

# 'Our group is successfully running many JVs for the last three decades and we are always open to tying up with reputed companies'

—Executive director, Kalyani Group, Amit B Kalyani

*Kalyani group has been trying to take several steps towards indigenisation of defence equipment. Can you share some of these key initiatives?*

Indigenisation and innovation is the only way that our country can be self-reliant. Kalyani Group has taken number of steps in the defence sector towards this end. We have always supported the defence forces by meeting emergent requirements of ammunition shells for all artillery equipment and road wheels and tracks for armoured fighting vehicles. We have also developed rockets and rocket motor tubes whenever asked for.

In the past three years, we have invested considerably in research and development (R&D) for the defence sector through which we have been able to produce an indigenously designed and developed 155/52 calibre howitzer gun. We have also developed a light weight field gun both of which were on display at DefExpo 2014.

Further, we have developed an indigenous unmanned ground vehicle and have also forayed into electronics products that can be used by the defence forces. In addition, through collaborations, teaming and joint ventures we are in the field for manufacturing mine protected vehicles, soft kill systems and so on. We believe in the adage of partnering technology and driving innovation.

*Is the company's recent thrust in the defence sector a result of slowdown being witnessed in other areas? What kind of involvement do you intend to maintain in defence?*

For a moment, let us forget about sectors and take a look at our demography. India is a country of young people and by 2022 the average age of the nation would be 29 years. We need to engage this young population in useful nation-building activity. Manufacturing offers a perfect avenue for channelising their energies. We need to give impetus to manufacturing. Defence and aerospace are two sectors offering great opportunity. The question is whether we as a na-



tion will take advantage of this opportunity or not. Our drive is initiated by this need and we strongly believe that manufacturing in this country needs encouragement and defence and aerospace can help fill this gap.

*You have signed a joint venture with an Israeli company for gun production. Could you please elaborate on this? What is the venture about? Has it been tested by the Indian Army?*

Our joint venture is a strategic partnership with Elbit Systems in the hi-

technology area of the artillery systems. We are partnering for number of programmes. We will be manufacturing these systems in India with our JV partner. The JV is aligned with government regulations and is the first such JV in this segment. We believe that we will be able to get the state-of-the-art technology to India with this JV. Indian user trials are most challenging and among the toughest in the world. We are confident of fully meeting the user's operational requirements in all respects. It would be premature to comment on the outcome of the tender but we are hopeful the best will come through.

***How was your experience at DefExpo? Did you seek more JVs with foreign as well as Indian companies?***

We have acquired a domestic electronics company and are in the process of acquiring some others, both in India and abroad. We believe in both organic and inorganic growth. Our group is successfully running many JVs for the last three decades and we are always open to tying up with reputed companies. Since some agreements are in advanced stage of discussions, it would be inappropriate to mention them at this stage.

***Do you think that your company has reached a stage where it can invest in R&D for the weapons systems? What has been your R&D spending so far?***

Investment in R&D and stage is not directly linked. We are passionate about defence and that is what is driving our development effort. We are definitely investing in R&D in certain focus areas. Our R&D is product-based.

***Are you satisfied with the current cap on FDI in defence? Are you looking for joint productions of any other systems for the Indian armed forces? And could you elaborate on the MRO services that you are offering for the Indian Army vehicles.***

The current cap on FDI in defence is being debated at all levels. I do not want to add to the confusion. We are aligned with the current policy and believe that policy must keep the national interest in mind. As I said earlier, we are definitely looking forward for joint productions of products and systems required for the Indian armed forces by manufacturing them in India. We have a joint venture with Meritor and we are currently supplying axles to all the leading manufacturers in the country for all their heavy duty vehicles which are supplied to In-



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dian defence forces.

***Your business model is heavily dependent on exports. Does this help the company in the present situation where the domestic market is going through a sluggish phase or does it expose it to the problems being faced in markets in Europe?***

Our business model is focussed on both export and domestic market. We have a de-risked model that has withstood many ups and downs in the last few years.

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***What is the right way to simulate manufacturing in India as this would hold the key to next wave of high growth in the country?***

Manufacturing has always been the least glamorous in our country. We need to bring focus back to manufacturing. We need to celebrate our successes in manufacturing and bring about a change in the way we look at this sector.

This sector is important for the growth of the country. The country has laid out a target to increase the share of manufacturing to 25 per cent of the GDP but we are nowhere near this target value. Defence and aerospace and correct use of offsets can help give the required impetus to manufacturing. We must put into place a structure which can ensure we are able to reach this target in a time-bound fashion.

***Do you see a positive turn in defence procedure, which is very cumbersome at the moment?***

Defence procurement procedure is constantly evolving. We now believe that good procedure is in place based on a good policy. The need of the hour is to operationalise the intent into actionable process. There are small operational issues which need resolving in respect to licensing, foreign exchange rate variation and on taxes and duties. I am sure all those involved are seized of the necessity to reduce the impediments wherever necessary to make it faster and more transparent.

***Is defence going to be a major thrust area for the Kalyani group besides auto and other sector?***

Defence is an emerging segment and can become a major driver for manufacturing in the country. This would require a concerted effort at all levels by all the stakeholders like the ministry of defence, industry and the user. We are hopeful of positive outcome in this segment for our group. ||