

3 Indian firms vying for \$500 mn projects

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Despite several Indian companies opting out of reconstruction projects in Afghanistan, at least three that are still in the fray for contracts worth \$500 million (Rs2,525 crore) in the nation say they are attracted by higher profit margins. Aggressive bidding for projects in India is also forcing them to look outside.

"It is not a very safe place to work in, but the opportunity is so large," said G.S. Johar, chairman of **C and C Constructions Ltd**, which started bidding in Afghanistan in 2003 and has already completed two road projects in the country in partnership with **B Seenaiah and Co. (Projects) Ltd** (BSCPL). The firm recently diversified into construction in that country as well, after winning a contract to build the Afghanistan Parliament and an Indian chancery in the capital Kabul.

"In India, companies like us would at best be able to join hands with bigger players," said Johar. According to him, in India, the profit margin for construction projects is typically between 14% and 15% whereas in Afghanistan it is at least 25%. "Risk pricing is very much there," he said.

Mint had reported on 8 November that several Indian

companies that had earlier showed interest in the construction of an Afghan Parliament building and the Indian chancery didn't bid because of security concerns.

C and C Constructions, which has an order book of some Rs2,100 crore, is bidding for almost every project that is being offered by **Louis Berger Group Inc.**, the US consultant that handles World Bank- and US government-funded projects in Afghanistan.

Louis Berger has \$500 million worth of projects still to be tendered.

"In India, we were feeling unhealthy competition," said B. Krishnaiah, chairman of BSCPL. In their haste to win projects, contractors were bidding prices that would make the project unprofitable, he added.

Vimal Kejriwal, executive director of international projects for power transmission developer **KEC International Ltd**, said the firm was staying out of risk-prone areas and working in the north of the country, near Tajikistan and Uzbekistan. The firm recently expanded into telecom and railways and will be bidding for Afghan projects as they come up, he said.

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For our 8 November story, "Estimate of twin projects in Afghanistan soars", go to www.livemint.com/afghanistan.htm