

Confident In Sri Lanka



P P Muruganandhan, Director, Melwa.

Over a long journey driven by innovation and change, Melwa has emerged as the indomitable leader in steel production in Sri Lanka. As a family-owned, Sri Lankan company, Melwa has created immense opportunities and has capitalized on the potential of the industry to better support the country’s construction sector. Through timely technological investments, Melwa has introduced to Sri Lanka cutting-edge processes that uplift the entire industry, while reducing wastage and creating greater efficiency. Leveraging on their success, Melwa has diversified into the hospitality and healthcare sectors. Their partnerships with Hilton and IFC have brought greater reputability and have asserted the hospitality sector in Sri Lanka. They are the first in Sri Lanka to initiate six hotel projects simultaneously and have formed management partnership for all of them with the Hilton Group. P P Muruganandhan, Director, Melwa (Melwire Rolling) is confident in Sri Lanka and the future potential of the country. He believes that success must come from oneself, and also that successful corporates must give back to the country.

By Udeshi Amarasinghe and Keshini de Silva. | **Photography** Mahesh Bandara and Menaka Aravinda.

Can you tell us about the journey of Melwa?

We have been a part of the steel industry since the early 80’s when the industry was dominated by monopoly manufacture, namely the state-held Ceylon Steel Corporation. During that time, the country was beginning to boom, and we realized that there was market potential for another producer. But we did not want to be just another player in the market. Simply saying, everyone can produce, but not all can sell. Hence the initial pillars of our strategic vision were to primarily focus on superior quality and brand equity.

With this vision, we incorporated Melwa in the year 2002 as a private entity, and ever since we have been dynamic in adapting to the changes in the micro and macro-economic environment. It has been one of our primary strategic decisions to study the market on a continuous basis to identify the existing market size and future growth,recognize new opportunities in the market and restructure our corporate strategic plan accordingly. This includes expansion of the business,introducing new product lines and change of our marketing stratagems. As a result, we have completed five expansions in the last 15 years, becoming the largest steel manufacturer in the country with the highest market share in the

industry with an invincible brand: Melwa.

We are proud to say that we have taken the initiative in introducing many new concepts to the construction industry. We offer a custom-made solution, where construction companies provide us details and calculations and we are able to optimize the product to their needs. We can offer this service due to our sophisticated and production systems of international standards. We were also the first in Sri Lanka to introduce steel bending services at our mills.

Stakeholder satisfaction has always been the key to our success. Anyone in the construction industry will relate how Melwa supports the industry. Most of the customers have chosen us for the quality of our products and our customer friendly approach. We understand their problems, and we provide solutions; we do not merely focus on selling but on strong relationships with our customers.

We would like to take this opportunity to say that we are proud to be a 100 percent Sri Lankan company and to be a part of the country's infrastructure development by supporting the construction of highways, airports, landmark buildings and the ongoing Port City development.

> **We Did Not Want To Be Just Another Player In The Market.Simply Saying,Everyone Can Produce, But Not All Can Sell.Hence The Initial Pillars Of Our Strategic Vision Were To Primarily Focus On Superior Quality And Brand Equity.**

Why did you choose the name Melwa?

We entered the industry, steel-based products had no brand. We started our journey with the production of wire rods and wire nails; hence the name "Mel-wire" originated. We were focused on our brand equity since its inception. Thus we wanted to create a brand name that was attractive and easy to pronounce. Melwa is an abbreviated form of 'Melwire,' which is the name of the parent Company.

What about the production facilities and products?

Last year we inaugurated the most technologically advanced and premier steel mill in the country, which is supplied and commissioned by the world's best steel mill manufacturers from Italy, Danieli Morgardshammar. We possess a fully automated,

most technologically advanced, horizontal, and vertical rolling production facility with a capacity of half a million ton of steel annually.Our product line primarily focuses on reinforcement steel, galvanized sections, and wire rods. In terms of raw material for the goods produced, we use prime steel billets that are imported from global manufacturers based in countries such as Russia, Ukraine, India and China. At present we are the only manufacturer in Sri Lanka that utilizes 12m length billet.

There are foreign companies and products entering the market. How are you prepared for this?

Sri Lanka has around 13 steel mills, out of which Melwa is one of the largest players. In recent times most of the major projects in Sri Lanka were handled by foreign construction companies. When foreign construction companies enter the market,it all depends on the quality and customer care service you offer. We ensure Melwa products are of superior quality and conformed to international standards. Additionally, we go the extra mile to ensure that customers get exactly what they want.As a competitive advantage, we introduced facilities for customized bending and cutting of steel according to the construction requirement, which was an attractive deal for all the construction companies in terms of saving time and money.

Why did you decide to venture into the hospitality sector?

We are from Negombo, which is one of the most popular destinations for tourism in Sri Lanka. Our childhood aspiration was always to own a hotel and contribute to the hospitality and tourism sector of the country. At the time we decided to diversify,which was in 2012, we acquired properties across the country, from the Western Province, moving down south and crossing into the Central Province. The locations were chosen so that the visitors could navigate the entire route of Sri Lanka. For example, the tour can start in Negombo, then down south, while surfing the southern beaches, make a detour for a safari in Yala, and head to the Central Province to visit the landmark tea estates, and finally make a stopover in Katunayake before flying home. Once we complete the hospitality projects in these properties, we will be Sri Lanka’s largest international hospitality chain owner. We signed with Hilton for all six projects as a management partner whilst Melwa is the key investor.

All six properties will be managed by the Hilton Group, with three by Hilton Hotels & resorts, and three by doubleTree by Hilton. Can you speak

about the significance of this?

We chose Hilton as it is one of the most popular brands in this region. They are the world's largest operator, with more than 5,600 properties around the world. They are also the friendliest operators, and owners can work comfortably with them. Some hospitality operators try to take the maximum benefit. However, with Hilton, it is a win-win situation, as their policy is that both parties must benefit.

Introducing Hilton and DoubleTree brands was a joint decision made by Melwa and Hilton Worldwide considering two factors. First, being the strategic locations in key tourism points and what the locations have to offer to the brand and second,the global travelers' segment that we are planning to target. Hilton Hotels and Resorts is the flagship and best-known hotel brand globally. Hilton brand hotels are upper-upscale whereas DoubleTree is a brand that focuses less on flamboyance and more on luxury and friendliness, providing true upscale comfort to today's business and leisure travelers. We truly believe the mix of Hilton Hotels & Resort and DoubleTree brands will offer everything a traveler is expecting to experience in the island Nation.

IFC, a member of the World Bank Group, is also investing with Melwa, what can you tell us about this?

Since we signed with Hilton, we were in discussion with IFC to be a partner of this acclaimed project. Again, IFC is a part of the World Bank, and it is a prestige to be IFC funded. It carries weight.We also wanted to list the properties internationally, not only in Sri Lanka, and Hilton preferred that as well. Partnering with IFC indicates that we are a clean, reputed company because the IFC does not work with just anyone. That process lasted for around a year, as IFC wanted to understand who we are before they signed the agreement.

> **Once We Complete The Hospitality Projects In These Properties, We Will Be Sri Lanka's Largest International Hospitality Chain Owner.We Signed With Hilton For All Six Projects As A Management Partner Whilst Melwa Is The Key Investor.**

Melwa has also diversified into pharmaceutical manufacturing, can you elaborate on this strategy and the joint venture with SPMC?

Pharmaceuticals is a specialized product that was proposed to be manufactured locally. When the present Government took measures to subsidize the prices of medicine in the country, they also encouraged Sri Lankan companies to commence production to drive the prices lower. When The offer came forward to us, we decided to be apart of this genuine initiative. We had discussions with the Ministry of Health and State Pharmaceuticals Manufacturing Corporation to explore the opportunity to contribute towards this cause, and we agreed to invest in a state of the art pharmaceutical production facility in Sri Lanka.Construction of the facility is already underway,and we hope to commence production mid next year. We are also in the process of signing the supply agreements with the State Pharmaceuticals Manufacturing Corporation. We have a long list of pharmaceuticals to produce; we will start with oral soluble medicine and move on to produce injectable medicine. Soluble are vital medicines for which we are expecting to reduce the price by 60 to 70 percent through our local manufacturing.

Melwa Group has diversified significantly. Whose direction is this based on?

Melwa is a family-owned business. The board of directors comprises five of us who are brothers.All of us are proud to say that we are a part of Melwa, and Melwa is a part of us. When we started the business we had a big vision. The current diversification you see is part of the progression of our vision.The Group’s success in achieving this vision is a result of the teamwork of all the board members who contributed to the strategic direction of the company and the senior management staff who made it possible to achieve it.With a common ideology, the board members of the company understand each other very well.Together we have a vision for Melwa, and we are 100 percent involved in making it a reality.

Having ventured into diverse sectors, can you elaborate on the availability of human resources?

Melwa Group has over 1,000 employees today,and they are a part of the Melwa family. We have an equal and fair treatment policy in the company.Anyone can approach us directly. It is a family oriented work environment. We take care of our employees with the mindset that if you care for your employees in terms of their wellbeing and overall development,they will in turn strive for the success of the company.

The HR department is the primary point of contact that oversees the hiring process

and employee wellbeing. However, the upper management is accessible and aims to be flexible to assist when required.

Most of our employees are Sri Lankans as of date. In the beginning we had an Indian technical expertise crew working for us, however, we have gradually trained Sri Lankans to take over these positions. At present, a significant amount of our workforce possesses technical expertise and has undergone training both in Sri Lanka and overseas.

Melwa is involved in many CSr projects. Could you elaborate on this?

Our primary focus on CSR has always been on healthcare and education. One of our key CSR projects associated with the healthcare sector was the work we did at the Intensive Care Unit of the Ragama Teaching Hospital. We completed the renovation, refurbishment, and air-conditioning of the entire unit last year. One of our groundbreaking CSR projects in recent times is the three-story Suraksha Lama Seva Pediatric Unit, which we opened in June 2019 at the Negombo General Hospital. During the dengue epidemic in Negombo, we saw the sad state of the pediatric unit. It was a 50-year-old house with only 27 beds with five patients on each bed.

To overcome the situation, we constructed a fully equipped Suraksha Lama Seva Unit with an overall investment value of approximately 200 million rupees. The unit has 100 beds with modern facilities. We have taken it upon ourselves by signing an MoU with the Provincial Government to be responsible for maintenance of the entire unit as well. The MoU covers janitorial services and linen supply, building maintenance, and security services. Despite the additional cost, we decided to continue to maintain the building and its facilities to ensure that the patients get the highest standards of the facility. Though we prefer to do most of our CSR projects without publicity, in this instant we decided to bring the hospital project to everyone’s attention to encourage other corporates to do the same. If you can support the healthcare sector, especially childcare, it addresses a vital necessity of the community. Sri Lanka has many well-wishers and goodhearted donors looking for a corporate to take responsibility and an active role when it comes to supporting CSR projects. In terms of CSR under the ‘Melwa Educare’ project, we have almost 150 students enrolled in the Melwa scholarship program and we have contributed to build and renovate units for schools around the country.

This Is Our Country; We Do Not Want To Go Anywhere Else. As Sri

Lankans,We Must Believe In Our Country. We Must Encourage Others To Believe In Sri Lanka, And To Do So We Need To Live And Progress Confidently.

Melwa has many projects and investments in the pipeline in Sri Lanka. Are you confident in the country?

Yes. As Sri Lankans, we have to be confident in our country. If we say we are not confident, then how can we expect others to believe in us? At Melwa we always think positively. And we have been successful by thinking positively.This is our country; we do not want to go anywhere else. As Sri Lankans, we must believe in our country. We must encourage others to believe in Sri Lanka, and to do so we need to live and progress confidently. Even after the recent tragic incidents in April, we decided not to stop our projects. The work is underway, and Hilton remains confident of Sri Lanka as a destination of the future. We believe in the resilience of Sri Lankans and their perseverance to live in harmony and to prosper.

What would be your advice to encourage entrepreneurship in Sri Lanka?

There are many with great talents who wait for someone else to push them forward, and others consider the support extended by the Government as a priority. As entrepreneurs, in the early years of Sri Lanka’s urbanization we did not have the opportunity pathways nor the support, but we were able to reach our current height of success from the bottom.

Our advice to entrepreneurs would be to think positive and believe in yourself. Give your best, be honest, and make use of yourself to the fullest.When you are successful, always give something back to your country and society.