लग जाए तो अचानक बचाव के कोई उपाय नहीं है। इन कॉरपोरेट घरानों ने अब नितिन फायर से सुरक्षा के उपाय मांगे हैं।

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बॉम्बे स्टॉक एक्सचेंज में सूचीबद्ध 439 करोड़ रुपये वाली कंपनी के राहुल शाह का



लापरवाही

कॉरपोरेट घराने में आग की सुरक्षा के यंत्र सही नहीं

मोबाइल टॉवर लगे इमारतों में डीजल की वजह से ज्यादा खतरा

टेलीकॉम और पावर कंपनियों ने मांगे आग से बचाव के उपाय

नितिन फायर क्षमता बढ़ाने पर करेगी 250 करोड़ का निवेश

कंपनी दो कंपनियों के अधिग्रहण के लिए कर रही है बातचीत

कहना है कि भारत में इस समय 15,000 करोड़ रुपये का फायर प्रोटेक्शन बाजार है और मार्च 2013 तक हमने 1,500 करोड़ रुपये के बाजार की हिस्सेदारी पर काबिज होने का

लक्ष्य रखा है।

उनका कहना है कि इस दौरान उनकी कंपनी 250 करोड़ रुपये का निवेश नए उत्पादों और क्षमता बढ़ाने के प्रोजेक्ट पर करेगी, जो आंतरिक

एक रिपोर्ट में कि चीन 2020 को पीछे छोड़ कर 2050 तक भी कहा है कि भारत दुनिया

संसाधन और अर्थव्यवस्था

उनका रिपोर्ट में कहा

इमारत पर 2010 में भारतीय

डीजल से 3.92 खरब

हर इमा और 2080

संग्रह होता है कर 85.9

यह बहुत बड़ी जाएगी।

के कोई उपा आगी और

कॉरपोरेट घर निकल जाएगा।

मुताबिक, निकल

से स्कूल, हॉस्टल और

हॉस्पिटल अ इसमें बताया, ग

अच्छे राजस् तक चीन स्क

शाह के हो जाएगी। उस

के उपायों का की वर्ल्ड जीडीपी

कंपनियों की बढ़ कर 3

उनके कुल की हिस्सेदारी

अंतरराष्ट्रीय बाजार से आ

स्सेदारी नौ फीस

अंतरराष्ट्रीय अर्थव्यवस्था का

की बात कर अर्थव्यवस्था का

लेने की संभान चीन की जी

एक रिपोर्ट में कहा

Miscellaneous

count. The total realised exchange gain credited to the P&L account stood at Rs 1.6 crore. The debit balance in the hedge reserve account stood at Rs 162.3 crore as on 30 September 2011. The debit balance denotes loss. Great Offshore's current market capitalisation is around Rs 370 crore. The company has reported profit of Rs 6.4 crore for the quarter and Rs 61.3 crore for the half year ended 30 September 2011. The stock recently plunged to an all-time low and still continues to trade close to its all time low at Rs 93.6 (on 9 December 2011), which is at sharp discount to its book value of Rs 306.5. The stock's five-year high is Rs 1145.

AS-30 has saved the day for **Jubilant Life Sciences**. It has opted for cash-flow hedge accounting for certain transactions, as per AS-30. Accordingly, foreign exchange translation loss of Rs 14.8 crore has been debited to the hedging reserve account. The company reported profit of Rs 5 crore for the quarter and Rs 58.8 crore for the half year ended 30 September 2011.

Some companies that had shifted to AS-30 in the past have reverted to the good old methods of accounting. **Hikal** had early adopted the principles of hedge accounting as set out in AS-30. However, from 1 April 2011, it changed its method of accounting for forward contracts and long-term foreign currency monetary items by recognising exchange difference in the P&L account in the period in which they arise in accordance with AS-11 on effects of changes in foreign exchange rates. Had the company continued following AS-30, profit before tax would have been higher by Rs 5.2 crore for the quarter and lower by Rs 22 lakh for the half year ended 30 September 2011.

Hikal has entered into forward & options (F&O) contracts to hedge its exposure to fluctuations in foreign exchange for approximately 30% of future exports. These covers have been staggered over the next three years as a major portion of its turnover is realised from exports. It believes that unrealised losses from these transactions are notional in nature and fluctuation in the currency movements against hedged contracts gets compensated by realisation of higher value of sales realisation. Therefore, the actual profit or loss against outstanding contracts crystallises only on maturity of contracts. Thus, gain or loss will be recognised as and when they fall due. The MTM company's loss stood at Rs 44.1 crore as on 30 September 2011 (Rs 39.5 crore as on 30 September 2010). Due to volatility in foreign currency



Simplex Infra not provided for forex-loan loss

rates, exchange difference of Rs 11.2 crore on 30 September 2011 on short-term working capital loans will be accounted at the rate prevailing on the date of payment.

Hikal's MTM loss is significant considering its bottom line and market value. **Hikal** reported net profit of Rs 11.4 crore in the quarter (Rs 10.3 crore in the previous period) and Rs 25.9 crore in the half year ended 30 September 2011 (Rs 25 crore in the previous period). The firm reported net profit of Rs 44.2 crore in FY 2011. Its market capitalisation stood at Rs 415 crore on 8 December 2011.

Interestingly, a few companies have not recognised any MTM losses on financial instruments and foreign currency derivatives transaction either under the existing accounting standards or AS-30. **JBF Industries** has various foreign currency monetary assets and liabilities. To hedge its exposure to foreign exchange and interest rates, it entered into derivatives contracts. All realised exchange differences and derivatives losses aggregating to Rs 61.5 crore for the quarter and Rs 105.8 crore and for the half year ended 30 September 2011 have been charged to the P&L account. MTM loss on these foreign currency monetary items and derivatives contract aggregating to Rs 232 crore on 30 September 2011 has not been provided in the books of account as the company believes that abnormal depreciation in the rupee is a temporary phenomenon and conditions may not continue as on actual date of payment. Loss on derivatives contract, if any, may be payable only if loss conditions are triggered on observation dates starting from 3 August 2010 and ending on 3 July 2013. This accounting treatment is not as per the AS-11 on the effects of changes in

foreign exchange rates. The firm would be accounting the losses as and when realised.


As matter of fact, the bank with whom the derivatives transactions are outstanding had approved a line of credit to **JBF Industries** to fund the derivatives losses partly as debt, convertible debt and preference shares. The statutory auditors have qualified the non-provision of MTM loss of Rs 232 crore on 30 September 2011 with consequential effect of Rs 139 crore on profit after tax. Non-provision of MTM losses of derivatives contract was also qualified by the auditors in their reports for FY 2011 and earlier periods.

In certain cases, even the statutory auditors have commented on the accounting policies on foreign exchange and derivatives gains and losses. **Simplex Infrastructures's** period-end exchange fluctuation loss on foreign currency loan, which is hedged by derivatives contracts, stood at Rs 13.9 crore with MTM gain of Rs 11.2 crore. This has not been provided for as the loans are hedged and loss is notional in nature. The auditors have qualified the accounts for FY 2011 on this particular issue. The auditors have also commented in their limited review for the earlier quarter as well as the current quarter as well.

Shasun Pharmaceuticals is also an interesting case. It had adopted alternative approach for the period ended 31 March 2011 to present MTM loss aggregating Rs 40.5 crore on option contracts as a prior-period item under AS-5 on net profit or loss for the period, prior period items and changes in accounting policies. Had the alternative approach not been adopted, loss would have been Rs 35.6 crore in FY 2011. The company reported profit of Rs 4.88 in FY 2011. Its earning per share stood at Re 1, which could have been negative Rs 7.34 without shift to AS-5.

As seen in the past, derivatives contracts disputes continue. **Nitin Fire Protection Industries** part-sold equity stake in **Worthington Nitin Cylinders** in December 2010. Subsequently, it has taken over outstanding claim of derivatives contract amounting to Rs 5 crore (excluding interest). Based on a legal opinion, the company has filed a petition in the High Court (HC) of Bombay challenging the legality of the contract. Pending decision, no provision has been made.

Investors have to investigate companies to which they have or planning to take exposure for losses on derivatives contracts. Also, several companies provide in-



Top gainers				
(₹)	3 Jan 11	21 Dec 11	Change	% change
HUL	313	401	88	28.12
Idea Cellular	71	83	12	16.90
ITC	174	202	28	16.09
Divi's Labs	652	750	98	15.03
Bajaj Auto	1,477	1,616	139	9.41
LIC Housing Finance	196	218	22	11.22
Nestle (I)	3,829	3,984	155	4.05
Ambuja Cements	143	155	12	8.39
Sun Pharma	487	499	12	2.46
ACC	1,071	1,139	68	6.35
Kotak Mahindra Bank	456	466	10	2.19



Top losers				
(₹)	3 Jan 11	21 Dec 11	Change	% change
HDIL	195	55	-140	-71.79
Unitech	67	19	-48	-71.64
Suzlon Energy	54	18	-36	-66.67
Reliance Capital	682	241	-441	-64.66
Crompton Greaves	312	109	-203	-65.06
GMR Infra	47	19	-28	-59.57
Essar Oil	141	47	-94	-66.67
SAIL	188	80	-108	-57.45
Reliance Infra	863	354	-509	-58.98
Cummins India	773	326	-447	-57.83
United Spirits	1,467	610	-857	-58.42

taken by the RBI to compress overall demand in the economy in its fight against inflation, could see a rise in NPA levels in the bank. While investment demand saw a decline with funding becoming a contentious issue, consumption demand provided some buoyancy. As a result companies with a larger exposure on the rural side, like Hindustan, Marico and Dabur, were re-rated.

FII's, who had invested in the growth story and were steadily buying in the markets, went on a selling spree in the latter half of the year. Towards the end of the year net outflows in cash and futures were estimated close to \$5 billion. The global crisis, especially in Europe coupled with the problems on the domestic front, sparked off massive sales in emerging markets. India was no exception. These sales in turn put pressure on the rupee which slid to an all time low of 53 against the dollar. With RBI losing no opportunity to publicly acclaim their helplessness in defending the rupee, speculators were given carte blanche to take bets on the rupee sliding even more. It was only some belated actions by the RBI that halted the momentum of the slide.

Despondency shrouded investment sentiments and even the brave hearts who ventured to buy quickly drew back as chopiness in the markets became a norm. Volumes in the cash segment, at a 7 years low in contrast to the heightened volumes witnessed in the derivatives market which accounted for 76 per cent of the total volumes effected, dropped

significantly as retail investors stayed away.

"In a challenging macro-environment corporate earnings are bound to decline. We estimate top line growth to drop between 8-10 per cent. An adverse currency movement in the second half and cost-push inflation will depress profit margins," explains Balasubramanian, CEO, Birla Mutual Fund.

IPO market

The new issues market virtually dried up from July to mid-December. A study done by SMC Global Securities indicates that nearly 28 companies that sought SEBI clearance developed cold feet and did not go ahead with their plans for raising capital. These include companies in the real estate and power sectors amongst others. High interest and a sharp slowdown in the property market saw the realty index sliding by more than 52 per cent. Investors' apathy to this sector saw the index dip to 1360 on 21 December, a mere 10 per cent from its three year high of 13848 reached in January 2008. The companies that withdrew their issues included Lodha Developers, BTPT, Raheja Universal, Lavasa Corporation and Kumar Urban Developers.

The power sector, which had seen a value destruction of nearly 66 per cent, also saw companies like Sterlite Energy, Jindal Power, Avantha Power and Ind Barath Power pulling back from entering the market. Problems concerning coal procurement, uncertainties of getting supplies from

Indonesia and the overall slowdown in consumption saw power projects, especially those being set up by independent power producers, either shelved or delayed. Existing power companies like Adani Power and Jindal Steel & Power saw huge sell-offs by investors. Jindal shed one third of its value over the year while JSW Energy was quoted at less than ₹40 as against the price of ₹100 at the beginning of the year. Other companies that allowed their permission to lapse included Reliance Infratel, Glenmark Generics and Gujarat State Petroleum; Micromax deferred its issue.

Poor market conditions also saw the government going slow on its divestment plans with the FPOs of SAIL and ONGC also being deferred. Steel Authority shares had shed nearly 50 per cent of their value during the 12 month period and were traded around ₹80. ONGC was pretty steady in a volatile market, shedding barely 10 per cent of its value. "It was a difficult year on many fronts and it has left a bad taste in the mouth of the investors," points out Jagannadham Thunuguntla, strategist & head of research, SMC Global Securities.

Going forward one does not expect any swift change in sentiments. The only hope being demonstrative action by the government to push reforms in either the retail or aviation sector or in pensions. While the market could still grope around for a bottom, we still feel that investors can buy good stocks which are available at virtually throw away prices.

• DAKSESH PARIKH