



India's huge infra drive holds promise for EPC firms

- Atul Bhatt

CMD, MECON Limited

In an exclusive interview of *Shri. Atul Bhatt, CMD MECON Limited* with the Steelworld editorial team.

Shri. Bhatt shares insights into the Indian steel industry and its contribution towards the massive infrastructural development plans the Centre has drawn. He also spoke at length about the company's diversified business activities and projects in hand and under execution.

Shri Atul Bhatt took over the reins of MECON Limited as Chairman and Managing Director on 1st of October 2016.

Bhatt is a Chemical Engineer from IIT, Delhi (1986 batch) and a Post Graduate in Management from IIM, Calcutta (1989). Prior to joining MECON, he was Executive Director (Business Development and Corporate Planning) in NMDC Limited, where he was instrumental in formulation of Strategic Management Plan 2025 for the company. He also spearheaded all mergers & acquisition activities of the company.

Prior to his stint in NMDC (his first PSU experience), he served in ArcelorMittal as General Manager (Mergers & Acquisition) based in London, where he oversaw acquisition of mineral assets and headed its Iranian operations as Country Manager based in Tehran.

Shri Bhatt has also worked in Tata Steel, where he started his career as a Graduate Trainee in 1986 and served the company in various capacities, primarily in sales and marketing, for over 10 years.

While joining MECON as CMD, Shri Bhatt brought with him his rich and varied expertise of around 25 years which he gained while discharging duties at the above mentioned giants. He was strongly motivated by the prospect of being at the helm of the wide spectrum of business

activities of MECON from EPC/turnkey jobs to project consultancy in diversified sectors of iron and steel, non-ferrous metals, power, oil & gas and infrastructure. Shri Bhatt also contributed significantly to the economic growth of the country.

At MECON, Shri Bhatt focussed on maximisation of the turnover and realisation of outstanding payments from major clients in the steel sector. The concerted efforts under his exemplary leadership resulted in curbing losses to a great extent. His strategy to focus on execution of projects in diversified business sectors not only helped the organisation to insulate it from adverse business cycles and inordinate reliance on specific clients, but also led to remarkable increase in order bookings for the FY 2016-17.

Under his astute leadership, MECON is geared up to capitalize on every possible opportunity and derive the benefits in the light of the new momentum the economy is witnessing under the dynamic leadership of Prime Minister Narendra Modi.

Excerpts

What are the current projects MECON is working on presently?

Presently, MECON is executing number of projects in all of its areas of business operations and few of them in metals & mining sector as below:

- Design, engineering, consultancy and PMC services for 3.0 mtpa greenfield steel plant project for NMDC at Nagarnar.
- Engineering & consultancy services for BF 3 upgradation project for JSW Steel Limited.
- Consultancy and PMC for setting up 8.5 MTPA crushing & screening plant complex, material evacuation & associated services, infrastructure facilities of OMC at Gandhamardan Block-B, Odisha.
- Consultancy services for PMC services for rebuilding of Coke Oven Battery No-1(COB#1) and revamping for RINL, Visakhapatnam.
- Consultancy & PMC services for TLT Project for RINL Powergrid TLT Private Limited (RPTPL), Visakhapatnam.
- Design, engineering & consultancy services for Tin Plate Complex for JSW Steel Limited.
- Inspection services for installation of 3 MTPA new Hot Strip



Mill at RSP.

- Engineering & consultancy services for Zero Liquid Discharge Plant for new 2.5 mtpa expansion and existing Coke Oven of old plant at IISCO, Burnpur.
- EPCM for iron ore slurry pipeline from Bachel to Nagarnar for NMDC Limited.
- EPCM for pellet plant at Nagarnar and beneficiation plant at Bachel for NMDC Limited.

In its diversified area of business, MECON is executing following notable projects:

Energy

- PMC services for development of city gas distribution network in Rupnagar, Yamunanagar & Saharanpur for BPCL.
- EPMC services for development of city gas distribution network in North Goa and Bengaluru for GAIL Gas Limited.
- Engineering, project management and site supervision consultancy services for construction of POL Depot at Leh, Jammu & Kashmir.
- Consultancy services for augmentation of facilities at Mourigram, Rajbandh & Siliguri terminals under West Bengal State Office (WBSO) for IOCL.
- Design, engineering & consultancy services for coal based thermal power plant (1x250 MW) at Rourkela for NTPC-SAIL Power Company Private Limited.
- Project Management Agency (PMA) services for Deen Dayal Upadhyay Gram Jyoti Yojna (DDUGJY) & Integrated Power Development Scheme (IPDS) project works in SOUTHCO Utility Area for OPTCL.

Infrastructure

- Design & supervision consultant for dockyard & fleetbase buildings package (DC-DY and FBB), Project Seabird Phase IIA for Project Seabird, Indian Navy.
 - Preparation of master plan and DPR for establishing the integrated infrastructural facilities for New HAL Helicopter Factory at Tumakuru District for HAL
 - Project management consultancy to execute Payload Fabrication & Testing Facility (PFTF) building at 39 acres New SAC Campus at Bopal, Ahmedabad for ISRO.
 - Execution on LSTK basis for construction of buildings as "Deposit Works" on "Total Turnkey Basis" for Corporation Bank, Mangalore.
 - Architecture, engineering and project management agency for establishment of Ayush Hospitals at Narela, Delhi.
 - Architecture, engineering and project management agency for establishment of 100 bedded ESIC hospitals at Surat, Gujarat; Phulwari Sharif, Bihar and Vizianagaram, Andhra Pradesh on deposit work basis.
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 - In the educational institutes, MECON is providing its services for Simrol Campus of IIT, Indore; Development of University Campus at Rajgir for Nalanda University, Bihar & infrastructure development of Indian Coast Guard Academy, Azhikkal, Kannur.
 - Services for construction of new High Court building complex at Dhurwa, Ranchi.
- In addition to above consultancy assignments, MECON is also executing a host of EPC projects rebuilding of Coke Oven Battery No. 7 & 8 and power supply system for Sinter Plant-II at BSL, Bokaro; External coal handling plant package for North Karanpura STPP (3x660MW) of NTPC.
- In the special projects segment MECON is executing EPC project for establishment of structural & mechanical systems of integrated engine test facility for ISRO Propulsion Complex (IPRC),

Mahendragiri, Tamil Nadu.

What is the current book value order of the company?

MECON is continuously expanding its order booking position and booked orders worth INR 2700 crores in the last three financial years. These orders include both consultancy and EPC projects.

Being a PSU company, how has MECON positioned itself to compete with the private sector?

MECON provides flexible modes of project execution i.e. design, engineering & consultancy; Project management consultancy; EPCM and EPC. MECON can also develop entire project execution based on basic engineering provided by technology suppliers including assistance in capability development to bridge technology gaps.

MECON provides end to end solution for entire value chain of integrated steel plants. It has engineering skills which it garnered through its association with almost all steel plants in India along with exposure to global technologies & benchmarks. MECON can provide complete engineering for balance of plant leading to discrete turnkey mode for lowering CAPEX.

In addition to above, MECON has understanding of Indian raw materials & operational constraints. It has also been repository of database of ISPs (public & private) since inception.

As explained, MECON's major strength lies in its versatile capability of project execution across various sectors and the engineering skills it developed over decades of business operation with multi-disciplinary team of engineers. Additionally, MECON has also developed in-house real time web based solutions for Project Management, Document Management and Inspection Management for project execution which is translating into timely execution of projects in cost effective manner.

These strengths positioned MECON to stand tall in its sphere of business activities and stay above competition.

Since MECON is involved in a big way in setting up steel plants, do you see the need for more steel plants in

the country in view of excess capacity ?

Steel industry plays a vital role for development of industries, economic activities, strategic self-reliance as well as creation of employment and revenue to national exchequer in any country due to its strong forward and backward linkages. In India, steel has an output multiplier effect of nearly 1.4X on GDP and employment multiplier factor of 6.8X. India became the 3rd largest steel producer in the world in 2015 with a production of 90 MT and a capacity of 125 MT (Jan, 2017) and is now well poised to emerge as the 2nd largest producer after China. Today, the Indian steel industry contributes approximately 2% to the country's GDP and employs about 5 lakh people directly and about 20 lakh people indirectly. In order to become a “developed nation”, the steel industry in India must play a crucial role, as has been the case with all the major developed countries and East Asian countries like Japan, South Korea & China. There is significant potential for growth given the low per capita steel consumption of 61 kg in India (including rural consumption at 10 kg), as compared to world average of 208 kg. Indian economy is rapidly growing with enormous focus on urban infrastructure, rural development, construction and manufacturing sectors.



The “Make in India” initiative is expected to witness significant investments in construction, infrastructure, automobile, shipbuilding and power sectors, which will stimulate steel demand. Use of cost efficient and competitive 'Indian Made

Steel' will pave the way for infrastructure development and construction activities in the country. Several other initiatives mainly affordable housing, expansion of railway networks, development of domestic shipbuilding industry, opening up of defence sector for private participation, and the anticipated growth in the automobile sector & capital goods industry, are expected to create significant future demand for steel in the country.

Growth in steel consumption in a country is typically linked to the economic growth and steel intensity. It is expected that at the current rate of GDP growth, the finished steel demand will grow threefold in next 15 years to reach 230 MT by 2030-31

The National Steel Policy 2017 (NSP 2017) has set a target of achieving crude steel capacity of 300 MT by 2030-31 with focus on high end value added steel (high grade automotive steel, electrical steel / CRGO, special steels and alloys for strategic applications) while being globally competitive. The Policy aims to increase per capita steel consumption in India from present 61 kg to 160 kg by 2030-31

Considering the competitive advantage of steel production in India viz. indigenous availability of high grade iron ore & non-

coking coal, vast and rapidly growing market for steel, strong MSME sector and a relatively young work force with competitive labour costs, the country also has the potential to export sufficient



Panoramic view of upcoming Integrated Steel Plant of NMDC at Nagarnar under MECON's consultancy

quantities of steel and become a major player in the global market In order to ensure optimal growth of the industry and to avoid situations of over or under capacity, the Ministry of Steel, Govt. of India will work with all the stakeholders to monitor investments in the steel industry on a continuous basis and will also facilitate setting up of SPVs in mineral rich states of Odisha, Chhattisgarh, Jharkhand and Karnataka.

What are the overseas projects MECON is involved in ?

MECON is eyeing at International market for business potential and is participating in overseas projects particularly in Africa, Middle East, South East Asia and Indian sub-continent region. Recently, MECON has completed projects for a client based in Nigeria and working on a project in Oman and also expecting few more projects in iron and steel sector. Overseas markets have always been MECON's thrust area and we are geared up to encash the opportunities in global markets. MECON is also registered as consultant for projects funded through multilateral development banks i.e. World Bank, ADB, AFDB & EBRD and emplaned with Export-Import Bank of India for projects to be funded under Line of Credit.

How was the financial year 2016 and what are the expectations for 2017?

The FY 2015-16 has been a bit tough due to sluggish steel market both domestic & international. New opportunities and strategic repositioning would definitely help us to improve our position during the ensuing year.