

Business Model and Strategy

Strategy Formulation

Business strategy formulation aims to set long-term goals for the Group and identify areas to leverage its strengths, explore new business opportunities, and enhance its existing capabilities and offerings. This is enabled through plans with two different time horizons, viz. medium-term strategic plan (5 years) and short-term (annual) budget targets.

'Lakshya', the Group's 5-year strategic plan, is developed through a collaborative process across the organisation. Lakshya 2026 seeks to achieve value-accretive growth in the existing business portfolio through a multi-pronged approach of targeting opportunities arising out of global trends, along with a focus on ESG and Sustainability. The underlying emphasis of Lakshya 2026 is to ride the momentum in existing trends through project wins and faster execution as well as capitalise on emerging trends through creating new capability and generating new streams of revenue. In addition, there is continued focus on timely completion of projects, driving profitability through operational excellence, value engineering, and various digitalisation-led productivity improvement initiatives. Lakshya 2026 has completed its fourth year in FY 2024-25 and is satisfactorily progressing towards the targets set in the plan.

The megatrend of energy transition has strengthened in recent years. This is clear from the business opportunities that have opened up in the renewables space. Hence, the Renewables business has been carved out from Power Transmission &

Distribution business and is now a separate business vertical within the Infrastructure segment. This restructuring will allow a focus on excelling in the renewable energy sector, ensuring strong execution and sustained profitability as the Group continues to expand its footprint in this rapidly evolving market.

India as well as the Middle East and North Africa (MENA) region are both experiencing rapid infrastructure development and economic diversification because of the megatrends of urbanisation and demographics. Buoyed by this market opportunity, the Minerals & Metals vertical within the Infrastructure segment has achieved remarkable progress and has demonstrated strong performance across all business metrics.

Technology transformations, be it digital, materials/semi-conductors, or in the energy sphere, are happening at an ever-increasing pace. The Group continues to accelerate the growth of its newly seeded business lines, viz. Green Hydrogen and its derivatives, Semiconductor technologies, Data Centers, and E-commerce and Digital Platform businesses (L&T EduTech and L&T-SuFin). L&T Semiconductor Technologies Limited has acquired SiliConch Systems Private Limited and the data center business, Cloudfiniti has entered into a strategic partnership with E2E Networks Limited for Cloud, AI and high-performance computing.

The Group remains vigilant of the evolving geopolitical scenario. The diversity of its businesses and the spread across multiple regions provide overall resilience and ability to respond tactically as well as seize new and emerging opportunities.

Business Model

Value creation is enabled through a portfolio comprising:



EPC Projects

EPC Projects focus on the proven core competencies of conceptualising, designing, executing and commissioning large, complex projects in the areas of transportation infrastructure, power transmission & distribution, water & irrigation infrastructure, buildings & factories, metals & mining, energy generation & storage solutions, oil & gas, and energy transition.



Hi-Tech Manufacturing

Hi-Tech Manufacturing focuses on custom-designed and built equipment catering to process plants for various sectors (including nuclear); precision engineering and systems for the defence & aerospace sectors; electrolysers for hydrogen production; industrial and bulk material handling; construction machinery & mining equipment; and industrial valves.



Services

The Services businesses cater to sectors of IT (through LTIMindtree), Engineering R&D (through LTTs), Financial Services (through L&T Finance), Real Estate Development (through L&T Realty), B2B E-commerce (through L&T-SuFin), Skilling and Assessment (through L&T EduTech), Data / Cloud Services (through L&T-Cloudfiniti) and Semiconductor Chip design (through L&T Semiconductor Technologies Limited)

In addition to the above, the Group continues to pursue its goal of unlocking value by staying asset-light and exiting non-core businesses.

The Group's businesses and offerings are closely linked to global megatrends.

Urbanisation and Demographic



- High-rise buildings (B&F)
- Multi-modal transportation network (TI, HCI)
- High-capacity utility networks (PT&D, WET)
- Safe and smart cities (LTTS)
- Construction metals (M&M)

Increasing population pressures in cities leading to various challenges (e.g. congestion, pollution) and call for better solutions

Energy Transition



- Renewables – solar, energy storage (RE, HCI)
- Green buildings (B&F)
- Clean fuels (HE, LTEH)
- Green Hydrogen (GE)
- Water recycling and reuse solutions (WET)

Climate change and resource scarcity driving need for solutions to balance growing needs with environment



Mobility Growth



- Mass rapid transit systems (TI, HCI)
- World-class airports (B&F, TI)
- Electric, autonomous and connected systems (LTTS)
- Expressways and road cum rail networks (TI)

Safe, fast, affordable and environment-friendly solutions for movement of people and goods

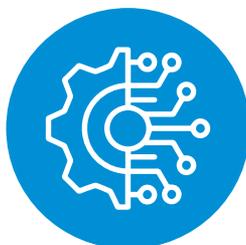
Societal Challenge



- Water and sewage treatment systems (WET)
- Housing (B&F, LTR)
- Energy-efficient power systems and microgrids (PT&D)
- Financial services (LTF)

Universal coverage for basic amenities while keeping up with growing demands of global population

Technology Transformation



- Cloud, big data, AI/ML, AR/VR, 5G, cybersecurity (LTIM, LTTS)
- Automation, Industry 4.0, Digital Engineering (LTIM, LTTS)
- Chip design (LTSCT)
- Data storage and computing (L&T-Cloudfiniti)
- Platforms (L&T-SuFin, L&T EduTech)

Technology and services offerings to transform businesses across various domains

B&F	Buildings & Factories	LTTS	L&T Technology Services
HCI	Heavy Civil Infrastructure	PT&D	Power Transmission & Distribution
HE	Heavy Engineering	RE	Renewables
LTEH	L&T Energy - Hydrocarbon	M&M	Minerals & Metals
GE	Green & Clean Energy	TI	Transportation Infrastructure
LTIM	LTIMindtree	WET	Water & Effluent Treatment
LTR	L&T Realty	LTSCT	L&T Semiconductor Technologies

Portfolio Strategy

The portfolio strategy focuses on growth by diversifying revenue streams, exploring new opportunities, and enhancing profitability to create value for all stakeholders.

Complementing the mature businesses with growth-stage businesses

While the Group relies on mature businesses for cash generation and steady growth, the focus is also on seeding and scaling up new, tech-driven businesses with high growth potential



Geographically diversified businesses

India continues to remain the primary market for EPC Projects, Hi-Tech Manufacturing and Financial Services businesses. Additionally, GCC has emerged as a significant market for the EPC and Energy businesses. The Americas and Europe will continue to be the primary geographies for the IT services businesses.

Balancing the cyclical nature of the EPC business through a portfolio of Services businesses

To have a better revenue profile and improved profitability, the Group intends to increase the share of the IT&TS services business while pursuing growth in the traditional EPC and Hi-Tech Manufacturing businesses.



Supplementing the standalone offerings with partnerships

For Hi-Tech Manufacturing and EPC Projects businesses, the Group has partnered with several large global process and technology licensors, and EPC contractors to expand the scope of its business offerings. For the IT and Technology Services businesses, the Group has strategic partnerships with established global software product and technology companies.



IT services business witnessed moderate growth, driven by an increase in discretionary spending and improvement in the BFSI sector in North America. The EPC Projects and Hi-Tech Manufacturing portfolio saw robust growth aided by capex-led focus in India and oil & gas and clean energy investments in the Middle East.

Strategic Thrust and Direction

The Group continues to be guided by the strategic objectives formulated under Lakshya 2026 plan. These are outlined below. As 2025-26 will be terminal year for current Lakshya 2026 plan, the group has also initiated the process to formulate the next 5-year strategic plan - Lakshya 2031 which will be finalised in FY 2025-26.

The Strategic Objectives

- SO-I** Value-accretive growth of current businesses
- SO-II** Scaling-up Digital and E-commerce businesses
- SO-III** Developing business offerings to ride the Energy Transition wave
- SO-IV** Divestment of non-core businesses
- SO-V** Enabling business sustainability through high focus on ESG and Stakeholder Value Creation

These Strategic Objectives are supported through Strategic Enablers:

- SE-1** Operational excellence for leadership in cost-competitiveness and world-class execution
- SE-2** Industry-leading capabilities in digital technologies and analytics for improved productivity, ESG effectiveness and strengthening revenue streams
- SE-3** Financial resources to enable growth of the businesses and sound financial health to facilitate access to capital markets, when required
- SE-4** Talent and leadership pipeline to drive business continuity and growth
- SE-5** Capability development through R&D, absorption of new technologies and partnerships

Performance in FY 2024-25 against Strategic Objectives:

OBJECTIVES	PERFORMANCE MEASURES	PERFORMANCE
SO-I Value-accretive growth of current businesses	<ul style="list-style-type: none"> ▫ Revenue growth ▫ Composition of Services in Total Revenues 	<p>In FY 2024-25, the Group achieved revenues of ₹ 2,55,734 crore (16% growth y-o-y).</p> <p>The Services businesses reported modest growth of 8% y-o-y. The composition of service businesses to total revenue is at 26% in FY 2024-25 compared to 28% in FY 2023-24.</p>
SO-II Scaling up digital and e-commerce businesses	<ul style="list-style-type: none"> ▫ Growth of Digital & E-commerce businesses 	<p>In FY 2024-25, L&T-Cloudfiniti (data centers and related services) saw its operations start at the Kancheepuram Data Center – Phase 1 with 12 MW capacity. It also announced strategic partnership with E2E Networks Limited to accelerate cloud and AI innovation for Indian enterprises.</p> <p>Further, three new data centers in Mahape, Panvel and Bangalore are under active consideration.</p> <p>Acquisition of SiliConch Systems Private Limited by L&T Semiconductor Technologies Limited, a semiconductor start-up focused on power semiconductors, highlights the Group's dedication to innovation and sustainability in the semiconductor industry.</p> <p>L&T-SuFin and L&T EduTech have also been scaled up further in FY 2024-25</p>
SO-III Developing business offerings to ride the Energy Transition wave	<ul style="list-style-type: none"> ▫ Size of Green Business ▫ New business or business offerings developed 	<p>The Group increased the share of Green Business to ~₹ 75,500 crore, which is 53% of standalone revenue in FY 2024-25 (as compared to 50% in FY 2023-24).</p> <p>L&T continues to prioritise its participation in energy transition and sustainability. The Renewables business vertical was carved out from the Power Transmission & Distribution business within the infrastructure segment to enhance the Company's focus on opportunities in the Green space.</p> <p>L&T Energy GreenTech Limited signed a Memorandum of Understanding (MoU) with John Cockerill to explore various technologies in Concentrated Solar Power (CSP) and Thermal Energy Storage (TES).</p>
SO-IV Divestment of non-core businesses	<ul style="list-style-type: none"> ▫ Businesses divested 	<p>The entire stake in L&T Infrastructure Development Projects Limited (L&T IDPL) (a joint venture with investments in road projects and a power transmission asset) was divested on April 10, 2024.</p> <p>The Group continues to actively pursue divestments of other non-core assets and is also exploring various alternatives to de-risk its current exposure in L&T Metro Rail (Hyderabad) Limited.</p>
SO-V Enabling business sustainability through a high focus on ESG and Stakeholder Value Creation	<ul style="list-style-type: none"> ▫ Metrics linked to ESG performance are based on materiality, e.g. <ul style="list-style-type: none"> - Carbon footprint - Resource consumption - Lost time injury frequency rate - Training hours 	<p>For details, refer to the following in the Integrated Report section:</p> <ul style="list-style-type: none"> ▫ Natural Capital ▫ Social and Relationship Capital ▫ Human Capital