STEEL DESIGNS WILL BE A KEY ENABLER

The rapid infrastructure development in the country and the increasing reliance on steel in many projects has enabled Geodesic Techniques Pvt Ltd to emerge as one of the key players in the country. Nikhil Raj, VP and Chief Marketing Officer of the Company, speaks to Shashidhar V about the emerging opportunities.

How do you view the current trends in the infrastructure development activity in the country today?

Activity in the development of infrastructure in India has really picked up pace in the last eight months. While projects were happening during the economic slowdown, the approvals process for new projects was dramatically slower. In the last few months, this has changed; every project today is referred to as “fast-track”.

Renewed enthusiasm from global financial players for these projects has attracted new sources of funding, providing the capital required to support fast-track development projects. The Indian government, at both the national and regional level, is also placing renewed emphasis on infrastructure development. In recognition of the unprecedented level of capital needed to meet growth objectives, the government is increasingly open to private sector involvement and public-private partnerships (PPPs), providing a continuous stream of opportunities for companies in the infrastructure sector.

Steel designs, in which Geodesic specializes, will be a key enabler to speed delivery of major infrastructure projects. Steel structures can typically be constructed in less than half the time of traditional structures, speeding up the pace of development.

What, according to you, are the current challenges of rapid growth in India’s infrastructure, especially in urban centres?

The rapid growth of urban centres is placing tremendous stress on the environment and poses formidable problems of social and institutional change, infrastructure development, and pollution control. New services are in great demand in many places, and the population is counting on projects being completed rapidly to improve quality of life. At Geodesic, we focus on the design and construction of sustainable steel structures, which are eco-friendly and can be constructed rapidly, taking into account environmental considerations, minimizing disruption during the construction process and reducing the time to which structures can be completed and put into service.

Some urban planners have suggested that the best
option/solution for land locked cities, such as Mumbai, is to grow upwards. However, the pace of influx belies this fact considering that no amount of growth upwards would be able to cater to the need of the growing populace, be it the need for parking, water, power... What is your take on this issue?

Rapid urbanization and consequent growth of urban areas is a global phenomenon to which India is no exception. Mumbai's urban challenges are well known. In fact, upward growth in cities like Mumbai is one of many solutions, which will need to be employed to accommodate the continued population influx to major urban centres.

Geodesic is betting big on Steel. Can Steel become the “material of choice” for modern urban centres, such as airports, railway stations, etc.? Steel indeed has the potential to become the material choice of modern infrastructure, as steel construction is highly cost-effective due to faster construction and environmental friendliness. Steel is highly re-usable. Its components can be dismantled and re-used with controlled and safe processes. There is a conservative estimate that over 80 percent of steel scrap that becomes available each year is captured and recycled. Steel is also emerging as a sustainable mode of construction. What makes it sustainable is its sound economic basis, which comes from its speed, efficiency, predictability and safety in terms of construction.

Owing to such qualities, steel fabrication and steel intensive structures are becoming the choice of modern urbanization, which is manifested, in the growing number of steel-intensive structures in India.

What, according to you, are the impediments that you think will hamper in its growth?

Availability of materials is a key issue for steel fabricators. Many structural steel sections are only available through imports. Other market challenges include a lack of quality fabrication facilities and firms capable of executing projects. As a result, many designers and structural engineers were not opting for steel. However, this is changing quickly as capacity increases. For example, Geodesic has recently invested in a state-of-the-art manufacturing plant, allowing us to rapidly build our own sections in a high volume through a highly automated process.

This new facility at Bidar positions Geodesic as India’s leading integrated design and build player. We brought in the best machinery from Europe and installed it at the location to create a world-class manufacturing facility. The new facility is specifically designed to meet the demands of Geodesic’s target market of large infrastructure projects, such as airport terminals, high-rise buildings, and major urban transportation initiatives. The facility complements Geodesic’s specialized and site manufacturing capabilities.
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Geodesic is also betting big on the Monorail system in India. Considering the pace of growth of population in urban centres, to what extent would Monorail solve the transportation woes of the citizens in these centres?

The intensive economic development and urbanization taking place in India cannot continue at its current pace without evolving transportation facilities. The focus is on faster, cheaper, physically attractive and efficient modes of transport like the monorail, which is likely to reduce traffic congestions - a major problem in the metros, thereby helping in smooth functioning of the cities. Monorail is also an answer to the growing concerns of pollution, which is inevitable with the rapid urbanization-taking place.

Would you throw light on some of the prominent and key projects that you have executed till now?

Geodesic Techniques has successfully executed a number of prestigious projects, like the Delhi International Airport Terminal 3. This included the 24-acre roof structure as well as many important ancillary structures. The Company also played a major role in the recently inaugurated Terminal 1C at the Mumbai International Airport. Some of our current projects include airport terminal structures in Mumbai, Rajahmundry, Indore, Kolkata and Raipur.

In the commercial segment, the Company is building the new MMRDA headquarters at BKC, Mumbai; the Eicher headquarters in Noida; the CIDCO Exhibition Centre Signature Roof; and the Formula 1 grandstand roof structure in Noida. Geodesic is also constructing domes for Navi Mumbai Municipal Corporation head office and the Tamilnadu Legislative Assembly. We are also designing stations and depots for the new Mumbai Monorail project.

Would you throw more light on the Formula 1 Grand Stand Project?

This project will be highly visible to both spectators and TV viewing audiences. It was designed by the German firm - Tilke - to evoke movement and speed while still providing functional sun and rain cover to the spectators. The ability for Geodesic to provide an integrated capability was the main factor for award from Jaypee Sports Group. Currently, the project is scheduled for completion in the first half of 2011 - this will allow for ample time prior to the inaugural race in October of 2011.

You are using more than 1200 MT of steel for the Formula 1 Grand Stand Project. What are the considering steps that you have taken to hedge against the fluctuating prices of steel?

The market for structural steel in India is fast evolving. The amount of steel being imported is providing an alternate to domestic production. While price fluctuations do exist, we are stocking the commonly used plates and sections to offset the movements. In addition, we work with our clients to find the right way to handle any large variations in price.

Geodesic is projecting revenues of Rs1000-cr over the next three years. Trend-wise, what has been the growth of your company Y-o-Y, if you were to take a look for the past five years?

Geodesic has seen a revenue growth of 5x over last three years along with a CAGR of 80 percent from 2005. We are expecting to hit Rs400-cr next year itself.

What are the plans chalked out for the current financial year?

Steel is an integral part of our business. Our core competency is our ability to design and deliver engineered solutions for complex steel structures. So, we will continue to innovate.

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