

EXCLUSIVE INTERVIEW

NEERAJ GUPTA, MANAGING DIRECTOR

MKU Private Limited

Neeraj Gupta, Managing Director of MKU Private Limited is a visionary entrepreneur who is credited with starting the armour business of the company and taking it overseas. His keen interest in technology coupled with his strong determination to build a globally respected company has been the driving force behind MKU's foray into the international market. Today, MKU products are being used by 230 forces in over 100 countries.

A dynamic leader, he is always on the lookout for new opportunities and technologies. He has the vision to make MKU the leading defence company in India and a prominent global player in the protection and surveillance sector.

DSA: How big is the ballistic market in the country? And in Asia?

MKU: India has one of the largest security forces in the world. Due to the security environment in the region and particularly in India, augmentation of the numbers as well as the technological improvement of equipment is an on-going process. India is woefully short of body armour, as evident from the recent report of December 2014 presented by the Parliamentary Standing Committee on Defence. The combined requirement of body armour by the forces under MoD and MHA together is more than 6 lakh of which two RFPs for 185,000 BPJ and 150,000 helmets have already been issued and are in process.

The changing internal security environment around the world calls for better equipped forces especially to face the threat of asymmetric warfare. In close quarter combat/ anti-terrorist operations there is a growing demand for ultra-light weight high quality ballistic protection. MKU is rightly positioned to address this market need through its patented and innovative solutions like Instavest, Gen 6 Armour and Boltfree helmets.

According to a source the ballistic protection market in Asia is one of the biggest in the world and growing at a CAGR of almost 6 per cent pa.

DSA: What are the USPs of MKU Private Limited?

MKU: Quality and technological excellence have been at the forefront of MKU's growth. The fact that we spend almost 10 per cent of our revenue on R&D is a testimonial in itself. Our R&D philosophy is market driven. A fully equipped, in-house Ballistic lab in Germany and an R&D Tech Centre in Kanpur, along with a team of highly qualified engineers has



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been the engine of innovation. World over, it is imperative for any defence company to look beyond its home turf for sustained growth. We realised this very early and today we are present in over 100 countries. Over 1.5 million soldiers and policemen from 230 forces don our body armour for protection in combat scenarios. We have large capacities and state-of-the-art infrastructure that can take care of even very large requirements.

DSA: How do your products compare with international manufacturers?

MKU: Our products can be compared to the best in the world, technologically. We have 1000+ solutions covering more than 100 types of ballistic threats in our repertoire. MKU is a registered supplier to NATO since 1993 and has manufacturing facilities in India and Germany. We are the first company in India and amongst the very few outside the US to have NIJ 06 certification for our range of body armour. Our products have been patented in Europe and US. The western economies require high quality parameters and manufacturing processes, which are sometimes also specified in the tenders. Our



MKU Factory Rooma Kanpur India



MKU Factory Sittensen Germany

manufacturing facilities are certified to Aerospace standards AS9100Rev C and are also environment friendly and conform to ISO 14001. Global business and international standards have been the core of our evolution. We have displaced the competition from US, Europe and Israel from their traditional markets in Latin America, Middle East and Africa. In India, our list of esteemed users include the Indian MoD, MHA, state police forces and elite forces like the SPG, MARCOS, NSG among others.

DSA: How do you see the 'Make in India' project helping and promoting an Indian defence manufacturing company like MKU?

MKU: MKU has several indigenously developed and patented technologies and products and hence considers 'Make in India' a very positive initiative, but it must be understood in its true spirit. The idea is that the foreign OEMs / manufacturers be encouraged to set up units in India jointly with Indian companies and use this base to manufacture not only for India but also for the world. This presupposes the existence of qualified / capable Indian companies with certified quality processes which are capable of absorbing the inputs received, whether technological or otherwise and delivering internationally acceptable quality. Further, it also assumes the Indian partner would be able to meet the requirements of the OEM in terms of other facilities, quality standards, skilled labour etc. I am a firm believer in Indian enterprise and its capacity to deliver, given the opportunity.

We at MKU are already following this example. Our JV with a German company in 2012 to manufacture wiring harnesses for aerospace and defence is an example of such a collaboration under the 'Make in India' banner. I feel others can also make use of the opportunities provided under this initiative.

DSA: Would you like to see any changes in the Defence Procurement Policy of the Ministry of Defence? If yes, what are those changes?

MKU: The Defence Procurement Policy is evolving continuously to provide the best advantages to the manufacturers and industry and ensuring the best equipment for the services. I feel the DPP requires modifications to make it more relevant and meaningful.

- First of all it must ensure that RFPs once released should not be withdrawn without proper justification.

- They must reach their logical conclusion within a reasonable, defined timeline.

- Indirect tax exemptions should be done away with. L1 vendor should be selected on the basis of the basic price/ ex-factory price. This will create a level playing field for all without any loss of revenue to the Finance ministry which has always been an Inter-Ministerial on-going debate.

- Special provisions must be built into the procurement process to ensure greater participation of the Indian industry, especially the MSME sector. Wherever the capability exists in the industry, it must be utilised by the MoD. The DPP should set aside a minimum of 10 per cent of all orders above a certain base value for MSME sector, thus helping to incubate ancillary industries. This can be done directly or indirectly through the L1 awardee.

- In cases where the industry participates in the development of a product for the MoD, preference must be given to these during serial production.

- Nomination business to PSUs should be discouraged. The capacities available with the industry, whether private or government should be utilised to the maximum without any discrimination.

- The L1 philosophy for selection of the vendor must be relooked at. Internationally, vendors are selected on the matrix of technology and price. We must also move towards this system which will benefit the end user primarily and also push the industry towards technological excellence.

DSA: Do you think local manufacturers need government protection? Please explicate.

MKU: It is to be understood that we Indians, are great entrepreneurs who willingly take up extreme challenges. However, some level of government support is essential as defence manufacturing is a nascent industry in India. In order to encourage indigenous industry as well as provide a level playing field with large international players, domestic industry must be patronised, especially if the government wants to develop indigenous capability. This will go a long way in achieving self-reliance in the defence sector. As per the current rules the indigenous industry is disadvantaged *vis a vis* the foreign OEMs especially with regard to the taxation policies. The government must address this issue and create a level playing field for the industry. The Defence Attaches in our overseas missions must promote the products of all companies, including those from the private sector and not just the PSUs. **DSA**