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Afcons eyes offshore pipeline biz

News

Amit Mitra

Seeks global partner, sees opportunity in surging offshore oil exploration

The company will have to team up with overseas companies for the technology.

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Afcons

Infrastructure Ltd, the flagship infrastructure construction company of the Shapoorji Pallonji group, is scouting for global partners to enter the high-risk, high-margin offshore pipeline laying business.

Having recently forayed into onshore

pipeline construction, Afcons, which is primarily into marine construction apart from specialised bridges, is seriously eyeing the offshore segment in the light of the surge in offshore oil exploration and production activities. As offshore pipeline construction is a specialised area, the company will have to team up with overseas companies for the technology, which will be leveraged with its own expertise in marine construction.

Admitting that offshore pipeline will be the next key business area for Afcons, Mr K. Subrahmanian, the company's managing director, however declined to reveal details of the company's plans in this segment. "Offshore pipeline laying does offer significant business potential in India, especially as only one company in the country has capabilities in this sector," he told *Business Line*.

He however said this sector represented a high-risk, high-

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margin one. The risk stemmed from getting specialised barges to lay the offshore pipelines and, with only a handful of companies in the world supplying these barges, timing was of essence. "If a company missed the season then it had to wait for months to get the barges," he pointed out.

Logical extension

Offshore pipeline will be a logical extension of its recent foray into onshore pipeline, with the bagging of a Rs 40-crore contract from ONGC to lay a pipeline in Assam. The company also recently tied up with Peter Gas of Russia to bid for the Jamnagar-Bhadbhut pipeline for Gujarat State Petronet Ltd. "This tie-up is only for this specific project, if we get it. For onshore projects, we plan to have only project-specific tie-ups. Peter Gas will provide us technology and project management expertise," Mr Subrahmanian said.

Afcons however has no plans to enter the irrigation sector or the real estate sector. It will step up its overseas projects, which at present constitute 19 per cent of its revenues. The company had notched up a revenue of Rs 718 crore last fiscal.

"Our present order book position is about Rs 3,000 crore, with marine construction, including berths, jetties and backwater, constituting 22 per cent, special bridges 28 per cent and hydro-tunnelling 14 per cent," Mr Subrahmanian said.

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