

# COAL<sup>TM</sup> INSIGHTS

FROM MINING TO IGNITING

INTERVIEW



**Arvind K Garg**  
EVP & Head-CMB, L&T



**“Coal India has an indelible significance in the country's energy, economic and social fronts.”**

**Pramod Agrawal**  
*Chairman-cum-Managing Director  
Coal India*



**W**ith commercial mining gaining ground and the utilisation of coal blocks likely to go up in the near future as India's energy demand soars, **L&T**, which already has a strong presence in both **CIL** and **SCCL** opencast projects, is expecting significant growth in acquisition of new equipment and latest models. Further, the company is also looking forward to the Government continuing with the existing policies of mine allocations and the **CEPA/FTA** agreements for mining equipment imports, **Arvind K Garg, EVP & Head, Construction & Mining Machinery Business at L&T** tells **Ritwik Sinha of Coal Insights**.

**What is the present size and growth rate of mining equipment market in India? How do you see the mining equipment market evolve in coming years? What could be the major growth driver?**

The mining industry in India has evolved over the last few years with the market size growing substantially. With political stability and policy continuity, there is an increased confidence from investors in the Indian mining sector. The amendment to MMDR Act has brought in a transparent mechanism for mineral resources allocation, exploration, and sale. The enthusiastic participation by major industrial houses, in the recent auction of coal, iron ore and limestone blocks is highly encouraging for the economy and augurs well for the long-term growth of this sector. With commercial mining gaining ground and the utilization of coal blocks in the near future, this will spur the fleet acquisition for new equipment and latest technology models.

**Kindly brief us about your products and their presence in different verticals of infra development.**

We at L&T Construction & Mining Machinery, are celebrating 75 years of our service to the nation.

In fact, we are one of the oldest verticals of L&T Group and are working closely with our customers to become their 'trusted partner in nation building'. Our range of construction equipment and road machinery caters to the spectrum of infrastructure development like roads, railways, ports, airports, irrigation, quarry, land development,

etc. Similarly, several leading PSUs and private sector companies engaged in the mining of coal, cement, iron ore, bauxite, zinc etc., constitute our universe of customers for our wide range of mining equipment, which include hydraulic excavators, dump trucks, crawler dozers, wheel dozers, wheel loaders, motor graders and tipper trucks.

**How has L&T's mining and construction vertical performed this fiscal till December? What is your target and outlook for FY21?**

The performance of L&T Construction & Mining Machinery has a high correlation with the spend and activities in the infrastructure sector. During the first half of the current year, our equipment sales were also adversely affected due to the pandemic.

But, even in such an unprecedented adversity, our team at mining projects provided round-the-clock support to ensure that our customers' mining fleets were fully operational with high equipment availability, and they continued to produce coal, iron ore and other minerals. This commitment from the L&T team received accolades and appreciation from our esteemed customers.

With strong initiatives of the Union Government to bring renewed focus on infrastructure investments, the demand for construction and mining equipment has revived in Q3 of FY21.

During Q3, our sales were around 15 percent more than the previous fiscal. The heartening fact was that during this quarter, our order inflow was almost three times of that in previous fiscal.

We expect this momentum to continue in Q4 as well and to end the current fiscal with a healthy performance, much better than what we had anticipated during the first half of the current fiscal.

**Kindly highlight the different government's mining & construction projects that L&T has been a part of recent.**

There is a strong focus from the

Government on increasing coal production through Coal India Ltd (CIL) and Singareni Collieries Co. Ltd (SCCL).

It is heartening to see the continued capex spend at CIL and SCCL, to achieve their long-term goal of 1 billion ton (bt) of coal production by CIL and 85 million ton (mt) by SCCL, respectively.

We have a strong presence in both CIL and SCCL opencast projects with large-sized Komatsu Hydraulic Excavators and Dump Trucks and have created new benchmarks with their unmatched performance and productivity. The first batch of Komatsu PC2000 Hydraulic Excavators, deployed in SCCL during 2010, will soon cross the 60,000 hrs milestone, setting new benchmarks of performance in the Indian mining industry.

We shall continue to look for new opportunities to be part of the Government's initiatives to augment the domestic coal production soon.

**How much do government projects contribute to the overall biz of L&T's mining and construction vertical? Kindly highlight the major projects in the pipeline.**

With new coal blocks getting added and going forward, we see a big opportunity for L&T in large-sized mining equipment. In irrigation sector, large size projects involving dam construction across major rivers and canal modernization activities are giving us a good chunk of business along with the concurrent development in Railway sector for laying new tracks and Metro Rail construction in various cities.

We also see a higher offtake for our vibratory compactors in view of the Union Government's renewed focus on roads as a high priority sector and with many infrastructure projects gaining traction.

**Government's historic move to open up the coal mining sector to the private players has drawn mixed response from the market. What benefits do you think the move will**

**Central Government's thrust on 'Aatmanirbhar Bharat' and 'Make in India' initiatives are the right steps, which incentivizes local production with a high local content.**

**accrue to the mining equipment market, in particular, and the economy as a whole?**

On one hand, India has large unexplored coal reserve and on the other, we import over 200 mt of coal per annum, thereby using up valuable foreign exchange.

Commercial coal mining is a very welcome step towards addressing this anomaly and ramping-up domestic coal production. The auction process was transparent, there is no end-use restriction and hence leading industrial houses have evinced interest in entering this sector. As the mines gradually start operations, we expect a steady demand from this segment.

As per the tender norms, some of the mines shall be deploying mega-sized mining equipment. Thus, through commercial coal mining, India will join the leading mining nations, in terms of scale and size of mining equipment deployed. We, at L&T and Komatsu, are fully geared up to rise to the demands from this segment.

Over the years, we have gained adequate knowledge and expertise in the assembly, maintenance and operation of ultra-class mining equipment like the Komatsu 830E (240T) dump trucks and Komatsu PC3000 (15 cum) hydraulic shovels, which give us tremendous confidence in our abilities to effectively manage the high-value assets remotely.

What are the challenges that the mining equipment biz is facing at present? What do you expect from the government on the policy front?

The major requirements for sustained growth of mining equipment business are

demand growth, policy continuity and transparency fronts. All these issues have been deftly handled and addressed by the Union Government.

We look forward to the Government continuing with the existing policies of mine

allocations and the CEPA/FTA agreements for mining equipment imports. This will further enhance the confidence of investors and Indian mining industry can truly realize its full potential.

Further, the success of commercial mining in India will help reduce our coal imports and pave the way for Atmanirbhar Bharat besides bringing in revenues and creating large scale employment opportunities.

The mining equipment industry plays a crucial role in augmenting minerals production in the country. What would be your suggestions for the growth of indigenous production of these machinery?

India is blessed with a rich reserve of many important minerals like coal, limestone, iron ore, bauxite etc. Hence, a thriving indigenous industry for the mining equipment is a relevant solution. The Central Government's thrust on 'Aatmanirbhar Bharat' and 'Make in India' initiatives are the right steps in this direction, which incentivizes local production with a high local content.

We have our own product development centre to conceptualize, design and develop equipment suited for the Indian market.

L&T owns manufacturing units at Kansbahal-Odisha (for Surface Miners, Crushers and Sand Plants) and Bangalore (for Road Machinery and Wheel Loaders).

Besides this, our principal, Komatsu Ltd, has its state-of-the-art manufacturing facility at Oragadam (near Chennai) where they produce world-class 60T and 100T Dump Trucks for the Mining Segment along with high-performance Hydraulic Excavators for the construction segment. Similarly, another principal, Scania, has set up a manufacturing facility for multi-axle Tippers at Narasapura (near Bangalore). So, we are in sync with the Government's plan to offer a wide range of equipment, which are Made in India. ■



We look forward to the Government continuing with the existing policies of mine allocations and the CEPA/FTA agreements for mining equipment imports. This will further enhance the confidence of investors and Indian mining industry can truly realize its full potential.