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Layout for constructing profits

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Debutant

As a major construction and design company for international panels of pharmaceutical and other allied industries, Fabtech Technologies has executed several successful projects. In a step further, the company has tied-up with Sterling Construction and Development Corporation, which now intends to franchise this technology in India. **Aasif Khan, Director, Fabtech Technologies**, shares his franchise plans.

Punita Sabharwal (PS): What is the business related with Fabtech Technologies?

Aasif Khan (AK): Our main business is of internal construction for pharma companies, which is done with a pre-engineered model. We started with internal pharma construction market and are now taking this product to non-pharma sectors. Some of our prestigious clients include Pfizer, Novartis, GSK, Baxter, Becton Dickinson, Ranbaxy, Dr Reddy's, Aurobindo, Bosch, Terumo Penpol, Proctor & Gamble and Volkswagen. In its 14 years of existence, Fabtech has executed more than 75 projects across 20 countries. It is also the country's largest manufacturer of modular pre-fabricated panels.

PS: What is the size of the construction industry and what is its growth rate?

AK: As per Mott MacDonald, the construction industry in India witnessed a compounded annual growth rate (CAGR) of about 8.5 per cent during 2003-08 to reach an estimated \$ 255.56 billion during year 2008.

Growth in the Indian construction industry has largely been driven by demand from the real estate (both residential and non-residential) segment. Besides, India is also witnessing phenomenal growth in industrial construction sector post liberalisation.

PS: After your success in internal construction, what led to your entry into the external construction business?

AK: Having established ourselves in the internal construction business, we wanted to increase our revenue base by external construction. But, we did not want to go in for conventional construction. For this, we signed a joint venture with Sterling and have been given the exclusive franchisee by Sterling to utilise this technique in the Middle East, GCC, Persian Gulf and African region for residential, commercial and industrial construction. Meanwhile, in India, FSBT can take up projects in industrial segment as the franchisee.

Sterling has patented (in Philippines) a new construction technique, which involves unique pre-engineered custom-made formwork system consisting of modular wall panels used in building construction. This new technique is a dry construction technique, which reduces the construction time of buildings significantly and the quality of final product is much superior as compared to the traditional methods of construction.

PS: Why did you opt for the franchise route to forward this technology?

AK: We need more people to make this technology popular, that's why we opted for franchising. Our aim is to sell franchises and provide them with all the technological know-how. For this, we pass on all the inquiries we generate to the franchisee so that they can finalise it and get into construction themselves.

PS: Whom do you see as an ideal business partner?

AK: We are looking at construction contractors with the right bent of mind. Those who can undertake contracts and partake profit margins by reducing the time of pre-construction technology.

PS: What are the area and investment requirements to take up the franchise?

AK: We need an area of 1,200 sq.mt to set up the factory. The open area to keep the panels will depend on the project that the franchisee has in hand. If the franchisee has ready sites, he can take mobile factories, either one, two or three factories. Before appointing the second franchisee in an area, we consult the first franchisee.

The first franchise in Bengaluru was sold for Rs four crore. The first franchisee brings in the first umbrella advantage. And then when this gentleman suggested the next franchisee, he is given an upright on the second franchisee.

PS: What impact did the slowdown have on your business?

AK: The slowdown happened because of lack of investors. But with the budget and stable government in place, everybody knows that we have recovered really fast and the results will start showing. Soon, it is going to be an upward trend. We got affected internationally due to the meltdown but India was really strong. The business which we have on hand, the horizon, the kind of market size that we have is a big boost.

Internationally, UAE got affected but builders and developers are looking outward and Africa is the next continent to look up to. There is no meltdown there. People got affected temporarily because of the sentiment and not due to the business. We are not focusing on the US and Europe where the meltdown has affected businesses badly. Philippines, from where we all started, is booming and we are growing there four times.