



Anil Sethi, Chairman, SPML

## CONSISTENT GROWTH IS OUR GOAL

Over the last 40 years, Anil Sethi has seen the Indian water and sewerage sector grow and evolve into one of the world's most attractive markets. We caught up with him in his posh Bangalore corporate office to learn about his perspective for growth.

**Q** Tell us about the evolution of SPML in the water business?

**A** The journey has been quite exciting. We started in 1968 when we started selling pipes and fittings for the water sector. Around 1978-79, we were the first company to start turnkey project concept in the water sector when we did the Jorhat water supply project in Assam. Then we did a project for the Asiad Project in Delhi in the early 1980s. In the last 10 years or so, the government has been really pro-active and a number of large projects have come up. The population growth and higher urbanisation has created the demand for water projects. In the absence of EPC concept, the government has realised that there is no accountability. The infrastructure for every major city has to be upgraded and this is a major opportunity. With proven capabilities in the water, environment and infrastructure domain, SPML Group is developing projects with projected investments worth Rs. 15,000 crores.

**Q** Recently, you won a large project order for Rs. 105 crores from NTPC for Simhadri project. Tell us a bit more about this order, and about other project orders secured by SPML.

**A** SPML is providing the station piping package for Simhadri Super Thermal Power project including design, engineering, manufacturing and erection of piping and all related systems. The project also includes anticorrosive protection and painting of above ground piping for the project.

We have recently secured the prestigious Underground Sewerage Project for Mira Bhayandar, Maharashtra for Rs. 520 crores. This project includes laying and commissioning 107kms of sewer lines; design, construction and commissioning of 10 pumping stations and 10 sewage treatment plants with capacities ranging from 7MLD to 17MLD. Designed on completely decentralised system having 10 zones across Mira Bhayandar, the project would also provide for the necessary pressurised ring mains for distribution and disposal of recycled water, within the next 30 months.

Another important project being executed by SPML is the 25MGD Effluent Pumping Station (EPS) at Rithala STP for the Delhi Jal Board. The project includes twin transmission mains for carrying 33.34MGD treated effluent from the EPS to Pragati Power Corporation Ltd plant at Bawana on a DBO basis with a completion timeline of 11 months. SPML will also undertake operation & maintenance for a period of 5 years post completion. This water will be the source of generation of electricity for the prestigious Commonwealth Games to be held in 2010. One of the unique features of this project is the use of Magna Drive Couplings for pumpsets for energy efficiency and long-term trouble free maintenance.

**Q** How do you see the opportunity in JNNURM projects and the urban infrastructure area? How is SPML positioned to take advantage of the opportunities in this area?

**A** There is huge opportunity that has been created by JNNURM initiatives. SPML is geared to take up opportunities in water supply, sewerage and solid waste management. We see substantial order bookings happening in this

sector in the coming year. The latest budget announcements on increasing the outlay on JNNURM initiatives is a very welcome one.

**Q** SPML has been spearheading projects on a PPP and BOOT basis like Latur and Bhiwandi. Are more users getting comfortable with this concept in India and the developing world?

**A** We have to realise that water is not cheap. In most cities, we get very erratic water supply. In many cities, the water availability is there for more than the population, but the faulty design prevents access to the wide population. This has a number of historical reasons like absence of hydraulic design, leaking old infrastructure, poor interconnection and leakage in house connections.

With public private partnership (PPP), one becomes accountable to analyse the whole network and then programme the supply according to the demand. If one works out the wholistic water loss from source to tap, it would probably be 40 to 50 percent. The water supply is controlled by valve systems which are not synchronised properly, and based on the consumption and demand pattern. In Latur, when we started, they were losing 1 to 1.5 crores every year. After we came in, we have been paying back significant amounts to the urban local body without increasing tariff by one bit and after investing huge amounts in the infrastructure and controls.

So it requires strong political will of the state and local corporation. If that is there, then PPP initiatives can grow like in power sector. When we interviewed slum habitats and general population in Latur, we found that people were willing to pay Rs. 150 to Rs. 200 per month for reliable and good quality water supply. So there is a demand for good quality and reliable water supply.

**Q** SPML is a leading player in the Indian water and wastewater sector, with presence in all segments. What are some of your plans to maintain that leadership and extend it even further?

**A** We have always been very conservative and has always wanted to grow in a planned and sustained manner. The bane of many other construction companies is that they have overstretched themselves and compromised on quality. Consistent growth is our goal.

We have had year-on-year growth of more than 50% for the past 3 consecutive financial years. Our philosophy is determined by excellence in project implementation and delivery, thus ensuring client delight.

Incorporated in 1981 as a company, the SPML Group has executed more than 400 projects all over India. With a highly skilled team of over 1500 employees, the Group has evolved into a multi-faceted conglomerate. We have grown and expanded from city to city gradually - from Assam to Delhi to Kolkata to Jaipur to Mumbai and so on. We have always wanted to be the first to grab opportunities - we were first to take turnkey

projects, the first in PPP model, the first to take up solid waste management in Delhi and the first to take up decentralised sewage management in Mumbai suburbs.

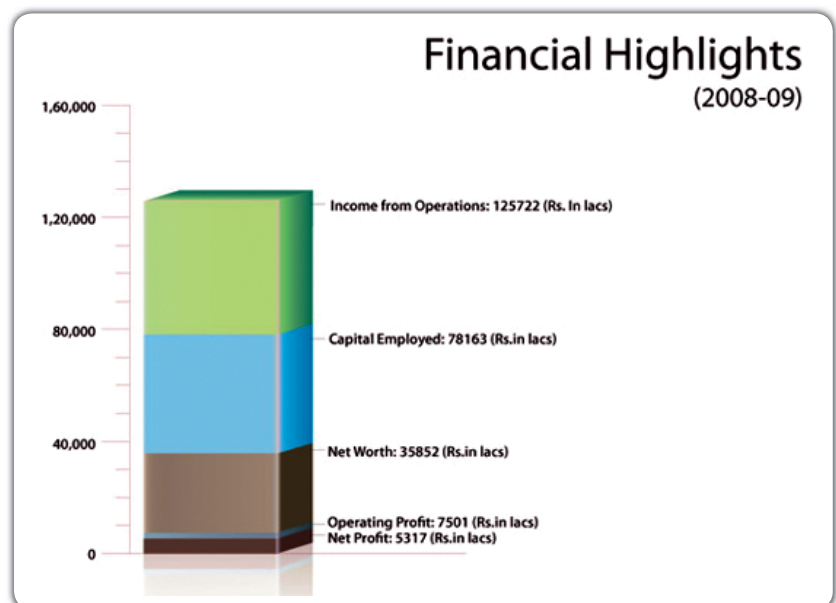
We are the first to undertake the rehabilitation of existing sewage pipes through our JV with Insituform - pioneers & patent holders of Cured-in-place pipe (CIPP) trenchless technology. We have taken risks but been clear about how much we can undertake. We also do not want to speak too much - we prefer to be silent and to do our job well.

For EPC projects, I do not see international players succeeding in India. This is the only large market globally where EPC contractors are working at 4-5 percent post-tax margins, which is low considering the risks involved. There are over 15 Indian players who are active in this sector. It is a huge market and there is opportunity for everyone.

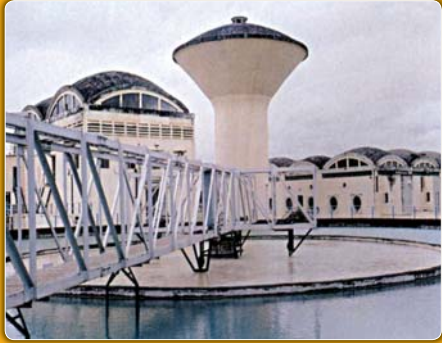
SPML has been very good at project management skills because we have not grown very aggressively. We have strong regional offices in Delhi, Kolkata and Bangalore which are located close to the ground realities. All sites are connected and controlled by SAP Enterprise Resource Planning software. Cameras are put on the site so that everyone can access and observe the project situation.

**Q** The desalination market in India is expected to open up with the Chennai Metro and other projects getting implemented. Do you see this as a big opportunity area for SPML?

**A** We are trying to find a good technology partner in this area and we should close an agreement within the next few months. It will still take a few years for this market to open up to its full extent, and we should be well positioned at that time. The cost of desalinated water needs to still come down a bit for



## Signature Projects



One of the highest pressure pipeline ever used in any water supply project in India at Lunglei in Mizoram



India's first source to tap integrated water management contract at Latur by SPML consortium

industrial sectors like steel, petrochemical and refinery projects.

**Q** On the technology and the product side, are there any major developments or product launches planned in the coming year?

**A** SPML has partnered with strong international players like Insituform and Hydrocomp to promote new technologies in India. Our recent joint venture with Insituform, USA brings the trenchless “no dig” technology for sewer rehabilitation as a pioneering initiative in India. Similarly, our tie-up with Semitech, Australia will enable end-to-end energy management solutions to the utilities in the country. One of our major new initiatives would be in Automatic Meter Reading (AMR) technologies which would help in reducing water losses.

**Q** Tell us a bit about SPML's plans on the solid waste management sector, and how do you see that sector growing in the coming decade?

**A** SPML is also doing waste management in Madurai and in the Delhi and Hyderabad airports. We started slowly in Delhi as we wanted to understand this sector better. We have a central control room and all our collection trucks

it to become more sustainable and investment worthy.

**Q** How about the industrial sector? One sees huge investments in the petrochemical, steel and power sectors. Would that be a big growth area for you?

**A** Yes, we see a significant growth happening in the power sector. We are already doing work in many power projects - Barh, Simhadri, Korba, etc. We have also started bidding for the BOP component of a few power projects. It is a big opportunity.

We are also looking at the water supply opportunities in

are tracked through a mapping system. It is a totally seamless and computerised operation. The scope and opportunity is huge and the market will grow with more stringent environmental guidelines.

**Q** As a family-owned business, how does SPML ensure that all family members stay aligned to the company objectives?

**A** Four generations are working together in our company and there is no second example of this kind in Indian industry. One simple activity would show how united we are. From 25<sup>th</sup> Dec to 2<sup>nd</sup> January, every member of our family assembles at one place and we go in a bus together to a pilgrimage or tourist place. We have been doing this for the last 20 years. These 7 days are non-compromisable and the entire family stays in dharamshalas. We stay in very simple conditions and stay like normal citizens – we buy nothing from the market. We are together – in very real terms. On 31<sup>st</sup> night, typically we are together in a temple welcoming the new year in the midst of religious bhajans.

**Q** What are some of your key future plans and where do you see SPML in the coming years?

**A** We will try to bring some new innovative technologies for power saving and better management of our projects. We will aim at a slightly faster pace of growth as our stabilisation phase is now over. Human resources and manpower would be a constraint as we grow. As we grow, multiple projects need to be maintained. Retaining and developing manpower is a big challenge. We have introduced numerous human resources initiatives like training, variable pay, ESOPs and other performance management tools which will be a first in the construction industry in India.

We are already working to tackle this concern and be ahead of the challenge. We will continue to grow faster, better and with consistency, in all that we do.

## Signature Projects



Yelahanka Primary/Tertiary Sewage Plant - Created the first of its kind sewage treatment plant for the reuse of municipal wastewater in India



SPML emerged as a boon to the residents of Pali city with Pali pipeline project