

REF: Project Monitor dt.01.10.07

'There has been a knee-jerk reaction to the flyover collapse'

— **Parvez Umrigar**, Managing Director, Gammon Infrastructure Projects Ltd

The collapse of a section of a flyover in Hyderabad last month, has not shaken Gammon Infrastructure Projects Ltd's resolve to build elevated structures in future. The company is the contractor for the flyover which is still under construction. Parvez Umrigar spoke to Poonam Singh about his company's future plan. Excerpts:

A case has been registered against Gammon over the flyover collapse in Hyderabad.

It was not a flyover collapse as was widely reported. The flyover is two km long; what happened was that one span out of 30 spans of the flyover collapsed. This span was temporarily under erection. We like to be prudent. We are waiting for the committee (looking into the cause of the fall) to submit its report and let the state government address the issue.

One of the reasons for the flyover to collapse was that the soil was loose since the local authorities had carried out pipe installation close to the site before the project was implemented. Whether it is the issue of soil or parallel works or issue of design or structural defects needs to be investigated.

Without being proactive I would like to say that Gammon is not an overnight company; elevated structures are Gammon's forte. It is not the first or last structure that has fallen worldwide. One has to understand the reason behind the mishap; to what extent it is attributable to professional negligence and if that is the case then it has to be taken note of very seriously. There has been knee-jerk reaction which was to be expected. All said and done, there was no damage to life and property.

Is it true that subcontractors were involved which resulted in faulty construction.

Both the state and Gammon have clarified time and again that no subcontractors were involved. Even if a subcontractor was involved, the main contractor would always stand as principal employer, responsible for everything. Subcontracting is a part and parcel of any business, which Gammon does in various places. But in Hyderabad the work was not given to a subcontractor.

What about project insurance?

ICICI Lombard is the company's major insurer for this project. We have filed claims. The insurance will cover faulty construction in this case. We have covered ourselves adequately on everything, including the design defects etc.

Which major projects is Gammon currently implementing?

We have a work order basket of nearly Rs 7,700 crore divided into 65 to 70 projects, mainly in power and transport. We are also looking at port and road projects. We are implementing a large number of PPP projects.

The transportation projects on PPP basis include Gorakhpur bypass in Uttar Pradesh (Rs 600 crore), a bridge on Kosi river (Rs 400 crore) and Mumbai-Nashik expressway (Rs

600 crore). We are also developing the Mumbai container terminal project on equal partnership with Spanish firm Dragados.

In power, we are implementing two hydropower projects of 70 mw each, costing around Rs 400 crore each. Over the next two years we are planning to develop biomass-based power projects worth Rs 1,000 crore in Punjab and Haryana. We have a small auto ancillary SEZ which is with TISCO near Jamshedpur.

Besides, we have bids for various projects at Paradip Port in Orissa and Mumbai Trans Harbour Link. We are looking forward to bidding for airport projects, GQ six laning projects by NHAI, biomass-based power projects, and mass rapid transit systems.

What is your experience in implementing PPP-based projects?

We expect the model concession agreement (MCA) to improve over a period of time. With this the life of projects should be also increased. NHAI has limited the concession period to as low as 12 to 15 years in its MCA. It's a very low lifeline for a project; it should not go below 20 years. If the concession agreement is for 12 years and if the value of the project is high and by chance the traffic fails to pick up, the private player will have very little time to recover the investment.

PPP in power is good enough, as the sector requires a lot of investment. If private players are willing, the government should encourage. The number of players participating in each and every bid for power projects is increasing. Competition in the power sector has also increased and now the government should take measures to allow only capable players for the financial bids since PPP is a costly affair. UMPP got six bids which were far more than you could expect in other countries.

What will be Gammon's thrust area in coming years?

Our thrust area will be where the government provides thrust. Indian infrastructure is doing well; it is exciting days for us as far as business goes. Power and transport will see more projects. We will be happy if we win at least two concessions a year. We are going through a steep growth curve.