

# Amid Covid gloom, India's largest infra firm projects exciting future for itself

**ET** [economictimes.indiatimes.com/markets/stocks/earnings/amid-covid-gloom-indias-largest-infra-firm-projects-exciting-future-for-itself/articleshow/82636245.cms](https://economictimes.indiatimes.com/markets/stocks/earnings/amid-covid-gloom-indias-largest-infra-firm-projects-exciting-future-for-itself/articleshow/82636245.cms)

**Larsen & Toubro's optimism flows from its expectations that notwithstanding the second wave, the country's thrust on infrastructure in the Budget would see the company take in several large orders over the coming years.**



## Agencies

The envious backlog of orders, L&T said, could see it report up to low-to-mid teens growth in both sales and order flows in this financial year.

## INSIGHTS

Read Stock Insights by ET for a quick analysis

### Larsen & Toubro Ltd.

1415.50

30.20 (2.18%)

[Explore Now](#)

MUMBAI: "We are very excited about the future," SN Subrahmanyan, Chief Executive Officer of Larsen & Toubro, declared with a level of certainty that may be hard to find at a time when most of the country has been shrouded in the gloom unleashed by a severe second wave of the Covid-19 pandemic.

At the March quarter post-earnings conference call on Friday, Subrahmanyan's statement wasn't tone-deaf, as he acknowledged the healthcare tragedy that is unfolding not only in India's cities but also the hinterland.

“Last year was one of the toughest years,” Subrahmanyam said, as he mentioned the pain caused by the pandemic to not only his employees but also thousands of migrants that work at the many infrastructure projects run by the company.

Larsen & Toubro’s optimism flows from its expectations that notwithstanding the second wave, the country’s thrust on infrastructure in the Budget would see the company take in several large orders over the coming years.

The country’s largest infrastructure company said its order book stood at Rs 3.3 lakh crore at the end of the financial year ended March 31, a growth of 8 per cent despite the ravaging effect of the pandemic on the first half of the year.

The envious backlog of orders, L&T said, could see it report up to low-to-mid teens growth in both sales and order flows in this financial year. The company stressed that unlike 2020-21, where the entire focus was to just match the previous year’s performance; its ambition in 2021-22 is to grow as much as possible.

The “careful optimism” of the company, which won one of the biggest infrastructure orders in the country last year related to a part of the bullet train project, does not factor in the possibility of a third wave which government experts have warned could happen.

Instead L&T, much like most other companies, expects the second wave to subside without doing any more damage in the coming months paving the way for gradual return of normalcy to the economy as vaccination picks up. “...but, frankly, there are many unknowns like Covid, infection rates, supply chain issues and commodity prices,” Subrahmanyam warned.

The biggest hurdle for the infrastructure giant in executing the future it is so excited about is soaring input costs.

Manufacturing, construction and operating expenses jumped 9 per cent in the March quarter to Rs 28,670 crore, suggesting that higher input costs are already a thorn in the company’s side.

Surging prices of inputs like steel, aluminium, cement and constant struggle with supply chain bottlenecks means that the company may need to pester some clients about higher costing. Whether those clients will agree to such escalation in project costs will have a bearing on the company’s ability to maintain its 11.5 per cent operating margin.

“It is important to stay positive, we are counting on positives and if there is something that is going to adversely hit us we will deal with it,” said Chief Financial Officer R. Shankar Raman.

**V O Chidambaranar Port Trust FY21 results: Operating income drops 6% to Rs 550 cr**

---

