OVERALL FINANCIAL REVIEW 2024-25

I. L&T CONSOLIDATED

Amidst the challenging global economic environment marred by geopolitical conflicts, the Company has achieved a strong performance in its businesses, spread across diverse sectors and geographies. The Company maintained its focus on maximising shareholder value by efficient execution of its large order book, leveraging technology to improve cost competitiveness and efficiency, reducing working capital along with better funds management, and divesting its non-core assets.

During the year, as part of the strategy to exit non-core businesses, on April 10, 2024, the Company completed the divestment of its entire shareholding in L&T Infrastructure Development Projects Limited, a joint venture primarily engaged in the development and operation of toll roads and a power transmission asset. Further, the Company entered into an Asset Purchase agreement with M/s Infra Bazar Tech Private Limited on June 12, 2024, for the sale of assets of its Machinery Works segment.

In FY 2024-25, the Company has carved out a separate business vertical for 'Renewables' out of the Power Transmission & Distribution business amid energy transition led growth, within its Infrastructure segment. Further, in February 2025 the Company acquired the remaining 26% stake in L&T Special Steels and Heavy Forgings Private Limited (LTSSHF) from the Nuclear Power Corporation of India Limited (NPCIL), thereby making LTSSHF a wholly owned subsidiary.

L&T Energy Green Tech Limited (LTEGL), a wholly owned subsidiary of the Company, has been granted incentives for setting up of a 90 KTPA Green Hydrogen capacity in India. This incentive will be distributed over a period of 3 years. Further, LTEGL has also been allocated 500 acres of land at Kandla port, Gujarat for setting up of a plant for Green Hydrogen and its derivatives under a 30-year lease by the Deendayal Airport Authority Kandla.

During the year, L&T Semiconductor Technologies Limited (LTSCT) acquired 100% stake in SiliConch Systems, a Bengaluru-based fabless semiconductor design start-up focused on power semiconductors with a portfolio of more than 30 granted patents. This acquisition will aid the overall engineering skill sets and design expertise thereby strengthening the Group's presence in fabless semiconductor business.

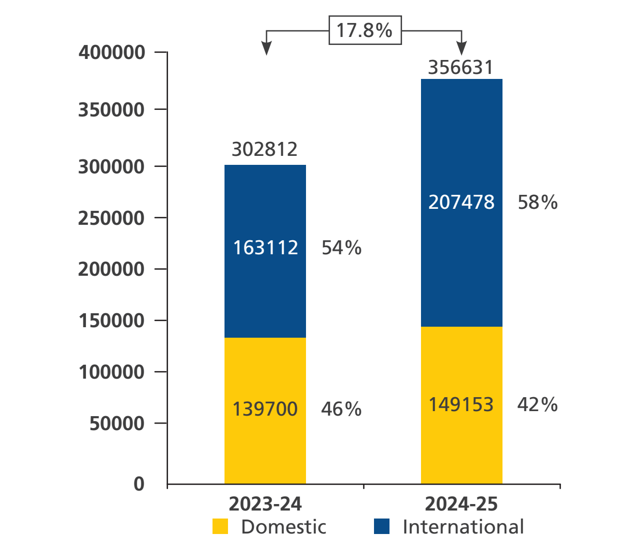
Further, the Company also entered into a strategic partnership with E2E Networks Limited to accelerate cloud and AI innovation for Indian enterprises. As part of the overall arrangement, the Company also acquired a 15% stake in E2E Networks Limited through the primary market route. This partnership is a significant step towards adoption of GenAI solutions in India to foster a fundamental shift in the way Accelerated Computing on Cloud is used by Indian organisations. The collaboration aims to accelerate digital transformation for a diverse range of industries, fostering a technology-driven, sustainable future for India.

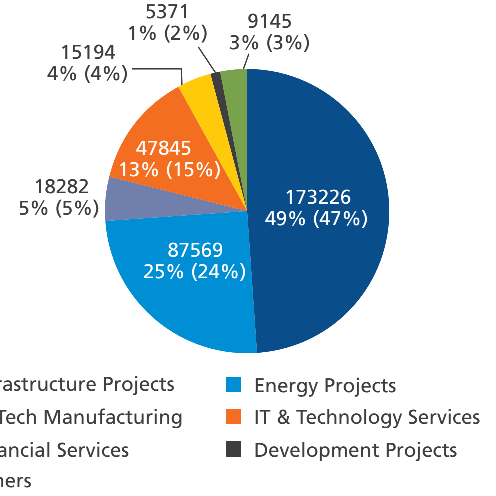
The financial services business of the Group, L&T Finance Limited (LTF), during the year, also entered into an agreement with Paul Merchants Finance Pvt. Ltd. (PMFL) for acquiring its gold loan business segment. This acquisition marks the entry of LTF into the gold loan business. Also, L&T Technology Services Limited (LTTS) acquired Silicon Valley-based Intelliswift, to deepen its offerings across Software Product Development, Platform Engineering, Digital Integration, Data and AI.

Two coveted global credit rating agencies – S&P and Fitch – have assigned 'BBB+' rating to Larsen & Toubro. L&T's 'BBB+' international rating with a stable outlook by both these rating agencies is two notches above India's sovereign ratings and this underscores L&T's exceptional credit quality and robust financial health.

As at March 31, 2025, the L&T Group comprised 87 subsidiaries, 6 associate companies, 11 joint ventures, and 36 jointly held operations. Out of the total 140 entities, 45 entities belong to the listed subsidiaries, and 5 are associated with Development Projects. The rest of the entities in the Group are mostly strategic extensions of the traditional businesses, viz. EPC Contracts and Hi-Tech Manufacturing, to enable access to new geographies, technology and nuanced business segments.

Order Inflow and Order Book





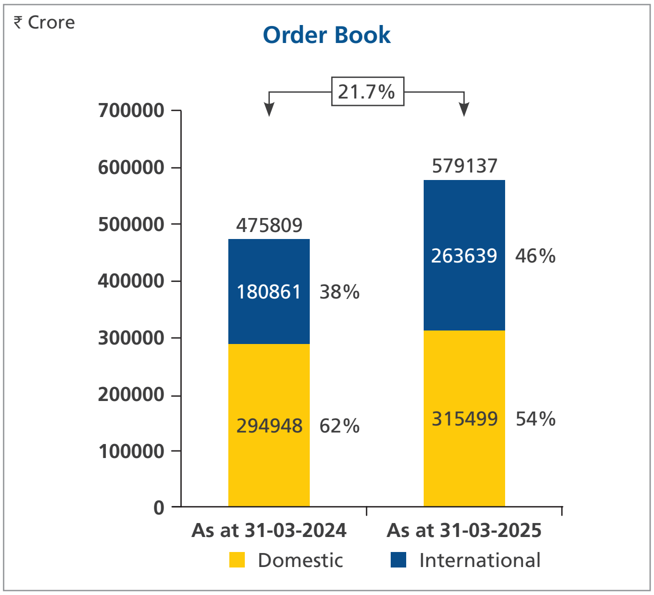
Total Order Inflow: ₹ 3,56,631 crore during FY 2024-25

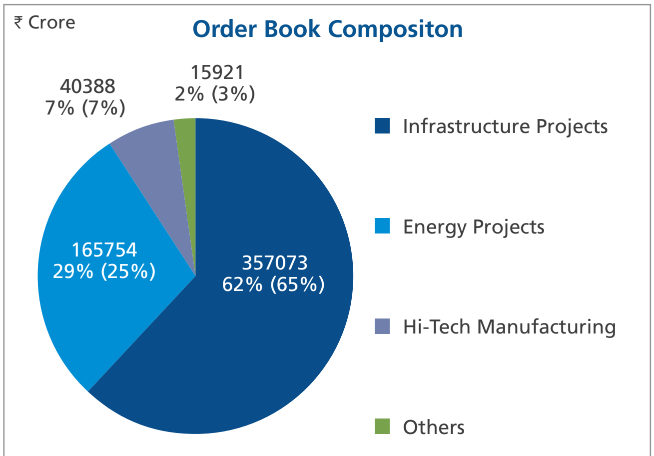
[Figures in brackets relate to previous year]

L&T Group achieved order inflows of ₹ 3,56,631 crore during FY 2024-25, registering a growth of 17.8% over the previous year. Growth was largely driven by the strong investment momentum in the Middle East region and policy impetus by Government of India towards capex push. The buoyancy in Middle East businesses led to an increase in the share of international order inflow to 58% from 54% in the previous year.

The year witnessed the booking of some noteworthy orders across businesses. Buildings & Factories business received orders for commercial buildings and an international airport, signalling and rolling stock in domestic metro in Transportation Infrastructure, few orders were received in the hydel and tunnel vertical of Heavy Civil Infrastructure business, multiple renewable energy and transmission projects from the Middle East under the Power Transmission & Distribution and Renewables businesses, an international order for desalination plant in Water & Effluent Treatment, couple of orders in ferrous metal space in Minerals & Metals, an ultra-mega order in the Offshore vertical of the Hydrocarbon business, domestic BTG orders in CarbonLite Solutions business and a major repeat order from Ministry of Defence in the Precision Engineering & Systems business.

Infrastructure segment continues to remain the largest segment in the Company's business portfolio with 49% of overall order inflow share, as compared to 47% in the previous year.





Total Order Book: ₹5,79,137 crore as at March 31, 2025

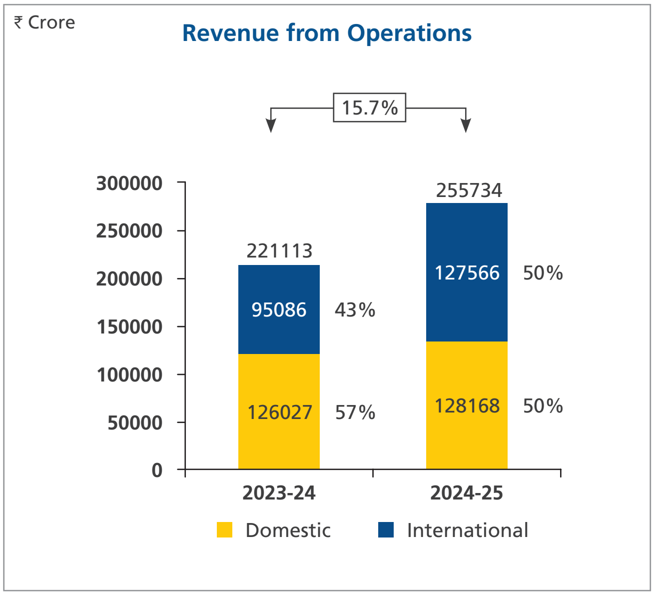
[Figures in brackets relate to previous year]

As at March 31, 2025, the order book continuous to remain at a record level of ₹ 5,79,137 crore, thereby providing a multi-year revenue visibility for the Group. The infrastructure segment continues to dominate with a share of 62% of the consolidated order book.

The order book registered a growth of 21.7% on a y-o-y basis, mainly with the receipt of some high-value orders during the year. Around 72% of the total order book comprises orders received from India's central and state governments (including local authorities) and state-owned enterprises (both domestic and international). The private sector share has increased to 28% of the total order book as on March 2025, as against 23% as on March 2024. Of the domestic order book, 25% of the orders are funded by multilateral agencies.

The share of the international order book increased from 38% to 46% on account of the intake of higher international orders during the year.

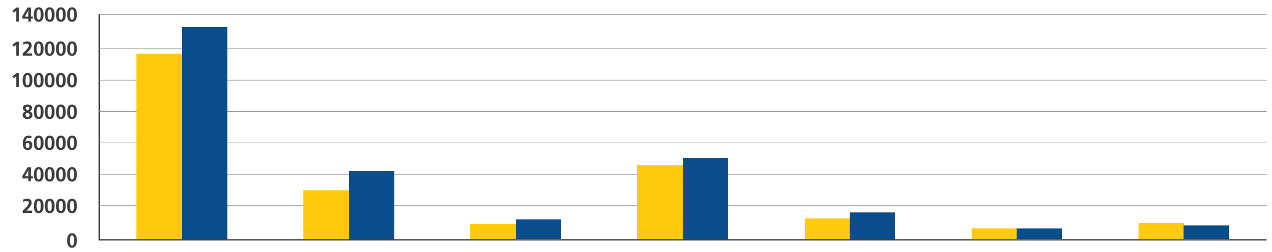
Consolidated Revenue from Operations



L&T Group recorded revenue of ₹ 2,55,734 crore during FY 2024-25, registering a growth of 15.7%. The growth was mainly achieved with the pick-up of execution momentum in project and manufacturing businesses. The composition of international revenue at the group level is at 50% in FY 2024-25 compared to 43% in the previous year.

₹ Crore

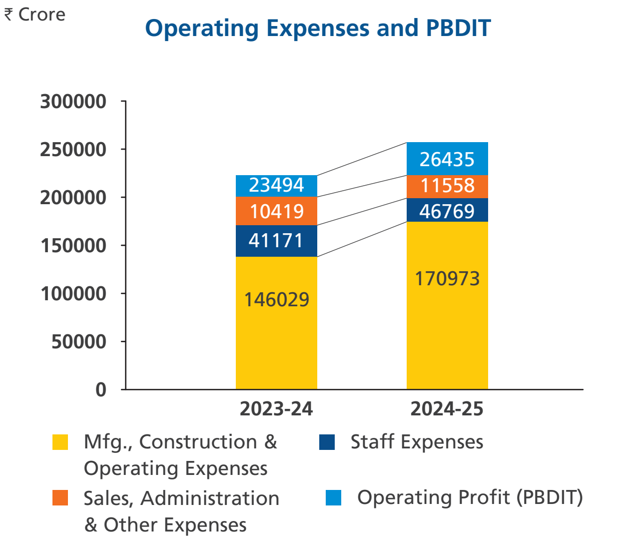
Segment-wise Revenue



	Infrastructure Projects	Energy Projects	Hi-Tech Manufacturing	IT & Technology	Financial Services	Development Projects	Others
FY 23-24	114008	29571	8765	44916	13109	5628	8493
FY 24-25	131315	40689	10181	48453	15194	5372	7816

During the year, growth was majorly visible in Infrastructure segment and Energy segment.

Operating Expenses and PBDIT



Manufacturing, Construction and Operating (MCO) expenses for FY 2024-25 at ₹ 1,70,973 crore increased by 17.1% over the previous year. These expenses mainly comprise the cost of construction materials, raw materials and components, subcontracting expenses, and interest costs in the Financial Services business. This represents 66.9% of revenue as compared to 66.0% in the previous year, mainly due to higher share of revenue from the Project and Manufacturing businesses and changes in job mix.

Staff expenses for the year FY 2024-25 at ₹ 46,769 crore increased by 13.6% over the previous year, reflecting a combination of manpower ramp-up and salary revisions. As a percentage of revenue, it however decreased by ~30 basis points (bps) during FY 2024-25, consequent upon higher revenue. The Group continues to focus on productivity improvements, digitalisation and manpower optimisation across its businesses.

Sales and administration expenses at ₹ 11,558 crore increased by 10.9% over the previous year. This represents 4.5% of revenue, which is similar to the previous year.

The Group's operating profit at ₹ 26,435 crore for FY 2024-25 registered a growth of 12.5% y-o-y, largely led by higher business volumes. The EBITDA margin for the year, however, declined by ~30 bps, and is at 10.3%.

The impact of additional execution costs incurred in the Infrastructure and the Energy segment as well as higher provisions on contract assets and customer receivables impacted the Company's overall margin. At the same time, cost savings in a few projects of the Infrastructure segment and favourable claim settlements, partially mitigated the decline in margin.

Depreciation and Amortisation Charge

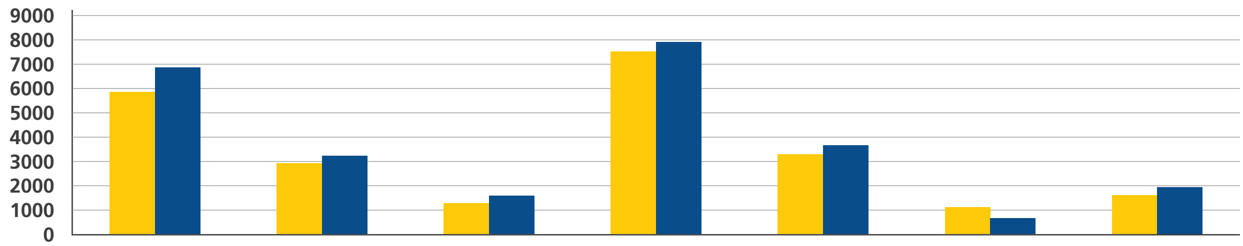
Depreciation and amortisation charges for FY 2024-25 increased to ₹ 4,121 crore from ₹ 3,682 crore in the previous year, registering an increase of 11.9%, mainly reflective of higher capex spending in recent years.

Profit Before Interest and Tax

Segment-wise composition of PBIT for FY 2024-25 is represented below:

₹ Crore

Segment-wise PBIT



	Infrastructure Projects	Energy Projects	Hi-Tech Manufacturing	IT & Technology Services	Financial Services	Development Projects	Others
FY 23-24	5721	2701	1140	7659	3028	1015	1508
FY 24-25	6921	3137	1459	7682	3491	757	1935

The segment-wise PBIT registered improvement over the previous year across all businesses except Development Projects, where a higher gain on the sale of commercial property of Hyderabad Metro was booked in the previous year.

Other Income

This mainly consists of interest, dividend and gains from treasury operations. Other income at ₹ 4,125 crore has remained at a similar level to the previous year.

Finance Cost

The interest expenses for FY 2024-25 at ₹ 3,334 crore were lower by 6.0% over ₹ 3,546 crore for the previous year. The lower average borrowing at a group level and improved borrowing rate aided in reduction of interest expense. The average interest cost for FY 2024-25 was lower by 30 bps as compared to the previous year.

Tax Expense

Income Tax charge for FY 2024-25 was higher at ₹ 5,891 crore by 19.1% compared to ₹ 4,947 crore in the previous year on higher taxable income.

Exceptional Items

Exceptional items during the year mainly comprise of reversal of impairment of funded exposure in L&T Special Steels and Heavy Forgings Private Limited (LTSSHF). The previous year mainly included gain on the divestment of stake in L&T Transportation Infrastructure Limited, a subsidiary of L&T IDPL and reversal of impairment of investment in L&T IDPL.

Consolidated Profit after Tax and EPS

Consolidated Profit after Tax (PAT) at ₹ 15,037 crore for FY 2024-25 increased by 15.1% over the previous year at ₹ 13,059 crore. The increase is mainly attributable to improved activity levels.

Consolidated Basic Earnings per Share (EPS) for FY 2024-25 at ₹ 109.36 improved over the previous year at ₹ 93.96.

Return on Consolidated Net Worth

The Consolidated Net Worth, as on March 31, 2025, at ₹ 97,656 crore, reflects a net increase of ₹ 11,296 crore, as compared to the position as on March 31, 2024. The Return on Net Worth (RONW) for FY 2024-25 was higher at 16.3%, compared to 14.9% in the previous year, mainly on account of higher profitability.

Liquidity and Gearing

Cash flow from operations (including change in loans and advances towards financing activities) for FY 2024-25 decreased to ₹ 9,161 crore as compared to ₹ 18,266 crore in the previous year, mainly due to higher retail loan book in Financial Services business. During the year, borrowings increased by ₹ 15,203 crore to sustain higher level of operations mainly in Financial Services business and additional funds were generated mainly from treasury and dividend income.

Funds were mainly utilised for surplus investments ₹ 13,711 crore, capital expenditure of ₹ 3,541 crore, and payment of dividend of ₹ 3,850 crore. Further, funds were utilised for net interest payment of ₹ 3,609 crore and investments in subsidiary, associates and joint ventures ₹ 494 crore during FY 2024-25.

Consequently, there was a net increase of ₹ 200 crore in the cash balances as of March 31, 2025, compared to the beginning of the financial year.

Consolidated Fund Flow Statement ₹ crore

PARTICULARS	FY 2023-24	FY 2024-25
Operating Activities	18,266	9,161
Additional Borrowings/(Repayment of Borrowings)	(4,513)	15,203
Treasury and dividend income	2,634	2,228
ESOP Proceeds (Net)	10	9
Sources of Funds	**16,397**	**26,601**
Capital expenditure (Net)	4,210	3,541
Purchase/(Sales) of Investments	(2,739)	13,711
Net investment/(Divestment)	(1,000)	494
Dividend paid	4,217	3,850
Interest paid	3,605	3,609
Payment to minority interest (net)	808	1,196
Buy-back of equity shares (Incl. tax and expenses on buy-back)	12,280	-
Increase/(Decrease) in cash balance	(4,984)	200
Utilisation of Funds	**16,397**	**26,601**

The total Group borrowings as at March 31, 2025, was higher at ₹ 1,29,559 crore compared to ₹ 1,14,040 crore as at March 31, 2024. The major increase is in the debt of the Financial Services business, to finance its growth momentum. At a group level, the gross debt-to-equity ratio marginally increased to 1.12:1 as at March 31, 2025, from 1.11:1 as at March 31, 2024. However, the net debt-to-equity ratio decreased to 0.60:1 as at March 31, 2025, from 0.64:1 as at March 31, 2024.

Details of significant changes in key financial ratios along with explanation:

In compliance with the requirement of listing regulations, the key financial ratios of the Group have been provided hereunder along with the explanation only for the significant changes, i.e. change of 25% or more as compared to the previous financial year:

SR. NO	PARTICULARS	FY 2023-24	FY 2024-25	% GROWTH
1	Gross Debt Equity Ratio	1.11	1.12	-1.0%
2	PBDIT as % of net revenue	10.6%	10.3%	-2.7%
3	Net Working Capital % of Sales (Excluding Financial Services & Corporate)	12.0%	11.0%	7.9%
4	Interest Coverage ratio (Excludes Financial Services and Finance Lease Activity)	5.79	6.75	16.5%

II. L&T STANDALONE

L&T's standalone financials reflect the performance of Infrastructure Projects, Energy Projects, Hi-Tech Manufacturing and Others. The Others segment comprises Realty, Smart Infrastructure & Communication, Construction & Mining Machinery, Rubber Processing Machinery, E-commerce / Digital Platforms and Data Centers.

Brief Summary of Performance at Standalone Level:

PARAMETERS (IN ₹ CRORE)	FY 2023-24	FY 2024-25	% GROWTH Y-O-Y
Order Inflow	1,71,663	2,39,336	39%
Share of International Order Inflow	35%	50%	
Revenue	1,26,233	1,42,509	13%
Share of International Revenue	21%	29%	
Order Book	3,71,382	4,70,444	27%
Share of International Order Book	23%	35%	
PBDIT	9,729	11,588	19%
PAT	9,331	10,871	16%
Net Worth	64,516	71,896	11%
RONW (%)	13.7%	15.9%	
EPS (in Rs.)	67.14	79.06	

Liquidity and Gearing

Business operations generated cash flows of ₹ 12,724 crore during the year, compared to ₹ 8,297 crore in the previous year. The increase is attributable to improved volumes and better working capital management. The proceeds from treasury income of ₹ 1,280 crore, and dividend income from S&A companies at ₹ 2,958 crore have been utilised towards repayment of borrowings (incl. repayment of lease liability) ₹ 655 crore, purchase of surplus investments ₹ 7,158 crore and net investment in S&A companies at ₹ 1,391 crore. Further, capex payments of ₹ 2,040 crore, dividend payments of ₹ 3,850 crore, and interest payments of ₹ 2,229 crore was also made during the year.

There was a net decrease of ₹ 353 crore in the cash balances as at March 31, 2025, compared to the beginning of the year.

Fund Flow Statement ₹ crore

PARTICULARS	FY 2023-24	FY 2024-25
Operating Activities	8,297	12,724
Treasury and dividend income	4,690	4,237
ESOP Proceeds	10	9
(Increase)/decrease in cash balance	(134)	353
Sources of Funds	**12,863**	**17,323**
Capital expenditure (Net)	2,826	2,040
Repayment of Borrowings / (Borrowings)	(4,234)	655
Purchase / (Sale) of Other Investments	(4,645)	7,158
Net Investment	151	1,391
Dividend paid	4,217	3,850
Interest paid	2,268	2,229
Buy-back of shares (Incl. tax and expenses on buy-back)	12,280	-
Utilisation of Funds	**12,863**	**17,323**

Total borrowings as at March 31, 2025, decreased to ₹ 21,935 crore, compared to ₹ 22,540 crore in the previous year. The loan portfolio of the Company comprises a mix of Rupee and suitably hedged foreign currency loans. The gross debt-to-equity ratio decreased to 0.31:1 as at March 31, 2025, from 0.35:1 as at March 31, 2024. The Company has become debt-free after considering cash and cash equivalents at the end of the year.