BIG INTERVIEW

One of the pioneers of Pre- Engineered Buildings who have excelled in the sector over the last many years and have built a trusted base of customers and a reliable team that has helped them reach great heights. Interarch believes in quality and their journey says the same...

To speak about Interarch's plans, we have the great mind behind the company **GAUTAM SURI,** *Director & Chief Technical Advisor and* **ARVIND NANDA,** *Managing Director,* ***Interarch Building Products Pvt Ltd*** *is here with us to speak to us...*

Read on to know more

REACHING HEIGHTS WITH SUPREMACY

Q Having founded Interarch in 1984 how has been your journey from then till now?

Gautam Suri: Well, it has been quite an interesting journey. When we started Interarch, we did not know where we were going. There was nothing in India. There were no architectural products or high-quality products. Then we came up with the idea of a metal false ceiling and became licensee of a Dutch company with a smaller investment and smaller plants. Both Arvind and I used to go and manufacture the products ourselves and take the orders.

From False Ceilings, we got into designer blinds because we felt there was a need for that in India as there was no good quality of blinds in India. From blinds, we got into metal roofing in the early 90s, then we decided to spread upstream, and we got into Pre-Engineered Buildings. So, it has been an exciting journey wherein we have pioneered in almost everything.

Metal ceilings we were the first, blinds we were the first, high-quality roofing systems we were the first as well as Pre-Engineered Buildings we were the first. We were the first ones to do Roofing in the early 90s.

So, it has been great learning, great excitement, and achievement. Being in the Unknown Markets, Unknown territories create a market for our products. I had a good network with architects; my reputation and goodwill with architects helped us with breakthrough orders because they believed that we could deliver. We have consistently worked towards furnishing good quality products to our customers, keeping up to our promises and ensuring customer satisfaction. Even when we were selling our ceilings at such a high price, our customers trusted us that we would deliver and not take their money and run away.

It has been a very satisfying and exciting journey to have come here, and we are very proud of what we have created.

Q What is your take on the current state of Pre-Engineered Buildings in India?

Arvind Nanda: In my opinion, Pre-Engineered Buildings are at a very preliminary stage in India. If you look at it globally/ internationally how pre-engineered buildings have developed and what their scope has been. We are in the first stage for the last many years. Pre- Engineered Buildings came to India in early 2000 and by 2008-2010 we were getting well established in terms of manufacturing and industrial buildings using it.

Suddenly the economic slowdown came and there was a big problem everyone stopped building capacities and they gradually again started moving up in 2014-15. Now I think we are at a stage where we would have been in 2010-11 if that thing wouldn't happen in 2008.

The second stage what I call is the utilization of pre-engineered buildings is very wide now. We are at the threshold of the stage, wherein pre-engineered steel buildings are seen in the construction of high rises, hospitals, hotels, residential, commercial, malls, Airports, Railway Stations, and Warehouses which are coming up. So, everything has happened globally. It starts moving into steel. Then the market suddenly goes up exponentially because the usage of steel is very high.

Also, the one thing that we have done which includes not just Interarch but the other PEB companies too that we have managed to unlike other developed countries is to do very complicated and complex buildings. Most of the Pre-Engineered Buildings, across the world, are simple buildings, simple warehouses, simple envelopes, and simple malls. We have done hugely complex buildings, changing the whole pre-engineered buildings into a totally different concept. We can do paint plants, automobile paint shops that nobody has done anywhere else in the country except us, and other few companies in India. We are doing process plants for Asian Paints, Hindustan Unilever which are not constructed in steel, anywhere else in the world. High Rise and Malls etc are there but industrially we have taken pre-engineered buildings to another level which of course involves very complex teamwork in terms of engineering and production.

Production is very complex. It is not simple beams and columns which we are running out of automatic welding machines. These are highly complex structures, if you want to look at some of our structural structures, they are highly complex. We have taken pre-engineered

buildings to a totally different level in India for the industries and now we have opened the scope of using pre-engineered buildings in any kinds of buildings from houses, villas, schools, colleges, security cabins, to additional floors. So, it is across the board.

We are currently at a threshold, of the second phase because the Indian economy is opening up and development is at a very high level right now. I think in the next 10-15 years we will be at the second phase of pre-engineered buildings where the turnovers of the company like ours and other existing companies which have been there, are well known, who have done good work can go up by 10-20 times as it happened in early 2000. There will be an exponential boom in construction in India, primarily with pre-engineered buildings. This is where I see pre-engineered buildings will go forward in phase two sectors which other countries have already gone through. China and the Middle East have already gone through it and now it is our turn and we are ready for it.

Q According to you how has the design and construction of PEB evolved over the past few years?

Gautam Suri: As Arvind just mentioned we have come much ahead, and we have gone beyond PEB. Today we are in pre-engineered construction, we have the tools and know-how and capability to convert any kind of structure into a pre-engineered steel structure. Pre-Engineered here applies to design it with bolted connections, so that the whole assembly at the site is Bolt-on. So, any structure is converted into a pre-engineered structure which we manufacture at our plants, offsite. Our capabilities have gone much beyond pre-engineered buildings.

So, the evolution in India of Pre-Engineered Construction has been phenomenal. Traditionally all over the world, pre-engineered buildings were considered light buildings. We have converted the whole thing into heavy structures, heavy buildings, complex buildings and tall buildings. So, any kind of building can be converted into a pre-engineered building with the capabilities at our disposal today.

Q Could you please elaborate on your manufacturing facility and its production capacity?

Arvind Nanda: Currently, we have three major manufacturing facilities; two in Uttarakhand and one in Chennai. We are in the process to set up one in Central India, which might take a year or a year and a half. We are in the process of looking at locations. Currently, our manufacturing facilities can produce over 120,000 Tonnes of steel buildings in a year. We have enough space to expand and we have been expanding over the last 2-3 years in anticipation of what is happening and what will happen, so we are constantly in a state of expansion in the last 2-3 years. We have completed our Chennai factory expansion.

We have fully expanded our Pantnagar plant in Uttarakhand and have yet another plant in Kichha, where we still have a lot of land for expansion and we have done so. So currently our facilities can produce 120,000 Tonnes of Buildings.

Q Which are the grey areas that need to be addressed immediately by the industry?

Gautam Suri: I don't see any grey areas in our industry as such, the commodity pricing and the steel pricing are always a worry because they keep fluctuating and have been going up in the recent past and earlier. The usage of the steel industry in many of the construction is still not widespread as it is worldwide, but it is catching up. People are getting more comfortable with steel specially with the cement shortage and labour issues, ban on the sand and pollution-control measures. Steel starts becoming a preferred choice because it is clean work, and with a small amount of manpower and materials, it can be delivered just in time to even a tight urban site.

So, you don't have to put a lot of materials, there is hardly any wet work except what happens below ground. Foundations are the only thing that still essentially requires concrete, everything else above ground can be done in steel and other prefabricated materials. So, the grey area to my mind is how fast the usage catches up. But I think it is happening rapidly and as Arvind said within a few years this will grow exponentially.

Arvind Nanda: The couple of grey areas that we can address in pre-engineered building vis-a-vis is Taxation. So, for all the capital goods that are allowed to an industry or to a warehouse the input credit is available to all industries on their GST paid, it is a standard.

Supposedly if I buy machinery, I will get input of credit and when I sell my goods, I will pay GST on that. But in a building, whenever an industry/warehouse is purchasing a building, they are paying GST on their product or rent but they are not getting input tax on a building. That is a big grey area because I feel that why should a chain of GST be stopped for small industry, medium industry, and warehousing. GST on a building is a very large amount maybe a large plant of 3000 cores the buildings could be two-three hundred crores, civil work could

be 500 crores maybe one fifth or one-sixth of total capital cost. But when you talk about warehouses, it is 100 percent of the cost. When you talk about the small industry, it is 50- 70 percent of the total setup cost of the project.

So on one side, the government professes that we want to promote MSMEs, small industries on the other side they deny them a surplus amount of input credit. Since no input credit is granted, these industries are going to unorganized sector players, who take cash does not give you a bill and therefore do not charge you GST. They see a saving of 18 percent GST as an enormous saving. So, it's high time that government sheds its invasion, puts at least the buildings of industry and warehouse in the chain of GST which is a very critical one.

Next, what I see as a grey area in the pre-engineered building is becoming an internet industry. Everybody wants to be known as the internet industry. Today every Fabricator in the industry, every person having a small workshop fabricating at the site, wants to be called a PEB Player.

All the PEB Players need to sit down and make standards like ISI to signify who is a real PEB player helps the customer choose the right PEB player and certified by the industry. I think a great need for the industry to immediately set up an independent trademark/quality control mark and give the PEB Mark and let that quality controller marker of some standard given to those who are considered a PEB Player. They must have accurate engineering scales, software, and some performance in the industry, most importantly doing what is expected of them because, in India, it is easy to mislead people. Any fabricator doing a 100 sqm building to 1000 sqm is considered the same, except for the customer who realizes the difference. So, this is another grey area I think the industry needs to set up and be very strict in enforcing its standards, else we will lose out to all these people who will be calling themselves PEB Players, and then PEB itself will get a bad name. There will be buildings made incorrectly and people will say I brought PEB, and see how badly it is been done without realizing it is not PEB. So, I think that this is another grey area one is from the government side - Taxation is very critical with 18 percent is a huge amount, that are driving people into an unorganized sector which driving people into the cash market, and there is no reason to deny that credit. The building is as necessary as machinery. Machinery cannot be put in a factory to work without the building. So land and building subject to GST must get the input credit. This is the only product that breaks the chain and there is no reason why it should be!

Q How different are the concerns of the Indian Construction Industry vis-à-vis some of the developed countries as far as PEB is concerned?

Arvind Nanda: Pre-Engineered Buildings in many ways is an open Industry. Open Industry means there are no secrets in it. There is no high-grade technology which is not available off the shelves. We have been in this industry for over twenty years. When a customer comes to be, he just gives me the parameter of the building, I must design the building for him, get the order for him then make shop drawings and manufacture for him and assemble for him at the site and give him a complete building on which his only role is to give his parameters and give me the order and give me the money. He has no other role like all other buildings, where he must hire a consultant, hire an architect, he will design then he will find a contractor who will bid as per the tender made by the consultant, who will then buy the material from the third party once he gets the order from the contractor and then install it. So, there are so many players. If something goes wrong then he will blame the contractor, blame the supplier of the material, blame the architect or the consultant. But in pre-engineered buildings, it's all under one shop. So, you need to build that expertise and that is what we have done. We go to a brand because we trust them and suits my requirements, my image, my ecosystem, this is the kind of company where I want to deal with and who has the right credentials, and I am going to buy a building. Our USP is that we have got so much strength in that.

Our customers whom we got 30 years back had got blinds and false ceilings still today comes to us. He feels that Interarch has what it takes. Interarch will give me the product which they promise and can trust them who looks after the quality and delivery and give me the product that I want which is our USP. We have gone to every customer in India and there is no large companies who have not used our product. The history says what we have built, lately impossible to copy, nearly impossible to duplicate. New companies can take people from our companies. I can guarantee they can take all my people, but they cannot duplicate what I have got, while I can do it with new people again. It is not the machinery, license, or technology but it's what we have built and that is what differentiates us. Today we have been considered among the top 2 companies in India and every player, every company in India comes to us, whether their building is 100,000 sq. m or 200,000 sq. m, they all come to us. For most complex buildings which their consultants cannot design they come to us, and that is our USP that is

what I think we have built. Many people who have started with us, they were as many pioneers as we were with far more deeper pockets, they have far better machineries, but they are no more on the site today. Even foreign countries approach us to deal with us rather than foreign companies. This is what we have built and will continue to do so. We don't concentrate too much on anything else rather than building our reputation, building our capabilities, building our capacities, and making sure that the customer is delighted by what he gets. If he expects 100 we must give him 110, which is our USP.

Q According to you what is the current construction scenario and the upcoming trends in India concerning steel construction?

Gautam Suri: Steel Pre-Engineered construction has been adapted and adopted for almost all kinds of buildings and construction. So even in this covid phase, extensive work is happening in the warehousing sector, FMCG sector, Pharma sector, Solar and Glass sector. There is a boom coming up again if the infrastructure spending is going up and steel infrastructure is readily being adopted in infrastructure works, it's more readily accepted because people have accepted the advantages of working with steel.

Today, everybody understands the commitment and deadline of projects are supposed to mean something, the dates were announced, and projects were not bothered to be completed. Today, they announce a project and people are serious about meeting completion dates. For that, you need to work with steel and prefabricated materials as much as possible and don't rely on the weather, labour issues, site issues and so on. I see a big market happening in steel and slowly, it is going to be used in tall and high-rise buildings too. Today it is used in commercial buildings but slowly, it will be started in residential buildings too. Use of steel is going to grow exponentially throughout the world. China was built so fast because of steel; Dubai's excellent and fast expansion is because of steel. Steel must be used, and the usage of steel is growing exponentially.

Q What are the various concerns of the Indian Construction Industry vis-à-vis some of the developed countries as far as PEB is concerned?

Arvind Nanda: Over a period, we must remember that a lot of the construction industry has to cater to foreign investment which comes to India, to foreign companies, foreign consultants, and gradually even to our international standards, etc. Then a lot of companies who come here who are even doing construction like; JLL, Cushman & Wakefield who are the PMCs; Eversendai, LOGOS, IndoSpace these are all builders who are come to India. A lot of funds have been set up in India to finance construction, make buildings and warehouses. Airports are built by companies like GMR, GVK which are well-known international companies. While 15-20 years ago we could say that the segments that we deal in these concerns were very minimal. People were only bothered about the price, they were not really bothered about safety even about final quality and certainly not about deliveries – project of one year could go on for two-three years.

But, over a while, we have been forced to adopt international standards. Today 50 percent of our clients are foreign companies while the other 50 percent of Indian Companies are as good as any foreign company and their standards are high if not higher. Interarch thought there is no point in providing world-class and international products if we don't follow international practices. Even in the early 90s; when we started with false ceilings and vanishing blinds we imported our machines and raw materials because we could not get good, quoted aluminium or steel in India. When we started metal roofing, we imported everything from Australia, Thailand, and Korea paying 200 percent duty and selling the products at double – triple rates in the local product, without deviating from that standard. So combined with what has happened in the country, I think it has been very fortunate for us because we wanted to everything to international standards. Luckily for us, the country caught up with us, and the customers caught up with us and today that is another reason why we are considered Pioneers, International, and safe players to work with.

As we brought in the standards ourselves before the Indian Construction Industry brought in themselves. So foreign companies are very happy with us because we already got what they do in their country. Today all the Indian construction companies like L&T, Shapoorji whom we work with all follow the highest international standards. Safety is a major issue everybody is very concerned about which did not exist ten years ago. Nobody bothered about safety, the same way high-quality delivery has become ultra-important. People want to finish their project before time and that becomes very critical.

So, I think in Vir Das's words there are two India: India that we deal with has progressed a lot, yes small sheds and houses are being put up. We hear every day in the news some buildings falling down and unfortunately, people are being killed and that is not the part that we are dealing with. The part that we deal with is foreign standards driven by the top one-third of companies and customers that we deal with are at par with international standards today.

Q How do you think technology has or will transform steel construction?

Gautam Suri : The technology in our kind of product is not very complex. The essence is to make steel structures out of plates. Our industry doesn't normally use standard hot rolled sections, so our entire technology is based on that which helps us achieve efficiency in weight, speed up manufacturing and more economic steel buildings. We use the steel that we need rather than just manufacture steel in standard size and shapes. So, the technology in kind of our work is essentially simple, however, there are complex machines that help us do this work in a production line manner.

We use advanced software for the design and engineering of steel structures, for analyses of steel structures because we are responsible for the engineering, erection, and stability of the building. So, we go through a very rigorous process in terms of engineering and analysis and our manufacturing is tightly controlled in terms of welding because all our steel structures and structural members are assembled with welding. So welding is a very important aspect of our product line. The quality and control of welding are very critical; otherwise, there is no rocket science technology in our work. As Arvind has said, our work is heavily service-oriented we are in the service industry more than the manufacturing industry. We understand customers need, we engineer and design the building, we manufacture it, deliver it to the site, just-in-time, in a sequential manner, erect a building and ensure we give him a finished weatherproof building to last for a long time.

The service aspect in our industry and work is more critical than manufacturing and technology which is what gives us an edge because we firmly believe in service and customer satisfaction, and we take pride in the fact that we get repeat orders from all our customers. We get multiple orders from big companies again and again which is a testimony of the work we do and the customer satisfaction we deliver.

Arvind Nanda: According to me, one day 3D buildings in steel could be made instead of the way it is being made. I think every sector will be affected by technology and you must be ready. Even in our sector, we have seen from simple software, now complex software has come which help us design a lot of complex buildings faster and more economically. I am sure it will come with more and more methods maybe technology will change the strength of steel and will become stronger and more flexible. So ultimately a Pre- Engineered Building offered to a client will be less tonnage of steel from standard fabrication.

In India, with PEB we are at a low level of technology as production is concerned. Technology will play a very important role in production, design and new kinds of design are required for new kinds of buildings. We have recently completed Fujita Varanasi Convention Center inaugurated by the Honourable Prime Minister which was a complex structure not only to design but also to manufacture and erect. Again, tomorrow technology could come into design complex structures that take time today would be produced faster. I think we have a long way to go, and technology will touch everything. We must be prepared for total disruptions in every industry, and we must be ready for it.

Q What is Interarch's plan of action for the next 5 years for the warehousing industry in particular, and PEB in general?

Arvind Nanda: Our plan for the next five years is to take advantage of what we have achieved in the last twenty years which we call it our foundation. Stage one is like a foundation to us where we have built the foundation of what we want to do, and I think we got the strength, capabilities, reputation, customer base, and a great team across the board and customers that we consider a part of our team.

So whether it's our customer, manufacturing, steel supplier, hardware, transporter, we have now reached a stage where we have built the foundation of our company and now we are waiting for the next 4 – 5 years and making it stronger to get into the second phase and we intend to take full advantage of the phase. Numbers I don't know as it's a very difficult game to play and the game we like to play is if you strengthen yourself, you improve yourself and team goes from everything right from worker to your customer and keep on working on that and try to create a great organization, a great team and be ready for every possibility that comes up. I think possibilities in the next five years is limitless because now we are at a stage where the economy is growing, and demand is booming, and we have not seen such demand since the early 2000s of course the figures were much smaller than that time we were much smaller but the magnitude of demand compared to earlier is similar to what it is today. The kind of projects that we are getting, the kind of clients that we are getting, the kind of size, and Greenfield projects coming up, so we are fully prepared for it. We are lacking nothing; we have spent the last four-five years fully being prepared for the next phase of PEBs and turnover could certainly double or it could go even four-five times. This could happen to everybody across the industry, which player takes advantage of it is a separate matter, but the industry will be available for everybody, and we are well prepared for it.

Gautam Suri: I see this industry going places and the sky is the limit and I see our sector growing phenomenally.

Q What message would you like to give our readers?

Arvind Nanda: I think your readers are intelligent and educated and they understand the whole industry very well. The message I would like to give is to see steel as a flexible material. Steel looks very hard, grey, and dull looks very difficult to even bend leave alone form shapes. But, I would say that when you look at steel see its plasticity that anything can be done. Your dreams can be converted into reality. Steel is a far better way than what we can think of concrete and bricks, and it can be done very professionally and in a very high-quality manner because it's all produced in the factory. The main advantage of getting your building done from Interarch is everything is produced, design in a very controlled atmosphere. Steel can be used for anything. Don't think of steel as a dull grey boxes kind of building. You can do anything you see buildings from the outside look like glass, marble but they are all steel structures. The structure is all steel outside we may think as a fancy thing. A lot of houses are being made; very big and famous architects are using it. So, think of steel as your solution for any of your buildings.

Gautam Suri: I would like to tell our readers is that India has great potential, we have great minds here and I think it's possible to build world-class companies in India with the right ethics and purpose of customer satisfaction and values in place. We build this company from scratch and today are in competition with multinationals and we enjoy a very high reputation, and this is possible, and we are seeing it happen in other sectors too. So, if India keeps these values in mind, we will be one of the biggest countries in the world because we have a very dynamic young population, great brains, great minds, and great resources. I think steel will play an important part in India's growth and building stories in years to come. ■