

Engineering firms expect pipeline to remain robust amid West Asia crisis

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Despite the recent escalation of tensions in West Asia, engineering companies remain optimistic about order activity from the region.

Data for September shows a nearly 50 per cent year-on-year (Y-o-Y) increase in engineering exports, reflecting robust demand and a positive outlook for future orders. This growth suggests that companies in the sector are continuing to see significant opportunities in the region, despite geopolitical challenges.

In the current quarter starting October 1, Larsen & Toubro (L&T), KEC International, and Gensol Engineering are among the companies that have announced fresh order wins from West Asia.

For India's largest engineering conglomerate, L&T, 40 per cent of ongoing projects are now based in West Asia. The company's top executives, both in calls with analysts and the media, said they expect the capital expenditure momentum in West Asia to remain healthy. "Despite all the chaos, it is encouraging to note that the countries in West Asia, led largely by Saudi Arabia, are continuing to focus on investments in oil and gas, infrastructure, industrialisation, and energy transition projects," L&T's management told analysts.

For the April-September period, West Asia and North Africa (WANA) contributed 16 per cent to India's engineering exports, registering the highest growth of 24.1 per cent from a year-ago, according to



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Engineering Exports Promotion Council (EPEC) data.

"Engineering exports to the UAE surged 49.9 per cent from a year ago to \$672.1 million in September. In the first six months of the financial year,

shipments to the UAE grew 44.8 per cent Y-o-Y to \$3.90 billion," EPEC added.

Arun Kumar Garodia, chairman of EPEC, noted that exports for October also look positive.

CEMENTING DEALS

■ Key companies reporting growth: L&T, KEC International, and Gensol Engineering announced new orders for current quarter

■ 40% of L&T's ongoing projects are in West Asia. It expects capex in the region to remain strong, particularly in oil, gas, infrastructure, and energy

transition projects

■ KEC International won a major order worth ₹1,142 crore, including a transmission line project in Saudi Arabia

■ Kalpataru Projects sees opportunities in West Asia but faces profitability concerns in the transmission and distribution business

including a 380 kv transmission line project in Saudi Arabia.

Vimal Kejriwal, managing director and chief executive officer of KEC International, said the company's international order book has seen significant growth in recent months, particularly in West Asia, driven by a series of successful order wins in Saudi Arabia and the UAE.

Kalpataru Projects International said there were profitability concerns but acknowledged that opportunities from West Asia are on the rise.

"Although we are not so bullish on West Asia in the transmission and distribution business due to profitability constraints, we are seeing good opportunities emerging there too," company executives informed analysts on a recent call.

"Exports are growing continually each month. West Asia is in crisis, yet the business has grown with the UAE and Saudi Arabia," he said.

KEC International recently announced a ₹1,142 crore order win,