

Shriram to Focus on Govt-backed Infra Projects to Drive Growth

Co says improvement in order inflows, with support from bankers, is helping it get back on track

Rachita.Prasad@timesgroup.com

Mumbai: Chennai-headquartered Shriram EPC will focus on government-backed projects to drive growth, its managing director said.

The engineering, procurement and construction company reported its first standalone quarterly profit in five years in the three months through September. Improvement in order inflows, with support from bankers, is helping the company get back on track, it said.

"Our main focus will be on government-backed infrastructure projects and overseas jobs. We are seeing continuous orders from water-supply projects and see a lot of potential in sewage projects," T Shivaraman, who is also its chief executive, told ET.

Shriram has orders worth ₹3,236 crore on its books. A third of these are



international orders, another one-third are water infrastructure projects and the rest from other sectors.

The water infrastructure jobs are small-ticket orders, ranging between ₹100 crore and ₹150 crore. But the com-

A LOT OF POTENTIAL

Shriram has orders worth ₹3,236 cr on its books.

A third of these are international orders, another one-third are water infrastructure projects & the rest from other sectors

pany is upbeat on the robust pipeline of these orders and its ability to cap costs by focusing on some states and executing projects in a cluster of sites to utilise resources better. For this, it has identified states like Tamil Nadu, Karnataka, Jharkhand, Bihar and Rajasthan.

"We see enough traction in these states to keep us busy. Individual orders may not be big but cumulatively, they offer scale," Shivaraman said. "Also, competition has moderated compared to what it was 3-4 years ago when we had a huge number of players. Pricing is more rational now with reasonable margins. This is also helping timely execution of projects."

Shriram EPC has reduced its debt by half, with promoters infusing funds and lenders converting debt into equity. This, along with support from banks, has helped improve execution of projects and cash flow.

"We have received significant banking support, in terms of bank guarantees and letters of credit (LCs), which are crucial for the EPC business. Once we provide the LCs, everything else starts flowing. That's helped us provide cash flow to keep the projects going," he said.