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CREDAI-MCHI WEBINAR

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CREDAI-MCHI Webinar: Key to the Lockdown – Presented by Deceuninck India Godavari Paints & WeProcure.in

Date: 2nd June, 2020 (Tuesday)

Timing: 11.00 am

Venue: Zoom video Meetings

Topic: "Procurement The Road Ahead"

Speakers:

Mr. Shreegopal Kabra, Managing Director & Group President - RR Global

Mr. Vivek Deshpande, Founder Director- Spacewood Furnishers Pvt Ltd

Mr. SreeKumar Nambiar, Vice president Sales & Marketing - Fujitec India Private Ltd

Moderators:

Mr. Nimish Ajmera, Director- Ajmera Realty

Mr. Hari Easwaran, Vice President - L & T Realty

Mr Akshay Agarwal welcomed all and introduced about WeProcure portal of CREDAI-MCHI. It's the platform created for Developers and Suppliers/ Allied Industries. The portal has enlisted with the categories of brands from where developers can order their bulk requirements. Also listed essential equipment like PPE Kits, Masks, Sanitizers etc. Mr. Agarwal also requested to all the allied industries to get registered with Procurement Wing.

Mr. Hari Easwaran and Mr. Nimish Ajmera started the session with brief introduction and welcomed the speakers

Q. Please tell us more about your company - In the post COVID situation how are you going to take care of the deliveries of the products?

Mr. Shreegopal Kabra

We as a group are in the main business of wires and cables and we also do provide many allied products.

Wire and cables are invisible products in the building industry. Many people die due to fire in India and fire is caused due to electrical short circuit. We recommend what wires should be used in different types of construction.

We should focus on quality of the cables and wires as many people die due to smoke in the fire due to burning of the wires and thick smoke disables the person to see and come out of the place affected with fire. We should focus on quality.

We can deliver products in 48 hours.

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As far as labours are concerned, we are taking care of all our laborers and paying salaries on time.

Mr. Vivek Deshpande

Today we are spread across 25 hectares of land - And divided into 4 vertical of businesses-supplying kitchens, doors

Developers are not our customers, but they plays middle role to reach us to the end users i.e. flat purchasers.

Fortunately, Spacewood doesn't depend on any migrant labour. We have all the people with us, Luckily, we are not dependent on migrant labours and our labor is from the nearby areas. our dependency on manpower is extremely less, what we depend on is more on machines, which are always available by 24 X 7 for us.

We are working geared-up with limited manpower right now and doing deliveries on the requirements which we are getting.

we are already piled up inventories for next 3-4 months, so there is no dearth of raw materials, there are no issues on delivery from our side.

All our labours are 100% safe. Nobody has any issue and we have been taking care of all our labours.

Q. Do you think in any manufacturing Make in India and not going out, do you think we saw it very early??

Ans. by Mr. Vivek Deshpande

Make in India was a dream of our Prime Minister from last 6 years.

Few raw materials are imported but it is processed in our in house factory in Nagpur which is situated in the heart of India.

Because of our Prime Minister's push, I think people will getting everything from local domestic suppliers, that will give boost to the domestic companies.

We are largest capacity, I have no dearth of delivering material, even if somebody wants 200 kitchens, we can give in 1 month.

Basically dealing with a project with 100-200 kitchens which leads in huge investment from our side for procuring the raw materials.

Post COVID situation, what we have to offer is applying very small lots like only 10 kitchens, just for 10 apartments. E.g. For Apartment of 2bhk which requires 5 doors one kitchen and 2 vanities.

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Instead of jumping in stagnancy, it is better to go with small steps and complete the sites in time, without locking the capital.

I attended one webinar on hardware, they were thinking whether they should reopen the showroom and what will be consequences of it.

Q. Vivekji, In this complete negativity because of the COVID 19 situation, give us some good stories about from your side about taking appointments in Delhi, Gurgaon showrooms.

People were quite skeptical whether we open the showrooms or display centers, whether people are going to come and we were discussing about the future murmuring that is happening because of COVID.

Lot of positivity is definitely coming up.

We have to live it with COVID for at least next 6-8 months with proper care of social distancing, masking ourselves and washing hands. These basic 3 things have to apply everyone of us, I don't think there should be any problem with any one of us.

Q. Please speak 2 lines on affordable luxury and your inherent capacity to 2202?

Ans. by Mr. Vivek Deshpande

ISO 2202 is the code for the doors that we are manufactured in India and conventionally all the flush door manufacturers used to refer this code.

We have our in house quality assurance laboratory wherein we can check each and every lot that we manufacture.

For Affordable Luxury, ours is first generation enterprise, started with just 65,000 rupees of the capital, and today we have 550 crores group.

So what product we want to make is though it is of the international standards, required in terms of quality, designing and functionality **but we feel that it has to reach out to the middle class people.**

Introduction of Fujitec India Private Ltd. and pre and post Covid situation of delivery schedules by Mr. SreeKumar Nambiar

Fujitec India is a Japanese company. Manufacturing was started in India in the year 2010. This the first Japanese company to start manufacturing India by putting a plant in Chennai and started supplying domestically. Their supply speeds ranging from 1 meter per second up to 4 or 5 meter per second. As it is a Japanese company and they are very lean on the workmen. So, they use automatic machines and very lean on the workmen. Only 10 - 15 people manufacture such a lot of production. Also employ flexible manufacturing system. They have worked with a lot of developers across India. They believed in supplying best

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equipment and now exports to various countries, including Singapore and other countries and they indigenized to a very large extent. Hence their dependency is very less.

About the Covid, they have been taken care of their employees. The Japanese philosophy itself is of loyalty and kind of employment for life.

Q. What about the automation during Covid time?

Ans. by Mr. SreeKumar Nambiar

Post Covid they would come with lot of Covid solutions, where they have a touchless system proximity just on fingers close by and button is pressed, they have footing system also. And post Covid that can remove the solutions and be back to normal.

They have an ionizer which is fitted on the fan system of the elevator and it generates ions. It is widely used abroad and here also in hospitals etc. so, when a patient comes in and goes out clean air circulating. In Covid situation it can be use. It gives the air inside elevator car as clean as possible.

Q. Cashflow and working capital these two are most important words now, how do you boost the developers in terms of different type of payment terms

Ans. by Mr. Shreegopal Kabra

Payment terms are differing from developer to developer. They all are facing difficult time. Need to work out on base of payment it will be based on company to company and need to support each other.

Q. Customer asked us directly about payment and terms, cash discount, have you thinking for any special payment. how do you manage with developers?

Ans. by Mr. Shreegopal Kabra

Break the delivery into small part and make the payment accordingly. Bank facility is available, but it should be secure. Because problem of cashflow and safety of the money. Last month also their turnover was 77% of the business. Confidence need to build. Go for different relation for long term and maintain the commitment long term sustainable policy to be prepare.

Ans. by Mr. Vivek Deshpande

90% of raw material is imported against secure credit. They also have to manage funds in right manner. Last year they extended to the developers who are their trusted partners in business. They are ready to work without any advance and start the supplies with zero advanced. And it can the payment against delivery of the material. But small lot needs less capital. Try and complete the requirement instead of giving half cooked material and a complete half cook sites better to complete in small lots and

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move ahead. So, nobody has a pressure of funds locking and liquidity can be maintained. This a difficult time for everybody and we have to help each other.

Ans. by Mr. SreeKumar Nambiar

Elevator is a technology intensive thing, it does not come as a finished product. They have small advantage they don't bring the entire lot in once. They cut the delivery in stages in three stages. first stage brings the doors, the second stage is the cabins and the third stage is the electronics. With this the cash flow is not affected as it comes in small packages. They deliver shipment within 11 weeks and ended between 18 – 20 weeks. They have to work at payment terms. All elevators are different, there are multiple permutation and combinations and they work with all combinations and wherever possible make the amount smaller.

Q. Mr. Nambiar, Three aspects of this motor, the rail and the sheet metal, how are you going to plan this?

Ans. by Mr. SreeKumar Nambiar

First bring the rails and the doors, then bring the cabin, rope, machine, and in end bring controller, buttons because those are the most sensitive items and that's how split and supplying for large projects.

Q. Fujitec can standardise certain products which are good for affordable project of developers, do you have special products, and reducing the cost from your end your vendors, our customers everyone as a developer should take a benefit?

Ans. by Mr. SreeKumar Nambiar

In the commercial projects, large IT parks need different set of features and benefits which is not really needed for the residential segment. They have kind of optimize both the products. They have products which catered to residential which is optimized and speed of 1.75 to whichever is a common speed in India. They worked out products which are standard in size, standard in shaft size, standard in features what is needed for a residential apartment and which are very economical. At the same time for the commercial ones they have many features that are required. They have products for the entire range, standard products, higher speeds and bigger cars, more sophisticated products.

Q. We all have to lift the industry and we all going to contribute to do that. what kind offers you will provide?

Ans. by Mr. Shreegopal Kabra

Developer can improve cash flow by doing mechanical car parking, digging the basement is not auspicious as per Vastu also you need lot of investment. Mechanical car parking is most safe and time saving. Their price increased from 1st June but they

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committed that they will give their product as per our last rate to CREDAI-MCHI members till 30th June with immediate delivery.

Ans. by Mr. Vivek Deshpande

They imported the raw materials from other countries and highly dependent on Foreign Exchange and dollar has moved in the past two months. they deliver the best value of the highest perceived value of the particular product, supply high class kitchen with the cheapest and most economical price. For 3 months they can keep Pre Covid price for all the CREDAI-MCHI members.

Ans. by Mr. SreeKumar Nambiar

The range of 1.75 which is the most popular ranges, they have come down by 5 – 7 percent but understand that it's a capital equipment. They would like to give the best quality product at the best prices and innovation helps and bringing in more and more innovation and surely ensure that it keeps coming down its future.

Q. Mr. Nambiar, we are expecting some special pricing in terms of your AMCs and special deductions on long-term?

Ans. by Mr. SreeKumar Nambiar

There was a time when elevator industry gives a one year DLP, now it became 2 years for large projects. Also give commitments on AMC rate for the next three years or five years.

Q. What are the capacities of your lifts that are being manufactured in India? And what are the important content from China, Japan or other country?

Ans. by Mr. SreeKumar Nambiar

Range is 2000 kg car sizes and upto 4 meter per second and in machine room up to 2.5 meter per second and 2000 kg car sizes in India. They have indigenous the electronics, the controllers are made in Chennai factory. But the elevator machine imports from China. Will hope that in the coming years, in future we will find machine manufacturers in India with same quality. Very little product they brings from other countries.

Q. Mr. SreeKumar and Mr. Vivek, both of you are very advance in terms of automation in your manufacturing and but I have never seen that kind of a price difference being offered. Automation should resolve the cost reduction?

Ans. by Mr. SreeKumar Nambiar

To reduce the coast volume is required. So, when we reach the volume eventually solve this problem. There is a price for quality. You find products at different levels in the market. In our country the market is still about 48 to 50 thousand elevators. As we progress and as the volume increases the prices will keep coming back.

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Ans. by Mr. Vivek Deshpande

Automation can definitely reduce the price. So, the cost of the door manufacturing is already factored for Automation and definitely the quality that produce. There is big difference in our manufacturing doors and doors manufacture by others. For the quality there has to be some price tag attached to it. It won't be more than 10% or 15% as a difference. But this quality, you will realize that whatever you have paid is definitely worth of it.

Q. Mr. Vivek, are you considering any Kitchen in the range 1 lakh because today we are talking a lot about budget homes. And those who need a kitchen in the lower price range?

Ans. by Mr. Vivek Deshpande

Today, 1 lakh is highly sufficient amount to make attractive functional and beautiful kitchen for customers.

Q. Mr. Nambiar, Mr. Hari Easwaran talked on that about the special feature of Covid 19, as an elevator industry how could you see these feature will stand for a longer period because everybody's thinking about prices as on date, but I personally feel so these features are very important because elevator is one of the category which every customer is using for the best of the capacity?

Ans. by Mr. SreeKumar Nambiar

The Covid solutions which are come are two types. One is the mechanical type and technology type which is the app base type. If you see the app based type, it's not expensive and once you get rid from Covid you can remove the app.

Mr. Nilesh Puranik thanked all panellists, moderators, team members and participant.

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