

Consolidated Construction to enter precast segment

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Chennai, April 16

Consolidated Construction Consortium is getting into prefabricated construction to speed up project delivery and expand its presence in the residential construction segment.

The Chennai-based infrastructure and construction company, which has a contract to build a 1.8 million square feet car park for a major IT company at an SEZ near Chennai, plans to use precast concrete in this project. This will be an opportunity to establish a presence in this style of construction for which demand is growing, the company's chairman, Mr R. Sarabeswar, said.

Builders use factory-made precast concrete components that are delivered to the construction site to 'assemble' the building. The technology offers the advantage of timely delivery and reduced manual labour. There is a shortage of construction labour and the costs are on the increase, he said.

Delivery of precast components is in the builder's control and the number of workers onsite is also just about half that needed for a conventional reinforced concrete and brickwork construction. The thumb rule is one worker per square foot of conventional construction.

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Consolidated Construction is setting up the factory for precast components at Madurantakam, about 60 km south of Chennai. The city is growing to the South and there is a rapid growth in residential construction.

The company has an

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order book of about Rs 6,000 crore of which contracts for infrastructure projects and commercial buildings account for about 40 per cent each, factory buildings 10 per cent and residential construction about 3 per cent.

New orders are coming in for factories and commercial buildings, primarily educational institutions and hospitals, construction of houses but not for infrastructure projects, Mr Sarabeswar said. The company plans to expand its presence in residential projects with prefabricated technology, he said.

The last financial year has been tough for infrastructure companies with input costs and interest costs on the increase.

It has become a norm for construction companies to include stringent escalation clauses in the contracts to cover the rising costs that can eat into the builders' margins.

For Consolidated Construction, about 25 per cent of the contract is not covered by escalation clause, which means the company faces the brunt of the cost increase, he said.

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