

# Capital goods, infra order book doubles in Dec qtr

Mumbai trans-harbour link, Telangana power project give a fillip to capital order wins

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The order inflow trend for capital goods and infrastructure companies in the country has shown significant improvement, with the order value having more than doubled on a year-on-year basis in the December quarter so far.

Between October 1 and December 6, various infrastructure, construction and capital goods companies announced orders worth ₹55,814 crore as new order wins. In the third quarter of 2016-17, this number stood at ₹27,324 crore.

Two major orders — Bharat Heavy Electricals' win of ₹20,400 crore power project in Telangana and Larsen & Toubro bagging the ₹8,650-crore order for the Mumbai trans-harbour link — helped the overall order book growth.

The data has been compiled based on new orders reported to the stock exchanges by various companies.

A senior official at a leading infrastructure company said, "India's economic growth story is on a positive track and many infra projects are on the anvil."

Though the overall trend has been encouraging, not all capital goods companies have seen a similar growth rate on a standalone basis. However, there is hope of new orders coming in the last three weeks of December. "IL&FS Engineering and Construction has been successful in securing orders worth ₹1,378 crore in the previous two quarters of this financial year. However, in the current quarter, the new order inflow has been relatively low as compared to the previous quarters. For the current quarter, we have already been declared LI in an oil and gas project for which the letter of award is expected," said Mukund Sapre, managing director, IL&FS Engineering,

Going ahead, the outlook is cautiously positive. "A revival is imminent as utilities must replace old power plants and serve new demand coming from electrification of households and transportation. However, the order book growth for conventional power generation equipment remains lean. Power equipment manufacturers are also balancing their portfolio to meet robust

demand in transmission and distribution, metering, transportation, renewable integration etc, which should improve their outlook," said Kameswara Rao, partner for energy and utilities, PriceWaterhouseCoopers India.

Recovery in various sub-segments in capital goods has not been at the same pace. "We have not seen too many changes in the transmission and distribution sector. The states are still grappling with the goods and services tax changes. There are a good number of tenders where the lowest bidder is yet to be decided. At Railways, on the other hand, a lot

of tenders are getting opened, awarded and moving forward," said Vimal Kejriwal, managing director and chief executive officer (CEO) for KEC International.

"Given the quantum of projects lined up by the Indian government under the various segments, we believe we have a realistic target of new business on hand which we will achieve," Sapre added.

In October, Telangana State Power Generation Corporation Limited (TSGENCO) placed ₹20,400 crore orders with Bharat Heavy Electricals (BHEL). This is being pegged as the largest single power contract ever awarded in India. In November, L&T announced it had won the contract to execute package 1 and package 3 for the Mumbai trans-harbour link for a project cost of ₹8,650 crore.

## POSITIVE OUTLOOK

Order wins for Infrastructure, capital goods and construction sectors



\*Data till December 7  
Source: BSE announcements