

# Equipment INDIA

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- Telehandlers
- Tower Cranes
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# Digging Deeper

The government's various initiatives on revival of the infrastructure sector and favourable policies have driven the growth of Indian hydraulic excavator market.

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# “We expect the demand to grow for hydraulic excavators”

**What is the present size and growth rate of the hydraulic excavators market in India? How has the market evolved in the last couple of years?**

The demand for hydraulic excavators has been registering a steady growth over the past decade. The Government's impetus on modernisation of infrastructure, especially roads and highways has been the main driver for the growth. In recent times, demand for hydraulic excavators peaked in FY2018-19 to 25,000 plus units and was expected to sustain over the years. However, the pandemic hit the demand in 2019-20, shrinking it to about 18,000 units. Demand during Q1 of FY 20-21 was obviously severely affected, but we witnessed a sharp rebound from September 2020 and onwards, which helped the annual demand recover to the FY19-20 levels. Since the situation had reached a near normal during the Q4 of FY20-21, the demand was projected to grow by 15-20 per cent in FY22, but unfortunately the second wave of the pandemic and consequent local lockdowns have again had an impact on the demand. We are hopeful that with the vaccination



**Arvind K Garg,**  
Executive Vice-President and  
Head-Construction & Mining Machinery  
Business, Larsen & Toubro

drive gaining pace and the pandemic being contained to some extent, construction activities will restart, leading to a revival of demand. To my mind, it is Government's focus and investments in Infrastructure development that have the largest bearing on demand growth in our country and that gives me the confidence that we, as an industry can look forward to sustained demand growth for hydraulic excavators, once we overcome the Covid-related challenges.

**What are the various product offerings from your company in the HEX segment?**

L&T offers a wide range of Komatsu hydraulic excavators for both the construction and mining sectors. For the construction and infrastructure sector, we offer high-performance Komatsu PC71/PC130/PC200-10M0/PC300-8/PC350-8/PC450 machines. These are proven models with reinforced structures, toughened undercarriages and well-engineered buckets for use across varied applications. The Komatsu PC210-10M0 hydraulic excavator has emerged as one of the fastest growing models in the 22-tonne class segment in India crossing sales of over 1000 units in about 8 months' time. This machine is "truly efficient" and offers enormous benefits to our customers in terms of unmatched productivity and fuel efficiency. It is ideal for aggregate mining, irrigation, deep excavation, stone quarries and urban development. The PC71 and PC130 are 'The Little Masters' and have been highly successful in the small excavator category with extended applications like brick kiln industry, land development, agriculture ponds etc. PC300 and PC350 models are most sought after models for stone, marble and granite applications and offer great economy in operation. The PC450 model is increasingly gaining popularity in the mid-mining segment.

For the mining sector, L&T offers the robust and hugely successful PC850/PC1250/PC2000/PC3000 machines. These have proven themselves as extremely reliable solutions for the mining sector. In the tough mining conditions encountered across mining applications for mineral exploitation, these equipment have proved their mettle offering excellent



**Komatsu PC350LC-8M0 Hydraulic Excavator**



**Komatsu PC210-10M0 Hydraulic Excavator**

productivity and high reliability, over long periods of time. To give you an instance, one of our Komatsu PC2000 hydraulic excavators (with 12 cum backhoe bucket) is nearing 60,000 hours of operation at a coal mine in Odisha. Similarly, a PC1250 hydraulic excavator (with 7.2 cum loading shovel bucket) is nearing 45,000 hours at a cement plant in Central India. Considering the good health and high equipment availability, even after such long working hours, many of our customers are in discussion with us to explore further increase in the working life of Komatsu mining excavators, thereby saving vital capital expenditure.

It is also a matter of great pride, that we have recently commissioned the largest Komatsu electric hydraulic shovel in India, namely PC3000 (15 cum bucket capacity) at a Coal Mine in Central India. Our principals, Komatsu, have hydraulic excavators upto 42 cum capacity in their portfolio and as the Indian mining sector gathers scale and size, we are looking forward to introducing many larger sizes of hydraulic excavators in India.

### **In light of the plans of infrastructure creation and reforms in mining, what opportunities do you foresee for hydraulic excavators?**

The recent reforms in the mining sector have brought in a great degree of transparency in allocation of mineral resources, for exploitation. The auction of coal mines has progressed successfully and many of the new allottees have already started taking the necessary steps to commence mining activities. Similarly, Iron Ore block auctions in Odisha went through in a successful manner, with most of the new allottees starting or continuing with production. Commercial Coal Mining auction has also received an encouraging response. Increasingly, large Coal Mining contracts are going through the MDO (Mine Developer and Operator) route, whereby, increased private sector participation is clearly visible.

Mining reforms have also brought the confidence back in the industry. With better clarity on policy continuation, customers are gaining confidence to invest in high quality mining equipment. We are already

witnessing a strong demand for Komatsu Dump Trucks, Hydraulic Excavators, Dozers, Wheel Loaders from various sectors like Coal, Cement and Iron Ore.

### **What are the major changes taking place in terms of technology? What are the key market opportunities?**

The most important technological advancement which has taken place over past few years, is the use of digital and IoT solutions for management of construction and mining machinery.

All Komatsu excavators are equipped with inbuilt remote monitoring systems – the “KOMTRAX”, which connects and enables tracking all major performance parameters. The user can see the machine location, operating hours, fuel consumption, mode selection, strata in which the machine is operating and even determine operator skill. The KOMTRAX system alerts the user in the event of any fault through error codes and also provides inputs on maintenance schedules. The analytical reports become the basis for fuel efficiency, site optimisation and



**Komatsu PC450 Hydraulic Excavator**

operator training, thereby making operations efficient, saving cost for our customers.

Komatsu also has proven technology for autonomous or driverless machines. These are in use at large mines in Australia and Chile. Going forward, there is a lot of research being conducted on new technologies with alternative fuels – hybrid, battery operated full electric, hydrogen cells etc, to reduce the carbon footprint.

Excavators are highly versatile machines. With increasing

mechanisation in India, many more special attachments and coupling technologies are now being offered to make excavators more versatile and suitable to undertake a variety of jobs. L&T offers a range of Komatsu rock breakers and quick couplers, rammer range of rock breakers, boom breakers and cutting solutions and Movax pile drivers. We have also developed attachments such as slope compactors, crusher buckets, Clamshell buckets, rock splitters indigenously using in-house design and manufacturing capabilities.



**Komatsu PC3000 Electrical Shovel**

On the customer service front, L&T has launched a digitally-enabled Aftersales support programme named “EQUIP-CARE”, which seamlessly integrates machine-initiated service requirements such as scheduled services based on SMR, caution/error code-based service requests and service requests from customers. EQUIP-CARE programme can be accessed by customers through a dedicated App as well as a Toll Free number (1800 833 9990). Unlike other contemporary customer support systems, EQUIP-CARE is designed to leverage digitalisation with a strong human interface – starting with understanding the service requirement, deputing the engineer, addressing the issues on the machine, and capturing customer experience. With a well-trained team of service engineers, nationwide network of dealers supported by L&T’s workshops as well as EQUIP-CARE, we are glad that over 90% of our Customers, give us feedback that our service levels meet or exceed their expectations.

For mining equipment, we are deploying digitalisation initiatives to enhance CBM (condition-based



**Komatsu PC2000 Mining Excavator**

monitoring) of various equipment under maintenance contracts with us. This has resulted in extended machine life, without compromising on equipment safety and productive operations and has helped reduce the TCO (total cost of operation).

Similarly, we have also initiated a wide range of application engineering and continuous improvement activities at major mining sites, using digitalisation tools and Komatsu developed software. We work with our customers and their mining teams to jointly identify the areas of improvement and then, in a calibrated manner, deploy improvements and solutions to reduce the cost per tonne of material moved, thereby creating long term value for our customers and stakeholders.

### **What are the major challenges faced in this segment? How do you plan to overcome those?**

Hydraulic Excavators are the backbone of any construction site. Hence, demand for excavators grows in direct proportion to the Infra contracts awarded by the Government. There has been a strong impetus on infra development during the past few years, specially roads and highways, which gave a significant boost to excavator demand. Even last year, as

mentioned earlier, demand rebounded sharply after the lockdowns were lifted, driven by the Government's focus and investments.

However, the second wave of pandemic has once again impacted the market demand. While we are confident of the recovery once the pandemic subsides and lockdowns are lifted, we expect challenges arising out of the impact on our supply chains. Many suppliers are currently facing oxygen shortage, vital for fabrication activities. In some cases, workers have returned to their hometowns and it may take some time to get them back. Hence, restoration of normalcy in manufacturing operations may take some time.

Increasing commodity prices is another serious challenge facing the industry. Steel as well as non-Ferrous metals have all witnessed a sharp increase in prices over the past year. This has led to a significant increase in input costs, which will have to be passed through to customers. Under the current situation, it may be an extremely challenging task to be able to do the same.

Equipment Finance is another challenge, which the industry will have to reckon – over 90 per cent of equipment purchases are funded by NBFCs and private banks. While

leading players in this space have always been very supportive of our industry, the current Covid situation could translate into repayment delays or higher NPAs for them. This could lead to tighter credit norms, stricter risk assessment and the like, which could impair the availability of finance, especially for the new entrants and marginal customers. In our case, while the high quality and reliability of our equipment ensures lower risk of customer default, we are engaged with our finance partners to find appropriate solutions for continued availability of finance for our customers, who purchase premium machines and therefore pose a much lower risk.

### **How do you look at the future market for hydraulic excavators in India?**

India is widely regarded as an economy that offers tremendous promise – its demographics, technical acumen, spirit of innovation, mineral resources, manufacturing capabilities are huge national strengths. Reforms and infrastructure development hold the key to realising our full potential. That being the case, to my mind, development of world-class infrastructure will continue to be the cornerstone for India, as the country moves towards fulfilling its \$5 trillion economy ambition. This would translate into tremendous growth of the construction and mining equipment industry, over at least the next decade. With hydraulic excavators being the most versatile construction equipment across the globe, I foresee a huge demand for hydraulic excavators as well, in the years to come. Digitalisation, alternate fuels, cost effectiveness, versatility and the like are some of the key areas that the industry is working on. With the world moving towards electrical and exploring hydrogen-powered vehicles, developments on excavators in this direction, will likely be the next technology frontier.

