

Planning to Invest in Tech, Divest Infra Assets to be Future Ready: L&T CEO

ET Q&A

Engineering major Larsen & Toubro

plans to invest more in technology services business to increase its share in the company's portfolio, while exiting infrastructure assets where it is a developer, managing director and chief executive officer **SN Subrahmanyam** told ET's **Rachita Prasad** in an interview. Edited excerpts:

L&T's performance in Q3 indicated recovery from the complete disruption due to the lockdown. What are the steps L&T will take going ahead?

The government measures to ease credit restrictions benefited companies like us in getting payments. The government also went high on multi-lateral funding, and we were lucky that we bagged many of these orders that resulted in

record order inflows of ₹73,000 crore (in 3QFY21). We are efficient, ambitious, and aggressive but we don't cut prices. We also realise some of the business may not perform as well as the others because the sector itself may be going down. We will finalise a plan for them soon. We are allocating more resources, spending more time to see that IT businesses grow faster.

What is the strategy on divestment of assets?

In the past, we have been heavily capital intensive; that's why we invested in L&T IDPL (Infrastructure Development Projects). We have already reduced our stake in IDPL to 51% and we are talking to existing shareholders and a few other interested parties to see how we can move out of it. We are in serious dis-

ussions to exit our 1,400 mw-coal based power plant at Nabha in Punjab, where we invested ₹9,000 crore. There

are plenty of other power projects on the block at ridiculous prices so as long as we get our investment back, we will move out of it.

There could be some small premium in IDPL stake sale and we will try to do our best. The third project, which is more difficult, is Hyderabad metro. We need to rearrange the finance to reduce the interest burden on the project and get traffic to make it positive. Then we need to look for investors, which may take a couple of years to do but we are very seriously working on it. L&T consolidated debt is at ₹170,000 crore, but of this around ₹90,000 crore is with L&T Finance. If these three assets are out, we will move towards being a fairly debt free company. There will be debt on the books on account of L&T Finance but that's okay as they are in the business of lending and borrowing.

