

India's IVRCL Targets 25% of Sales from Abroad in 3 Years

By Sharang Limaye and Subramaniam Sharma - Apr 13, 2011 4:42 PM GMT+0530

IVRCL Infrastructures & Projects Ltd. (IVRC), an Indian construction company that counts Norway's sovereign fund among its investors, is targeting 25 percent of its sales from overseas in three years as growth at home slows.

The builder of road, water and irrigation networks expects 100 million rupees (\$2.3 million), or about 1.4 percent of its sales, from abroad in the year ended March 31, Chairman E. Sudhir Reddy said in an interview in Hyderabad on April 11.

Infrastructure construction in India is falling short of target as the government awards fewer projects than planned. Prime Minister Manmohan Singh's government built an average 6.34 kilometers (4 miles) of roads a day from January to November 2010, compared with a goal of 20 kilometers. Competition from at least 79 publicly traded construction companies is also affecting profitability.

"To keep growing fast, we would like to look at new markets as competition in India" intensifies, said Reddy, who is also managing director. "Today getting a road project has become very simple. All you have to do is quote the least price. It reduces margins."

The company, based in the southern city of Hyderabad, expects sales of 5 billion rupees from overseas in the year that started on April 1, Reddy said.

IVRCL, which in October said it won 19.8 billion rupees of construction contracts from Nepal and Saudi Arabia, expects orders worth as much as 100 billion rupees in the year ending March 31, Reddy said. It had contracts of about 240 billion rupees at the end of last month, he said.

Share Performance

IVRCL gained 4.7 percent to 90.65 rupees at the 3:30 p.m. close in Mumbai. The shares have declined 29 percent this year, compared with a 4 percent drop in the benchmark Sensitive Index of the Bombay Stock Exchange.

IVRCL Assets & Holdings Ltd., a unit that makes toll roads and develops real estate, plans to raise as much as 7.5 billion rupees from selling stakes in some of its road projects, Reddy said. He didn't provide more information or a timeframe.

Norway's sovereign wealth fund, the world's second largest, held a 7.7 percent stake in IVRCL Infrastructure, according to the annual report of the Oslo-based investor published on March 18.

Courtesy: <http://www.bloomberg.com/news/2011-04-13/india-s-ivrcl-targets-25-of-sales-from-abroad-in-3-years-1-.html>