



Farmer finance

▣ Farmer Finance

LTF, through its Farmer Finance vertical, is one of the dominant farm equipment/tractor financiers in the country, having financed close to one lakh tractors in FY 2023-24. Even in a year when the domestic tractor industry remained subdued, LTF leveraged its strong dealer and OEM network coupled with a best-in-class digital & data-driven platform to grow the book by 8% to ₹ 13,892 crore with disbursements of ₹ 6,848 crore in FY 2023-24. The business increased its focus on customer retention by leveraging its 11 lakh+ farmer database, resulting in a growth in 'upsell' disbursements.

With its deep granular network and a 19-year legacy in the tractor financing business, going forward, LTF aims to leverage its strengths in order to gain market share in this business while also targeting the farmer ecosystem through launching new products addressing financing requirements at each stage of the Agri Value chain.

URBAN FINANCE

▣ Two-Wheeler Finance

The two-wheeler industry made a strong comeback in FY 2023-24, recording an impressive growth rate of 9% in two-wheeler sales, buoyed by a sustained revival in demand in both urban and rural markets. LTF, an urban and semi-urban player, leveraged the tailwinds of this increased demand through higher finance penetration and grew the Two-Wheeler Finance book to ₹ 11,205 crore, a growth of 25% y-o-y. LTF financed around 9 lakh units of two-wheelers during the year

with disbursements of ₹ 8,586 crore, reflecting its strong position and market share in the two-wheeler financing space. The strength of the business lies in its tie-ups with leading OEMs, its 10,500+ strong sourcing network across 109 locations in urban areas, coupled with our superior customer value proposition. The digital proposition backed by algorithm-driven centralised underwriting enables the company to deliver industry-leading TAT.

LTF expects to continue growing this business through both horizontal and vertical deepening of its distribution network. LTF is strategically shifting its focus towards increasing its share of prime consumers and also gaining market share in the financing of electric Two-Wheelers.

▣ Home Loans and Loan Against Property (LAP)

LTF's Home Loans and LAP financing business gained momentum during the year with ₹ 7,545 crore in disbursements. Supported by a growth in the mortgage market, its book grew 38% to ₹ 18,443 crore, with Home Loans and LAP at ₹ 14,550 crore and ₹ 3,893 crore, respectively. The target customer segment is salaried individuals as well as self-employed non-professionals in major cities in India.

In FY 2023-24, LTF did significant work towards redesigning the digital journeys with an aim to provide best-in-class customer experience. This will strengthen its customer value proposition coupled with expanding its product offerings and deepening its channel partnerships, which will enable the portfolio to deliver strong growth in the future.



SME finance

▣ **Personal Loans**

This business was started three years ago with the aim of leveraging its strong Two-Wheeler customer database. Over the years, LTF built a book size of ₹ 6,440 crore as of FY 2023-24 and disbursed ₹ 4,285 crore with a share of repeat customers at 51%. The average ticket size for our Personal Loans portfolio is ~₹ 1.5 lakh. Our D2C PLANET app (rated 4.4 on Playstore and 4.3 on App Store) acts as an important customer acquisition channel, providing digital geo-agnostic Do-It-Yourself (DIY) journeys to enhance customer experience.

During FY 2023-24, LTF calibrated its growth in the portfolio to focus on revamping the digital journeys to provide best-in-class customer offerings. Going forward, LTF will further scale this business through 'cross sell' to its existing customers and large strategic partnerships to enhance customer acquisition while further sharpening our credit underwriting.

▣ **SME Finance**

The SME sector continued its robust growth momentum in FY 2023-24. This augured well for LTF's SME Finance business (pilot launched in FY 2021-22), which grew to ₹ 3,905 crore with a customer base of 20,000+. During FY 2023-24, the Company disbursed ₹ 3,657 crore. LTF added new locations during the year, taking the total geo presence to 109. LTF also has strong channel partnerships, which it will leverage to grow this business while strengthening its digital journeys and product offerings going forward.

WHOLESALE FINANCE

The Wholesale Finance portfolio comprises Real Estate Finance and Infrastructure Finance. In line with the Lakshya 2026 strategy of Retailisation, LTF was able to accomplish an accelerated reduction of its Wholesale Finance portfolio. The book now stands at ₹ 5,528 crore, which includes the Real Estate book of ₹ 2,337 crore and the Infrastructure Finance book of ₹ 3,191 crore as of FY 2023-24, a steep reduction of 87% over the past two years. LTF expects this book to come down further over the near to medium-term.

Business Environment

Notwithstanding the uncertain global economic growth paradigm, the Indian economy continued its growth momentum in FY 2023-24 through:

- (a) Macro-financial stability
- (b) Strong twin balance sheets of banks and corporates
- (c) Front-loading of public CapEx

Despite the growth momentum, RBI targeted persistent high food inflation by remaining firm and maintaining the policy repo rate at 6.50% through FY 2023-24. Additionally, the average liquidity in the banking system was deep in the deficit zone between September 2023 and the end of March 2024, partly due to a sharp cut in government spending and partly due to a slower pace of banks' deposit growth vis-à-vis credit growth.

However, the NBFC sector remained resilient due to substantial capital buffers, improving asset quality and



Housing finance

robust earnings. NBFC-ULs recorded healthy growth in H1-FY 2023-24, and their GNPA ratio gradually improved while their capital position remained robust. During H1-FY 2023-24, NBFC loan growth (y-o-y) was highest for housing (58.9%), followed by MSME (57.4%), agriculture (52.0%), and microloans (50.7%). This reflects the NBFC sector's thrust on 'financial inclusion'. According to RBI, the increase in risk weights (on personal & NBFC loans) in November 2023 is pre-emptive in nature and in the interest of macro-financial sustainability.

Major Achievements

▣ Achieved Lakshya 2026 goals Two Years in Advance

In May 2022, LTF had, in line with parent L&T's Lakshya strategy, outlined the following Lakshya 2026 goals:

- a) Retailisation >80%
- b) Retail Growth >25% CAGR
- c) Retail Asset Quality with Gross Stage 3 <3% and Net Stage 3 <1%
- d) Retail RoA 2.8% - 3%

In FY 2023-24, LTF achieved all its Lakshya 2026 goals two years in advance, thereby transitioning to become a Retail NBFC.

Thus, as of March 31, 2024, it stands at a Retail portfolio mix (i.e. Retailisation) of 94% with Retail book size crossing a milestone of ₹ 80,000 crore. Going

forward, the aim is to make the achieved Lakshya goals sustainable through the convergence of Lakshya goals at the LTF consolidated level.

▣ LTF becomes a Single Lending Entity Structure

Simplification of corporate structure has been at the core of LTF's strategy since 2016. In FY 2023-24, LTF completed the merger of L&T Finance Holdings Ltd. and its wholly owned lending subsidiaries, L&T Finance Ltd. and L&T Infra Credit Ltd., resulting in the creation of a single lending entity – L&T Finance Holdings Ltd. Furthermore, the name L&T Finance Holdings Ltd. has been changed to L&T Finance Ltd.

▣ PLANET App crosses 91 Lakh Downloads

In FY 2023-24, the PLANET app (rated 4.4 in Playstore & 4.3 in Appstore) crossed 91 lakh downloads, thereby achieving an important milestone within two years of its launch. Of this, over 11 lakh customers are rural. Through PLANET, LTF has sourced ₹ 5,700+ crore and collected ₹ 1,100+ crore. 75% of servicing is handled by PLANET, thereby providing a seamless servicing experience to its customers.

▣ Digital Finance Delivery in Rural India

100% of disbursements in Rural businesses are made through digital channels. The increased focus on enhancing collections through digital channels in Rural businesses has resulted in 25% of the Rural collections being made digitally in Q4 FY 2023-24 compared to 14% in Q1 FY 2023-24.



Personal finance

▣ Combining Growth with Sustainability

- LTF as a business is aligned with Sustainability goals, with ~50% of the loan book financing sustainable livelihoods and 67% of the LTF workforce employed from Rural areas.
- On the ESG front, LTF has, through the 'Environment' goals, shifted to green power, covering 39% of green usage in its operations, achieved 'Social' goals through increase in the number of women Micro Loan borrowers to 64.20 lakh+ in FY 2023-24 and created One Single Lending Entity through the 'Governance' goals.

Significant Initiatives

Having achieved Lakshya 2026 goals at the Retail level, going forward, the focus would be on reaching 2.8%-3% RoA by FY 2025-26 at a Consolidated level and building a sustainable & predictable Retail franchise. Towards this, LTF defined five pillars as below:

▣ Enhancing Customer Acquisition

LTF leverages the strengths of its presence, distribution franchise, digital delivery & TAT to grow its fulcrum businesses of Rural Group Loans & Micro Finance, Farmer Finance and Two-Wheeler Finance. This has led to a sustainable customer base of over 2.3 crore sourced through the rural and urban funnels.

▣ Sharpening Credit Underwriting

LTF endeavours to create a next-gen integrated underwriting platform leveraging multi-axes underwriting through best-in-class technology with a

combination of scorecards comprising credit bureau, account aggregator framework, and alternate data signals.

▣ Implementing Futuristic Digital Architecture

LTF is re-architecting its tech stack to build a solid, future-ready digital backbone across the domains of customer experience, process engineering, IT infrastructure, and information security. This will enable LTF to provide innovative financial solutions, seamless customer journeys, a faster go-to-market for new products, and faster collaboration with partner ecosystems.

▣ Heightened Brand Visibility

With an aim to establish the L&T Finance brand, the Company launched several branding campaigns across rural and urban areas through various initiatives, viz. print media, outdoor media including billboards, airport advertising, rural wall branding, digital media by sponsoring global sporting events, participation in leading industry forums & fests, etc. LTF also launched its sonic identity during the year to increase its brand recall & capture customer mindshare.

▣ Capability Building

LTF strengthened leadership in critical functions by appointing seasoned industry professionals for the position of Chief Digital Officer. Further, the Company created two new positions and recruited a Chief AI & Data Officer and Chief Marketing Officer. LTF has strengthened its internal talent pool through the



Two-wheeler loans

recruitment of a second line of leadership comprising national sales heads in growth businesses of Rural Group Loans & Micro Finance, Farm Equipment Finance, Two-Wheeler Finance, and Personal Loans.

During the year, LTF received a sanction of USD 125 million each from multi-lateral institutions – the Asian Development Bank (ADB) and Japan International Co-operation Agency (JICA) for social and sustainable financing.

Risk Management Framework

LTF has a robust framework in place to effectively manage risks. The Risk Management Committee, which is constituted by the Board, is responsible for overseeing the Risk Management Framework. The Framework covers the Company's risk appetite statement, risk limits, risk dashboards, and early warning signals.

With the changing business landscape and the emergence of new risks such as digital and data privacy risks, reputational risks, and climate-related risks, LTF is building newer risk frameworks to pre-empt and manage such new and emerging risks.

Credit Risk

Credit risk constitutes the most significant risk for the company. To demonstrate strength in credit risk management, a new age underwriting architecture has been put in place which focusses on the creation of a robust and resilient portfolio. The customer-centric underwriting engine of LTF is equipped to effectively identify different customer segments and tailor the risk assessment and underwriting processes to each segment.

LTF has also invested in improved digital analytics as well as new-age credit underwriting in order to ensure that multiple variables/parameters are considered to arrive at the optimal credit decision.

Further, the company uses advanced dashboards, which provide real-time identification of trends and breaches, empowering it to manage risks proactively and take immediate action to mitigate any potential threat. By analysing behavioural patterns, alternative data sources, geopolitical data, and macroeconomic factors, LTF can make informed decisions and prevent customers from being delinquent in the future. Steps in this regard have been taken to build a new-age underwriting architecture, stringent adherence to the prudent risk norms, and diligently follow the institutionalised processes. All these measures have led to improved asset quality amid volatile times.

Market/Liquidity Risk

Adoption of a prudent approach helps protect the Company from market and liquidity risk. LTF maintains a positive liquidity gap on a cumulative basis in all the time buckets up to 1 year. A Contingency Funding Plan (CFP) has also been implemented by regular monitoring to respond to severe disruptions that might affect the ability to fund some or all activities in a timely manner and at a reasonable cost. A governance structure is defined within the CFP to invoke Crisis Management measures in case the need arises. LTF ensures a positive interest rate sensitivity gap over a one-year horizon. This acts as a mitigant against interest rate risk in the Balance Sheet.



Tree Plantation drive under Project Prakruti, Tumkur, Karnataka

IT Security Risk

LTF has set up an Information Security Management System (ISMS) for effective management & operations. The company is also certified as ISO 27001 compliant.

The Company's Digital Platform has a 3-Tier Security Architecture with inbuilt disaster recovery along with multiple-layer security, protecting IT networks, websites & applications, databases, and end-user laptops/desktops for data leakage, Denial-of-Service attacks, and ransomware and malware. Further, access control and system health and availability monitoring are undertaken 24X7.

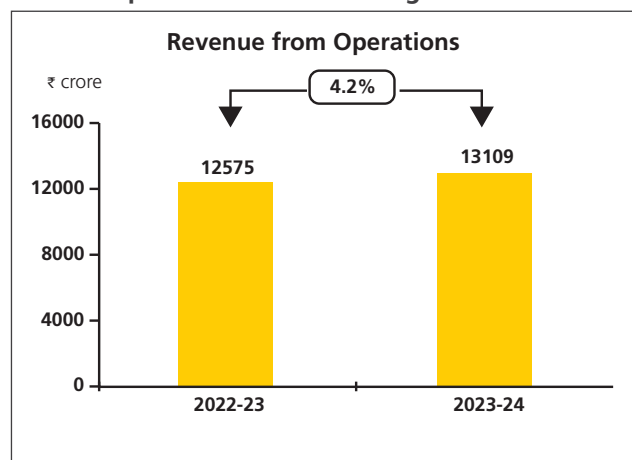
The Company's security team conducts Vulnerability Assessments on all critical applications, system and network devices, and mobile applications to proactively find any security bugs, misconfiguration, or missing critical security patches that can be exploited. LTF also engages with third parties to conduct vulnerability assessments and penetration testing to ensure security against cyberattacks.

Outlook

As per CRISIL Ratings, India's GDP growth is likely to moderate to 6.8% in FY 2024-25. It sees greater transmission of policy rate hikes, impact of regulatory actions on unsecured lending, reduced fiscal impulse to growth, and uneven economic growth for key trade partners as likely factors which may weigh in on the GDP growth for FY 2024-25. On the other hand, a gradual pick-up in private CapEx and the government's continued support towards infrastructure will be some of the positive factors.

As per India Ratings, the growth rate in AUM of NBFCs to moderate in FY 2024-25 compared to FY 2023-24. Following the increase in risk weights by the RBI, the cost of funds for NBFCs from banks has increased, and it is likely to remain elevated in FY 2024-25. The incremental funding requirement for the NBFC sector is expected to be ₹ 4.5 trillion in FY 2024-25, and the volume of public NCDs might go up in FY 2024-25.

Financial performance of the segment

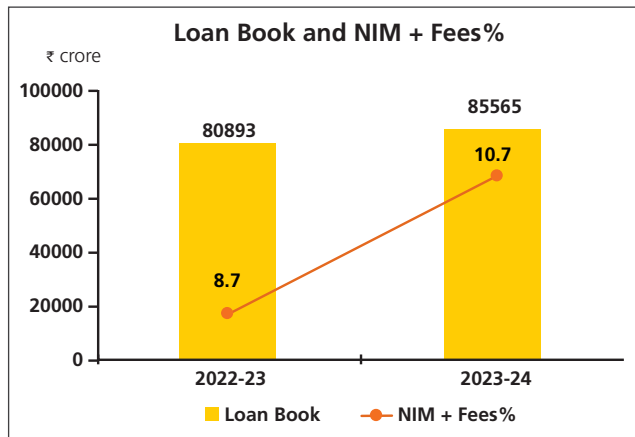


The segment's revenue improved by a modest 4.2% y-o-y at ₹ 13,109 crore for FY 2023-24 due to the sell-down of the wholesale loan book while scaling-up retail disbursements. The core strategy for the Financial Services



'Digital Sakhi' - Flagship CSR project to promote women entrepreneurship

business in the Lakshya 2026 strategic plan revolves around its transformation into a full-scale retail-oriented, digitally-enabled business. Several initiatives have been completed to exit the wholesale exposure, resulting in 94% of its loan book being retail credit as of March 31, 2024.



Disbursements of loans and advances at ₹ 56,293 crore for the year registered a growth of 20% on a y-o-y basis, reflecting higher credit demand in the various retail

segments due to the overall improvement in economic activity. The Loan Book stood at ₹ 85,565 crore as of March 31, 2024, registering a growth of 6% over the previous year, consequent to higher retail disbursements. The Net Interest Margin (NIM), including fee income, improved from 8.7% to 10.7%, mainly due to the increase in the share of the retail portfolio coupled with higher fee income, partly offset by a marginal increase in the borrowing rates.

The Gross Non-Performing Asset (GNPA) ratio improved to 3.15% as on March 31, 2024, from 4.74% as on March 31, 2023. The net NPA ratio has improved to 0.79% as on March 31, 2024, against 1.51% as on March 31, 2023.

DEVELOPMENT PROJECTS SEGMENT



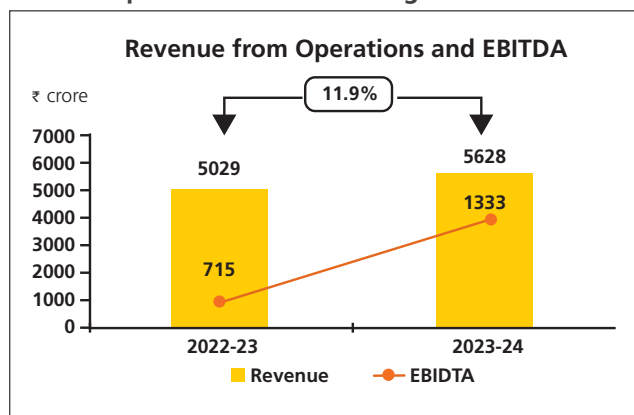
Hyderabad Metro extends ~70 km across three lines, easing commuting woes, Telangana

The Development Projects Segment comprises:

- The Hyderabad Metro Rail project, executed through a wholly-owned subsidiary, L&T Metro Rail (Hyderabad) Limited
- The Thermal Power Plant project, executed through Nabha Power Limited, a subsidiary of L&T Power Development Limited

The Company, on April 10, 2024, concluded the sale of its entire stake in L&T Infrastructure Development Projects Limited (L&T IDPL), a joint venture primarily engaged in the development and operation of toll roads and power transmission assets, to Epic Concesiones Private Limited, an investee company of Edelweiss Infrastructure Yield Plus Strategy, managed by Edelweiss Alternative Asset Advisors Limited.

Financial performance of the segment



The segment recorded revenue of ₹ 5,628 crore for the year ended March 31, 2024, higher by 11.9% over the previous year. The growth in revenue is mainly due to increased Metro ridership in Hyderabad coupled with the monetisation of commercial property during the year.

The segment reported an operating profit of ₹ 1,333 crore for FY 2023-24, higher than the ₹ 715 crore reported in FY 2022-23. The increase is mainly on account of the monetisation of commercial property in Hyderabad Metro SPV.

The funds employed by the segment as on March 31, 2024, at ₹ 19,192 crore, was lower by 2.8% compared to March 31, 2023, mainly due to the annual amortisation of intangible assets and sale of commercial property.

L&T METRO RAIL (HYDERABAD) LIMITED

Overview

L&T Metro Rail (Hyderabad) Limited (L&TMRHL) is a special purpose vehicle (SPV) created to undertake the business of constructing, operating and maintaining a Metro Rail System, including Transit Oriented Development (TOD) in Hyderabad on Design, Build, Finance, Operate and Transfer (DBFOT) basis under a Concession Agreement signed between the SPV and the Government of Telangana. The remaining period in the concession is approximately 48 years, with further extensions available as per the conditions set out in the Concession Agreement signed with the Government of Telangana.



Hyderabad Metro Rail Project – the world's largest PPP project in the Metro Sector, Telangana

The Hyderabad Metro Rail system consists of three elevated corridors from Miyapur to L.B. Nagar, Jubilee Bus Station to Mahatma Gandhi Bus Station, and Nagole to Raidurg, covering a network of 69.2 km. The metro rail system was commissioned in phases, with the final stretch being put into commercial operation in February 2020.

The Concession Agreement also includes real estate development rights of 18.5 million sq. ft. in the form of Transit Oriented Development (TOD), of which 3.625 million sq. ft. has been monetised to a third-party investor. In addition, L&TMRHL has developed and operationalised 1.20 million sq. ft. of leasable area across four retail malls. The occupancy in these malls is more than 80% at the end of FY 2023-24. L&TMRHL is targeting the maximisation of upfront revenues from its TOD rights by monetising these rights to third-party investors. A new business model of upfront revenues from TOD is being worked upon with all the stakeholders involved.

Business Environment

Hyderabad Metro is the safest, cleanest, fastest, and most reliable urban transport system in the city of Hyderabad. Additional benefits like reserved seats for senior citizens and ladies, WhatsApp complaint services, and various promotional schemes are introduced regularly to incentivise commuters to shift their transport preferences to Metro rail. In addition to reduced noise pollution, the project is also facilitating a reduction in carbon footprint, being a non-fossil fuel mode of transport.

The average daily ridership in FY 2023-24 was 4,42,000 as against 3,61,000 in FY 2022-23, with all-time peak traffic of 5,47,000 achieved in one of the days. This increase in average ridership at Hyderabad Metro is the best among all Indian Metro Rail Projects post-COVID.

With a view to enhancing the vibrancy of L&TMRHL's commercial spaces in the post-COVID scenario, the business has improved ambience and aesthetics at all four malls, viz. wall panelling, public seating, horticulture, convenient entry & exit areas, toilets, etc.

Major Achievements

QR ticketing (Digital & Paper), introduced first by L&TMRHL, has made travel contactless, easy, and hassle-free for commuters. Further, L&TMRHL was India's first metro rail to roll out WhatsApp E-Ticketing System. Most of the Metro tickets are now issued in a paperless format, thereby reducing paper consumption.

The repositioning of two malls – Erramanzil Mall as a premium mall and HITEC City Mall as an electronic and entertainment destination – has attracted important retail brands.

Advertisement space on the project assets offers good revenue potential by launching various innovative products and services, including digital advertisements.

Non-fare revenue generation through cross-selling of products to commuters is being actively pursued. Telecom (i.e., Optical fibre & towers) requirements are a major contribution to revenue in this segment.



Next Galleria Punjagutta, Hyderabad, Telangana

The business has also created 3.5 lakh sq. ft. of retail/ commercial spaces across all its 57 stations for earning rental incomes from these areas. Station retail occupancy levels have crossed 60%, a significant jump from the below 20% levels during the COVID-19-affected years.

With a view to increasing the use of green energy, the business has replaced 11% of its grid power requirements for Metro operations with captive solar power of 9.0 MWp. Solar panels have been installed on the rooftops of Metro stations and in the depot areas. Another 3 MWp of Solar capacity is expected to be commissioned by December 2024. Further, the SPV has also created 155 rainwater harvesting pits at various stations & depots, in which approximately 58 million litres of water are harvested per year.

Significant Initiatives

As a next-level upgrade of its ticketing system, L&TMRHL is working towards introducing the Open-Loop Ticketing System (OTS) in FY 2024-25. This will aid digital payments by commuters.

Robust and affordable last-mile connectivity for commuters clearly helps in enhancing ridership on the Metro system. In this regard, L&TMRHL has added exclusive shuttle services to and from metro stations to corporate offices. Also, it has enhanced its partnership with Telangana State Road Transport Corporation (TSRTC) for feeder services. The focus also remains on enhancing parking areas across the Metro network and enhancing the commuter experience by way of facilities such as escalators, elevators, feeder bays, etc.

The business is exploring additional non-fare revenue opportunities through various measures such as consultancy services to other metros, leasing out Optical Fiber networks, letting out spaces for erecting mobile towers and setting up EV charging stations (55 charging points already available), Royalty earnings from QR Ticketing and OTS partners, etc.

L&TMRHL strongly believes in safety and has put mechanisms in place to achieve this objective. The Automatic Train Protection (ATP) system, the station equipment viz., the Computer-Based Interlocking (CBI) and wayside ATP are arranged to ensure safe and uninterrupted train operations. Further, Passenger Emergency Stop Plungers are provided on each platform and in station control rooms (SCR) to stop a train immediately in case of emergency.

Outlook

The sustained focus on bringing employees back to work, as well as an increase in workforce at most corporates, is expected to support increased ridership in FY 2024-25. Implementation of OTS is expected to make Metro travel effortless and thereby enhance the passenger experience.

The use of Business Intelligence tools for the analysis of business & passenger data is expected to drive improved decision-making and optimisation of operations.

Further, attracting the desired brands for the remaining space in the malls, in line with the updated positioning, remains a focus area for FY 2024-25. After the successful monetisation of the Raidurg TOD undertaking, other monetisation transactions are being proposed.



2x700 MW Supercritical Thermal Power Plant, Rajpura, Punjab

The transaction documents for these deals have been submitted for approval by the Government.

The Hyderabad Metro Rail is recognised as an environment-friendly, safe, fast, and reliable mode of transport, incorporating the best industry practices. With the proposed Phase-2 expansion of Hyderabad Metro by the Government of Telangana in the medium-term, the reach of the metro rail system will increase across the city and significantly enhance the average ridership in the medium to long-term.

Nabha Power Limited (NPL)

Overview

NPL owns and operates a 2 X 700 MW supercritical thermal power plant at Rajpura, Punjab. The entire power generated from this plant is sold to Punjab State Power Corporation Limited (PSPCL) under a 25-year Power Purchase Agreement (PPA), which is effective till the year 2039.

The plant sources its fuel from the subsidiaries of Coal India Limited (CIL) under a 20-year Fuel Supply Agreement (FSA). The FSAs are for a total annual contracted quantity of 52.4 Lakh MT. The Company has secured approvals to arrange coal from alternate sources to make up for any shortfall in the supply of coal. The Bhakra-Nangal distributary is a perennial source of water for the plant

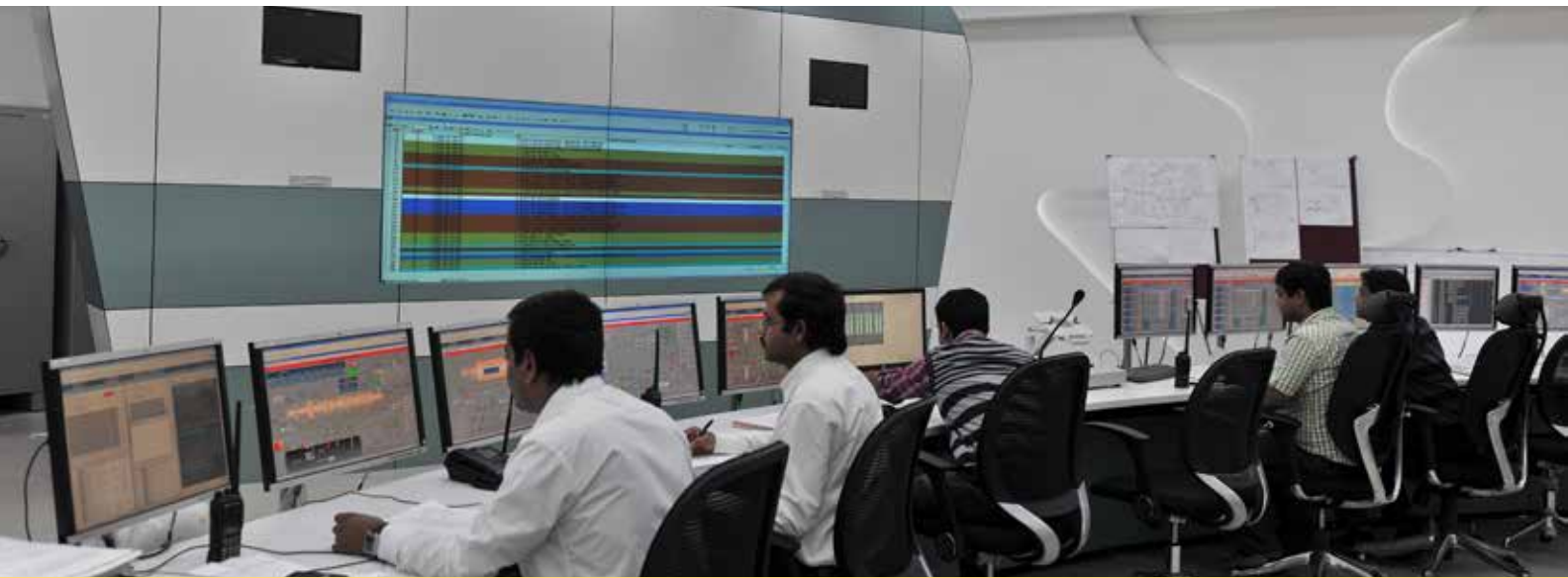
under an allocation from the State Government. The plant is operated by an in-house team of experienced operations and maintenance professionals.

The power plant has been running successfully for over ten years with an availability of over 85%. The plant has been the most reliable source of power for the State of Punjab and has supported its requirements with uninterrupted supply during peak season. NPL also happens to be the lowest cost coal-based power producer within Punjab with the best operational efficiency.

Business Environment

The electricity demand in Punjab remained stagnant during the year, largely on account of unprecedented rains in the state in Q1, during which the demand had dropped substantially. The average demand growth in Punjab has remained sluggish at ~1% in FY 2023-24 (~8040 MW- FY 2023-24 vs ~7978 MW- FY 2022-23).

Despite multiple challenges, NPL made every possible effort to secure coal from various CIL subsidiaries while minimising the reliance on costly imported coal, thereby ensuring adequate coal supply, further resulting in uninterrupted power supply at an affordable cost to the State of Punjab during the year.



Nabha Power Plant - Control Room, Rajpura, Punjab

Major Achievements

- ▣ Annual PAF: 94%, highest ever in the NPL history and ~99% during the critical paddy season
- ▣ Annual PLF: 84% vs all India thermal average: 69%
- ▣ Further, the highest ever monthly PLF of 97.6% was achieved in August 2023
- ▣ NPL railway siding connected with the Dedicated Freight Corridor Corporation of India (DFCCIL) network

Outlook

In FY 2024-25, the average power demand in Punjab is expected to rise to ~8800 MW (Peak 16,000 MW), and as a result, NPL is expected to operate at a high PLF of ~86% and remain at the top of the merit order among the thermal power producers within the state.

On the fuel side, coal supply may continue to pose challenges. Anticipating the high demand, the Ministry of Power (MoP) extended the mandatory 6% blending of imported coal till June 2024 for all thermal power plants.

The Ministry of Environment, Forest and Climate Change (MoEF&CC) has notified the Agro Residue Utilisation by

Thermal Power Plants (TPPs) Rules, 2023, on mandatory co-firing of crop residue pellets with coal in TPPs in the National Capital Region (NCR) and adjoining areas, with environmental compensation provision for non-compliance applicable from FY 2024-25 onwards.

Recently, the Ministry of Power (MoP) has notified the Late Payment Surcharge Amendment Rules 2024, under which Generators will have to mandatorily offer un-requisitioned surplus power in exchange. This has been done to ensure that any unused surplus power is fed into the grid to meet shortages, especially during the high demand periods.

NPL expects to commission Flue-Gas Desulphurisation (FGD) for both units during FY 2024-25, thereby complying with the new environmental norms ahead of the revised mandated deadline.

Major focus areas for NPL during the coming year would be Health, Safety and Environment (HSE) compliance, maximising plant availability, improving operational efficiency, commissioning of FGD, securing adequate and the right coal, resolution of pending litigations, and digitalisation initiatives for higher productivity.

'OTHERS' SEGMENT



Artist's Impression

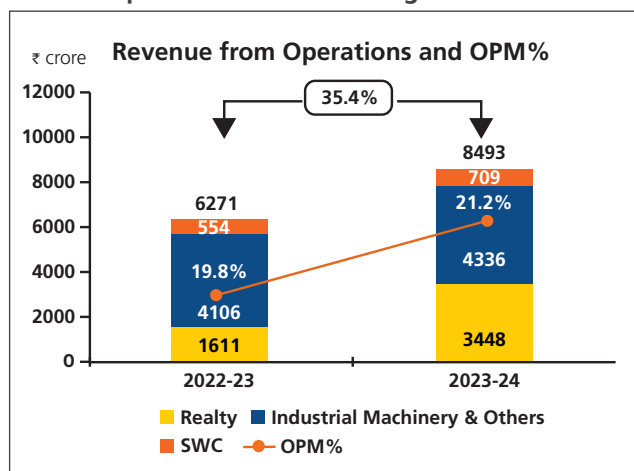
The Gateway, Sewri, Mumbai, Maharashtra

The 'Others' Segment comprises:

- Realty Business
- Industrial Machinery, Products & Others comprising Construction & Mining Equipment, Rubber Processing Machinery, and Industrial Valves
- Smart World & Communication (Residual portion)

L&T completed the divestment of the carved-out portion of Smart World & Communication business to L&T Technology Services Limited (LTTS) on April 01, 2023.

Financial performance of the segment



Revenue for the segment registered a growth of 35.4%, from ₹ 6,271 crore in FY 2022-23 to ₹ 8,493 crore in FY 2023-24. The growth was largely in the Realty business due to the higher handover of flats. Additionally, there was

an improvement in the Valves business revenues given the higher demand and in the Smart World & Communication business due to better execution. Lower consumer spending in the global automotive industry impacted the revenue of the Rubber Processing Machinery business.

The operating margin for FY 2023-24 improved to 21.2% from 19.8% for the previous year, mainly due to higher revenue in the Realty business.

The funds employed by the segment as on March 31, 2024, at ₹ 7,975 crore, have increased by 1.7% over the previous year, largely in line with the previous year.

Realty Business

Overview

L&T Realty is positioned amongst the top real estate developers in India, with a development potential of 70 million sq. ft. across the residential, commercial, and retail segments in Mumbai, Navi Mumbai, Bengaluru, NCR, and Chennai. The business model includes the development of own land, partnership with land/development right owners, and the sale & leasing of commercial spaces.

Residential Segment

1. The Gateway, Mumbai

The Gateway, Sewri, Mumbai, is a premium residential project launched during the year. It is the epitome of luxury, standing tall amidst the grandiose skyline of South Mumbai. The residence offers uninterrupted views of the Arabian Sea as well as the world-renowned Sewri mudflats.



Artist's Impression

Elixir Reserve, Powai, Mumbai, Maharashtra

2. Island Cove, Mumbai

A residential project, Island Cove, Mahim, launched during the year, is positioned as a gateway to the City of Dreams, adorned with a timeless charm. In the midst of the bustles of the Mahim suburb, Island Cove will be an aspirational destination for home buyers with the design of a sanctuary - an intersection of luxury, comfort, and connectivity.

3. Emerald Isle, Mumbai

Nestled in the sprawling serenity of Powai, L&T Realty Emerald Isle is an oasis of luxury, offering its residents spacious and elegant homes spread over 90 acres and being developed in phases. It is a planning masterpiece – built on three levels of parking to afford a traffic-free podium and a host of amenities amidst its central greens.

4. Elixir Reserve, Mumbai

This is a premium residential project in Powai that is enveloped in a picturesque setting. This project is replete with state-of-the-art amenities, including an ICSE school, commercial offices, and retail spaces within close proximity. The project is nestled amidst lush greenery, a serene lake, and a picturesque hillock, positioned as a fusion of man's quest for the highest luxury and nature's bounty.

5. Crescent Bay, Mumbai

With the Arabian Sea as the backdrop, Crescent Bay is a six-tower residential complex at Parel with the perfect setting for an exclusive lifestyle. The highlight of this project is a sky deck and other lifestyle amenities on level 21. The project is completed and occupied by 1300+ families.

6. Seawoods Residences, Navi Mumbai

Part of India's first Transit-Oriented Mixed-Use Development, the Seawoods Development is spread across over 40 acres. Seawoods Residences offers unmatched connectivity and is surrounded by breathtaking views. The project has garnered sufficient interest from consumers. Nearly 75% of Phase I and II were handed over in the current financial year. Phase III launch has brought in new customers to the large resident community and cemented L&T's name in the Navi Mumbai region.

7. Rejuve 360, Mumbai

Designed on the wellness thought, this residential complex is focussed on the theme - rejuvenation of mind, body, and soul. Conveniently located in Mulund West, the project has sustained its position among premium developments in this micro-market.



Artist's Impression

L&T's Innovation Campus, Powai, Mumbai, Maharashtra

8. 77 Crossroads, Mumbai

It is a gated community situated in Ghatkopar and has functional residences with unmatched comforts and conveniences. The location provides easy access to every corner of the city.

9. Raintree Boulevard, Bengaluru

Conceptualised on the live-work-play theme, Raintree Boulevard is a 65-acre mixed-use development project located in the high-growth micro-market of Hebbal, Bengaluru. Situated just 20 minutes away from the airport, the project offers fine living and best-in-class amenities. Further, L&T Tech Park and a large format mall are within walking distance from the project.

10. Avinya Enclave, Chennai

Launched during the year, this project is spread over a 40-acre mixed-use development in Manapakkam, Chennai, and is located opposite the main L&T campus. From exceptional amenities on the premises to the best retail outlets, commercial hubs, and top social infrastructure in proximity, the residences are crafted to grant a timeless living experience in every sense.

Commercial Segment

1. Seawoods Grand Central, Navi Mumbai

The Seawoods Grand Central offers 2.6 million sq. ft. of Grade A development with a unique combination of commercial and retail business spaces. It is one of the most successful transit-oriented developments in the country.

2. Commercial Towers at Powai, Mumbai

Designed to provide superior workspaces, it is part of a larger integrated development promoting the 'Walk to Work' concept. It is one of the coveted corporate addresses in Powai, Mumbai with proximity to excellent social infrastructure. Much of this development has already been completed, and some of it has been divested as well.

3. Technology Park, Bengaluru

Located in the rapidly growing micro market of Hebbal, the project has the scope of development of 3.4 million sq. ft. of commercial office spaces. Tech Park-1 (Phase 1) office space, having an area of 1.2 million sq. ft., is completed. The offices with unmatched connectivity and well-designed spaces are set to become the most favoured address for many technology companies.

4. L&T Innovation Campus, Chennai

The 6.5 million sq. ft. L&T Innovation Campus, a mixed-use development sprawled over 40-acre located at Manapakkam, Chennai (IT Hub). Phase 1 comprises two towers, 'Ananda I' and 'Ananda II', with a built-up area of 1.7 million sq. ft., which was recently launched in March 2024. It brings together a world-class innovation business/IT hub and an eclectic mix of leisure and lifestyle amenities, with a lush central parkland at its core. The development offers the convenience of Walk to Work.



Seawoods Grand Central, Navi Mumbai, Maharashtra

5. Other Commercial Developments

Other commercial developments of L&T Realty include those in Faridabad, which is the only LEED gold-rated building in the entire Faridabad region, serving several multinational marquee clients. The other is in Mahape, Navi Mumbai, which, besides being LEED gold-certified, offers a range of premium amenities. Another development is the upcoming state-of-the-art office space in Whitefield – the entertainment hub of Bengaluru.

New Growth Opportunities

Residential

L&T Realty and Housing Development Finance Corporation's (HDFC) real estate arm, HDFC Capital Advisors, will be entering into an agreement to set up a residential development and investment platform. The joint platform shall be structured as an Alternative Investment Fund (AIF) and will invest in mid-market residential projects. Both L&T Realty and HDFC Capital Advisors will make sponsorship investments into this platform, and L&T Realty will be responsible for the execution of the projects.

Commercial

L&T Realty and the Singapore-listed CapitaLand India Trust Management Pvt. Ltd., trustee-manager of CapitaLand India Trust (CLINT), have entered into a non-binding agreement for a commercial platform to develop ~6 million sq. ft. of prime office spaces across Bengaluru, Chennai, and Mumbai.

Under this platform, L&T will build and develop office spaces, while CLINT will market the office spaces. CLINT will gradually acquire the ownership of these properties in a phased manner from FY 2024-25 onwards.

Business Environment

The business environment continues to remain robust as residential sales surged across the top 7 cities by 30%+ in 2023 despite the rise in both interest rates and housing prices. Affluent housing (Premium and Luxury properties priced above ₹ 4 crore) has grown 75% in 2023 over the previous year. The shift was also witnessed towards Tier 2 cities, which was not only spurred by aspirational living but also due to infrastructure upgradation and seamless connectivity, indicating fundamental swings that will navigate the sector towards new horizons.

Industry reports indicate that a total of 59.6 million sq. ft. was transacted across the leading eight markets in the country, constituting a 15% y-o-y growth in the year 2023. Further, the office market witnessed 42.9 million sq. ft. of new office space additions in 2023.

Office leasing volumes were marginally lower than the all-time high of 60.6 million sq. ft. achieved in 2019. Bengaluru was the leader in the leasing market with a volume of 12 million sq. ft.+ in 2023, followed by Chennai and NCR as the top three markets. Similarly, Chennai also recorded strong growth during the year. Further, the vacancy levels decreased by 94 basis points over last year to 16% in 2023.



Raintree Boulevard, Bengaluru, Karnataka

Back-to-office policies of corporates and demand for Global Capability Centres (GCC) are expected to keep the momentum intact. This year's improved investor and developer sentiments have made the commercial and retail real estate categories more vibrant. The increasing number of Real Estate Investment Trusts (REITs) is an encouraging sign, further facilitating faster recycling of capital in an otherwise capital-intensive sector.

Major Achievements

- ▣ Launched three new residential projects: The Gateway (Sewri), Island Cove (Mahim), and Avinya Enclave (Chennai Innovation Campus)
- ▣ Inauguration of Phase 1 comprising two towers, 'Ananda I' and 'Ananda II' in Chennai Innovation Campus
- ▣ Hand over of Residential spaces:
 - Around 0.88 million sq. ft. in Seawoods, Navi Mumbai
 - Approx 0.55 million sq. ft. in Raintree Boulevard, Bengaluru
- ▣ Leasing and Sale of Commercial Office spaces:
 - Leased Tech Park 1 at Bengaluru with an area of 1.13 million sq. ft.
 - In Seawoods, a commercial tower with an area of 1.02 million sq. ft. sold in March 2024

Outlook

Strong sales momentum witnessed in FY 2023-24 is likely to be sustained during FY 2024-25 as well. Residential inventories are low, and mortgages have remained flat. Going forward, interest rate cuts will further add tailwinds to the momentum.

Despite price hikes, affordability is improving across markets as income growth outstrips price changes. A fear of increased rates in future is tempting home buyers to lock in the price today. Further, changing demographics, viz. rapid urbanisation, family nuclearisation, rising income levels, and renewed need for home ownership, are expected to drive growth in residential real estate.

Homebuyers' preferences for bigger homes, large-gated communities, better amenities, and attractive pricing will sustain the demand for premium housing.

The reintroduction of back-to-office and redundancy of remote working have positively affected the residential real estate industry widely. Also, many corporates and offices that adopted the remote working model earlier will now be required to expand their employee accommodation base, leading to a surge in property demand.

India's commercial real estate is set for strong growth, driven by robust macroeconomic fundamentals, domestic consumption resilience, and cost-effective business operations that attract corporate offices. The emerging markets viz. Data Centers, Industrial Parks, and Flex Spaces (a hybrid of industrial and office spaces) are gaining traction and are likely to witness rapid growth.

Environment, Sustainability, and Governance are the key variables for achieving success in the Indian real estate industry. Transparency and stakeholder interaction are becoming increasingly important. Such growing awareness places developers like L&T Realty in a strong position.



GD 705 Motor Grader

Construction Equipment & Others

Overview

The Construction Equipment & Others (CE&O) business includes the manufacture and marketing of construction and mining equipment and equipment for the tyre manufacturing industry, broadly segregated into Construction & Mining Machinery (CMM) and Rubber Processing Machinery (RPM). CMM further comprises the Construction & Mining Equipment business unit (CMB) within L&T and L&T Construction Equipment Limited (LTCEL), a wholly owned subsidiary of L&T.

The CMM division is engaged in the business of distribution and after-sales support for hydraulic excavators and dump trucks manufactured by Komatsu India Private Limited (KIPL) and other mining and construction equipment manufactured by Komatsu worldwide. It also handles the distribution and after-sales support for a range of construction equipment, including wheel loaders, vibratory compactors, and hydraulic excavators manufactured by LTCEL. In addition, the business handles distribution and after-sales support for other mining equipment, viz., surface miners, sand plants, crushing solutions, and apron feeders manufactured by L&T's Minerals & Metals business in Odisha.

LTCEL, located in Doddaballapura, near Bengaluru, Karnataka, manufactures vibratory compactors, wheel loaders, hydraulic excavators, asphalt paver finishers, pneumatic tyred rollers, skid steer loaders, hydraulic power packs, cylinders, pumps, motors, and other components.

The RPM business, located in Kancheepuram near Chennai, is engaged in building rubber processing machines and tyre automation systems for the global tyre industry and has supplied equipment to various tyre majors in over 46 countries across the globe. The division also supports certain customers in the tyre industry with 'build to print' products and customised machinery as well.

The Product Development Centre (PDC), based in Coimbatore, with its highly skilled design team, renders engineering and product development support for CMM and RPM businesses.

Business Environment

Construction & Mining Machinery Business (CMM)

The investment in the construction and mining sectors is one of the key demand drivers of the CMM business.

In FY 2023-24, the Government's continued thrust on infrastructure building was evident from higher budgetary allocations for highway construction. However, due to factors such as state elections, erratic monsoons, and floods in parts of Northeast India, the road construction industry witnessed subdued activity during the year.



PC 2000 Hydraulic Excavator and HD 785 Dump Truck

In the mining sector, coal and iron ore production registered a growth of 11% and 7% respectively over the previous year. In the cement sector, the installed capacity increased from 590 MT to 620 MT, with overall production moving higher to 435 MT in FY 2023-24.

The market demand for wheel loaders and vibratory compactors grew by 3% and 33% respectively whereas the demand for premium excavators dropped by 3% in FY 2023-24.

The business team created awareness amongst its customers and helped them evaluate equipment with regard to benefits of overall life cycle costs. This aided in warding off stiff competition from cheaper mining equipment manufacturers, especially in the dump truck, tipper, and wheel loader segments.

Rubber Processing Machinery Business (RPM)

The demand for tyre-making machinery is directly correlated to the growth momentum in the automobile, agriculture, and mining sectors.

The global automotive industry has been weighed down by slow consumer spending, high interest rates, and supply chain disruption. Technological shifts, changes in consumer behaviour, and disruptions in the global supply chain have prompted many automobile manufacturers to use innovation and technology to meet these emerging challenges.

The Indian automobile industry has an enormous demand potential, supported by a large consumer base. Further, India is on track to become the largest EV market by 2030, with a total investment opportunity of more than USD 200 billion over the next ten years.

Government measures such as imposing anti-dumping and countervailing duties, as well as promoting domestic manufacturing, have substantially reduced tyre imports from Southeast Asia and China. On the flip side, the increasing cost of raw materials is impacting profit margin, while dependence on imports for certain raw materials continues.

As per the ATMA (Automotive Tyre Manufacturer's Association) report, the domestic tyre industry has made investments of over ₹ 35,000 crore in the last three years, aided by improved efficiency via debottlenecking and fresh capacity creation.

Major Achievements

Construction & Mining Machinery Business (CMM)

- ▣ Received the largest order from the Aditya Birla Group in the cement space for the supply of equipment along with a parts maintenance contract for ten years
- ▣ Supplied 7000th PC 130 excavator and 11000th PC 210 excavator from Komatsu India Private Ltd (KIPL)
- ▣ Reached the milestone of completing 25 years of partnering with KIPL



Off The Road Mechanical Tyre Curing Press



Truck Bus Hydraulic Tyre Curing Press

- ▣ Supply of 1000th apron feeder during the year
- ▣ The largest limestone crusher, 2000 TPH, was commissioned at JK Cement, Panna
- ▣ Received the Best Service Partner of the Year award from Tata Steel

Rubber Processing Machinery Business (RPM)

- ▣ Developed and exported the biggest Off The Road (OTR) Hydro Mechanical Tyre Curing Press (HMTCP) to Continental Tyres, Portugal
- ▣ Developed and supplied tyre Building Machines to Yokohama, India
- ▣ Successfully commissioned the first-ever Hydraulic Tyre Curing Press for Bridgestone, USA

Product Development Centre (PDC)

- ▣ The PDC, along with LTCEL, designed and developed a solar-powered mobile cart (solar E-cart), which is environmentally friendly uses an alternate power source
- ▣ PDC, along with LTCEL, designed and developed Cam Injection Car for the Mumbai–Ahmedabad High-Speed Rail project
- ▣ Developed and rolled out prototype of wheel loader, vibratory compactor, excavator, pneumatic tyre roller, and skid steer loader as required under the new CEV-V emission norms

Significant Initiatives

Construction & Mining Machinery Business (CMM)

- ▣ Launch of new variants of Komatsu excavators PC81 and PC136
- ▣ Introduction of a long-term Machine Care Programme (MCP) of 5 years/12,500 hours for various Komatsu excavator models
- ▣ Launch of new Komatsu 3-ton excavator PC35MR 3T and entry into mini excavator segment
- ▣ Collaborated with Komatsu India to increase localisation content to a minimum of 50% in their 60T dump trucks
- ▣ Introduction of equipment performance system in mining equipment to help customers monitor their entire fleet performance on a daily basis

Rubber Processing Machinery Business (RPM)

- ▣ Formation of Manufacturing Engineering & Systems (MES) to achieve uniform processes/practices on the shop floor and enhance safe working conditions
- ▣ Model Vendor concept, which ensures the process improvements through structured training programmes on planning, procurement, quality, inventory, tooling, safety, etc., is being extended to vendors



Single Stage Tyre Building Machine

Outlook

Construction & Mining Machinery Business (CMM)

With the Government's continued thrust on investments in infrastructure, the construction activity is expected to pick up pace during the coming year and the construction equipment market is expected to grow by 6%. The development of roads, railways, ports, metro rail projects, airports, irrigation infrastructure, etc., is expected to drive demand in the cement and metal sectors, which, in turn, will create sustained demand for excavators, dump trucks, dozers, and other road construction and mining equipment. The business plans to strengthen its position in the premium segment by increasing its focus on large contractors, large irrigation projects, and coal OB (overburden) removal contractors.

In the Parts and Services segment, the business plans to capture a higher market share by providing long-term service contracts to its customers. Further, various sales promotion activities are being organised to improve the sale of parts.

Rubber Processing Machinery Business (RPM)

The global tyre demand is likely to be robust, and tyre companies are poised for investments in selected segments.

New raw materials and design technologies will enable tyre makers to increase revenue despite challenging market conditions. According to Smithers' 'The Future of Global Tyres to 2028', the tyre market is expected to record a CAGR growth of 5.2% over the next five years to reach USD 337 billion in 2028.

For India, ICRA has forecasted a CAGR growth of 6-9% across automotive segments over the medium to long-term. Supporting underlying factors such as rising per capita income, moderate interest rates, favourable policy environment, and improving infrastructure are factors expected to aid demand.

The business has a great advantage as compared to the European competitors due to its wide product range across all segments and also being a market leader in machinery for the Off-The-Road, Agriculture, and Mining sectors. In addition, the wide acceptance of new-generation Hydraulic Curing Presses by the global tyre majors has further strengthened the business position with a continued focus on maintenance contracts, value-added programming services, and upgradation kits as per customer requirements.



Special Projects Cell at L&T Valves Kancheepuram, Tamil Nadu

L&T Valves Limited

Overview

L&T Valves (LTVL), a wholly-owned subsidiary of L&T, is a leader in flow control solutions with a global customer base. The business leverages sixty-plus years of manufacturing excellence to serve key sectors such as oil & gas, defence, nuclear & aerospace, power, petrochemicals, chemicals, water, and pharmaceuticals across the globe. LTVL manufactures a wide range of products such as Gate, Globe, Check, Ball, Butterfly, Double Block Bleed Valves, and automation solutions. The portfolio includes products monogrammed API600, API594, API6D, API609 & API603, valves with CE, ATEX, and Safety integrity level (SIL) certifications, as well as IoT-ready digital solutions. With a large installed base across countries, L&T Valves also runs a global aftermarket business to support its customers in valve repair and rectification services, onsite training, project management consulting, and maintenance contracts.

The business has a global manufacturing presence with a state-of-the-art facility in Kancheepuram (Tamil Nadu, India) and two facilities set up in the USA and Saudi Arabia through its wholly-owned subsidiaries. In addition, the business has its own internal engineering department and a research and development centre staffed with a technically empowered team. LTVL's products demonstrate safety, reliability, and quality for diverse industries.

Business Environment

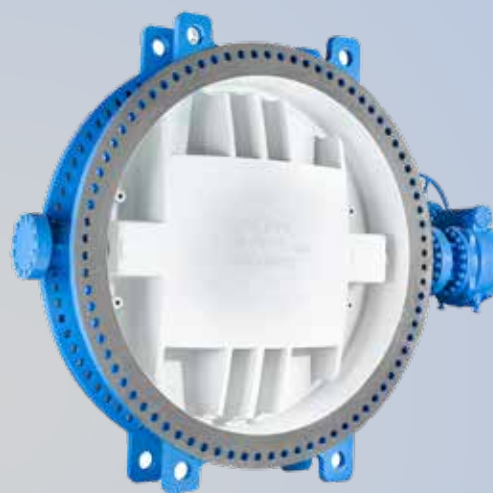
Investments continued in the oil and gas sector in the International and Indian markets, which led to higher demand for valves. This demand growth was mainly driven by rising global energy consumption and geopolitical tensions, leading to higher spending in oil & gas exploration and production activities. The shift towards cleaner energy sources like Liquefied Natural Gas (LNG) created additional demand for valves used in its transportation, storage, and regasification. The rapidly evolving Green Hydrogen market aids the demand for specialised valves.

During the financial year, the business witnessed challenges in terms of the Red Sea shipping crisis, which has disrupted global trade and supply chains. Stringent environmental and safety regulations also posed challenges for the manufacturers in meeting compliance standards.

The market for industrial valves is characterised by significant fragmentation. With an increased focus by customers on faster deliveries and lower costs, the market environment is highly competitive. However, given the geographical spread of its demand base, channel and product expansion strategies, the company has established a good reputation amongst its peers.



Large-size Triple-offset Butterfly Valve supplied to a greenfield refinery project



One of the 40 large-size valves installed at a major lift irrigation system

Outlook

The business is closely monitoring key demand indicators such as crude oil prices, capacity additions across industries, client leverage and liquidity, project CapEx spending, GDP trends, and environmental regulations in the relevant geographies.

The global valve industry in oil & gas and petrochemicals faces a dynamic future shaped by a mix of challenges. These include the introduction of the Inflation Reduction Act (IRA) by the US government, 'Panchamrit' by the Indian government to increase the non-fossil fuel capacity, and targets undertaken by various other countries towards Net Zero emission, impact investments in exploration and production, and oil prices, leading to demand volatility for valves. The oil & gas sector is responding to these regulations by way of enhanced investments in LNG and Carbon Capture and Storage (CCS). While renewable energy is key, it might not be able to completely replace fossil fuels in every sector in the medium-term.

Green Hydrogen generation emerges as a viable alternative to reduce emissions where significant investments are currently being made. The Green Hydrogen revolution presents exciting opportunities for the valve industry.

In the Indian market, the business outlook is positive for petrochemicals, water treatment, speciality chemicals, iron & steel plants, and power sectors, in which major investments are expected.

Within the given business environment, the targeted market share gains through a diverse portfolio of products and industries, initiatives focussing on geographical expansion, supply chain resilience, digitisation, operational excellence, and a strengthened aftermarket team. These would help the business build a strong order book whilst delivering higher customer satisfaction in the years to come.

INFORMATION TECHNOLOGY

Empowering Growth Through Technology Innovation

At L&T, the Information Technology (IT) function has made strategic investments in information technology and infrastructural improvements throughout the year, reflecting the Company's dedication to operational excellence and preparedness for the future. In FY 2023-24, the IT function played a critical role in supporting the organisation's strategic goals. The focus was on the following key areas:

1. Modernisation & Efficiency and Enabling User Productivity:

Systems were rolled out to empower employees with the tools they need to be more productive and collaborative, leading to streamlined operations and improved benefits for internal stakeholders. The Company has just launched an advanced Integrated Logistics Management System, which offers a unified view of the logistics landscape across the entire L&T group. This unique approach fosters transparency and paves the way for improved decision-making capabilities. Multiple business processes have been enhanced to take a leap forward by incorporating Robotics Process Automation (RPA), effectively automating the Company's backend financial operations, consequently resulting in reduced manual intervention, increased processing speed, and minimising errors.

2. Embracing Cutting-Edge Technology for Business Benefits:

Marking a first step towards embracing generative AI, the L&T IT team has successfully worked on building a native Enterprise GPT Platform. This platform has been working towards revolutionising the way our business units interact with vast amounts of data and has unlocked new potential in knowledge generation besides facilitating decision-making processes.

3. Marching on Digital Enablement Journey:

The digital landscape continues to evolve at an accelerated pace, marked by rapid advancements in technologies and a shifting regulatory environment. The Information Technology (IT) team at the Company has remained vigilant and responsive to these changes,

ensuring that the Company is not only aligned with industry standards but also driving innovation. 50+ Digital solutions in multiple domains are implemented across the Company and deliver positive outcomes.

4. Compliance and Governance:

To augment the Company's compliance posture, a comprehensive Compliance Portal was launched, which in addition to serving as a central repository for regulatory documents, also acts as a hub for tracking and streamlining compliance management in the vast regulatory landscape. A portal has been developed to automate the internal disclosure process, ensuring timely and accurate public dissemination of information to ensure compliance with the comprehensive disclosure requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5. Enhanced Cyber Vigilance:

The Company implemented multiple solutions to enhance cyber security and created online training programmes to increase user awareness since it is the employees who are the first layer of defence against cyber-attacks. The journey towards creating a cyber-safe organisation where businesses can operate with confidence is progressing well.

Outlook and Investments

At L&T, IT is poised to continue its trajectory of growth and innovation, with a sharp focus on the following areas:

- ▣ Periodic enhancements to its own Generative AI Platform over time, besides advancing its capabilities to keep up with the enhanced demands of artificial intelligence in business
- ▣ With Environmental, Social, and Governance (ESG) considerations becoming central to business strategy, a central ESG Platform will be developed that will align with stakeholders' expectations and forthcoming regulations

These endeavours of the Company in the domains of AI, logistics, compliance, and security are emblematic of digital innovation and strategic foresight. The Company will continue to reinforce its industry-leading position across businesses, besides ensuring that the IT function remains at the vanguard of technological advancements and continues to deliver exceptional value to all its stakeholders.

HUMAN RESOURCES

L&T's commitment to fostering a culture of innovation, inclusion, and talent development shines through its comprehensive array of initiatives. The Company takes pride in having a multi-generational workforce drawn from diverse ethnic and cultural backgrounds, who contribute to a vibrant and dynamic work environment. By fostering a fair, performance-driven, and collaborative culture, the Company ensures that every employee feels valued and empowered to contribute their best. By nurturing a pipeline of talent that reflects this diversity and is equipped with the necessary skills and competencies, the Company has positioned itself to meet the evolving needs of its businesses.

Learning & Development Initiatives

The unveiling of 'The People Leadership Excellence Framework' in FY 2023-24 marks a significant milestone in the Company's journey towards reinforcing a culture of performance and excellence. This strategic framework, built upon thorough diagnostics and extensive data collection, reflects the commitment to promoting growth and enhancing efficiency through effective leadership. By identifying five key dimensions of People Leadership—Personal Excellence, Relationship Excellence, Performance Excellence, Developmental Excellence, and Leadership Excellence—the Company has created a blueprint for cultivating leadership capabilities at all levels of the organisation. These dimensions encompass essential aspects such as promoting individual growth, fostering positive relationships, driving performance, nurturing talent development, and embodying exemplary leadership qualities. The Company continues to implement various initiatives to create a better employee experience, people leadership development, diversity, equity and inclusion (DEI), and an alternate talent model.

The Seven-Step Leadership Pipeline Programme is designed to cultivate leadership qualities at every stage of an individual's career journey within the organisation. Emerging leaders are mentored by senior leaders, thereby ensuring the continuity of leadership thought processes and value systems. The 'ASCENT Series' and 'People Leadership Programmes' delve deeper, offering competency development tailored to the complex challenges of leadership roles.

Launched in FY 2023-24, the Essentials of Project Planning & Control (EPPC 2.0) Programme is specifically designed to elevate the project execution capabilities of our engineers, aligning with our theme: 'Year of Project Controls'.

This programme consists of three independent modules, each focussing on key aspects of project planning, cost management, monitoring, and the practical application of tools such as Primavera/MSP. Since launch, we have had 4057 learners undergo different modules under the EPPC programme as of March 31, 2024.

L&T's innovative Any Time Learning (ATL) platform, now renamed ATLVarsity, revolutionises the way employees engage with professional development. With on-the-go learning as its USP, the platform boasts a wealth of easily accessible resources in the form of videos, e-books, and journals. Partnerships with vendors like Percipio, Coursera, and Harvard Manage Mentor enable the Company to present a wide array of certification courses, addressing the diverse upskilling needs of its workforce.

The AI/ML technology-based coaching programme at ATLVarsity provides a cutting-edge learning experience. To address role-specific needs, niche academies with blended learning have been created. Notable among these are the Academy of Digital Transformation, the Academy of ESG, the Academy of Quality Excellence, the Academy of Safety, and the newly introduced Academy of GenAI. In FY 2023-24, ATLVarsity witnessed an impressive milestone, with 5.2 lakh training hours logged by 38,500 L&T employees utilising digital learning modes.

L&T Business Excellence Model

During FY 2023-24, the Company launched the L&T Business Excellence Model (LTBEM). The development of LTBEM draws inspiration and adoption of the globally recognised framework, the EFQM (European Foundation for Quality Management), to suit the Company's unique organisational context. The launch of the LTBEM heralds a new era of organisational excellence, underlining the Company's commitment to continuous improvement and innovation.

With 89 active Certified Assessors, the objective is to strengthen the management systems, practices, and capabilities to enhance the competitiveness of ICs/ Businesses to become world-class in their own sectors.

Project NEEV

In a push to cultivate a high-performing work environment, the Company implemented Project NEEV (Nurture, Educate, and Empower to Create Value), which focusses on equipping leaders and managers with the skills to drive goal-setting and provide continuous feedback. Through workshops and training programmes, 500 leaders honed

their performance management techniques, resulting in an impressive 95% on-time employee goal completion rate this year. Furthermore, the 'People Leadership - Art & Science of Leading People in Organisation' programme empowered 75 managers to become internal catalysts and share their insights and techniques with their teams. Additionally, the 'Let's Talk' e-campaign promoted open communication through one-on-one conversations between managers and team members, with the 'Any Time Conversation' and 'Continuous Feedback' modules strengthening the continuous dialogue culture.

Diversity, Equity, and Inclusion (DEI) Initiatives and New Policies for Women

One key initiative established to promote the DEI culture was the establishment of a community of 36 DEI Champions tasked with driving DEI efforts across the organisation. These champions play a crucial role in fostering awareness, understanding, and action around DEI-related issues within their respective business units. The launch of the DEI Academy on the digital learning platform provides access to training modules & certification opportunities. Today, there are over 100 employees certified as DEI allies. In addition, the first-ever virtual DEI Showcase has been an active enabler in spreading the DEI initiatives to more than 17,000 employees.

By handpicking 495 women employees to undergo the WINSPIRE series of Leadership Development Programmes over the last 2.5 years, the Company has demonstrated its dedication to nurturing talent and promoting gender equality. The effectiveness of these programmes, coupled with strategic hiring efforts, has resulted in a record Gender Diversity rate of 8.1% in the FY 2023-24. The remarkable 142% rise in participation rates in the WINSPIRE series of programmes in FY 2023-24 underscores the growing interest and engagement among women employees in leadership development opportunities.

L&T's initiatives to support working mothers and create an enabling work environment demonstrate a commitment to fostering work-life balance and inclusivity within the organisation. By introducing maternity leave policies for adoption and surrogacy, as well as providing additional leave for mothers of twins, the Company acknowledges the diverse circumstances and needs of its employees during the transition to parenthood. The option for women to work from home or adopt a hybrid roster post-pregnancy for up to six months reflects an understanding of the importance of flexibility in accommodating the evolving needs of working mothers. The flexibility in work arrangements, travel allowances, creche facility and allowance, further enhance the support system for women employees.

The DEI Awards Ceremony was organised for the first time to recognise the efforts of businesses to support and promote a diverse and inclusive work culture.

The introduction of the Allyship Awards provided a platform for 1,600+ women employees to recognise their Allies at work.

Employee Engagement

L&T Radio serves as a valuable tool for keeping employees connected and informed, with over 90 podcasts providing a platform for communication, updates, and knowledge sharing. Initiatives like Appreciation Week further contribute to a culture of recognition and gratitude, with 8,000 messages exchanged on the Hi5 Wall Page across 6 locations, fostering a sense of appreciation and camaraderie among employees. Annual health check-ups and financial planning address physical and financial aspects of well-being. Fun and frolic through regular contests add a competitive element to the workplace.

The HR conclave this year, based on the theme 'HR Transformation - Navigating the Future,' provided powerful insights from both external & internal speakers.

Young Professional Talent Acquisition

The Company remains committed to nurturing talent through its Young Professional Talent Acquisition. In FY 2023-24, we stayed anchored to our core philosophy of 'Growing our own Timber,' by attracting, recruiting, and onboarding over 2600 young engineering professionals in the GET (Graduate Engineer Trainee) and PGET (Post-Graduate Engineer Trainee) categories across various Business Verticals, of which 30% have been women. In addition, we have also onboarded more than 1600 young professionals comprising MBA Graduates, Chartered Accountants, Cost Accountants, Diploma Engineers, and other trainees.

At L&T, we nurture candidate engagement through our programme GRACE (Get Ready for an Awesome Career in Engineering), which encompasses pre-joining initiatives such as radio podcasts, gamified content on our business achievements, with leader boards, quizzes, webinars, micro-learning platforms, and competitions. These efforts not only prepare candidates for their careers at L&T but also foster a sense of community and excitement among our future employees.

Employer Branding & Accolades

Our impressive social media followership on LinkedIn, reaching 4 million in FY 2023-24, highlights our strong presence and influence in the digital sphere.

Besides our continued efforts in employer branding on social media, we have reinforced our position as an employer of choice by participating in various industry forums and awards. This year's accomplishments include re-certification by 'Great Place to Work®', recognition as the Company with Great Managers Award for the third consecutive time, CII HR Excellence Award, Golden Peacock Awards 2023, ET HR Awards 2023, and prestigious international awards such as Brandon Hall HCM Excellence Awards and Gold Stevie Best Employer 2023.

AWARDS AND ACCOLADES



CII National Award for 'Excellence in Water Management' in the 'Beyond the Fence' category



'Great Place to Work®' Certified

During the year, multiple projects across multiple businesses received awards for Environment, Health and Safety from RoSPA (The Royal Society for the Prevention of Accidents), the British Safety Council, the National Safety Council of India (NSCI), and many other reputed organisations.

L&T's businesses have also won many awards and accolades. Some noteworthy awards and accolades are mentioned below:

Corporate

- ▣ Ranked 3rd, for the second year in a row, in the global 'Top 200 Environmental Firms' 2023 list by Engineering News-Record (ENR), New York – L&T was the only Indian firm to feature in this list
- ▣ Received the CII National Award for 'Excellence in Water Management' in 2023 in the 'Beyond the Fence' category for integrated community development CSR programme
- ▣ Certified 'Great Place to Work®' in FY 2023-24
- ▣ Received Gold in 'Best Advance Leadership Development for Women' and Bronze in 'Best Advance in Creating Learning Strategy' from the Brandon Hall Group
- ▣ Received the 'ATD BEST Award 2024' in Talent Development
- ▣ Recognised in Forbes' list of 'World's Best Employers 2023'
- ▣ Featured as one of 'India's Leading Listed ESG Entities 2024' in Dun & Bradstreet's 'ESG Champions of India 2024'
- ▣ Ranked No. 1 in the 'Capital Goods Sector' and No. 17 in the 'Top 50 Most Sustainable Companies' in India by Business World

Transportation Infrastructure

- ▣ Mumbai-Ahmedabad High-Speed Rail (Package C6) - MAHSR C6 received the International HSE Award-2023 from the World Safety Forum - UK
- ▣ Mumbai-Ahmedabad High-Speed Rail (Package C6) - MAHSR C6 received the Green Feather Award from Green Maple Foundation
- ▣ Meerut Aligarh Ghaziabad Road Project received the Global Sustainability Award 2023 from the Environment and Energy Foundation, India

Heavy Civil Infrastructure

- ▣ Two projects were recognised at the Excellence in Bridge Engineering Awards: The Durgam Cheruvu Bridge was declared winner for the 'Innovation in Bridge Engineering' category, and the Mandovi River bridge was declared runner-up for 'Best Special Bridge (Cable supported)' category
- ▣ The business was bestowed with the Gold Prize of the 1st FICCI Awards for Excellence in Plant Maintenance Systems – the only company in the construction sector to be awarded this recognition
- ▣ The business was honoured with the prestigious CII AI Award 2023, recognising Outstanding Achievement in the 'Best Use of AI Technology/Products/Solution' category in EHS management



EPC Company of the Year at FIPI Awards 2023



10th edition of Global EPC Company of the Year by EPC World

Hydrocarbon

- ▣ 10th edition of Global EPC Company of the Year by EPC World
- ▣ EPC Company of the Year at FIPI Awards 2023
- ▣ '21st Annual National Greentech Safety Award 2023' under the category 'Safety Excellence'

Power

- ▣ Boiler Manufacturing received NSCI Suraksha Puraskar for NUPPL 3x660 MW Ghatampur TPP
- ▣ Boiler Manufacturing received Gold in the construction sector at the 10th FICCI Awards for Excellence in Safety Systems

Construction Equipment

- ▣ Won Gold Award from IRIM in the India Green Manufacturing Challenges - 2023 Assessment and won Diamond Trophy for Sustainable Business Growth enabled through Green Manufacturing
- ▣ Received special recognition in Diversity, Equity and Inclusion (DEI) Awards (Induct Category) for the 'All-Women Panel shop' for manufacturing Electrical Panels in-house on March 8, 2024

Hyderabad Metro

- ▣ UITP (International Association of Public Transportation) – Special Recognition in Elevating Multimodal Transit Experience in Hyderabad for 2023



Ranked No. 1 in the 'Capital Goods Sector' and No. 17 in the 'Top 50 Most Sustainable Companies' in India by Business World



SAP Ace Award



LTIMindtree team with the Golden Peacock Award for Sustainability in 2023

Nabha Power

- ▣ Twin awards from The Council of Enviro Excellence:
 - Winner of the 'Best Performing Unit' under the category IPP Coal above 500 MW
 - Winner of 'National Environment Excellence Awards 2023' for excellence in utilisation of fly ash
- ▣ Multiple Awards from CII:
 - Best Innovation in Energy Efficiency Award by CII for 'Energy Saving by Innovation and Process Optimisation for CW & ACW System'
 - 1st runner-up in Best Energy Efficient Case Study for the 'RAPH Basket Replacement' project
- ▣ Received the 'Certificate of Merit' for achievements in Energy Conservation in the TPP Sector for the year 2023 during the 'National Energy Conservation Awards' organised by the Bureau of Energy Efficiency (BEE), Ministry of Power (MoP), Government of India

LTIMindtree

- ▣ Won 'Golden Peacock Award for Sustainability' in 2023
- ▣ Received Top Honors for 'Sustainable Reporting Practices' at the ICAI Sustainability Reporting Awards 2023 – honoured 'Silver' award in Sustainability Reporting under the Sustainability Reporting Leadership (Service Sector) category and special recognition for Gender Equality
- ▣ Awarded the 'Best Supply Chain Solution in APAC' at Triple A Asset Awards under the Supply Chain Solutions E-Commerce - Media - Technology category
- ▣ Recognised as the 'Fastest Growing Indian IT brand in 2023' by Brand Finance



Received Top Honors for 'Sustainable Reporting Practices' at the ICAI Sustainability Reporting Awards 2023

INTEGRATED REPORT

**Sustainability
Vision**

**For a
Better
World!**

L&T shall pursue eco-friendly growth, promoting a culture of sustainability and innovation, and thereby contribute towards a better world.



About the Report

The Company has been making concerted efforts towards achieving resource efficiency, decarbonising its businesses and sharpened its focus on improving performance across Environmental, Social and Governance (ESG) parameters. This Integrated Report includes the financial and non-financial performance of L&T Limited (Standalone entity) and is aligned to the principles developed by the International Integrated Reporting Council. The Report expands the target audience from the primary provider of financial capital to include employees, customers, suppliers, local communities, regulators, and policy-makers.



NATURAL CAPITAL

► Pg. 152



MANUFACTURED CAPITAL

► Pg. 174



HUMAN CAPITAL

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INTELLECTUAL CAPITAL

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SOCIAL AND RELATIONSHIP CAPITAL

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FINANCIAL CAPITAL

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VALUE CREATION PROCESS

STRATEGY

VISION AND VALUES



MATERIAL TOPICS

STAKEHOLDER ENGAGEMENT

GOVERNANCE: POLICIES, PROCESSES, RISK MANAGEMENT

VALUE

VALUE CREATION
















VALUE CREATED



VALUE CREATION MODEL

Input

Business Processes and

 Natural Capital	<p>Water Consumption: 12.9 Mn kL Energy from Non-renewable Sources: 10.3 Mn GJ Energy from Renewable Sources: 0.19 Mn GJ Spend on Environment¹: ₹ 369 Mn Material Consumed (Mn tonnes): - Cement: 4.4 - Sand: 7.4 - Ferrous: 2.3</p>	VALUE ENGINEERING	L&T BUSINESS EXCELLENCE MODEL  Residential Spaces
 Manufactured Capital	<p>Active Project Sites: 716 Manufacturing Facilities: 18</p> 		 Mass Transit and Railways  Data Centers
 Human Capital	<p>Employees: 59,344 Workmen: 3,48,094 Women covered in Leadership Journey Programmes: 495</p>	LEAN OPERATIONS	 Hydro Power Plants
 Intellectual Capital	<p>R&D Spend (cumulative of 3 years): ₹ 3,905 Mn Patents Filed: 13 R&D Engineers and Scientists: 321 Active Collaborations and Partnerships²: 21</p>	INTEGRATED ENGINEERING	 Water Treatment Plants
 Social & Relationship Capital	<p>CSR Spend: ₹ 1.5 Bn CSR Partners: 61 Memberships of Industry Chambers: 75</p>		 Oil & Gas Facilities
 Financial Capital	<p>Order Book: ₹ 3,713.8 Bn Net Current Assets: ₹ 254.6 Bn Net Fixed Assets: ₹ 124.6 Bn</p>		 Process Plant Equipment

¹ Spend on environmental management: pollution control, environmental monitoring, waste management, wastewater treatment cost, etc.

² Partnerships with universities, educational and research institutes, start-ups.

³ Also includes Green Building (14.8 Mn sq. ft.).

⁴ Mobility Infra created includes Roads (809 lane km), Electrification (3,432 track km), Track construction (710 track km) and Mass Transit-viaducts (86 km).

⁵ Also includes Irrigation Capacity (0.87 lakh ha) and Water Pipelines (61,130 km).

Offerings

SPEED & SCALE



Commercial Spaces



Airports



Solar Power Plants



Nuclear Power Plants



Refining and Petchem Plants



Ferrous and Non-ferrous Plants



Launch Vehicles

DIGITALISATION

INNOVATION

GLOBAL SOURCING

Output

GHG Emissions: **0.99 Mn tCO₂e**
 GHG Emission Intensity: **7.8 tCO₂e/₹ Cr**
 Eco-Friendly and Recycled Material Used (tonnes):
 - Steel: **2,526**
 - Zinc: **71**
 - Crushed Sand: **4 Mn**

Building Infra Created³: **20.2 Mn sq. ft.**
 Mobility Infra Created⁴: **5,037**
 Bridges & Tunnels: **35 km**
 Power Infra Created:
 - Transmission Lines: **3,010 ckm**
 - Solar Power Capacity: **2,192 MWp**
 Water & Sanitation Infra Created⁵:
 - Water Storage Capacity: **228 Mn ltr**
 - Treatment Capacity: **2,239 MLD**
 Factory Output⁶: **3,75,452 tonnes**
 Green Business (Revenue): **₹ 63,426 Cr**

Revenue per Employee: **₹ 21.5 Mn**
 Attrition Rate: **10%**
 Average Training Days per Employee: **7.9**
 Accident-free Man Hours: **1,262 Mn**

Patents Granted: **19**
 Value Engineering Projects⁷: **296**
 Revenue from Emerging Businesses⁸:
₹ 1,27,018 Mn

CSR Beneficiaries: **1.6 Mn**
 Contribution to Exchequer: **₹ 89.7 Bn**
 Complaints Received⁹: **653**
 Complaints Resolved⁹: **597**

Turnover: **₹ 1,262.4 Bn**
 PBIT: **₹ 132.7 Bn**
 Dividend Payout: **₹ 46.9 Bn**
 Return on Net Worth: **13.7%**

SDG Linkage



⁶ Total production for businesses: Buildings & Factories, Power Transmission & Distribution, Minerals & Metals, Heavy Engineering, Precision Engineering & Systems, L&T Energy-Hydrocarbon.

⁷ Initiatives for improving processes, products and services to reduce cost, improve project delivery and increase customer satisfaction.

⁸ Revenue in FY 2023-24 from businesses started in the preceding three financial years.

⁹ Across all stakeholders, for breakup refer to Section A in Business Responsibility and Sustainability Reporting (BRSR).

STAKEHOLDER ENGAGEMENT

L&T's businesses are primarily EPC projects (Engineering, Procurement, Construction) and Hi-Tech Manufacturing. Aligned with the activities of the businesses, the Company has identified the following key stakeholders and channels of communication:



Government

Governments (sovereign, sub-national, local) and related entities (public sector enterprises) are the largest clients of the Company, comprising ~78% of the total Order Book. They are the key determinants of policies (sectoral as well as cross-cutting), long and short-term plans for various sectors, and the country at large. The Government is the most crucial driver in policy development, which ultimately impacts the ease of doing business and shapes the business environment.

- ▣ Press releases
- ▣ Quarterly results
- ▣ Integrated Annual Report
- ▣ Stock Exchange filings
- ▣ Issue-specific meetings
- ▣ Representations

- ▣ As and when required
- ▣ Project Review Meetings

- ▣ Address concerns related to project execution
- ▣ Regulatory compliances and reporting requirements
- ▣ Seek support to enable on-time completion and delivery according to agreed parameters
- ▣ Working with the Government to develop/provide inputs for policies and legislations
- ▣ Advocating for relevant policy issues at the central and state level



Employees and Workforce

Human Capital is key to project management and execution for the Company. Around 59,000 employees and 3,50,000 workers across the Company's project sites, offices, manufacturing plants, and different locations are contributing towards sustained growth and performance. Hence, the management, development, and well-being of the workforce are vital for the Company to continue its value creation journey.

- ▣ Employee satisfaction and engagement surveys
- ▣ Circulars and messages from corporate and line management
- ▣ Welfare initiatives for employees and their families and Employee Assistance Programme (EAP)
- ▣ News bulletins to convey topical developments, print and online in-house magazines, and newsletters
- ▣ HEERA
- ▣ Various engagement platforms and events: Hi5, L&T Radio, Art Beats and so on

- ▣ As and when required

- ▣ Support the growth, learning, development and well-being of employees
- ▣ Transparent and timely communication of organisational updates
- ▣ Feedback on Company's policies and actions, and address concerns linked to them

Legend

▣ Channels of communication

▣ Frequency of Engagement

▣ Purpose and scope of engagement, including key topics and concerns raised during such engagement



Customers

Other key customers are private sector clients, which comprise ~22% of the total Order Book. While the Company actively seeks new clients, it also enjoys a long-term relationship with many of them. These lead to repeat business and also create the conditions encouraging development of new solutions and technologies.

- Website, L&T Infodesk, toll-free number
 - Meetings and interactions
 - Client satisfaction surveys and feedback
 - Grievance redressal
-
- As and when required, satisfaction surveys carried out biannually
-
- Transparent and timely communication to provide updates on the status of contracts/supplies
 - Address issues related to the delivery of agreed contracts
 - Partnerships for innovation



Supply Chain Partners

Businesses have a high dependence on supply chain partners for sourcing key input materials (commodities, fabricated items, sub-components, and other raw materials), logistics and services. At L&T, the supply chain is vast and complex, registered partners across and outside the country. These supply chain partners are assessed on a regular basis to enable performance-based tiering and aid in vendor development. The Company believes that supply chain partners play a crucial role in responsible sourcing, upholding quality and standards, adhering to human rights standards, and maintaining ethical business practices.

- Regular vendor and supplier meet
 - Grievance redressal mechanism
 - Contract related meetings
-
- As and when required for large suppliers, fortnightly for MSMEs
-
- Payment, vendor management platform related queries, deliveries, and technical discussions
 - MSME: Exchange of information, vendor deliverables and payment issues, and partner portal-related queries
 - Awareness sessions for supply chain partners and assessment of top 200 partners on ESG parameters

Legend

Channels of
communication

Frequency of
Engagement

Purpose and scope of engagement, including key
topics and concerns raised during such engagement



Shareholders and Investors

Shareholders and investors enable the Company's growth by providing the requisite financial resources as well as guiding the Company through their approval/disapproval of the Company's plans (through voting, voicing concerns, feedback). The Company actively engages with them to communicate its plans, design the way forward, as well as address their concerns.

- ▣ Website
 - ▣ Press releases
 - ▣ Dedicated email ID and toll-free number
 - ▣ Quarterly results
 - ▣ Integrated Annual Report (Integrated Report, BRSR, Financial disclosure)
 - ▣ Annual General Meeting (Shareholders' Interaction)
 - ▣ Investor presentation
 - ▣ Investor meets
 - ▣ Stock Exchange filings
-
- ▣ As and when required, quarterly investor meets
-
- ▣ Showcase sustained value creation through Company's performance
 - ▣ Seek feedback on Company's plans and strategy
 - ▣ Address concerns (if any) with respect to Company's policies and actions



Communities and NGO Partners

L&T strives to promote socio-economic development in the communities around its operations and other underserved regions. The approach involves need assessment, development, and execution and handover of projects to the local community in most cases. The Company prioritises supporting the vulnerable, underprivileged and marginalised sections of society to empower them and improve their standard of living.

- ▣ Direct engagement and/or through NGO partners implementing CSR projects
 - ▣ Grievance redressal
 - ▣ Need Assessments
 - ▣ Community visits
 - ▣ Meetings with community representatives
 - ▣ Impact Assessment Studies
-
- ▣ Quarterly meet with NGO Partners
-
- ▣ Facilitate in providing infrastructure, health, and education services and skill-building opportunities based on need assessment
 - ▣ Improving the quality of life of underprivileged and vulnerable communities

Legend

- ▣ Channels of communication
- ▣ Frequency of Engagement
- ▣ Purpose and scope of engagement, including key topics and concerns raised during such engagement



Regulatory Bodies

Various businesses fall under the purview of specific regulatory bodies, not only sectoral but also in some common areas, e.g., environment and labour. It is pertinent to understand the priorities and concerns of these agencies to enable the Company to ensure compliance with mandated levels.

- Briefings and direct meetings
 - Quarterly results
 - Integrated Annual Report
 - Through industry associations and business chambers
 - Multi-stakeholder forums
-
- As and when required
-
- Issue specific
 - Compliance with laws and regulation
 - Inputs on new policies and regulations



Media

Media is one of the important channels of communication for the Company's reputation capital (a sum of other people's perception), share price performance, brand and pricing power, plans, and policies. It helps engage with a larger audience and provides a critical link in the feedback loop on issues related to the Company and the Brand. This stakeholder group also plays an instrumental role in providing insights into the Company, business, and industry performance. Additionally, the Company engages with the media to share management's perspectives and encourage healthy discussions on various topics.

- Website
 - Press releases
 - Quarterly results
 - Integrated Annual Report (Integrated Report, BRSR, Financial disclosure)
 - Annual General Meeting
 - Media interactions
-
- Event-based
-
- Wider dissemination of plans, achievements and initiatives
 - Create awareness of the Company's businesses, offerings and initiatives
 - Enhance brand value
 - Engaging with media to increase awareness of sustainability issues and promote business practices



Legend

Channels of
communication

Frequency of
Engagement

Purpose and scope of engagement, including key
topics and concerns raised during such engagement

UNDERSTANDING MATERIALITY

The Company is committed to proactively identifying and responding to the concerns of stakeholders and its business to create long-term value for all. Materiality is one of the inputs to the Company's sustainability strategy, which enables prioritising

of the key focus areas. The Company has been constantly working on improving and delivering on ESG dimensions, identified through the findings of the materiality assessment conducted in FY 2022. The sensitivity of a topic to stakeholders and to the

Company, in terms of importance, forms the basis of a materiality assessment. It considers both the impact of the Company's activities on ESG dimensions and the way in which these dimensions can impact the Company.

Methodology

Reporting Frameworks

GRI, <IR> Framework, SASB Material topics, UN SDGs, BRSR, CDP

Peer Benchmarking

Indian and international companies

Internal Stakeholders' views

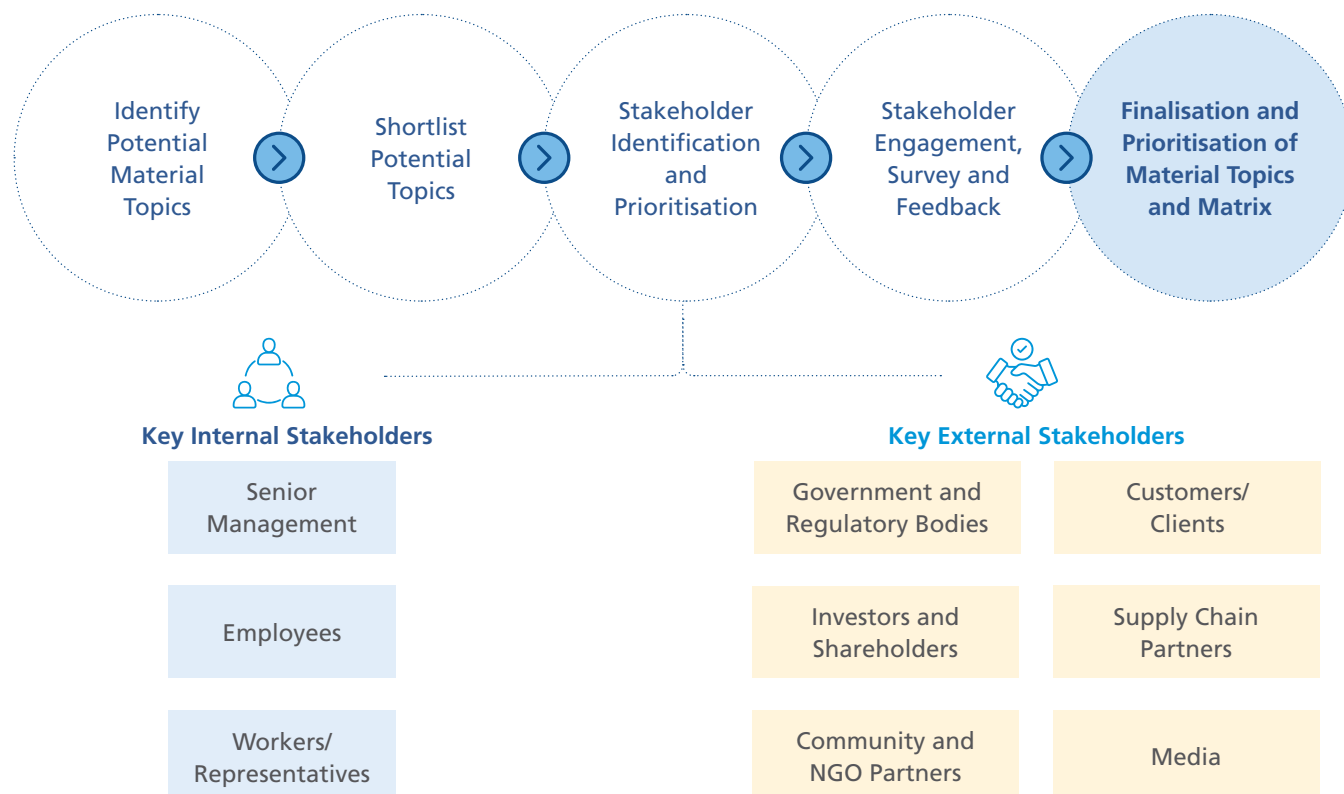
Surveys administered; inputs/ feedback received from senior management during the year

External Stakeholders' views

Surveys administered; concerns/ feedback received through periodic interactions







GRI: Global Reporting Initiative, SASB: Sustainability Accounting Standards Board, CDP: Carbon Disclosure Project

Assessment Process





Thirty-two potential material topics that directly or indirectly impacted the business were identified initially. Out of these, 14 material topics, which are more pertinent for short-term, medium-term, and long-term value creation from both internal and external stakeholders' perspectives, were finalised. During the year, these material topics, their relevance, and their progress are monitored and reviewed at various levels across the Company. The material topics are as follows (not ranked):

 Environment	 Social	 Economic	 Governance
Climate Action	Employee and Workforce Engagement, Well-Being, Health, and Safety	Customer Experience and Satisfaction	Business Ethics
Water, Waste, and Hazardous Materials Management	Human Rights and Labour Conditions	Quality of Products and Project Delivery	Brand Management
	Skilled Manpower		Data Security, Privacy, and Cyber Security
	Talent Management – Attraction, Retention, and Development		
	Diversity, Inclusion, and Equal Opportunity		
	Social Engagement and Impact		
 Sustainable Supply Chain 			

Overview of the Material Topics

The material topics, if addressed and strengthened, can become opportunities, and if not, can pose a risk. For certain material topics, the focus is more on the potential risk and the approach taken by the Company to ensure that the risk does not materialise.

Legend

Material topic identified

Description and rationale for identifying risk/opportunity

In case of risk, approach to adapt or mitigate


Natural Capital


Manufactured Capital


Human Capital


Intellectual Capital


Social and Relationship Capital


Financial Capital

Financial Implications

Positive

Negative

Both

Risk or Opportunity

Risk

Opportunity

Climate Action

Physical and transition risks related to Climate Change have the potential to cause challenges for the Company. Concerns are primarily related to GHG emissions reduction, decarbonising energy use, water sourcing security, natural materials sourcing, ambient operating conditions, and extreme weather events.


On the other side, initiatives being undertaken to address emission reduction and water use efficiency may have a direct impact on cost and improve overall productivity.

Climate risk management is integrated into the Company's Enterprise Risk Management. The Company has set ambitious targets for Carbon and Water Neutrality and devised a strategy to achieve them. Other areas are also being addressed through specific initiatives.

Refer to 'Natural Capital' for more details.

SO-III

SO-IV


Water, Waste, and Hazardous Materials Management

Encompasses increased resource efficiency, recycling and reuse of material and waste, and minimising resource consumption wherever feasible.

Waste generated from business operations, if not managed properly, can negatively impact the environment as well as communities around the work locations. The risk is higher in the case of hazardous materials and wastes.



However, in the past few years, the approach has been shifting as waste is being looked at from the perspective of generating value instead of burden.

Water consumption reduction is a key focus area for the Company to achieve Water Neutrality status, and various initiatives linked to it are being operationalised. Waste management is an integral part of the EHS Management System. The Company adheres to the laws and regulations in the areas of operation.

Refer to 'Natural Capital' for more details.

SO-I

SO-V

Employee and Workforce Engagement, Well-being, Health, and Safety

Human Resources is a critical capital for the Company. Ensuring their health, safety, and well-being is key to optimal productivity and sustained growth of the Company.

The nature of operations often exposes the workforce to occupational risks and hazards which impact health, safety, and productivity.

Along with physical well-being, mental well-being has also emerged as a health-related risk that can impact productivity.

Implementation of health and safety management systems adhering to known standards, e.g., ISO 45001:2018 (Health and Safety Management Standard), is a key focus area. This is enabled through SOPs, right processes, procedures, and digital applications. The Company focusses on improving preventive measures related to better risk management.

The Company encourages its workforce to prioritise stress management techniques such as mindfulness, exercise, and seeking support when needed. Counselling, coaching, and sensitisation workshops are also being organised for employees to enable them to handle challenging situations.

Furthermore, keeping in mind the importance of maintaining a healthy work-life balance and enhancing the employee experience, a mandatory leave of 10 days in a year has been introduced to ensure employees have dedicated time to rejuvenate and recharge.

Refer to 'Human Capital' for more details.

SO-V



Legend

- Material topic identified
- Description and rationale for identifying risk/opportunity
- In case of risk, approach to adapt or mitigate



Natural
Capital



Manufactured
Capital



Human
Capital



Intellectual
Capital



Social and
Relationship Capital



Financial
Capital

Financial Implications

+ Positive

- Negative

± Both

Risk or Opportunity

⚠ Risk

★ Opportunity

Legend



-  Material topic identified
-  Description and rationale for identifying risk/opportunity
-  In case of risk, approach to adapt or mitigate

-  Natural Capital
-  Manufactured Capital
-  Human Capital
-  Intellectual Capital
-  Social and Relationship Capital
-  Financial Capital

Financial Implications

-  Positive
-  Negative
-  Both

Risk or Opportunity

-  Risk
-  Opportunity

Human Rights and Labour Conditions

Human and labour rights mean protecting, respecting, upholding, and promoting the basic rights and freedom of the workforce.

Owing to the nature of operations and the large number of contractual workmen, human rights violations pose a risk despite complying with all applicable regulations and putting systems in place to avoid such violations. Non-adherence to labour regulations and any kind of violation, even in the supply chain, might lead to a loss of reputation and increased compliance costs.

The Company aims to proactively address and manage such risks by strengthening policies, systems, procedures, and grievance mechanisms. Human Rights Due Diligence of own locations is also conducted to understand the risks and gaps in the existing processes. The key manufacturing facilities are SA8000 certified. The Company's operations adhere to local and national regulations.

As part of awareness sessions, the supply chain partners are also being sensitised to human rights-related risks and violations to ensure adherence across the supply chain. During the year, the grievance redressal mechanism for the contractual workmen has been strengthened.

Refer to 'Human Capital' for more details.

SO-V



Skilled Manpower

EPC Projects segment of the Company highly relies on contract workmen due to temporary shifting and the distributed nature of the business. Achieving contract completion as per agreed timelines and ensuring high-quality work require skilled workmen. Skillsets in focus are bar bending, formwork, electrical work, tiling, masonry, welding, carpentry, and solar electrical work, among others.

With increasing competition for skilled manpower and industry-wide labour shortage, getting the right skill set is a challenge. At the same time, retention may be relatively easy for permanent workmen. However, for contract workmen, the high churn is a risk.

The Company tries to overcome the hurdles through onsite training to upskill workers based on the project sites' requirements, a database to capture and track skilled workmen, and continuous engagement with the contracting agencies to ensure the right manpower is available at the site.

SO-V



Talent Management – Attraction, Retention, and Development

Talent drives the success of the Company, and ensuring the right talent within the Company requires attracting, developing, and retaining the talent. Key aspects with respect to talent management are hiring right, reducing attrition, improving productivity, developing industry-specific capabilities/skills, and enhancing leadership pipeline.

With Human Capital at the core of the business, the inability to attract, manage, develop, and retain talent may adversely impact the business. Historically, the sector has a reputation for lacking workforce diversity and the right talent.

The Company has customised learning and development programmes that cater to various skill requirements and organisation levels. The Company also leverages various digital applications for training delivery, capturing feedback, and driving engagement with the employees.

Refer to 'Human Capital' for more details

Diversity, Inclusion, and Equal Opportunity

A diverse workplace means a wider range of ideas, perspectives, and experiences, which, therefore, leads to better innovation and effective problem-solving – ultimately improving productivity and performance. Diversity is complemented by inclusivity, which means that each one feels that they are heard and that they matter, thus instilling a sense of belongingness and trust. This includes not only hiring without any prejudice or discrimination, but also inculcating the right set of attitudes and behaviours within the employees through awareness and training and building a culture of trust and commitment.

Legend



- Material topic identified
- Description and rationale for identifying risk/opportunity
- In case of risk, approach to adapt or mitigate

-  Natural Capital
-  Manufactured Capital
-  Human Capital
-  Intellectual Capital
-  Social and Relationship Capital
-  Financial Capital

Financial Implications

-  Positive
-  Negative
-  Both

Risk or Opportunity

-  Risk
-  Opportunity

SO-I SO-III SO-IV SO-V



SO-V



Material topic identified

Description and rationale for identifying risk/opportunity

In case of risk, approach to adapt or mitigate



Natural Capital



Manufactured Capital



Human Capital



Intellectual Capital



Social and Relationship Capital



Financial Capital

Financial Implications



Positive



Negative



Both

Risk or Opportunity



Risk



Opportunity

Social Engagement and Impact

Social engagement for the Company means initiatives that focus on social welfare, community development, and environmental sustainability, as well as creating an impact on society at large.

Effective social engagement and initiatives not only bolster the brand but also create goodwill among the stakeholders. CSR can act as a differentiator, as well as a means of attracting and retaining talent by instilling a sense of purpose and pride among the employees at the workplace.

Customer Experience and Satisfaction

In an increasingly competitive environment, delivering great customer experience and satisfaction is essential, not only for project success but also for securing long-term growth and relationships. Hence, it is important for the Company to strengthen and maintain its customer-centric approach by focussing on timely execution, first-time-right quality, and adherence to all applicable norms across all business segments.

Optimal customer experience has a significant material impact on the brand, reputation, and financial performance of the Company.

Quality of Products and Project Delivery

For the Company's businesses in EPC Projects and Hi-Tech Manufacturing, high-quality projects executed, products manufactured, and on-time delivery are critical, not only for meeting the contractual commitments but also for creating customer delight through differentiation from competitors.

SO-V



SO-I SO-III SO-IV SO-V



SO-I SO-III SO-V



Business Ethics

Ethics and integrity are the key values that have enabled the Company to acquire trust and build a strong brand. These values are important to ensure that the organisation conducts business in an ethical and transparent manner. Upholding L&T's core values requires crafting, implementing, and strengthening the policies and procedures.

The Company has strong and robust policies, processes, and SOPs in place. However, driving compliance can be a challenge due to the nature and wide expanse of the businesses, large workforce, and frequent changes to regulatory requirements.

Clear rules, policies, and procedures have been enforced across the Company. For example, the Code of Conduct defines the behaviour expected from all the employees and stakeholders and lays down the policies and systems for effective implementation. The Company has mandatory courses to help employees understand the norms required to work in a safe, compliant, and ethical manner.

The Company has formulated a Whistle Blowing Policy and mechanism and constituted the Whistle Blowing Investigation Committee. The objective is to establish a vigil mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Audit Committee is responsible for reviewing the functioning of the Whistle Blower mechanism. From time to time, the Company's systems of internal controls, covering financial, operational, compliance, IT applications, etc., are also reviewed by external experts.

The governance is led by the Board and supported by the Board Committees. Policies, Code of Conduct, and Management Systems have been developed and deployed across all businesses and functions to ensure adherence and implementation. These are also reviewed on a periodic basis and updated as required. Details available at <https://investors.larsentoubro.com/corporate-governance.aspx>

Please refer to Annexure 'B' – Report on Corporate Governance for further details.

Legend



-  Material topic identified
-  Description and rationale for identifying risk/opportunity
-  In case of risk, approach to adapt or mitigate

-  Natural Capital
-  Manufactured Capital
-  Human Capital
-  Intellectual Capital
-  Social and Relationship Capital
-  Financial Capital

Financial Implications

-  Positive
-  Negative
-  Both

Risk or Opportunity

-  Risk
-  Opportunity

SO-I SO-II SO-III SO-IV SO-V



Legend



- Material topic identified
- Description and rationale for identifying risk/opportunity
- In case of risk, approach to adapt or mitigate

-  Natural Capital
-  Manufactured Capital
-  Human Capital
-  Intellectual Capital
-  Social and Relationship Capital
-  Financial Capital

Financial Implications

- + Positive
- Negative
- ± Both

Risk or Opportunity

-  Risk
-  Opportunity

Brand Management

The Company's brand management is important to build equity, loyalty, and confidence among the stakeholders. This enables customer engagement and business growth, helps attract talent, instils respect in shareholders and investors, and builds a positive image of the Company.



Data Security, Privacy, and Cyber Security

Protecting the Company's own workforce as well as customer data is a highly sensitive and critical area to ensure reliable and incident-free business operations.

While the focus of the Company continues to be on digitisation, there are concerns around cyber security with the use of new technologies, software, and cloud services, and makes the Company susceptible to attacks and leaks. Any such incident can jeopardise the credibility of the Company and may impact reputation and lead to financial damage.

The Company has developed a multi-year cyber security and resiliency roadmap and invested in state-of-the-art security platforms. Policies and practices have been put in place to meet the requirements of ISO/IEC 27001:2022. The Company has one of the most advanced Security Operations Centres to monitor developments 24X7 and respond effectively to any cyber incidents.

SO-I SO-II SO-III SO-IV SO-V



SO-IV



Sustainable Supply Chain

A sustainable supply chain includes responsible behaviour of the supply chain partners in accordance with the highest standards of ethics and integrity, respect for the law, human and labour rights, and environmental protection.

A sustainable supply chain not only reduces environmental and adverse social impact but also builds resilience, supports business continuity, and increases competitiveness.

However, the risk of HSE incidents, human rights violations, and unethical business practices may lead to disruption in business activities and reputation loss as well. Other events, such as natural disasters, extreme weather, and geopolitical incidents, can also adversely impact the deliverables and timely project execution.

The supplier base of the Company has grown substantially over the years across the globe. To ensure adherence and compliance, the Company has put in place a set of policies, processes, and a Code of Conduct for the supply chain partners. Signing the Code of Conduct is a mandatory requirement in the onboarding process of any supply chain partner. Also, the Company has initiated an assessment of suppliers on ESG parameters to understand their performance. Additionally, the Company is organising awareness sessions to apprise them of requirements and new developments in ESG and expectations of the Company.

Refer to 'Social and Relationship Capital' for more details.

Legend



-  Material topic identified
-  Description and rationale for identifying risk/opportunity
-  In case of risk, approach to adapt or mitigate

-  Natural Capital
-  Manufactured Capital
-  Human Capital
-  Intellectual Capital
-  Social and Relationship Capital
-  Financial Capital

Financial Implications

-  Positive
-  Negative
-  Both

Risk or Opportunity

-  Risk
-  Opportunity

SO-I SO-V



SUSTAINABILITY GOVERNANCE

Strategy

As part of the Lakshya 2026 plan, the Company re-evaluated shareholder value creation, defined social obligations, and framed sustainability goals. The outcome of this assessment was the re-articulation of its Strategic Objectives (SOs), which drive value creation over a long-term horizon. The sustainability agenda is guided by the CSR & Sustainability Committee and driven by Executive Committee members across the businesses.

The scope and membership of the Committee have been detailed in Annexure 'B' to the Board Report of this Report.

Policy

The policies of the Company demonstrate commitment towards sustainability, and guide in framing as well as implementing long-term strategy and action plans. The key focus areas are articulated in the Sustainability Policy, which is complemented by other policies such as Corporate Social Responsibility, EHS, Anti-Bribery and Anti-Corruption, Green Supply Chain, Human Resources, and Code of Conduct. These policies strengthen integrated thinking by aligning ESG with business goals and support value creation through the six capitals, viz. Natural, Manufactured, Intellectual, Human, Social and Relationship, and Financial. Most of these policies are reviewed and updated based on evolving and emerging trends, regulatory

changes, global standards, and stakeholder concerns. At the business level, SOPs, guidelines, and procedures translate these policies into standard processes and action plans, e.g., waste management, health and safety, and risk management, among others.

The working of the policies is evaluated by third-party agencies on various standards such as ISO 9001:2015, ISO 14001:2018, ISO 45001:2018, and SA8000. During the process, these agencies also check policy elements, procedures, action plans, review processes, monitoring and reporting. In addition to the above, relevant third-party certifications and assessments are also conducted across business units periodically.

Sustainability Framework



#LnTCares

Restore and Rejuvenate the Environment

- ▣ Carbon Neutrality
- ▣ Water Neutrality
- ▣ Biodiversity
- ▣ Material Recycling and Reuse
- ▣ Waste Management
- ▣ Green Supply Chain
- ▣ Green Business



#WeAreLnT

Social Value Creation

- ▣ Workforce Safety
- ▣ Training and Development
- ▣ Diversity and Inclusion
- ▣ Human Rights
- ▣ Community Welfare
- ▣ Supply Chain



#BuildingTheNation

Towards Future-Ready and Resilient Business

- ▣ Board Structure, Diversity, and Remuneration
- ▣ Governance Mechanism
- ▣ Ethical Behaviour
- ▣ Stakeholder Engagement
- ▣ Risk Management