

## India's Infrastructure Projects Offer Excellent and Rewarding Business Opportunities to Foreign Investors



Roads and Highways

**U.S. Commerce Secretary Bryson-Led Successful Trade Mission Encourages American Firms to Tap India's \$ One Trillion Infrastructure Market**



Railways



Energy and Power



Aviation

### HIGHLIGHTS

Despite Economic Setback, India's Growth Story Has Not Ended

Opportunities Abound in India's Road and Highway Projects

USIBC Leadership Summit Set June 11-12 in Washington, DC

Excellent Performance of India's Public Sector Enterprises: SCOPE

US Lawmakers Admire Indian Firms' Contribution to US Economy

It also considers the utilization of non-performing assets like sale of surplus land, sale of investment in associate companies, etc. to finance its revival. The Government, on the recommendations of BRPSE, infused funds of Rs.45.05 billion meant among the uses include acquisition of technology, up-gradation of technology, modernization of plant and machinery, product diversification, etc.

#### Mergers and Takeovers

If the company has the capability, the Board has recommended reviving on its own in cases like Bridge & Roof Co. (India) Ltd., MECON Ltd., Cement Corporation of India Ltd., Heavy Engineering Corporation Ltd., etc.

Where there is synergy in operations, the Board opted for merger/takeover of sick CPSEs by other CPSEs as in the case of Bharat Refractories Ltd. which was taken over by Steel Authority of India Ltd. (SAIL), Bharat Heavy Plate & Vessels Ltd. which was taken over by Bharat Heavy Electricals Ltd.

The Board also recommended taking over by Government Department in case of Bharat Wagon & Engineering Company Ltd., Braithwaite Co. Ltd. where the Ministry of Railways is the big purchaser for the products manufactured by them. This will provide sustainability in their revival and can prosper under them with captive market and work as a captive units to them in their supply chain management leading to win-win situation.

#### Bifurcation : Revival Strategy

The Board is not inhibited in recommending to bifurcating the companies as a revival strategy. In case of Burn Standard Company Ltd., the Board recommended to transfer the Wagon manufacturing unit to Ministry of Railways and the Refractory Unit to SAIL under Ministry of Steel so that respective unit could prosper and revive under it.

The Board has also adopted strategies of recommending managerial, financial, order, technical support to sick CPSEs by big CPSEs for their turnaround in case of Bharat Pumps & Compressors Ltd.

The Board has also recommended the option of revival through joint venture with private sector partners capable of providing technical, financial and marketing inputs. The Board also recommended revival of CPSEs by their holding companies in case of Eastern Coalfield Ltd. and Bharat Coking coal Ltd.

#### BRPSE's Successful Efforts

Relentless efforts of the BRPSE have given its results. Out of the 43 CPSEs, approved for revival by the Government, 24 have posted profit/profit before tax in 2010-11. 13 CPSEs have turned around and posted profits for 3 or more years consecutively after the support extended by the Government.

BRPSE, in order to encourage sick CPSEs to spare no efforts in turning the company into profitable upon implementation of the revival package and to give due recognition to the efforts made by the management, employees, administrative ministries of the CPSEs, has instituted to confer "BRPSE Turnaround Award" to those sick CPSEs which have turnaround. BRPSE has declared these 13 CPSEs as turnaround CPSEs and felicitated with "BRPSE Turnaround Award" till now. There are also some CPSEs which have shown signs of revival and may join the turnaround family in the coming years.

#### Remarkable Improvement

These CPSE have secured customer confidence, regained creditworthiness, able



to monetize assets. Many of them are working in niche markets like BBJ Construction Company Ltd. in steel structural, Braithwaite Co. Ltd. in wagons, Bridge & Roof Co. (India) Ltd. in mechanical construction, CCI in consumer goods, Central Electronics Ltd. in electronic equipment, Hindustan Insecticides Ltd. and State Farms Corporation of India Ltd. in agriculture and seeds, Heavy Engineering Corporation Ltd. in manufacturing of equipment and machinery for core industries, MECON Ltd. in design, engineering and consultancy in iron & steel industry, Mineral Exploration Corporation Ltd. (MECL) in mineral exploration.

#### Stock Exchange Listing

Many of these CPSEs have earlier not

shown consistent profitability, double digit profits. HEC had got SCOPE Award for Excellence and outstanding contribution to the Public Sector Management in "Turn around" category. Similarly, MECL, MECON and Andrew Yule Co. Ltd. were awarded with MOU Excellence Award. Bridge & Roof Co. (India) Ltd., Bharat Pumps & Compressors Ltd. were conferred Miniratna status. Braithwaite Co. Ltd. achieved production of 1,000 wagons. B & R achieved a landmark by crossing Rs.10 billion turnover. Some of these turnaround CPSEs may be potential candidates for listing on stock exchange in the coming years. They have now drawn ambitious future plans. They have created a feeling among the CPSEs family that revival is possible.

At the same time there are companies which have yet to show signs of revival and incurring losses in spite of sanction of revival package. These are particularly engaged in Pharmaceuticals, Textiles, fertilizer sectors. These are to be examined afresh to find the course of action.

#### Quality of Management

The Board had opined that for the successful revival of sick CPSEs, besides financial package, the paramount issue is the quality of management. BRPSE has recommended a number of the measures from time to time to strengthen CPSEs, particularly sick CPSEs. The Board, in order to get talented managerial personnel at Board level, recommended a scheme for attracting top managerial talent to sick CPSEs to Government which enables the Board level incumbents (functional directors and chief executives) for considering extension of tenure till 65 years and a lump-sum incentive out of the profits of the CPSE. The Board also recommended further relaxation in recruitment rules for Board level appointees in sick CPSEs.

BRPSE has further felt that CPSEs should attract best talent at below board level besides retaining professional/technical manpower and motivating them for sustainable revival of these CPSEs. In line with, the Board recommended to the Government for incentivizing employees, enhancement of superannuation age across the organization. The Board, to enable the sick CPSEs to rationalize the manpower successfully, has also recommended revision of VRS schemes to make them more attractive.

BRPSE has given a new direction, a new identity, a new vision and a new mission to (SENGUPTA—Continued on page 33)