



Indian Infra Cos Build Abroad for Faster Growth, Higher Margins

INT'L ORDERS DOUBLE IN 2 YRS Business abroad helps diversify risk, tide over sectoral lulls at home

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Mumbai: Indian infrastructure companies are turning out to be 'builders of the world', as they build landmark structures across the world and in the process report faster turnarounds and better margins.

Infra builders such as Larsen & Toubro, Afcons, KEC International and Tata Projects are bulking up their international order book in a bid to diversify business risk, tide over sectoral lulls back home and participate in large-scale projects that yield higher margins.

That apart, faster turnaround of international projects as against long winding project-related bureaucratic tangles in India is prompting the companies to increasingly bid for work overseas, said top company executives. The share of international order books of some of the large Indian infra companies have almost doubled to about 40-50% of their total order book over the past couple of years in large-scale projects in areas such as energy, transport, and urban development.

The Middle East — particularly markets like Saudi Arabia, the UAE and Qatar — is leading this transition with rapid investment in construction, renewables and interconnectivity projects as these economies try to reduce dependence on oil and gas.

Other markets such as Africa, Europe and even North and South America are also seen as favourable destinations.

Smooth Road

FAVOURABLE MARKETS
 ▶Middle East (Saudi Arabia, UAE, Oman, Qatar) ▶Africa ▶CIS countries
 ▶Europe ▶North & South America

HIGH-IMPACT AREAS FOR INFRA
 Hydrocarbon, renewable energy, large-scale transmission lines, road and rail networks, high-voltage substations

Execution head winds such as time taken to obtain various clearances, budgetary allocation, financial closure delays, etc. are relatively lesser in int'l projects: Industry exec

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L&T, which has seen a surge in overseas projects, had international orders representing nearly 42% of its \$65 billion order book as of end-December. The company's annual growth in international order book has been between 25% and 35% in the past three years.

L&T president and chief financial officer R Shankar Raman said: "Overseas projects tend to be larger as compared to domestic projects. Execution head winds such as time taken to obtain various clearances, right of way, budgetary allocation, financial closure delays, etc., are relatively lesser in international projects and hence consume lesser execution time." The projects range from \$500 million to \$3 billion in size.

Companies are strategically positioning themselves in high-impact areas of infrastructure develop-

ment, such as hydrocarbon, renewable energy, large-scale transmission lines, road and rail networks, high-voltage substations and underground cable networks, railway electrification and large infrastructure projects.

KEC International, a part of the RPG Group, has seen twofold growth in international orders for transmission and distribution projects over the last two years.

"As of today, 55% of our T&D order book comes from international markets, with an international T&D order book exceeding ₹12,000 crore," said managing director and CEO Vimal Kejriwal. "This strong momentum is driven by our expanding presence across key regions such as the Middle East, CIS, Saarc and the Americas. In the Middle East, our leadership position has strengthened, supported by

strategic acquisition of a local manufacturing facility in Dubai."

Shapoorji Pallonji Group company Afcons Infrastructure has maintained a 70:30 ratio between domestic and international projects in its order book.

"With Middle Eastern nations diversifying their economies beyond oil and investing in climate-resilient infrastructure, there are projects coming up in this region. Apart from this, opportunities in other countries are also opening up," said MD Paramasivan Srinivasan. "We have an established presence in 30 countries across Africa, the Middle East, South Asia and the CIS region, with ongoing projects in 11 countries. Moving forward, we are actively focusing on opportunities in Africa, the Middle East and Europe," he added.

"We will look at international growth in days to come," Tata Projects MD and CEO Vinayak Pai told ET. The company's total order backlog as of December was ₹40,000 crore, of which 5-6% was global. "Indian contractors can play a pivotal role in the Middle East's construction market. They have the capabilities to deliver large scale projects," said Pai. "Availability of a large pool of highly skilled workforce and cultural familiarity is an advantage."

Other than de-risking dependence on any single market, executives also cited execution bottlenecks in India and delays in project turnaround among factors prompting companies to expand their global footprint as a strategic priority.