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2012 shown good results as compared to 2011

The government has planned a huge investment in the 12th-Five-Year Plan to lift the infrastructure sector out of the financial turmoil

The recent economic growth is placing increasing strains on physical infrastructure, not only from population growth and expanding economic activities, but also structural changes in the economy. Rishabh Sethi, Executive Director, SPML Infra Limited, shares his opinion on infrastructure and construction industry as well as its challenges.

The year behind

The global economy is again in the slowdown mode amidst deepening credit crunch and upsetting targets of economies. In the prevailing scenario, infrastructure development remains a top priority for addressing developmental gaps and lifting countries out of the financial turmoil. In India, the recent economic growth is placing increasing strains on physical infrastructure, not only from population growth and expanding economic activities, but also structural changes in the economy. Year 2012 has been showing good results as compared to 2011. The government has initiated several measures to lift the infrastructure and construction sectors from the slowdown.

Government's investment

The Planning Commission has announced infrastructure investments of ₹ 41 lakh crore during the 12th-Five-Year Plan, starting from 2012. In this promising development plan, the power and highway sectors are expected to be the government's main investment focus areas. The urban infrastructure for water and sanitation, and telecommunications sectors are also expected to witness enhanced investment. The state governments are also focusing on establishing an appropriate policy framework for the rapid infrastructure developments in their states. The government needs to play a vital role in improving the pace of implementation of key projects. The infrastructure companies will have to upgrade their project management expertise to maximum capacity to undertake and execute large projects.

Company's performance

We, at SPML, have a deep understanding of infrastructure development in India. SPML has a legacy of more than three decades of managing and implementing over 400 projects; world-class infrastructure for water treatment and transmission, power projects, municipal solid waste management and civil infrastructure across 27 states in India on EPC (Engineering, Procurement and Construction), PPP (Public Private Partnership) and BOOT (Build-Own-Operate-Transfer) basis.

SPML Infra established sectorial dominance by bagging prestigious new orders worth over ₹ 1,800 crore from India's





Ramganjwadi project

premier water authorities, including the improvement in water distribution networks in India's capital in the affluent south Delhi neighbourhoods of Malviya Nagar, Mehrauli and Vasant Vihar and adjoining areas. The two new orders for Pokhran Water Supply are an extension of our existing project in Pokhran and a testimony of the trust clients placed in our services. Pokhran project, once completed, will solve the drinking water problem of over a million people in three cities — Pokhran, Balotra and Siwana — and adjoining villages in Rajasthan. The Nagaur Lift Project will augment the water distribution network for Nagaur, Rajasthan.

SPML is also shortlisted as the lowest bidder for other water and power infrastructure development projects in different states, and we expect to receive these orders very soon. Moreover, the company has completed and commissioned a number of projects, including

water supply augmentation projects for Bangalore, Hubli-Dharwad, Sripadsagar and other cities.

This year, SPML has also won a number of prestigious awards: Infrastructure Excellence Award 2012 for Water & Sanitation by CNBC TV 18 and Aqua Excellence Award 2012 for outstanding contributions towards cause of water by Aqua Foundation, among others.

Projects undertaken

Our broad experience and knowledge of the water sector has led us to become the most trusted water management companies in the country. We have established long-term business relations with our clients, partners and organisations, who have faith in our services. This led us winning new orders worth over ₹ 1,800 crore from prestigious clients from Delhi, Rajasthan, Jharkhand and other states. The order from Delhi Jal Board is for the improvement in water distribution networks in Malviya Nagar, Mehrauli and Vasant Vihar and adjoining areas.

The other water supply and improvement projects for Nawa (Nagaur) and Surajpura has come from PHED, Jaipur. The order book position stands around ₹ 5,000 crore in 2012 and we expect to add new projects of another ₹ 1,000-1,200 crore in the remaining financial year.

Challenges

The sharp slowdown in the economy this year has brought challenging times for the industry. The delays in payments by clients put tremendous pressure and resulted in large negative cash flows from operations. The equity funding for infrastructure companies has become very difficult because of changing investor perceptions and gloomy situations in the primary markets. Concerns on loan repayment, cash crunch and overall rethinking by lending agencies have landed this once emerging sector in a host of problems. The escalating cost of raw materials has also been the major concern of the year. ■



Jaipur project