

L&T slashes board's pay by up to 53%

Firm to take up ₹4,500 cr fundraising at August 13 annual general meeting

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Larsen & Toubro Chairman A M Naik has struck a positive note in his letter to shareholders, saying H2 of FY21 could see better economic activity.

With business taking a hit on account of the pandemic, Naik took a 24 per cent pay cut. At its annual general meeting (AGM) scheduled for August 13, the firm will discuss and is likely to approve of a fundraising resolution to the tune of ₹4,500 crore through various sources such as qualified institutional placement (QIP).

Naik said: "The pandemic and its fallout makes it difficult to forecast the future with certainty." He said it was premature to predict any business outcome.

"While we hope the second half of 2020-21 will herald better economic and business activity in terms of tendering, good liquidity, as well as revival of labour and supply chains, it would be premature to predict the company's business outcomes," he said in the letter, in the FY20 annual report.

He, however, said that there were opportunities in the areas of government buildings, data centres, healthcare infra, airports, metro rail, water projects, hydel projects, expressways, and hydrocarbon (onshore and offshore) projects.

The report pegged the impact on revenues at ₹1,800 crore and on net profit at ₹400 crore. Consequently, members of the board of directors have

taken a pay cut up to 53 per cent. For FY20, Naik took a pay cut of 24.2 per cent. MD and CEO S N Subrahmanyam took a pay cut of 43.9 per cent, while CFO R Shankar Raman saw his remuneration reduce 47.3 per cent.

The annual report said the pay cuts were mainly on account of cost reduction measures, adopted voluntarily by

executive directors keeping in mind the current scenario and reduced perquisite value.

It pegged the average percentage increase in staff salaries — other than the managerial personnel — at 4.7 per cent for FY20. Managerial remuneration, the report added, declined 42.21 per cent.

“While we are hopeful that H2 of FY21 will herald better economic and business activity in terms of tendering, good liquidity and revival of labour and supply chains, it would be premature to predict the company's business outcomes”



AM NAIK, chairman, L&T