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- Further, the contractor will also need storage space and skills to preserve assets that are idling, hence adding to his capex.
- Manpower is a biggest challenge as skilled manpower is almost scarce today. In the equipment rental industry, the equipment usually comes along with trained manpower.
- Risks with respect to owning of large assets cannot be undermined from various areas like accident, people issues, insurance, capex, obsolescence, logistic issues and inconsistent tax laws.
- There may or may not be many site changes from one location to other within the country but many construction companies are going overseas. Hence catering to that demand becomes easier with equipment rental.

How will equipment rental lead to faster infrastructure development?

The advantages of equipment rental are many. In

'QCEL plans entry into hydropower, windmills & material handling contracts'

Quippo Construction Equipment Ltd (QCEL) provides a unique rental proposition - an alternative to "buy" in the area of real estate, infrastructure, mining, industrial construction, bridges, highways and so on. The company also provides end-to-end construction solutions on daily, weekly, monthly and yearly basis. Apart from undertaking onsite repairs and maintenance, the company provides advice on equipment suitability based on applications. It accepts deposits of equipment from various sources, deploys them effectively and offers returns thereon to equipment owners.

Sunil Kanoria, Vice-Chairman & Managing Director, Quippo Infrastructure Equipment Ltd (QIEL), the holding company of QCEL, talks to **Sandeep Menezes**. Excerpts:

Why is rental option better than outright purchase of equipment?

There are many benefits in going for equipment rental. In terms of using financial models, buying may seem to be more attractive than renting keeping in mind the depreciation factor. However it is different in reality. The various benefits of renting can be ascertained from the following points:

- These days even though distances have shrunk and technologies have advanced, the lead time of delivery of equipment is still high. This makes renting a favourable solution in order to meet the deadlines.
- A contractor needs to create a full-fledged department to manage the entire asset management cycle starting from procurement of machines to locating parts with well-oiled preventive maintenance programme. This in itself is an expensive exercise adding to the costs of the contractor.



today's scenario, all the projects demand quality results in a time-bound frame. The lead time for availability of new equipment is high. Easy availability of trained manpower is another issue. And maintaining both the equipment and the manpower is another time- and capital-consuming task thereby increasing the capex and the opex. Hence



it becomes easier for the contractor to rent equipment rather than buy it.

What is the potential for equipment rental business in the construction industry?

Construction equipment rental, a trend in the construction industry these days, has emerged as a flourishing business which spans a range of equipment that cater to almost all construction / infrastructure needs. With a rationale to provide the best of all needs and technology, this industry is attracting more infrastructure and development companies to outsource their technical needs and has thus witnessed a shift from buying new equipment to using their rental services.

Is the Indian construction industry technologically at par with its Western counterparts?

India being a developing country is on the growth path. Western countries, however, have already developed their systems and everything is more or less in place. But the Indian construction industry is slowly and steadily striving to reach that place where they it can stand on the same grounds as its Western counterparts.

Tell us about QCEL's future business strategy?

QCEL is planning to enter new segments like hydropower, windmills and application-orient-



ed material handling contracts like ports, airports and railways.

What is QCEL's future expansion plans?

Equipment Rental is a business where construction sites are the most important. We plan to increase the support in these areas in terms of right equipment, trained manpower as well as right infrastructure for repair. This is what will help in achieving the objectives of this business.

Has the company set itself any sales, growth targets?

We expect around 20 per cent growth in our revenues in the coming financial year from the existing and new areas of business.

8. How will the global economic slowdown affect your industry and company in particular?

The global crisis has definitely affected our industry as well as the company. Though the demand has increased as compared to the previous year, the quality of that demand has decreased. The major hit (of this slowdown) has been felt by the realty sector which has affected our rentals for the concrete transportation and pumping equipment. Also poor disbursement of funds from the government to the principal contractors has affected our cash inflows from them.

