

business today.in

29TH ANNIVERSARY ISSUE



Business Today

February 7, 2021 ₹100

HOW WE WILL DO THINGS DIFFERENTLY

**TOP CEOs ON
INNOVATIONS IN
MANAGEMENT, STRATEGY,
MARKETING, CUSTOMER
ENGAGEMENT AND
INVESTMENTS IN 2021**



RNI No. 53481/92 ■ FARIDABAD/145/2020-22 BPC Faridabad ■ Date of posting: Tue, Wed & Thursday



S.N. SUBRAHMANYAN,
CEO & MD, L&T

No Business As Usual; The Game Has Changed

Companies that emerge from this crisis with solid finances, a resilient supply chain, skilled workers and the capacity to analyse data will be well-placed to seize new opportunities

ILLUSTRATION BY RAJ VERMA





A

mong the few books that are interesting and inspirational, Alfred Sloan's *My Years with General Motors* lays out his brilliant managerial practices and provides insights into the new consumer economy that he and General Motors created over half a century ago. An entire era has gone by since, and we find ourselves in a situation that is uncannily similar to all great crises. And his words uttered in 1941 hold so true even today — "It is astonishing what you can do when you have a lot of energy, ambition and plenty of ignorance."

The lasting value of Sloan's book is not really his dream, but the ambition, detail, and scale with which he built GM as a consummate organisation. One of the tenets he believed in and which truly forms the backbone of L&T as well is the power of creativity. The greatest thrill that life offers is to create, to construct, to develop something useful. Too often we fail to recognise and pay tribute to the creative spirit. It is that spirit that creates jobs and adds value to life.

This has also been the mantra that has been guiding this diversified, multi-disciplined engineering and construction giant that L&T has become today.

Engineering and construction (E&C) companies are used to cyclical downturns. It is an extraordinarily difficult time, and calls for swift and thoughtful action to manage immediate crisis, stabilise sup-

ply chains and reinforce companies' financial position to emerge from the crisis with a more solid foundation. We simply cannot afford a lack of clarity in any detail of the projects, the supply chains and the wider economy if one has to maintain cost-efficiency. These require the most accurate data available, typically detailed at a project level due to the bespoke nature of and contractual arrangements for each project.

Many E&C companies that haven't already started using advanced Data Analytics will discover what a magic wand it can be. These technological tools have proven well their worth in helping navigate this crisis and will continue to create value long after the pandemic and economic blues end. There is no substitute to decision-making than being better-informed.

In the months to come, we have taken a decision to speedily proceed on the strategic path set out for L&T's non-core businesses. To help us achieve the next orbit of growth has been our renewed focus on digital technology offerings, building a green technology portfolio and developing public-facing platforms that are helping us achieve a growth-oriented, sustainable and environmentally committed company. Businesses that do not fit into our strategy of core businesses need to be divested. Electrical and automation business has already been strategically divested. Getting out of businesses such as Nabha Power Ltd, L&T-Infrastructure Development Projects Ltd, Hyderabad Metro Rail Ltd etc will release huge value to our balance sheet. By selling the entire stake of IDPL and Nabha Power and transferring the stake of Hyderabad Metro to an Infrastructure Investment Trust (InvIT), L&T will be able to reduce ₹30,000 crore of debt. Further, we will be able to focus more on new businesses such as L&T GeoStructure, Smart World and Communication, Mindtree, L&T NxT and New Platforms. These businesses are expected to contribute substantially to L&T's revenue by FY26.

And that is why the services business is our new focus. After 15 years in IT and technology services, it is time now to grab the next orbit. We have already made several tuck-in acquisitions for quick access to some of the cutting-edge technologies, solutions and skills, thereby enhancing the presence in improving revenues in fields of Big Data, analytics, Machine Learning and Artificial Intelligence (AI). L&T has spent ₹10,000 crore to acquire Mindtree, a company with expertise in

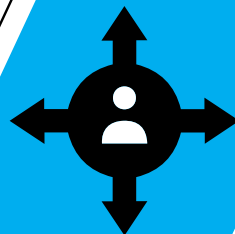
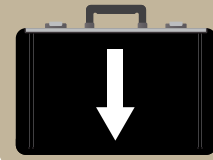
Lessons From The Pandemic

Need to divest units that do not fit into the strategy of core businesses

Data Analytics set to play a key role in decision-making, going ahead

Companies will increasingly focus on sustainability and resilience

Those with solid finances, resilient supply chain, skilled workers and the capacity to analyse data will be well-placed to seize new opportunities



delivering digital transformation and technology services from ideation to execution. The acquisition has provided us with a slew of capabilities and offerings that has made the L&T group companies a force to reckon with across many industry verticals.

L&T-NxT is our portfolio of digital solutions in select industry verticals, including AI, IoT, virtual reality, augmented reality, geospatial technologies and cyber security. L&T-NxT has helped our teams have real-time visibility into machine operations, with more than 11,000 construction equipment being connected. Geospatial technologies such as drones, LiDAR, 3D scanning and Photogrammetry enable quicker and more accurate collation of geographic information. L&T GeoStructure focuses on

ground engineering segment that includes a range of activities, from cutting-edge engineering solutions to foundation testing and geo-technical investigation.

An increasing need for a safer and smarter world made us launch the Smart World and Communication business equipped to address opportunities in areas of city surveillance, traffic management, secured communication and smart infrastructure. We are also developing public-facing platforms to grow a digital marketplace in procurement and logistics, financing and IT solutions. Plans are also afoot to launch a digital edutech programme to enable employability assessment, recruitment, reinforced learning, reskilling and vocational skills training for professionals as well as students.

We are also growing our portfolio of green businesses at a rapid pace. L&T has developed over 25 million sq. ft. of certified green buildings, several of which are Platinum and Gold rated by the Indian Green Building Congress. Additionally, after having proven our mettle at establishing solar parks generating 2 gigawatts of power, we have also ventured into battery-based sustainable energy. Having already commissioned India's first large-scale solar PV-cum-plant and 16 MW/U MWh Battery Energy Storage System (BESS) in the Andamans, we are now exploring EV (electric vehicles) charging infrastructure, which is bound to invade India, sooner than later. The focus is on large (MW) scale rollout of EV charging infrastructure, which requires a significant scope of electrical and civil infrastructure.

Desalination as the future source of water, with indigenous technology combined with high-caliber engineering resources is our next focus. The 100 MLD (million litres per day) sea water reverse osmosis desalination plant order bagged by L&T-Tecton JV from the Gujarat Industrial Development Corp uses the Split Partial Method for the reverse osmosis process, first-of-its-kind to be implemented in India. We have partnered with national players to build CO₂-to-methanol conversion demo plant. Also, we have partnered with multinational companies for technologies in Selective Catalytic Reduction (SCR) technology and Flue Gas Desulphurization technology for achieving reduction in emissions from coal-fired Power plants.

A new world heralds most engineering and construction companies. The marketplace itself is bound to go through a sea change, as governments get eager to invest in infrastructure to jump-start their recovery. Portfolios will also change, with both public- and private-sector project owners emphasising on sustainability and resilience.

Companies that emerge from this crisis with solid finances, a resilient supply chain, skilled workers and the capacity to gather and analyse the data that decision-makers need, will be well-placed to pivot and seize new opportunities. Those organisations will be market leaders of the future.

What we have learnt recently is how focused, nimble teams assembled quickly to deal with the Covid-19 emergency made important decisions faster and better. Such lessons will be paramount to navigate the post-Covid environment. Business as usual will not be nearly enough: the game has changed too much. But by reimagining how we recover, operate, organise and use technology, companies can set the foundations for enduring success in the engineering, construction, infrastructure, manufacturing and technology spaces. **BT**

ORIFLAME
S W E D E N





Technology for sustainable growth.

Larsen & Toubro is an Indian multinational engaged in engineering, procurement and construction (EPC) projects, manufacturing, defence and services.

For over 8 decades, L&T has been leading the change in all its lines of business. The Company actively implements cutting-edge technologies to enhance the efficiency, safety and eco-friendliness of its projects, products and solutions – providing clients, communities, and the country with the sustainable edge.

CBM/C/PSS/01/2021

Augmented & Virtual Reality | Advanced Analytics | Digital Engineering | Industrial IOT | Robotics | Smart Manufacturing | And more...



/LnTCampusEngage



/company/larsen-&-toubro-limited/



/LarsenToubroGroup

www.Larsentoubro.com