

SEC/2023

August 9, 2023

BSE Limited Phiroze Jejeebhoy Towers, Dalal Street, Mumbai - 400 001 Stock Code: 500510	National Stock Exchange of India Limited Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 Stock Code: LT
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Dear Sirs,

**Sub: Chairman's Speech delivered at 78<sup>th</sup> Annual General Meeting of the Company**

We enclose a copy of the Chairman's speech delivered at the 78<sup>th</sup> Annual General Meeting of the Company held today i.e. August 9, 2023.

Kindly take the same on record.

**For Larsen & Toubro Limited**

**Sivaram Nair A  
Company Secretary  
(M. No. - F3939)**

# **L&T will move from Strength to Strength In Service of Nation and Society**

Dear Shareholders,

This is my 25th AGM, after I took over at the helm of L&T. It will be the last and final occasion when I have the privilege of chairing the proceedings.

My statement and observations about the economy and the Company's performance have already been published in the Integrated Annual Report, and have been hosted on L&T's website.

I will therefore take the opportunity at this milestone AGM to journey back in time and place to where it all began.

It was nearly six decades ago that I first walked through the gates of Larsen & Toubro with an application in my hand and a dream in my heart. Larsen & Toubro had been my dream career destination in college because it fulfilled my two preconditions – I wanted to join an engineering company and it had to be an organisation that contributes to building the nation.

With L&T, both my requirements converged. Although I could not join immediately, destiny would not be denied, and soon I found myself as a Junior Engineer in L&T.

Money and position did not mean much to me then – and it still does not. But my work was being recognised and I rose rapidly up the career path. In 1999, I was appointed the CEO of L&T.

## **Blueprint for Transformation**

Here I was - the head of the company I had dreamed about - and now in a position to reshape that very dream. We initiated a process to co-create a Vision Statement for the Company - for the first time in its history. It set the compass for the direction which the Company would take. It also changed its growth trajectory and its velocity. We also drew up a strategic roadmap which ensured that we periodically re-examine our portfolio through the lens of emerging market realities. It was a comprehensive blueprint for transformation.

## **Global Benchmarking**

We added a new term to the lexicon of the Company – global benchmarking. Being the best in India was no longer enough – it had to be as good, if not better, than the best in the world. Looking back, I now realise that we were making L&T future-ready. We had put 'Make in India' into practice decades before it became so widely known.

## **IT Vision**

The seeds we sowed continue to bear fruit to this day. We had articulated an IT vision for the Company by transforming an internal wing of the parent company into a market-facing, customer-centric organisation – now known as LTIMindtree. We also carved out three related businesses from the parent company and formed a stand-alone company – L&T Technology Services. Their expertise across advanced technology platforms enables your Company today to contribute significantly to the Prime Minister's Digital India Programme, and build the Smart Cities of the future.

## **Entrepreneurial Inputs**

Our association with infrastructure goes back over seven decades. But it was only after 2006, when Construction began to be more closely integrated with the rest of the Company, that we could scale up everything we did. In just 11 years, the infrastructure business grew approximately 20 times and profits went up 45 times.

## **Beyond Boundaries**

Our emphasis on exports took both Brand L&T and Brand India beyond our shores. This involved not just a change in markets, but a change in mindset. We began to establish our footprint across geographies. Overseas revenues today account for nearly one-third of your Company's total turnover. All this is the outcome of the international thrust that we initiated in 2000.

## **Nation Building**

Side-by-side with value creation for shareholders, we never lost sight of our overarching goal – we are here to serve the nation. Today, we are recognised as nation builders and as private-sector partners in strategic areas of defence, nuclear power and aerospace.

Think of all the iconic projects that make every Indian proud – from the Statue of Unity to Chandrayaan, from the world's largest cricket stadium to the Bullet Train, from Mumbai's coastal road project to the trans-harbour project connecting Mumbai and Navi Mumbai. L&T is part of them all – thanks to the impetus that we provided when we decided to restructure our business portfolio and focus on our core.

## **Constantly Adding Value**

We also put a new mantra in everybody's minds – constantly add value in everything we do. The results speak for themselves. Between 1999 and 2023, Group revenues grew from Rs. 5,000 crore to nearly Rs. 1,83,000 crore on a like-to-like basis. This surge, achieved largely through organic growth, has few parallels in corporate India. In the same period, market cap climbed from around Rs. 4,000 crore to around Rs. 3,74,000 crore at a CAGR of nearly 20%. This has enabled the Company to issue bonus four times to our shareholders, in addition to the handsome dividends which they receive every year. So, one share 20 years ago is equivalent to 9 shares as of today.

## **HR - the Driving Force**

We identified HR as the driving force of profitable growth and qualitative change. From an environment that was hampered by the syndrome of seniority, we changed it to one of pure meritocracy. We set up institutions of learning - a Leadership Development Academy in Lonavala and an Institute of Project Management in Vadodara. Our 7-Step Leadership Programme, culminating in personal mentoring by me has helped us build a robust leadership pipeline that will serve the Company far into the future.

## **Preserving L&T's Professional Character**

In the latter part of 2001, the unique professional character of your Company was threatened as it faced the imminent possibility of being taken over by a conglomerate. The prospects were bleak: L&T, as you know it today would have ceased to exist.

It took astute leadership to turn conflict into a win-win solution. The conglomerate obtained what it was looking for – the cement business, and your Company divested a product line that we intended to exit anyway. This had other positive outcomes too: formation of the 'employees foundation' ring-fenced your Company against future challenges; your Company became AAA rated; reduction in equity enhanced value; and stock options boosted employee morale. The L&T Employee Trust now owns 14 per cent of the Company, and to that extent, we have ring-fenced L&T against take-over attempts.

## **Succession Planning**

I believe sound succession planning is imperative for the sustainability of organisations. Mentoring leadership is therefore my prime focus. I had identified Mr. Subrahmanyan nearly ten years ago, and have mentored members of the current Executive Board. Early this year, I had announced that I will be stepping down as Non-Executive Chairman of L&T, effective September 30, 2023, and Mr. Subrahmanyan will take over as Chairman and Managing Director. This is the culmination of the succession plan drawn up by me.

**In Conclusion**

As I look back now from the vantage point of history, I must say that I consider myself uniquely privileged to have had the opportunity to serve, lead and transform this great Company.

All through this long journey, my family has been an immense source of support and encouragement. My wife has been my pillar of strength. Without her, without the sacrifices that she made, I could not have achieved whatever I did.

I also put on record my thanks to all of you shareholders. Your queries have been stimulating and your comments delight the heart.

My life and legacy are L&T, and I am happy and content that I will be leaving it in very capable hands to continue its exemplary record of service to the nation and society.

My personal mantra has been Devotion, with Passion, Conviction and Commitment. Devotion is when you worship your God in a temple. My mandir, my temple is Larsen & Toubro. I will always cherish the recollections of how all of you contributed to making this journey of mine so memorable, so fulfilling and so joyous.

Now, at this historic AGM before all of you, we will be performing a symbolic ceremony of 'handing-over' of the L&T flag. I am confident that Mr. Subrahmanyam is the one who will keep the L&T flag flying high.

Thank You.

**Jai Hind!**