

Opportunities to Diversify in Middle East Market

V. Narasimhan, Executive Director, Brakes India is a post graduate in Industrial Engineering from IIT, Madras, and Alumnus of INSEAD – FRANCE. He has served Brakes India for three decades in various functional areas and he is currently an Executive Director of Foundry Division. He also serves in the Board of The Dunes Oman LLC, and Forge-2000.

A keen student of TQM, he successfully led Brakes India's challenge of the Deming Prize in 2003. An avid practitioner of TPM practices, he spearheaded the company to win TPM Excellence, Consistency and Special Awards from JIPM. Very much interested in learning and teaching and has been a visiting faculty for various premier Institutions besides publishing quite a few articles. His presentation on "Inclusive, Innovative and Sustainable Environmental Management System" was selected as the best paper in the World Foundry Congress at Harrogate, U.K in 2007. He initiated Green Manufacturing in the Foundry Division which is now rated as a Green Company with Gold Rating by CII-Godrej Green Business Centre.

He is actively involved with Confederation of Indian Industry as Chairman of TPM Club India for five years and Chairman of the Manufacturing Competitiveness Committee of CII – Southern Region. He was a member of the Working Group on "Green Manufacturing" constituted by the Planning Commission for the Twelfth Five Year Plan. He has been nominated as an advisor to the Deming Prize Committee by the Union of Japanese Scientists & Engineers. He is the Chairman of the GreenCo Forum, Chennai Chapter of CII – Godrej Green Business Centre.

"We are intending to start a Technical training center in Salalah and at the same time offer in plant training to attract local talent. We want to tie up with a Technical University in Salalah. We want more of the Expats to learn and speak in Arabic language. We want to increase the value addition in Oman. We plan to increase our sales in the Middle East market." In an exclusive interview with 'Metalworld', V. Narasimhan disclosed the opportunities to diversify into the Middle East market.



V. NARASIMHAN
Exec. Director, Brakes India Ltd.

What were the considerations in deciding the location of new foundry unit at Oman ?

- The key factors are Capital Efficiency, labour productivity, resource availability, ability to attract investment and proximity to markets. For a good business environment, we considered the constituents of the Governance Pentagon covering political stability, corruption, government effectiveness, regulations and rule of law. We also looked at the relationship of the country with India, friendliness to business and cost of manufacturing.

Why did your organisation think of having a foundry in Middle East ?

- European customers wanted Brakes India to come closer to leverage on time and

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logistics. Inflation was at a high level in India at that time. Infrastructure was posing problems in Sholinghur. Availability of Energy was not satisfactory. We looked at China, Far East, Middle East and Eastern Europe and closed in on Middle East.

How has been your experience in running the foundry in Oman ?

- The ease of doing business is excellent. Decision making in Government Departments is very quick. We have received all the support from the Government and Salalah Free Trade Zone.

We achieved a vertical start up in the sense the ground breaking was done on 6th of March 2007 and Foundry commenced operations on 6th of March 2008. After achieving full

capacity utilization in 2010, we doubled capacity in May 2011. Rules and regulations are very strict, but we know exactly what is required up front. There are no surprises. The Port at Salalah which is the transshipment point for the Middle East is a huge advantage as we export almost 90% of our output. The workforce is young, 90% of the workmen are below 40 years of age and the currency is very stable. We tried to understand the Omani's needs and planted the seeds to meet those needs.

How is the foundry market in Middle East and what was the prospects and challenges over it ?

- Passenger Car market in Iran is the third fastest growing market in the world. Since we

are essentially catering to the automotive market, this market which is now opening up is a huge opportunity. We are sure that at least one car manufacturer will come up in and around UAE considering the vehicle population. There are ample opportunities to diversify into the Non-Automotive market.

Challenge is the reduction in oil prices which is affecting the development in the Region and the consequent slow down and cost push.

Since the local currency is pegged to the Dollar, our competitiveness is an issue at present. More of our products from Oman suffer customs duty in Europe from 2015. No FTA with Europe.

What is the present activity and product profile of Dunes Oman ?

- We produce safety critical parts for the automotive and turbo charger components. We have started machining of our castings with the help of a Free zone outfit. We export to Europe and the USA.

What are the future plans ?

- We are intending to start a Technical training center in Salalah and at the same time offer in plant training to attract local talent. We want to tie up with a Technical University in Salalah. We want more of the Expats to learn and speak in Arabic language.

We want to increase the value addition in Oman. We plan to increase our sales in the Middle East market.



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