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2021 INFRA OUTLOOK

GEARED UP FOR A SHARP REBOUND



| REALTY | CE INDUSTRY | LOGISTICS | FACADES | TMT BARS

The core engineering talent with the company is our biggest strength.

AK TYAGI

CMD, Nuberg Engineering Limited



Nuberg EPC is a leading global EPC and turnkey project management company that has delivered more than 60 turnkey projects across 32+ countries in the past 20 years to become a leader in the EPC-LSTK industry. The company offers single-point responsibility solutions and services for engineering and construction of industrial plants from concept to commissioning. Nuberg serves chemicals & fertilizers, hydrocarbon, steel, nuclear, and defence industries globally. Furthermore, Nuberg EPC is globally recognized as the number one player in EPC for hydrogen peroxide and calcium chloride. We are also identified as the number 2 EPC company for caustic soda / chloro-alkali plants globally. We are among the world's fastest-growing organizations with a specialized internal team of more than 250 engineers that provides global competitiveness," states **AK Tyagi, CMD, Nuberg Engineering Limited**. Excerpts from the interview...

Could you brief us on the verticals Nuberg operates in?

As a business, we have three operational verticals i.e., EPC, Gas Plant, and Manufacturing division. First, the EPC vertical delivers turnkey projects on an EPC- LSTK basis. We manage entire operations starting from ideation to full commission and training of the staff. This also included concept, technology licensing, engineering, procurement, construction, commissioning, and handholding i.e., training the client's team. Second is the Gas Plant that manufactures and delivers gas plants such as Hydrogen gas plants, Compressed Air Systems, Nitrogen PSA plants, Oxygen PSA/VPSA plants, and Air Dryer units; that are done on an EPC basis. Lastly, we have our manufacturing division that produces Pressure Vessels, Reactors, Heat Exchangers, Columns & Towers, and Tanks. We own a 115,000 sqm manufacturing plant in Gujarat, which manufactures large industrial

equipment and machinery that caters to the EPC projects as part of Nuberg EPC. We cater to numerous international as well as large Indian clients such as big PSUs and private companies.

How do you assess the opportunities for Nuberg in the Indian industrial plant's space from different verticals?

India has immense potential due to the per capita chemical consumption being very low as compared to the world's average. This sort of discrepancy implies that the country has got great potential, and we are acting on it. However, we are significantly operating the business on foreign land because of some fundamental reasons that drive the entire industry. The major distinction between the Indian market and other markets is that Indian consumers usually operate on a piecemeal basis for projects where the organization setting a plant will contract many different building partners for each task like builders, engineers, and technologies from various sources and utilize them collaboratively. This has historically been driven by the paucity of mature turnkey partners. We expect the Indian market to speed up with PM's Atmanirbhar Bharat's Initiative and be a major player in the Indian market as well.

What are the current projects in India under execution? And what is your outlook for the next couple of years?

We have quite a few projects currently running the moment with large Indian PSUs. One project with ONGC being finished in Karaikal. Following this, we have 2 other projects with ONGC in Uran and Hazira. There are also projects going on with HPCL and HEF (High Explosive Factory), and along with this, we have also done some work in nuclear and defense space, which includes fuel for the ISRO satellites, etc. We are also working in ordnance factories for defense requirements and have a project underway with TATA Group.

What is the outlook for the next couple of years in India?

The Indian market has witnessed a slowdown in the economy due to the pandemic. However, we hope to see some growth from next quarter onwards. There is tremendous stress in the market at both ends of demand and supply.

What has been the impact of the pandemic on major EPC players like Nuberg, especially on the projects currently under execution? How have you been able to realign and restructure the processes?

We have noticed some growth in our business, still we have seen the stress that comes with customers holding the investment decisions. Further, we have focussed on delivering projects in time despite lockdown situations. A good example is the Egypt project where 7-8 months were wasted due to lockdown and yet we managed to deliver the project despite extra costs because of our drive and commitment. Our organization has continued to pay salaries during that slowdown and even rented chartered flights for our engineers. The business decisions have been pushed on back foot, and the new customer and prospects are also evaluating the market. We hope to get some transparency by the next quarter. Despite the crisis, the majority of our projects are in full stream execution. Taking learnings of the past year in the pandemic, we are trying to be more agile and work digitally. We have also migrated our entire process to SAP ERP.

How have you been able to leverage the advent of disruptive technologies and digital platforms in your operations?

For marketing and business development, we utilize the internet in a big way and generate many leads. With our global presence, we are available 24x7 to serve our customers with just

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◀ Hydrogen Peroxide Plant, India.

a little digital push. Our sales team is efficient enough to follow-up on the pipeline with their own IT systems. We have all the necessary stimulation and 3-D software like PDMS and Solid works to facilitate our processes. Customers can study the plant simulation details that we share right from small parts to the largest equipment and machinery. We have different software for each team- AVEVA E3D for piping, HTRI, PV lite, ISOMAC, Prosteel, and STAAD. Pro.

We have 3 video-conference rooms, and they are busy nearly all the time. I have my

is a requirement for skilled engineers and other workers, and the government needs to work on enabling a better trained and employment-ready talent pool.

I would like to appreciate the governments' efforts in a) reducing the corporate tax burden and b) in implementing GST. GST has been a major advantage for the industry as it has streamlined and smoothed the process. This has saved a lot of time in our business that is a round-the-clock business. We could be shipping our products from Japan to Saudi Arabia, Switzerland to UAE, and Gujarat to somewhere in Paraguay. Thus, GST has made the entire process simple, and this is the obvious benefit brought to the industry by the government.

As a major global EPC player, what are the challenges you face in project execution?

Acquiring an experienced workforce has been the greatest challenge we come across. Customizing the project to local laws and statutory requirements is a challenge and is a strength. Laws and policies in various countries keep changing, and we have to and are expertly able to abide by these changing requirements.

The real challenge is to gain customers' confidence as global players look for quality. Many global clients prefer western companies (European and American) in the belief that the quality may be better. However, Nuberg EPC as a company is today accepted as a world class EPC & LSTK organisation – we have established our credentials.

Now what happens is that everywhere we go we have some references to share with customers on that market and that gives us an edge. We have done projects across the world, and we have references to share right from Europe to Central Asia to the Middle East and everywhere. So, this gives us quite an edge, and yes, of course, there are countries we are still trying to penetrate, and there we do get this query.

Our experience concerning payment terms has been very good with global customers. We have never faced any challenge over there as long as we meet the delivery standards - which we are very good at.

Indian embassies from across the world have been very helpful. We are welcome everywhere we go, and full support is provided to us. We have had few experiences in the past where we needed help, and every time we were supported very well by the local Indian embassy. So, there is a lot of support from the government otherwise we won't have been able to flourish the way we are doing.



▲
**Calcium Chloride Plant,
Abu Dhabi.**

own video-conferencing set-up in place, and it has been my travel replacement from an earlier average of 20 days in a month. I am even signing deals digitally with client CEOs, and our documents are as extensive as 200-500 pages.

What policy/regulatory reforms do you expect from the government for the healthy growth of industrial plants in India?

There are some important things for the manufacturing industry and EPC players that need to be worked on. One is the costs, in many EPC projects the high cost of licencing of patented manufacturing technology that needs to be acquired from MNCs. The Indian government should look at creating an indigenous pool of technological processes that can be leveraged for promoting Indian manufacturing and EPC capacity with tremendous savings of foreign exchanges for the manufacturer and the government.

Furthermore, the Indian government needs to do significant work on land and energy / power / gas costs. The manufacturing industry can be significantly more vibrant if they did not have to incur high land acquisition cost and high energy cost. Lastly, the cost of talent in India is currently high due to the limited pool size. There

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Could you also throw some light on the global trends and how have you been able to create a deeper footprint in the global market?

Over the years, we have brought ourselves to a level where we have developed capabilities to deliver customized projects. Our company can do EPC around any ideas and products because of our global multi product capabilities and experiences. For instance, you are setting up a particular plant that requires a patented technology (as in how to go from raw materials to the final product) for the execution process of establishing a plant. We could make partnerships with global technology licenses, and our engineering depth and breadth help us deliver the EPC around it and commission the plant in a turnkey manner.

For illustration, executing the Sulphur Bentonite project for National Fertilisers Ltd in Panipat was unexplored territory to us. Consequently, we did the tie-up with GTC USA for the technology and then leveraged our strengths to deliver the plant to National Fertilisers Ltd. This is our core strength and competency as an EPC company to deliver anything, and it is the essence that also reflects in our brand tagline-Making Ideas Happen.

The global market has faced a major slowdown amid pandemic both on the demand and supply. Hence, it is likely to show some growth but still be slightly depressed. The industry dynamic however is shifting and has created opportunities for many new products that we are confident to deliver.

I wish to discuss one such product (Sulfolane), which we did for a Saudi-Arabian client. This product was again a new specialty chemical that was not explored by us previously. The next product is Anisole, and we have seen many such products coming into the market depending on their domestic dynamics. The Middle Eastern nations have realized that they can no longer bank on the oil economy, and they have to develop non-oil industries. There is a huge demand for new products, especially specialty chemicals, and also traditional/basic chemical products (Caustic soda, calcium chloride, sulfuric acid, hydrogen peroxide etc.) that were earlier imported. However, now they desire to build their own capacities.

What are your core strengths and competencies?

The core engineering talent with the company is our biggest strength. It invests more in engineers than the industry norm that can be noted with the strength of more than 250 engineers with more than 300,000 available man-hours. At large, these engineers are divided into FEED (front-end engineering design), Basic Engineering, and Detailed




▲ Chlor Alkali Plant, Abu Dhabi.

Engineering. These hold the key divisions in specific engineering capacities like civil & structural, piping, instrumentation, static equipment, and electrical. Therefore, we have dedicated departments, which ensures flexibility, timely delivery of projects, and offering world-class solutions.

Our know-how and global experience of operating in more than 30 countries and dealing with laws, statutory requirements, societal norms across geographical diversities. The execution of international projects is a herculean task because of their remote locations and logistics involved. Thus, there is a requirement for large logistics operations and coordination with global suppliers. The operations are handled through local laws, due to which it is necessary to have the legal knowledge and legal reinforcement. Furthermore, knowledge of the country's operating laws and guidelines, such as the electricity act, water act, labour laws, pollution laws, and their safety norms to execute the projects is necessary to avoid an unnecessary setback. Therefore, we are prepared with all processes and capabilities to take on these challenges, and that is a great advantage that we have in terms of strategy with global size and skills.

Our next core strength is a 115000 sqm state-of-the-art manufacturing facility in Gujarat, which gives us an edge in the market because of the cold rolling capacity of 100mm and handling capacity of 150 tons. Our in-house operations guarantee timely delivery at an effective cost and assured quality under certifications such as ASME, U, U2, R, and Indian Boiler Regulation (IBR) accreditation.

Our next core strength is our R&D facility in Sweden, where we develop and deliver innovative products & technologies. The country offers the best global talent, and it makes me proud to share that we have patented technology for hydrogen peroxide. Only a few organizations globally have access to hydrogen peroxide technology, and we are one among them. We also own technology for sulphuric acid plants.

We also hope to emerge as a leading global player in more services and products areas. 

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