

L&T aims to double revenue in next 5 years

SN Subrahmanyan adds that the international ordering outlook remains strong which currently contributes 20% of the total order book for the company.

Strong commentary coming from SN Subrahmanyan, CEO and MD, L&T as he speaks at JP Morgan India Summit. The company aims to double its pre-pandemic Rs.1.4 trn top line in five years as they are constructive on India's capex cycle with pick up in infrastructure spending.

He notes that government expansionary fiscal policy, good frameworks are in place but private capex is yet to pick up. In private space some pockets like metals, mineral sector and airports are seeing a mini-boom, but orders are small ticket size. The management says that the order prospects are in metro rail, hydropower, rapid rail, road, power transmission, and solar.

He adds that the international ordering outlook remains strong which currently contributes 20% of the total order book for the company.

The Middle East contribution is ~US2.5-3 bn and is set to grow about 5-6% where L&T's market share is ~20-25%. Africa is estimated to be ~USD500 mn this year and grow to ~USD700-800 mn.

The company aims to double its revenue in five years, which implies a 16.4% CAGR over FY21-26. They also target 18% RoE and expecting faster growth in IT services resulting in a shift between EPC and IT to ~60%/25% respectively, which is also driven by net margin expansion. On the other hand, financial services and manufacturing share are likely to be stable.

ESG is a key focus area for the company. 30% of the company's portfolio is 'Green'. L&T is one of the largest players in solar/hydrogen/water EPC and platinum rating buildings in India.

The stock touched a new life high today and closed at Rs.1765.20/share

