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SMBs provide crtical components to global business titans

By *Anirvan Ghosh*, ET Bureau | 21 May, 2010, 03.51AM IST

AEONS ago in ancient Greece, a king wanted to build a huge statue to honour Achilles the warrior. The ruler had under his command master architects and artisans, mass labour and unlimited wealth. However, the problem lay in sourcing the appropriate rock to hold the statue firm.

A local merchant rose to the occasion, supplied not only the required stone but also skilled masons for the peripheral work required in erecting the statue. The sculpture was carved in time and the king got his name into history.

Much water has flown down the Evros ever since but even now a final product almost always has the bearing of small marginal groups that pitch in with cutting-edge expertise or material to benefit corporate Czars of the day. Be it Tata Motors or Suzlon, faceless SMBs have been supplying critical components and crucial skills to global business titans to see their end products sail through the assembly line.

Himanshu Nandwana rides a 'Nano' car, and feels elated about it. He has valid reasons too. After all, he is one of the main tier-I suppliers who has supplied retainers, tappets and transmission components for the Rs 1-lakh Tata Motors car, which were a vital cog in the group's ability to price it under one lakh.

"It wasn't easy to provide cutting-edge technology at such a low price," says Mr Nandwana, who is managing director of the Rajkot-based Bhavani Industries. He cut down cost of manufacturing, transportation, fuel and unnecessary overheads. His team of engineers has minutely worked on every-possible areas of manufacturing practices to check cost and improvised its internal working to enhance productivity.

The Rs 150-crore auto-ancillary firm essentially looked into manufacturing wastage due to labour issues and prepared them with efficient training to increase productivity levels. Also, Bhavani Industries has made it compulsory at its factory near Rajkot to implement some local modifications in technology on a daily basis.

The production department took extreme care on saving fuel cost and electricity charges while manufacturing components in bulk.

The firm, which has been in business for over four decades, has excelled in manufacturing practices through re-engineering processes and by way of creating self-designed machineries. "We have worked hard in designing the smallest-possible size of components to fit into the people's car," says Mr Nandwana.

He also has hired a hi-tech project consultant with the aim of bringing down its processing cost like electricity and materials. Not only this, the MD and top-level executives have reduced unnecessary expenses on travel and events. His firm, which enjoys a 30-year long partnership with the Tata group, has supplied over 150 parts for the 'Indica' car too.

Another medium-sized player Kemrock Industries, which makes rotor blades for Suzlon, believes in integrating the entire manufacturing under one roof.

That helps them reduce cost and cater to major clients efficiently. The company manufactures rotor blades from multi-axial glass fabric with VARIM (vacuum assisted resin infusion molding) process to make it lighter in weight and higher in strength. Kemrock claims to be the only company in the world that manufactures custom-designed moulds and rotor blades.

In order to cater to major windmill players in the world at minimum possible cost, the company has provided technical support through stress analysis, concept design and isometrics on overall engineering services.

The eco-friendly blades are weather resistant and have a life of over 20 years. Moreover, the company also supplies GRP pipes to

refinery majors like Reliance and ONGC. Recently, the company has commissioned the first Carbon fibre facility with technical know-how from Naitonal Aerospace Laboratories, Bengaluru to offer carbon fibre technology to the defence and infrastructure sector.

"We have been able to serve major players with our high-end technology and save over 15% of cost through various cost-saving measures," says Kalpesh Patel, managing director of Kemrock Industries.

Even in the field of aviation, Indian engineering firms are making it big. Previously, these activities were largely done in-house—only manufacturing of components and subsystems was outsourced. Now, the complete system design is being outsourced, points out Prof HS Jamadagni, who has worked on such technologies at the Indian Institute of Science (IISc).

The case of QuEST Global is well known. The QuEST Global SEZ in Belgaum is an attempt to create an aerospace supply chain cluster, where many companies would set up their aero manufacturing units, catering to various aspects needed to build a complete aerospace sub-system.

Apart from QuEST Global, there are a few more units coming up within the same SEZ. "We are doing cutting-edge work for Boeing and Airbus. Despite the delay in the Dreamliner's launch, we are fully prepared to supply once Boeing begins delivery," says Aravind Melligeri, co-founder and chairman of QuEST. With a 600-strong workforce, the company is now looking to raise fresh funds to the tune of $50 million (approximately Rs 250 cr).

Take the case of Precision Automation and Robotics India (PARI), a Rs 200-crore Pune-based robotics company. The company along with Vikram Sarabhai Space Centre (VSSC), Trivandrum, has designed a lunar rover that would collect information about the moon's surface for the second moon mission.

A senior executive said that PARI has also designed the outer layer, which is a special material, that would help the Chandrayaan return safely. The company also provides industrial robots to big corporates like Caterpillar, Tata Motors and Maruti Suzuki.

What will you do if the friction of a spacecraft becomes so high that it bursts? Well you go to Ducom. This Bangalore-based company has pioneered a technology that enabled GSLV rockets to go up and return safely, the first time such trials were successful.

The company is now in talks with Italian manufacturers of fast cars, for projects to design the world's fastest car. "This is quite sophisticated technology," says Prof N Narasimha Murthy of IIT Madras, referring to both PARI and Ducom. "Developing this takes years, and they have done cutting edge work," he says.

So what does it take to be a small company and yet do work that even bigger companies would opt for, instead of making it in-house? One, says Prof Murthy, is to have a technology that takes years to make, which automatically means it's expensive. By outsourcing to them, the bigger firms get world-class technology at a lower price.

Also, the work has to be good, every time. "You are establishing yourself, you just cannot get it wrong," he says. And finally, one needs to have a good team, as good or better than what the bigger guys might be able to hire in that field.