Business Model and Strategy

A. Progress towards Lakshya 2026

The current strategic plan, Lakshya 2026, concluded in March 2026. The performance in FY 2025-26 against strategic objectives as defined in Lakshya 2026 (L-26) is as follows:

Strategic Objectives (SO)	Performance Measures	Performance
SO-I **Value-accretive growth of current businesses**	• Revenue Growth • Composition of Services in Total Revenues	In FY 2025-26, the Group achieved revenues of ₹ 2,85,874 crore (12% growth y-o-y). The Services businesses reported growth of 12% y-o-y with a stable percentage share in revenues at 26% in FY 2025-26.
SO-II **Scaling up digital and e-commerce businesses**	• Growth of Digital & E-commerce businesses	In FY 2025-26, Larsen & Toubro Vyoma's data center and related services capacity reached 26 MW across facilities in Chennai and Panvel. In addition, Larsen & Toubro Vyoma is developing a 36 MW, AI-ready green data center in Mahape - Navi Mumbai, aligned with its sustainability objectives and long-term infrastructure planning. During the year, Larsen & Toubro Vyoma also launched its sovereign cloud platform, positioned as an AI-first cloud infrastructure solution, designed to address the growing requirements of enterprises and public sector institutions for data sovereignty, regulatory compliance and secure adoption of artificial intelligence. L&T Semiconductor Technologies Limited (LTSCT) strengthened its technology positioning through the acquisition of power module design assets from Fujitsu General Electronics Limited, Japan, and by entering a long-term partnership with Hon Young Semiconductor Company Limited, a wholly-owned subsidiary of Foxconn Technology Group, for silicon carbide (SiC) semiconductors targeting automotive and industrial applications. SuFin Limited, a wholly-owned subsidiary of Larsen & Toubro Limited, was incorporated and the business has been transferred from the parent entity on April 1, 2026. This restructuring is intended to sharpen strategic clarity and support the independent scaling of SuFin as a B2B digital marketplace platform. L&T EduTech has also improved its position in FY 2025-26 through scaled revenue growth across its core offerings.

Strategic Objectives (SO)	Performance Measures	Performance
SO-III **Developing business offerings to ride the Energy Transition wave**	• Size of Green Portfolio • New Business or Business offerings developed	The Group's share of Green Business is ₹ 787 billion, which is 51% of standalone revenues in FY 2025-26 (as compared to 53% in FY 2024-25). L&T continues to prioritise its participation in energy transition and sustainability. The Group's foray into the Wind energy leverages its core engineering capabilities to address rising clean energy demand and strengthen its participation in energy transition infrastructure opportunities. L&T Energy GreenTech Limited is partnering with Japan-based ITOCHU Corporation under a Joint Development Agreement to develop a 300 KTPA green ammonia facility at Kandla, Gujarat. The project represents a significant step in the Group's energy transition strategy.
SO-IV **Divestment of non-core businesses**	• Businesses divested	During the year, L&T Power Development Limited (LTPDL), a wholly-owned subsidiary of the Company, has signed a securities purchase agreement to sell its 100% of equity and convertible instruments in Nabha Power Limited to Torrent Power Limited. The Company has executed a Share Purchase Agreement on April 29, 2026 with Hyderabad Metro Rail Limited, a Government of Telangana enterprise, for disposal of its entire shareholding in L&T Metro Rail (Hyderabad) Limited (L&T MRHL), a subsidiary of the Company. The transaction is likely to be concluded by June 30, 2026.
SO-V **Enabling business sustainability through a high focus on ESG and Stakeholder Value Creation**	• Metrics linked to ESG performance are based on materiality, e.g., – Carbon Footprint – Resource consumption – Lost Time Injury Frequency Rate – Training Hours	For details, refer to the following in the Integrated Report section: • Natural Capital • Social and Relationship Capital • Human Capital

B. Developments in FY 2025-26

At a broader level, the evolving global landscape – marked by energy security concerns, accelerating energy transition, technological transformation and increasing execution complexity in large projects – has necessitated organisational and portfolio realignment across key businesses.

The Hydrocarbon business has been reorganised into three separate businesses, viz. Onshore, Offshore and Offshore Wind, to build deeper domain specialisation, leverage dedicated mega yards at Kattupalli, Hazira and Oman and strengthen offshore installation capabilities. The strategic separation enhances operational agility, engineering depth and client alignment, enabling focused growth, stronger partnerships and sustained leadership across evolving energy and infrastructure markets.

Further, to align with global decarbonisation trends, the Group's foray into the wind energy sector leverages its engineering and execution strengths to address the growing demand for clean energy and contribute meaningfully to the energy transition.

Technological transformation across digital platforms, AI, advanced materials, semiconductors and energy systems is accelerating at an unprecedented pace, elevating technology and AI capabilities from a competitive advantage to a strategic imperative. In this context, the Group continues to accelerate the growth of newly seeded business lines, including green hydrogen and its derivatives, semiconductor technologies, data centers (Larsen & Toubro Vyoma) and platform businesses such as L&T EduTech and L&T-SuFin.

As part of Lakshya 31, L&T is establishing Electronics Products and Systems (EPS) as a strategic, deep tech, IP led vertical providing the intelligence layer across defence and industrial businesses. The existing electronics business under PES IC, focused on the defence sector, is being merged into the newly formed EPS business. This integration creates an end-to-end, high value-added electronics portfolio, strengthening L&T's position in technology driven, future ready domains.

Looking ahead, the Group remains vigilant and cautious, closely monitoring developments and proactively managing risks. L&T's strong balance sheet, diversified portfolio and broad geographic presence provide resilience, enabling it to respond tactically while continuing to capture emerging opportunities.

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

Urbanisation and Demographic

- High-rise Buildings (B&F)
- Multi-modal Transportation Network (TI, HCI)
- High-capacity Utility Networks (PT&D, WET)
- Construction Metals (M&M)

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

Energy Security & Transition

- Hydrocarbon (Onshore, Offshore)
- Thermal (CarbonLite)
- Green Hydrogen (GE)
- Renewables – Solar, Energy Storage, Wind (RENU, HCI, OW)
- Green buildings (B&F)
- Clean Fuels (HE)
- Water Recycling and Reuse Solutions (WET)

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

Mobility Growth

- Mass Rapid Transit Systems (TI, HCI)
- World-class Airports (B&F, TI)
- Electric, Autonomous and Connected Systems (LTTS)
- Expressways and Road-cum-Rail Networks (TI)

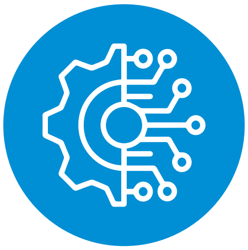
Safe, fast, affordable and environment-friendly solutions for movement of people and goods

Societal Challenge

- Water and Sewage Treatment Systems (WET)
- Housing (B&F, LTR)
- Energy-Efficient Power Systems and Microgrids (PT&D)
- Financial Services (LTF)

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

Technology Transformation



- AI-led growth , AR/VR, Cloud, Cybersecurity (LTM, LTTS)
- Automation, Industry 4.0, Digital Engineering (LTM, LTTS)
- Chip design (LTSCT)
- IP-led Product Platforms (PES - Electronics Products & Systems)
- Data Storage and Computing (Larsen & Toubro Vyoma)
- Platforms (L&T-SuFin, L&T EduTech)

Technology and services offerings to transform businesses across various domains

B&F	Buildings & Factories	RE	Renewables
HCI	Heavy Civil Infra	M&M	Minerals & Metals
HE	Heavy Engineering	TI	Transportation Infrastructure
GE	Green & Clean Energy	OW	Offshore Wind
LTM	LTM Limited	WET	Water & Effluent Treatment
LTR	L&T Realty	LTSCT	L&T Semiconductor Technologies
LTTS	L&T Technology Services	PES	Precision Engineering and Systems
PT&D	Power Transmission & Distribution		

D. Strategy Formulation – Lakshya 2031

Business strategy formulation aims to set long-term goals for the Group and identify areas to leverage its strengths, explore new business opportunities and enhance its existing capabilities and offerings. This is enabled through an integrated planning framework with two distinct time horizons: a medium-term Strategic Plan (5 years) and short-term (annual) budgets.

L&T commenced work on the formulation of the next five year plan, Lakshya 2031 (FY27–FY31), nearly a year ago. This early start ensures strategic continuity, sharper portfolio choices and preparedness for the next phase of enterprise growth.

Strategic Objectives for Lakshya 2031

i. **Existing businesses:**
- **Continue momentum in EPC and Manufacturing** with improved profitability
- Geographical diversification pursued selectively within the EPC portfolio
- **Pivot to AI-led operating model** for LTM, LTTS
- Drive accelerated growth in Financial Services and Realty businesses

ii. **New businesses** (Green Hydrogen / Ammonia, Offshore/Onshore Wind, SuFin, Semiconductor, Industrial Electronics, Larsen & Toubro Vyoma): to be positioned as **the growth engines for 2030s** while providing opportunity for selective value unlocking

iii. **Technology**
- Strengthen / 'own' domain technology to improve customer retention and value addition
- Extensive use of digital and AI for operational efficiency

iv. Increase shareholder value through improved profitability and return on capital deployed

These strategic objectives are supported through strategic enablers for sustainable and profitable growth

i. **Leadership:** Ensure development of strong leadership pipeline across businesses, projects and functions

ii. **Workforce Productivity & Project Execution:** Programmatic approach for 2X improvement in workforce productivity and faster project execution

iii. **Safety:** Implement standardised methodologies, improve accountability mechanism and ingrain **KNOW HARM** culture

iv. **Supply Chain:** Build agility, resilience and competitiveness through diversified sourcing and digital integration

v. **ESG:** Ensure that we remain on track for achievement of our neutrality goals for Water (2035) and Carbon (2040)

E. Business Model

Value creation in L&T is enabled through a portfolio comprising:

#	Market Segments	L&T Portfolio
1	**Infrastructure & Utilities**	L&T Infrastructure & Utilities continues to leverage its established strengths in conceptualising, designing, executing and commissioning large and complex projects. The business spans Buildings & Factories, Transportation Infrastructure, Heavy Civil works, Power Transmission & Distribution, Water & Effluent Treatment, and Minerals & Metals, supported by strong project management and execution capabilities.
2	**Energy - Conventional**	L&T Energy - Conventional is structured across Hydrocarbon - Onshore & Offshore, and CarbonLite Solutions businesses to drive focused execution, deepen domain expertise and enhance operational specialisation. This structure enables efficient delivery of complex projects.
3	**Energy - Green**	This business segment will address emerging opportunities in renewable energy (RE) infrastructure, including solar, onshore and offshore wind. The business leverages L&T's engineering, procurement and project execution capabilities to support the global transition towards clean and sustainable energy systems.
4	**Manufacturing & Products**	The Manufacturing and Products segment focuses on custom designed and engineered equipment for process industries (including nuclear), Precision Engineering and Systems for defence and aerospace, Construction Equipment & Industrial Products Design and Development, and Electronics Products and Systems. The business serves diverse, high-value sectors, building on strong in house design, engineering and manufacturing capabilities.
5	**Technology, Platforms & Services**	Technology, Platforms and Services address high growth digital and advanced technology segments, encompassing IT services (LTM), Engineering R&D (LTTS), B2B e-commerce (L&T-SuFin), skilling and assessment (L&T EduTech), data center and cloud services (Larsen & Toubro Vyoma), and semiconductor chip design (L&T Semiconductor Technologies Limited). These platforms strengthen L&T's digital ecosystem, enable technology led value creation and support long-term growth across industries.
6	**Financial Services**	L&T Finance Limited (LTF) represents the Group's financial services arm, offering a diversified portfolio of retail lending products. The business advances financial inclusion while delivering technology enabled financial solutions aligned with long-term value creation.
7	**Realty**	L&T Realty is engaged in the development of residential and commercial real estate projects, anchored on strong and rapid project execution, design excellence, high product quality with a customer-first approach.
8	**Development Projects**	Development Projects segment will focus on the production of green hydrogen and its derivatives.