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Engineering companies enthused by Make in India

Indian sectors dependent on foreign companies to meet their requirements can now directly enter into strategic partnerships with foreign manufacturers.

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The Engineering, Procurement & Construct (EPC) companies are enthused by the Make in India initiatives, started by the Narendra Modi government. Sectors which are largely dependent on foreign companies, like the defence sector, are now being opened for private players which will help foreign equipment manufacturers to enter into strategic partnerships with Indian companies and leverage the domestic markets and also aim at global business. Besides helping build domestic capabilities, this will bolster exports in the long term.

"There is a practical change in procedure and qualification for participating in the projects. Now tenders have started coming in the defence sector," said A.K. Tyagi, Managing Director of Noida based EPC firm Nuberg Engineering. Nuberg and Larsen & Toubro (L&T) are two major global EPC companies originating India. Globally, EPC space is primarily dominated by companies originating from the US, Europe and Japan.

According to estimates, there are opportunities to avail defence offset obligations to the tune of Rs 250 billion during the next 7-8 years. The offset policy, which stipulates the mandatory offset



India recently signed an agreement with French company Dassault Aviation for an order of over 30 Rafale aircrafts.

requirement of a minimum 30% for procurement of defence equipment in excess of Rs 3 Billion, introduced in the capital purchase agreements with foreign defence players would ensure that an ecosystem of suppliers is built domestically. Similarly, in the

chemicals industry, India is the third largest producer of agro-chemicals globally and exports about 50% of its current production.

"The EPC can be a torch bearing industry for Indian export revenues as well since it is not dependent on low

energy costs or low cost of natural resources. Like the IT sector in India, the EPC business is driven by skill/technical know-how and manpower and hence there is a greater opportunity for India to succeed. If we can acquire technology, it will be a boon for the industry and provide good employment opportunities in the country," he said, adding, "the government should take the initiative to set up a research institute to develop the technology for various industrial sectors which can be further licensed to EPC companies to do projects worldwide. Indian companies have the potential to be world leaders".

Nuberg recently received a contract of Rs 200 cr for a chemical plant in Saudi Arabia. The project was awarded by ADDAR, an industrial services Saudi group, to construct Saudi's first Greenfield Sulfolane plant in Saudi Arabia. The technology is sourced from USA's FTC Technologies for the chemical plant project. This is the seventh project overseas in the last one year for the company. The project is scheduled to commence during the first quarter of 2017. Nuberg will manufacture some of the critical equipment to be installed in the plant at its state-of-the-art fabrication facility in Jhagadia, Gujarat.