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Eye 50% sales post mega defence deal fillip: Walchandnagar

The government on Saturday cleared defence acquisitions worth Rs 80,000 crore.

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As a company we have been primarily looking at cogeneration power and we are actually trying to change our focus to defence and nuclear segment.

GK PILLAI

MD & CEO

Walchandnagar Industries

Hailing the government's move to approve defence acquisitions worth Rs 80,000 crore, GK Pillai, managing director & chief executive officer, [Walchandnagar Industries](#) says this move gives a major fillip to the defense sector.

In an interview to CNBC-TV18, Pillai says the company, that works on the research and development (R&D) of submarines, nuclear submarines, launchers, container, etc, is looking to double its sales to 50 percent now.

Furthermore, he is optimistic on partnering with submarine [manufacturers](#) for supplying

various parts and adds that the company is open to forming a joint-venture (JV) with foreign companies.

Below is the verbatim transcript of GK Pillai's interview to CNBC-TV18's Ekta Batra and Anuj Singhal

Anuj: Defence companies have been buzzing in trade today as the government has given nod to projects worth Rs 80,000 crore in the defence space. Can you tell us the kind of opportunity that exists for a company like Walchandnagar and can you quantify that for us?

A: Yes, definitely because the news which came yesterday with regard to the government clearing projects in the defence sector for almost Rs 80000 crore, I am sure it is a big fillip for both the Indian industries as well as for the defence sector itself. We feel that the Indian industries are capable of meeting many of defence equipment related activities will get a fillip and our business capabilities would be better utilized by the country.

But to quantify the things for a company like Walchandnagar industries Ltd who have been mainly into the defence sector we have been doing more work on R&D basis on a single product basis where indigenization has been required. This opportunity will really help us to grow our defence business from the present existing about 25-30 percent what we do now of our total sales, we are hopeful that we will be able to increase it to almost doubling it from 25 percent to almost 50 percent share of our business.

Ekta: What would be the defence orders that you would possibly gain from? You spoke about research and development but can you give us more specifics in terms of what would be the order and where would you come into the value chain and which segment would it be, would it be manufacture of submarines, would it be the other defence mechanisms or manufacturing that you would be gaining from?

A: Definitely because at present we do on a one-off basis more on R&D basis but once this opening up happens we are keener to work on the submarines that have been one of our strength areas. We do some work for the nuclear submarine also.

We also are looking at the ATGMs which the government has decided to open up, we will be working along with DDL as well as the foreign collaborators. The launchers and containers which are there, which we feel will be more in the light of Walchandnagar's existing manufacturing technology. So these are the three major areas what we are now looking at. And to add to what I said, as a company we have been primarily looking at sugar and cogeneration power and we are actually trying to change our focus to defence and nuclear segment. So this really will help us to move very fast in the direction of being a very specialised manufacturing set up in the country for the defence and nuclear sector.

Walchandnagar stock price

On October 27, 2014, at 14:18 hrs Walchandnagar Industries was quoting at Rs 119.50, up Rs 10.85, or 9.99 percent. The 52-week high of the share was Rs 124.45 and the 52-week low was Rs 53.60.

The latest book value of the company is Rs 185.56 per share. At current value, the price-to-book value of the company was 0.64.

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