





































Capital trade-offs

Delivering with resource prudence

Strategies		S1	S2	S3	S4
		Focusing on timely and cost-effective execution of the Company's unexecuted order book while ensuring adequate backfill through order acquisitions	Ensuring translation of healthy margin profile in the order book into financial statements through execution, operational excellence initiatives and digitalisation initiatives	Incubating new businesses to tap future growth opportunities	Maintaining an optimal mix between domestic and international business
Capitals					
 Financial capital		●	●	●	●
 Manufactured capital		●	●	●	●
 Intellectual capital		●	●	●	●
 Human capital		●	●	●	●
 Natural capital		●	●	●	●
 Social & Relationship capital		●	●	●	●
Remarks on trade-offs					
		<p>The execution of the order book contributes directly to our revenue, thereby positively impacting our financial capital.</p> <p>Our operations that range from infrastructure to hydrocarbons, result in the creation of manufactured capital for various stakeholders. However, our resource-intensive operations may utilise natural capital. We aim to set off the negative impact of the same by optimising our resource utilisation and contributing back to the environment.</p> <p>Timely execution of orders enhances our reputation among the stakeholder fraternity.</p>	<p>We create sustainable stakeholder value by maintaining steady margins and profitability.</p> <p>Additionally, we invest in various initiatives to enhance value creation across manufactured capital.</p> <p>Our digital and other intellectual properties drive cost efficiencies, augmenting our overall margins.</p> <p>We also proactively meet our obligations towards our shareholders.</p> <p>Healthy margin profile enables proper risk-reward sharing with employees.</p>	<p>Such decisions entail upfront investments and may have a short-term bearing on our financials and lead to the growth of our assets.</p> <p>Our intellectual capabilities help us bag new projects and/or establish new businesses.</p> <p>They also bring new stakeholders into our universe.</p> <p>New businesses ensure long-term sustainability of business in a dynamic / changing world.</p>	<p>Enables diversification of geographical risks.</p> <p>Enables us to attract and retain the best professionals in the domestic and international markets.</p> <p>Helps establish ourselves as a truly global organisation, while retaining and growing our share in the home market.</p> <p>Facilitates growth of the organisation.</p>

● Positive impact
 ● Neutral impact
 ● Negative impact

At L&T, we are proficient in competently managing the challenges arising from the deployment of capitals. Integrated thinking drives our decision-making and helps us strike a prudent balance in implementing strategies concerning all capitals. The identification and handling of various positive, negative and neutral repercussions of our decisions on all capitals and stakeholders is a continuing process with relevant checks and balances.

S5 Ensuring efficient and optimal utilisation of assets and facilities	S6 Minimising capex and working capital levels	S7 Value monetisation in an appropriate manner	S8 Maintaining and enhancing shareholder payouts	S9 Optimising financial leverage
				
				
				
				
				
				
<p>We constantly endeavour to optimise the usage of our resources.</p> <p>This approach enables us to create long-term and sustainable value for all our stakeholders and ensures the prudent deployment of our capitals.</p> <p>Judicious utilisation of natural resources would reduce our impact on natural capital as well.</p>	<p>Keeping capex and working capital levels in check reaffirms our financial discipline.</p> <p>Controlling capex and working capital optimises usage of resources (natural and financial).</p>	<p>Such decisions aid cashflows, thereby strengthening our balance sheet.</p> <p>The cash flow thus earned, can be used to fuel future growth opportunities to maximise stakeholder value.</p> <p>This usually entails transfer of business through divestment wherein staff are also transferred, which could lead to concerns about job security.</p>	<p>This strategy has facilitated the creation of strong and lasting relationships with our stakeholders.</p> <p>Some of our employees who own the shares and/ or ESOPs of the Company also benefit from such decisions.</p> <p>Facilitates enhanced RoE by containing net worth.</p> <p>Enhances total shareholder return.</p>	<p>Maintaining healthy leverage augurs well for our financial health and business sustainability.</p> <p>We constantly strive to keep our debt profile within manageable limits.</p> <p>External stakeholders typically assign higher valuation to companies with limited debt on their books.</p> <p>Optimal financial leverage is also used to enhance RoE.</p>