

Business Standard

How the markets performed last week

| | Index on Feb 7, 14 | % Chg over 5d | % Chg over 1M | % Chg over 3M |
|-----------|--------------------|---------------|---------------|---------------|
| Sensex | 20,377 | -0.7 | -3.8 | -4.1 |
| Nifty | 6,063 | -0.4 | -3.8 | -4.1 |
| Dow Jones | 15,794 | 0.6 | -4.7 | -4.7 |
| Nasdaq | 4,126 | 0.5 | -1.2 | -1.2 |
| Hang Seng | 21,637 | -1.8 | -7.2 | -7.2 |
| Nikkei | 14,462 | -3.0 | -11.2 | -8.8 |
| FTSE | 6,572 | 0.9 | -2.6 | -3.7 |
| DAX | 9,302 | 0.0 | -2.6 | -3.9 |

Source: Bloomberg. Symbols are in Indian Rupees.



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'Reducing defence imports will boost manufacturing'



The Kalyani group showcased a prototype of Howitzer gun at the Defence Expo last week. Chairman **BABA N KALYANI** says in an interview with **Jyoti Mukul** the Pune-based manufacturing and engineering giant wants to place itself as a major player in the artillery business as India opens defence procurement to private players. Edited excerpts:

How do you view your growth in defence business?

Our group has been in the defence segment for decades. We have been a regular supplier of many important items like the T-72 road wheels, ready-to-fill ammunition shells and wheel rims & axles.

A large amount of this equipment is supplied through other OEMs (original equipment manufacturers). However, currently, it is less than a per cent of our group's turnover but in 10 years, we should be a major

artillery house globally. For this, we first need to get a base in India.

And, the government needs to come out with RFPs (request for proposals) that are make-and-buy-Indian. Under our gun programme, we have come out with the Howitzer in less than two years. Now, we need to get the product tested and approved. We are also working on an ultra-light Howitzer. Besides, there will be products like truck-mounted guns and other systems, the L72 gun, ammunition and mine-protected vehicles.

After your venture with Israel's Elbit, are you looking at more tie-ups?

We are looking at organic (increasing the business) as well as inorganic (through mergers & acquisitions) growth. For this, we are increasing our capability and are also creating joint ventures that will allow modern technology to come into our business. We have established a joint venture with Elbit Systems and are attempting number of large programmes. We are hopeful this

will add significantly to the growth. There is also a collaboration with SAAB, the Swedish defence conglomerate, for some systems required by the Indian Army.



BABA N KALYANI
Chairman, the Kalyani group

Does India's defence procurement policy encourage better technology and private investment?

India imports three-fourths of defence requirement but now the new defence procurement policy lays stress on indigenisation. Major opportunities in engineering manufacturing in India lie in power, capital goods, automobiles, oil & gas, railways and

defence. We have a good policy framework in place but it needs to be operationalised. We also need to cut the length of the acquisition cycle. There are small operational issues with respect to licensing, foreign exchange rate variation and taxes & duties, which need resolution. Opening the defence sector for domestic industry and reducing imports will give a boost to the manufacturing sector in India. The technology that will come with this will have a multiplier effect and will add value to other sectors as well. It should be a strategic mission for this country.

For full interview, visit www.business-standard.com