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We have started identifying new business opportunities



Infrastructure companies can aid recovery by embracing green infrastructure, says **ROHIT SABOO**, President & Chief Executive Officer, National Engineering Industries

The ongoing Pandemic has badly battered the economy. Does infrastructure hold the key to revive the Indian economy? Your view

The Indian economy was facing challenges even before Covid-19. The key point now on everyone's agenda is to embark on the journey to recovery. Infrastructure plays an important role in development of the economy. It boosts the overall economic activity impacting other segments as well. The onset of Covid posed a difficult situation for infrastructure companies who have to recover from a low of the previous year. Hence, there is an urgent need to come up with highly impactful strategies to boost this sector. Keeping focus on high impact construction initiatives will help in keeping local businesses and workforces engaged. This can be managed by restarting large projects stalled due to pandemic restrictions. To add to this, investments in the sustainable infrastructure can play a key role in initiating economic recovery post-pandemic. Infrastructure companies can aid recovery by embracing green infrastructure. This will work when there is adoption of eco-friendly projects at the national level, influencing the transport sector towards adopting electrified transportation systems and promoting the restoration of the ecosystem. We

at NEI have taken measures to implement sustainability initiatives and improve carbon footprint. We have recently been awarded with the Green Factory Platinum Certification for our 75-year old manufacturing plant in Jaipur. It has received the highest level of rating given by IGBC for having sustainability measures in place. Our other plan near Vadodara is also IGBC Platinum certified.

What are your views on the need to adapt and remould the infra-activities as per the New Normal to spur the economy?

At this point, it is important to focus on building future-ready, intelligent, resilient and sustainable infrastructure that could help to rebuild production capacity, provide employment and revive most of the critical sectors' confidence. Our major focus is towards investing in improving quality of products, well-being of our people and enhancing our current technology. We have chalked out our growth plans both organically and inorganically. Organically, we will continuously make strides towards expanding our portfolio based on the evolving landscape of the industries/ sectors and of course, the needs of our customers. With its recoiling nature, Indian industries,

particularly the automotive industry are eventually working towards its recovery path, although it hasn't yet reached the heights of the pre-Covid period. Even before the pandemic, the Automotive Industry was going through a tough time and then with Covid-19, everything got worse. Currently, with the ongoing planned vaccination drive, we can expect some stabilisation.

How can the government handhold the industry in this Pandemic time?

The pandemic has impacted across various economic activities with an imbalance in global production, supply chains and trade. Looking at the deep impact of Covid 2.0, businesses would require monetary and fiscal support, as well as regulatory forbearance. The Indian automobile sector is one of the critical sectors supporting the overall economy and is a major revenue source for many core industries such as Media, Rubber, Steel, Paint, Aluminum and so on. Currently with digitalisation and technology adoption, Indian auto industry is well-capable of designing end-to-end products, prototyping, mass manufacturing & selling (both domestically & internationally). Timely re-opening of manufacturing plants, favorable monetary policies and government support packages have further supported in revival of demand. Prior to the second wave of Covid-19, the Auto industry was witnessing a V shape recovery. Reasons behind this would include preference towards going for personal mobility during covid, increased traction in rural markets, pent-up demand and so on. Production Linked Incentives for Auto will further drive localization in the country and contribute majorly to India's emergence as a global manufacturing hub. Automotive scrappage policy that recently got a green signal from the government will lead to new investments and also help to generate jobs. This initiative will be a good contribution to our economy. And will also be helpful for the environment.

What are the digital initiatives you have taken?

With the current wave of digitalisation, we are making constant strides towards digitising our supply chains, optimising our inventory and predict machine breakdowns using data analytics. Keeping in mind the current pandemic situation, at NEI we are making investments towards technology and aim to fully digitise our manufacturing and non-manufacturing operations in the coming years. We have been making constant progress in terms of digitization with various initiatives including the company's new website, social media presence and a recently launched App, devoted to connect with mechanics and retailers. This not only helps them to check the genuineness of bearings but also earn them loyalty points each time they buy NBC Bearing. The company's move on bolstering digital capabilities is in tandem with its vision to empower customers and enable them with easy access to better, relevant information. Our supply chain network is also being enhanced by using Industry 4.0. With these initiatives, we only hope to further scale up and take a bigger leap leveraging a stronger digital presence.

What are the R&Ds going on at your end?

The future of the automotive space is inching faster towards electric and digital solutions, and it is critical for the R&D teams to be ready for the numerous and concurrent changes, transforming the industry as a whole. NBC Bearings has a dedicated R&D wing, where research is conducted in specialized areas such as advanced materials and processes, product design, tribology and lubrication, virtual simulation and testing. The constant push and focus on R&D has led to a substantial growth in patent filings for the company. We have initiated the process of design, testing and validation of our indigenously developed bearings for electric vehicles

(EVs). We launched these bearings for electrical motor in the last financial year. We also started development of high-speed sensor bearings. At this stage, base application is ready, more such parameters are accordingly added as per customer requirements and accordingly testing is done.

How do you see the economy, opportunities, and challenges in this pandemic situation, and please give us a brief idea about the strategies outlined to tap into the future potentials?

As a strategy to de-risk the automotive industry, we have started identifying new business opportunities in industrial and rail segments while focusing on improving our own efficiencies. With an objective to reduce its concentration risk in the domestic automotive market we are targeting to improve our exports share to 30% from the current 20% in the next three years.

We are delving our feet into the aerospace and defence industries. We consider this as an excellent time to enter this segment, given the present focus is on 'Atmanirbhar Bharat' which will lead to lower import dependency for the companies in these segments. We have been engaged with a number of aerospace businesses and have learnt that there is a lot of room for a local player to proactively work with them from concept to production.

On the product front, we added high RPM and low noise bearings for electric vehicles to our portfolio and have already started supplying to Indian and European EV customers. On the investment front, we have lined up a capex plan of about INR 160 crore for the current fiscal which will largely be spent in construction of the new plant near Jaipur and machinery. This new plant will have about 20 production lines in the first phase, which is expected to get completed by the mid of 2023. Apart from this, we are looking for M&A opportunities in line with our growth goals.

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