

L&T, Tata Power, M&M set to reignite nuclear energy, defence plans

INDO-US TALKS Godrej, Walchandnagar India, Shell India, Schneider Electric, Siemens India also exploring opportunities

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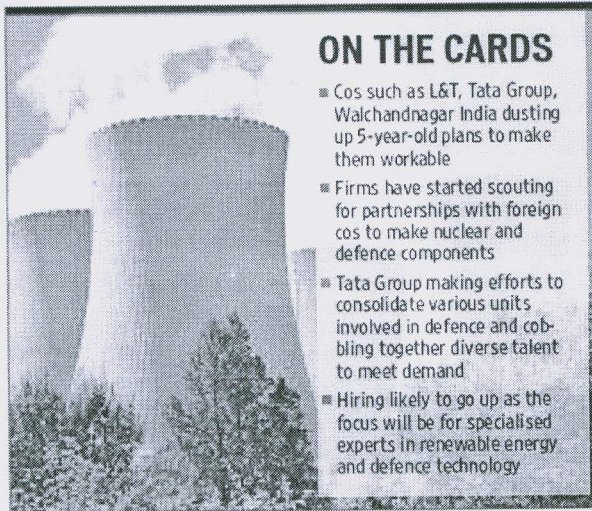
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NEW DELHI: Companies are going back to drawing boards to review existing plans, scout for partnerships, and are readying specialist teams to pitch for increased business opportunities, following the slew of initiatives and breakthroughs in talks between the two countries during US President Barack Obama's three-day visit.

While there were little concrete announcements, specifics including civil nuclear liability and insurance pool in the defence and nuclear industries, and extension of defence manufacturing collaborations are likely to boost plans for companies such as Larsen & Toubro (L&T), Tata Power, Mahindra & Mahindra (M&M), Godrej Group, Walchandnagar India, Shell India, Schneider Electric and Siemens India.

The agreement to float an insurance pool of ₹1,500 crore to cover potential liabilities on nuclear material suppliers and equipment companies has been considered to be the single vital cause to revive the stalled nuclear pact and has also prompted one of the largest players in the sector, L&T, to review its earlier plans.

The nuclear cooperation deal with the US would free up opportunities and lead to large-scale investments in technology and staff capabilities, said MV Kotwal, whole-time director and president, heavy engineering, L&T. "Once this (the deal) happens it will offer large potential for L&T to make even more substantial contributions to the



ON THE CARDS

- Cos such as L&T, Tata Group, Walchandnagar India dusting up 5-year-old plans to make them workable
- Firms have started scouting for partnerships with foreign cos to make nuclear and defence components
- Tata Group making efforts to consolidate various units involved in defence and cobbling together diverse talent to meet demand
- Hiring likely to go up as the focus will be for specialised experts in renewable energy and defence technology

nuclear programme in partnership with identified companies," he added.

The company will ramp up expertise in nuclear and defence manufacturing, but further clarity on this will hinge on its partner Westinghouse's agreement with Nuclear Power Corp of India Ltd (NPCIL). L&T had entered into a partnership with US-based Westinghouse Electric in 2009 to build 1,000-megawatt (MW) nuclear plants, which was stalled after differences over the liability issue.

"This will also enable other large US firms to come to India and indirectly boost nuclear power generation in the country," said GK Pillai, MD, Walchandnagar India, one of the oldest companies in the nuclear space. "As companies like Westinghouse and Areva may

make some components in India that will benefit Indian companies, most local firms will now get ready for such contracts."

However, further plans will be unveiled after the budget, Pillai added.

M&M, another key player in the defence sector, did not comment for the story.

"The breakthrough on the issue of liability through the insurance pool is a dramatic change," said Hemanth Sahai, managing partner of HSA Advocates, who was associated with Westinghouse Electric. "The liability agreement which was earlier ratified by France and Russia, had to be held back as the US did not agree. Now with the insurance pool, the liability issue has been met with and the US too is happy."

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The commitment of an extension in defence collaborations with the US has also prompted significant ramp-ups for L&T and other players such as Tata Power, M&M and Walchandnagar India.

While a Tata Power spokesperson said it was too early for the company to form a view on its likely plans, people familiar with the development said the group has already taken steps to consolidate various units and divisions that serve the defence sector, into a cluster to maximise future opportunities. It is also cobbling together all people involved with the business so that the company might make the pitch when required.

The Tata Group has a large talent pool for the sector as it has about 14 companies linked to defence production.

The bilateral talks also indicated about \$4 billion in financing for renewable projects through the US Exim Bank. While this is expected to bring in foreign companies, it could also likely lead to increased hiring in the renewable space. According to Devansh Jain, a director with Inox Wind, a wind turbine maker and part of the \$3-billion group that also owns Gujarat Fluorochemicals, the focus on renewables has led to a rush for specialised experts. "We are planning to recruit at least 2,000 employees this year due to this increased business," Jain said.