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Industry in 'wait-n-watch' mode

The cement industry is keeping its fingers crossed over the emerging threat of coronavirus in the months to come.

FOCUS: PREFAB/PRECAST



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Cement Cracks?



An unprecedented lockdown have made companies across the board to device uncon-ventional methods to run business here on.

The course of a river can change over night, that is true in the case of almost all business sectors across the world. Cement is neither insulated nor isolated from the strong currents of COVID-19.

Real estate and infrastructure the two key employment generators in the country. With the pandemic spreading like a wild fire, has impacted them fiercely. Though the year 2019 has been a mixed bag for the Indian real estate industry, it was expected that the segments would lead the revival of the Indian economy from the second quarter of FY21.

Major contributors of real estate like steel and cement have been impacted too. The country wide lockdown has halted the manufacturing activities of cement, steel and other building materials. The impact its seen on sourcing of building material and labour.

However, things have taken a new direction with nation getting into a complete lockdown extending over a month. The major movements were seen in commercial real estate in the last year is expected to be a downward ride this year. A report released by global consulting firm, KPMG titled 'Possible impact of COVID-19 on the Indian Economy' says, "With possible slowdown in the US and European economies, the existing demand for commercial real

estate may either get curtailed or postponed till H2 of the current year."

In the first week of March 2020 when the last financial year was coming to a close, the prediction for cement segment was that the FY 21 would be healthy. The report released by rating agency CRISIL in March 2020 says, "Cement maker profitability to remain healthy next fiscal at 20 percent next fiscal on an expected recovery in demand driven by the infrastructure and affordable housing sectors, stable realisations, and benign input prices."

The report further stated, this fiscal (FY21), operating profitability is expected to touch a seven-year high of approximately 21 percent, which translates to a 350-400 basis points (bps) on-year surge.

All appeared rosy and promising but in less than a month the entire scenario changed. The same agency released another report (April 2020) saying, "Covid-19 has cast a long shadow over a much-anticipated mild recovery in Indian economy in fiscal 2021. Along with external factors such as weak global demand, supply disruptions, and global financial shocks, the economy is grappling with lockdown, factory shutdowns, reduced discretionary spending, and delayed capex cycle."

The report further elaborated on two scenarios for recovery for cement sector, "All this is expected

to affect construction, and thereby cement demand. Given the uncertainty in the current environment, we have based our analysis on two possible scenarios based on spread and containment period of the pandemic. 1) Our baseline view assumes lockdown/ other social distancing measures to continue till April end and construction activity to resume in mid-May, and 2) Our pessimistic view assumes extended vulnerability to the virus with construction activity beginning only in the second half of this fiscal.”

Though the reports were not so encouraging, KPMG report suggested the possible way forward.

Recommendations	Short term	Medium to long term
Tax and compliances related	<ul style="list-style-type: none"> • GST tax holiday for one year for the tourism/ hospitality sector. 	<ul style="list-style-type: none"> • Relaxation for project delays in the residential segment (RERA compliance) for a maximum of six months.
Easing financial stress in the sector	<ul style="list-style-type: none"> • No interest repayment for three months for developers, then extending it to 12 months. 	<ul style="list-style-type: none"> • Lending rate for realty projects to be fixed at a lower repo rate • NPA classification to be extended beyond 90 days for stressed projects.
Others	<ul style="list-style-type: none"> • One year government subsidy on basic salaries for tourism/hospitality sector. 	

Courtesy: KPMG report

While the companies lament on the losses that happened over the past few years, they also at the same time prepared the employees and the team to move to a new business regime as it is being redefined by COVID -19 attack. Let us hear from some of the stalwarts of the industry how they utilised the lockdown period efficiently and fruitfully.

ANIL BANCHHOR, MD AND CEO, RDC CONCRETE INDIA



During the lockdown time, we conduct daily toolbox talk meetings with the workers and our own staff. All Business Head, Business Manager and the Plant in charges are all part of this Tool Box Talk. The discussion includes

precautions to be taken on health and safety. The team leaders were given the task of creating a document on the wellbeing of the employees like recording, whether any one has cough, fever, sore throat or another symptoms? This also carries information about the family members as well.

It is also important to have regular communication with staff and workers to keep the morale of the workforce high with positivity, as a underlining theme.

We also focused on skill development of various

level employees. The critical issues are given attention and preparing ourselves to move forward post COVID-19.

Our focus is also readying the workforce in multi-tasking. The aim is to enable each person capable of doing different department jobs. To make this possible we have designed a lot of modules that are accessed by employees from home. Once the modules are completed the employees are required to go thru the test like any other training programme.

Plant in-chargers / Reporting Managers have been talking to labourers on day today basis. Some

workers are stuck in the plants, and for them all rations and essential items are provided.

After the Janta curfew, we were certain of a lockdown. We used the few days in-between to replace the non IP based cameras with IP cameras, overlooking all assets and particularly office and cement godown.

At the same time we have conducted a mask making competition involving the family members of employees. These masks are bought by the company and that would be distributed to the workforce once the lockdown is over.

JAGDISH CHANDRA TOSHNIWAL, MD, WONDER CEMENT



We kept our employees engaged in different works and used video platform to communicate with them on a regular basis.

Marketing teams are to be prepared for future with plans in case of continuation of lockdown. National heads are tasked to prepare contingency plans. Similarly the network partners are also being reached out in order to maintain confidence. The lockdown period has been utilised on closing the financial year and performance appraisal.

In this time we have also conducted training programs through OEM's which was long pending. There were discussions on how to improve the plant performance, also on an annual plan and maintenance. The overall aim is to bring in efficiency. All this was possible as the workforce was diced into small groups of four to five people.

We are slowly restarting the offices. It will not be 100 per cent of the workforce. We will continue working on development jobs, training jobs and future plans.

First, only 20 to 25 per cent of the workforce will be asked to resume work. For eg; we have 3 kilns, we will start only 1 kiln because we don't expect demand to come immediately. Thermal scanning and sanitisation and social distancing are the new norms. With 2/3 of the workforce, it would be easily controllable at the gate. We will ensure all government guidelines be strictly followed like wearing a mask at work. Also every employee has to give a declaration about their places of visit in the last 15 days.

In office we will work in two shifts to spread the manpower and to avoid crowding. Meeting will continue to be through digital mode like video chats. Will focus on safety as the utmost priority.

SUBHASH SETHI, CHAIRMAN, SPML INFRA



As soon as the lock down was announced all work both offices and project sites were closed and employees was advised not to travel. Started remote working with the support of digital applications.

Our teams spread across different cities held discussions and review meetings kept us abreast with the situation. We have in fact resumed project execution work in some states after the government has relaxed working of important sectors related to water and power projects.

The technological intervention in the construction industry and the use of robotics and automation were existed at the emerging stage but with the lock down and new working norms, it has expedited the trend. I believe that once the impediment of corona virus will end, the construction industry will witness the application of service robotics and high level of automation of functionalities. It will also embrace new digital technologies that have significant long-term benefits. The R&D spending which was minimal in construction sector is bound to increase with

enhanced spending on information technology and new software solutions. For the difficult nature of work in construction sector, big efforts will be needed to increase the level of automation and to coordinate with involved processes in order to improve its productivity.

There is going to be a very strict protocol related to regular health check-ups of workers, cleaning and disinfection of work spaces with maintaining proper distance between each employee. We will also encourage all our employees and other staff members to wear face masks at all times and practice proper healthcare practices. Our teams, clients and partners are fully inspired and committed to continue developing the critical infrastructure for drinking water, wastewater and electricity for the well-being of our people.

PUNEET VIDYARTHI, BRAND LEADER, CASE INDIA



The company has devised video calls twice a week with the Business Unit HR Head. It is a great way to liaise with the whole team and share anecdotes etc, which keep us connected and simulates a regular work day, with catch up sessions.

There were daily messages like the Thought for the day / motivational messages to bring positivity among the work force. Webinars were conducted 4 times a week (Tuesdays to Fridays) with topics ranging from professional to personal well-being and self-help.

Weekly Updates from the rest of the world (CNH ecosystem). E-meetings with the management team (Once a month): This is like an online town hall.

E-Training for Dealers: Product training and refresher courses are conducted weekly. These are online training sessions where dealers log in from home. Both customers and dealers were given information how to store the construction equipment during lockdown. Communication from leadership on measures taken to alleviate the circumstances such as extension of warranties etc. Critical communication from leadership to dealers and how CNH will help them bounce back soon as this is over – involves relaxation of certain protocols. To prospects generated over last month (not customers yet) bi-weekly communication to stay in touch and assure them that our offer still stands.

- Renjini Liza Varghese