Synergy Between CPSEs

Dr. Dinesh Kumar Likhi, CMD MIDHANI
PRESENTATION STRUCTURE

A. About MIDHANI

B. Conceptual Suggestions for Public Strategic Alliances

C. Illustrative Experiences

D. Suggestions for consideration
“WE ARE EVERYWHERE
FROM DEEP SEA TO SPACE”
"DEDICATED TO MEET REQUIREMENT OF STRATEGIC MATERIALS FOR PROJECTS OF NATIONAL IMPORTANCE"
MIDHANI - PRODUCT PROFILE

PRODUCT CATEGORIES

HIGH VALUE SPECIALITY STEEL
  - ALLOY STEEL
    - ULTRA HIGH STRENGTH STEEL
    - ARMOUR GRADE PLATES
    - OTHER PRODUCTS
  - STAINLESS STEEL
    - FERRITIC
    - MARTENSITIC
    - AUSTENITIC
    - PRECIPITATION HARDENING

SUPERALLOYS
  - NICKEL BASED
  - IRON BASED
  - COBALT BASE

TITANIUM BASED ALLOYS
**MIDHANI PERFORMANCE**

### SALES & NET PROFIT

- **Sales Turnover (Rs Cr.)**
  - 2005-06: 153
  - 2010-11: 511
  - 2011-12: 593
  - 2012-13: 597
  - 2013-14: 563
  - 2014-15: 656
  - 2015-16: 762
  - 2016-17: 810

- **Net Profit (Rs Cr.)**
  - 2005-06: 12
  - 2010-11: 82
  - 2011-12: 82
  - 2012-13: 82
  - 2013-14: 102
  - 2014-15: 118
  - 2015-16: 127

- **CAGR:**
  - Sales Turnover: 16.36%
  - Net Profit: 23.92%

### HR PERFORMANCE

- **Value Added Per Employee (Rs Lakh)**
  - 2005-06: 7.6
  - 2010-11: 7.6
  - 2011-12: 13.9
  - 2012-13: 17.4
  - 2013-14: 19.9
  - 2014-15: 25.7
  - 2015-16: 33.4
  - 2016-17: 41.6
  - 2017-18: 52.2
  - 2018-19: 62.3
  - 2019-20: 71.5
Public Public Strategic Alliances:

Path for Strategic Value Creation
Economic Value Creation Modes

**Traditional Models**

- Public Sector Owns & Operates Assets
- Public Private Partnership
- Private Sector Owns & Operates Assets

**Proposed Alternate Model**

- Public Unit Capability & Ownership
- Public Unit Capability & Ownership
- Strategic Alliances for Creation of Value (not feasible alone)
Alliance Formats

Commitment of Funds

Equity

Non-Equity

Low

High

M&A

JV

Transactional Relationships

Long Term Relationships
Suggested Approach

- Complementarity
- Compatibility
- Common Goal

Mutual Trust – A Key Enabler
Joint Venture

**NTPCL** : **एनटीपीसी** + **सल SAIL**

Strategic Networks

- **Ultra Supercritical Thermal Power Plant***
  + **भी एच इल** + **ई गार आई इजस** + **एनटीपीसी** + **MIDHANI** + Others

- **FICV(Future Infantry Combat Vehicle)***
  + **भारत इलेक्ट्रॉनिक्स** + **बीएमएल** + **भारत डायनामिक्स लिटी.** + **MIDHANI**

* MIDHANI is a material development partner
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<thead>
<tr>
<th>Partners</th>
<th>Focus Area</th>
<th>Goals</th>
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<tbody>
<tr>
<td>SAIL</td>
<td>New Process development</td>
<td>Jointly developed first heat of CRGO steel for transformer/ Electrical transmission applications</td>
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<tr>
<td>BHEL</td>
<td>New Alloys Development</td>
<td>Developed Special steels, Super Alloys for Power sector</td>
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<td>NALCO</td>
<td>New Market Development</td>
<td>Detailed feasibility report created for Aluminium Alloys for high end market</td>
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<td>NMDC</td>
<td>Tungsten</td>
<td>NMDC has set up Tungsten mining facility&lt;br&gt;MIDHANI has raised tender for converting Tungsten concentrate to APT, APT to Tungsten powder &amp; Carbide</td>
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<td>Burn Standard</td>
<td>Development &amp; Production of Coupler, Cast steel &amp; Springs</td>
<td>Spring manufacturing plant being setup in FY 18-19 for supply of Springs for LHB coaches &amp; Wagons for Indian railways</td>
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<td>NMRL</td>
<td>Material development for future Nuclear Submarine</td>
<td>Alloy Steel Forgings &amp; Weld Consumables developed successfully in 2017</td>
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## Public-Public Strategic Alliances:

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<th>Benefits</th>
<th>Barriers</th>
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<td>• Allows cash-rich PSU to finance project where another partner has the mandate &amp; expertise but is short of capital</td>
<td>• Concerns about management control</td>
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<td>• Cuts project development time significantly.</td>
<td>• Inadequately developed organizational capabilities</td>
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<td>• Provides flexibility</td>
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Key Concern Areas

- Lack of overall guidance policy for Public-Public Partnership

- Scientific approach required to identify opportunities (primarily leadership driven)

- Complex policies/processes involving multifarious agencies

- Operating in Silos/Lack of Inter PSUs engagements-dialogue
Way Forward

• Explore opportunities for Alliances, M&A, JV within Public Sector space

• Committee with personnel from key PSUs to assess areas of synergy, conduct scientific study, recommend Policy framework, Strategy & action plan

• Where no resources required from government, Board to decide strategic alliances
  – (Oversight by COS)

• Synergies to unlock value trapped quickly and effectively
  – (Role of private sector may be considered for Strategic Network/Consortium for larger value creation)
THANK YOU