



NEWS

Exclusive interview with Umar Balwa, MD of Sealmatic India, on growth and future plans

An exclusive interview of Trade Brain's Research Analyst Omkar Chitnis, with the Managing director of Sealmatic, Umar A K Balwa...

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Umar AK Balwa Managing Director Sealmatic India

Exclusive Interview With



Trade Brains

"Sealmatic's roadmap is filled with exciting opportunities, not just in India but on a global scale. We are targeting a 15% market share in API mechanical seals and have laid out a strategic vision known as 'Sealmatic Beyond 2028,' says Umar A K Balwa of Sealmatic India Ltd.

In an exclusive interview with **Trade Brain's Research Analyst Omkar Chitnis**, the Managing director of Sealmatic, **Umar A K Balwa**, discussed the Indian government's recent announcement of a USD 100 billion investment in the oil and gas sector by 2030. He highlighted that this initiative is expected to create a significant demand for mechanical seals and an opportunity for Sealmatic.

About Sealmatic

Sealmatic deals in the designing and manufacturing of mechanical seals and associated products mainly for oil & gas, refinery, petrochemical, chemical, pharmaceutical, fertilizer, power, mining, pulp & paper, aerospace, marine, and many more industrial applications.

Sealmatic is the only mechanical seal company in India that has received ISO 19443 accreditation for Nuclear Applications. It is India's only domestic manufacturer or monopoly company in mechanical seal production.

Sealmatic Ltd is one of the few Indian companies that has been approved/registered as a vendor with both national and international clients. It is the only indigenous mechanical seal producer approved by BHEL for thermal power plant components and it operates in over 45 countries worldwide.

Edited excerpts:

The company expanded its operation across the Middle East and Russia last year, are there any specific markets or regions where Sealmatic plans to expand its presence in the coming years? What kind of growth trajectory do you foresee for Sealmatic over the next three years?

We are well placed to double our turnover in the next three years. There are very interesting times ahead for Sealmatic, our journey is going to be filled with high-quality orders from the Middle East & Russia, we are saying this because of the hard work that we have put and are putting in these regions, say in the Middle East, we have participated in ADIPEC & EGYPT last year and would be repeating the same this year as well, we had a strong presence in two exhibitions in Russia (Moscow) and the response from both these regions was overwhelming. We have signed service and distribution agreements in Russia, UAE, Oman, Qatar, Kuwait, and Saudi Arabia and hence we are extremely well-placed to engage with our customers in these regions.

As the company is projecting a 20% revenue growth for FY25, could you please specify which regions or markets are expected to contribute the most to this increase in orders?

The market has been very strong for Sealmatic and this is due to the hard work of the last 4 years that has borne fruits for the company. In the tier 2 segment, we are the largest company globally after the three big boys, in terms of technical know-how and application engineering.

Our market demand is buoyant in India, the Middle East, Russia, Europe, and the USA, these are the growth areas for the company. Collectively the market size between Europe & USA is USD 2.25 Billion and you can imagine the potential lay ahead for Sealmatic. We are on track with our growth prospect of 20% for the FY 2025.

As the company is projecting a 20% revenue growth for FY25, could you please specify which regions or markets are expected to contribute the most to this increase in orders? Is the company planning any capital expenditures (capex) in the next 3 to 5 years? If yes, how much is the company aiming to invest? Does the company have any plans to establish a unit in other countries?

CAPEX is the lifeline for any manufacturing company, it has to be never enough and a company must continuously invest in R & D, newer technologies, and newer ideas such as Industry 4.0 and of course, expand and modernize the core manufacturing facilities, hence to answer your question, yes, we will invest in CAPEX in the years to come.

India is a low-cost high-quality manufacturing country and hence the whole advantage that one gains by being strongly present in a country like India, gets diluted if we invest in a high-cost manufacturing country. Notwithstanding this, we would like to invest in a cost-effective service centre in Europe and USA, but that should be 18 to 24 months away from today.

If any opportunity in the future is going to present itself to us in terms of acquiring a small-sized – high-quality mechanical seal company in Europe and the USA, we would be all ears to it.

What is the current order book position as of the latest quarter? What are the key focus areas for R&D and new product development?

The current order book is robust and it will allow us to attain a growth of 20% for FY 2025 as compared to the previous year.

The inventory level has increased from 5.98 crores in FY22 to 17.5 crores in FY24, could you shed light on the possible reason for such an increase? And what is the company doing to reduce it?

The nature of the business is such that it is custom and the delivery times are not very generous,,hence an inventory of this size would be considered normal. Also, we have to take into account that Sealmatic is engaged in international projects as well, where we serve project business in the oil & gas industry in India, Middle East, CIS and Russia.

The specifications of each project are tailor made and unique and hence we need to have a pile of inventory at our disposal for a smooth execution. The current inventory for FY 24 would be sitting at Rs 42 crores around and that will stabilize at Rs 45 crores, which will allow us to achieve a turnover of Rs 175 crores.

Does the company plan to introduce new products like fabric expansion joints and dry gas seal digital diagnostic solutions, similar to those recently launched by Sealmatic's competitors?

The business of Dry Gas Seal is very interesting but at the same time, it is critical and difficult to design, manufacture and sell. But that does not mean that we are not having our hands in it, we are investing about Rs 3 crores to develop this technology and are hopeful that by April 2026 we will be having our first Dry Gas Seal in the market.

As regards fabric expansion joints, it is a business that is the opposite of mechanical seals, we are a dynamic product category and expansion joints are static in nature. We have no plans of diversifying into expansion joints whatsoever, this is a low-tech and low-cost product.

Considering the recent significant growth in the renewable energy sector in India, particularly in wind energy where mechanical seals play a crucial role in wind turbine generators, does the company have plans to explore partnerships with wind turbine manufacturers in India to promote indigenous production under the 'Make in India' initiative?

Mechanical seals are omnipresent and every industry needs them, they are critical for the efficient performance of the equipment in any installation, may it be a wind turbine, steam turbine, and the like. We are working with all the OEMs in this segment and are well-placed not only in India but globally as well. The Make in India is a great concept promoted by the Indian Government and we will see a lot of traction in the coming years.

Are there any plans for the company to implement Smart seals incorporating Internet of Things (IoT) technology and machine learning to monitor real-time parameters like temperature, pressure, and vibration?

In fact we are the first company in India, say about in 2021 we had our first presentation of smart seal, where the concept of a mechanical seal being connected in a wireless manner to the main control room of the plant and also of the control panel at Sealmatic simultaneously. This would allow us to monitor the functioning of the mechanical seal, whereby speed, heat generated, vibration, excess temperature, etc can be monitored in real time. Smart seal as a solution will allow preventive maintenance in time, thus saving expensive maintenance costs, accidents, unwarranted downtime, etc. We have conducted in-house testing of the same and are pleased with the results so far.

What is the future roadmap for Sealmatic India? How is the company gearing up to catch 22,500 API Mechanical Seals by 2030? Could you provide insights into your strategic plans and anticipated milestones?

The road map for Sealmatic is filled with many new opportunities not only in India but globally. The recent announcement of an investment of USD 100 billion in the oil & gas sector in India by 2030 by our Honourable Oil Minister (Shri Hardeep Singh Puri), will throw open an additional requirement of 22,500 API mechanical seals, and we are looking at gaining 15% market share of this new requirement (3375 API mechanical seals).

We have created a vision for Sealmatic which is known as Sealmatic Beyond 2028, where we have systematically broken the market in geographies, sectors, OEMs, Project business, and so on, every minute detail has been analyzed and deliberated and responsibilities assigned, we are on track with our vision 2028 and the most important milestone is that we want to be known globally as the number 4 mechanical seal company.

we are more than confident that we will achieve this milestone because here at Sealmatic, the philosophy is very clear - do not think outside the box – break the box!

How do you feel about the SME listings that have gained tremendous success in the recent past? And your own experience after listing?

We will begin with our experience of listing on the BSE. We got listed on the BSE on March 01st, 2023 and during this period, the scrip has done well and many HNIs and other funds have shown keen interest in Sealmatic. In the past 15 months, more than 70 fund houses – small, medium, and big have visited our company and have had management discussions to understand the company and its business, this speaks volumes about the work we do and also validates our efforts in creating a world-class enterprise.

Additionally, this inspires us to do better in the future. To our experience and understanding this is just the beginning of the history being written about the pivotal role the SME segment is going to play in the success of the country in becoming a global manufacturing hub.

There are about 15000 high-quality SMEs located across the length and breadth of the country, engaged in high-end manufacturing in every field possible. There is going to be an industrial revolution in our country in the coming years, making India a powerhouse like Germany, Japan and South Korea.

There are about 512 companies listed on the BSE SME Platform, which have raised more than Rs. 5000 crores from the market, and the total market capitalization of 512 companies as on July 2024 is about Rs. 160,000 Crores. This says it all.

What are the major factors that set Sealmatic apart from other players in this segment?

The mechanical seal industry is highly competitive, it requires a huge amount of time, money, and energy to reach a certain level. Generally, a period of 10 years is needed to attain maturity in this industry. When we started out in 2011 after ending our joint venture of 17 years (2007) with Feodor Burgmann of Germany.

we consciously made efforts to set up our plant to match international standards and specifications. Not only in terms of employing hardware and software, but also implementing very high international standards and a highly trained team, we are proud to state that we have had more than 100 visits from international customers to our premises and all of them have said simply one thing – “state of the art international facility”.

We are proud to state that we are the only Indian company that has the distinction of API Q1, ATEX & EU FDA certification for mechanical seals. Besides, again as a domestic mechanical seal company, we are the only one that employs FEA & CFD for hardcore design and development of mechanical seals.

We have tools such as MSD (Mechanical Seal Dictionary), SSG (Seal Selection Guide), AKH (Application Know How), and many other tools that have catapulted Sealmatic into the bigger league of international players. We are perceived and respected globally as a high-quality mechanical seal company.

"I aspire Sealmatic to be recognized globally as the fourth leading mechanical seal company, driven by our core philosophy. Don't just think outside the box—break the box", says Umar A K Balwa.

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