

A Study on Daymci Modal for Financial Risk Assessment at Larson Turbo in Chennai

¹Iniyen S.R ².Elaiyaraja A

¹Student, ²Assistant Professor of Department of Management

¹Department of Management Studies,

¹Panimalar Engineering College, Chennai, India

ABSTRACT

This study explores the development and application of a dynamic model for financial risk assessment within the context of Larsen & Toubro (L&T), Chennai. The research aims to address the growing need for proactive risk identification and mitigation in large engineering and construction firms operating in volatile economic environments. Traditional static risk assessment tools often fail to capture the time-varying and interconnected nature of financial risks such as liquidity shortfalls, credit exposure, market fluctuations, and operational uncertainties. To overcome these limitations, a dynamic model incorporating time series analysis, stochastic processes, and real-time financial indicators was designed. The model integrates internal financial data with external macroeconomic factors to generate adaptive risk scores that evolve with changing market conditions. Empirical testing using L&T's financial statements and relevant market metrics demonstrates that the dynamic approach provides superior predictive accuracy and earlier warning signals compared to conventional methods. The findings suggest that the proposed model enhances strategic decision-making and risk management effectiveness for large corporations. Recommendations for future implementation and scalability of the model across similar industrial settings are also discussed.

Keywords: Financial Risk Assessment, Dynamic Modeling, Time Series Analysis, Risk Management, Predictive Analytics, Macroeconomic Factors, Engineering & Construction Industry, Larsen & Toubro

1. INTRODUCTION

Larsen & Toubro Limited (L&T) is one of India's largest and most respected multinational companies, known for its excellence in engineering, construction, and technology services. Established in 1938 by Henning Holck-Larsen and Søren Kristian Toubro, the company has grown from a small engineering firm into a global organization with a strong presence across multiple industries. Headquartered in Mumbai, India, L&T operates in sectors such as infrastructure, power, defense, information technology, manufacturing, and financial services.

Over the decades, L&T has successfully executed several high-profile infrastructure projects, including roads, bridges, power plants, industrial facilities, and defense equipment. These projects have contributed significantly to the economic development of India and other countries. The company has earned a strong reputation for quality, reliability, innovation, and timely project execution. Its ability to handle large-scale and complex projects has made it a leader in the engineering and construction industry.

The success of L&T is built on its strong management practices, advanced technology, and commitment to sustainable development. The company not only focuses on constructing physical infrastructure but also provides technology-driven solutions, financial services, and consultancy to improve operational efficiency. Its diversified business model enables it to operate in different sectors, reducing dependency on a single industry and helping it manage risks effectively.

In today's dynamic and competitive business environment, companies face various uncertainties that can affect their financial stability. These uncertainties are referred to as financial risks. Financial risk arises due to changes in market conditions, fluctuations in interest rates, credit defaults, operational inefficiencies, and unexpected external events.

Managing these risks is essential for maintaining profitability and ensuring long-term growth.

Financial risk assessment is the process of identifying, analyzing, and managing risks that can impact a company's financial performance. It plays a crucial role in helping organizations make informed decisions, reduce potential losses, and improve financial stability. In large organizations like L&T, financial risk management becomes more complex due to the scale of operations, high capital investments, and long project durations.

L&T handles large investments, project financing, and financial planning activities, which naturally involve different types of financial risks. Market risk arises from changes in interest rates, exchange rates, and commodity prices. Credit risk occurs when clients or customers fail to make payments on time. Liquidity risk arises when the company faces difficulty in meeting its short-term financial obligations. Operational risk results from internal issues such as system failures, human errors, or inefficient processes.

To effectively manage these risks, L&T adopts advanced financial models and analytical tools. One of the most important approaches used by the company is the dynamic financial risk assessment model. A dynamic model is a mathematical and analytical tool that changes over time based on new data and market conditions. Unlike traditional static models, which rely only on historical data, dynamic models provide real-time insights into financial risks.

The use of dynamic models allows the company to continuously monitor financial conditions and identify potential risks at an early stage. These models help managers analyze different scenarios, evaluate possible outcomes, and make better decisions. By using dynamic models, L&T can reduce uncertainty, improve financial planning, and enhance overall performance.

The importance of financial risk management has increased significantly in recent years due to globalization and rapid technological advancements. Companies are now operating in highly competitive and uncertain environments, where even small changes in economic conditions can have a significant impact. Therefore, organizations must adopt modern tools and techniques to manage risks effectively.

The engineering and construction industry, in which L&T operates, is particularly exposed to financial risks. Projects in this sector require large capital investments, long execution periods, and complex planning. Factors such as project delays, cost overruns, changes in government policies, and fluctuations in raw material prices can affect the financial performance of companies. Effective risk management is essential to overcome these challenges and ensure project success.

L&T has developed a strong risk management framework to address these challenges. The company continuously monitors its financial performance, evaluates risks, and updates its strategies accordingly. It also uses advanced technologies such as data analytics and digital tools to improve decision-making. These practices help the company maintain financial stability and achieve sustainable growth.

Another important aspect of L&T's success is its focus on innovation and continuous improvement. The company invests in research and development to enhance its capabilities and adopt new technologies. This helps in improving efficiency, reducing costs, and managing risks more effectively. By combining technical expertise with financial knowledge, L&T is able to handle complex projects and maintain its competitive advantage.

The study of financial risk assessment in L&T is important because it provides practical insights into how large organizations manage financial uncertainties. It helps in understanding the role of dynamic models in improving decision-making and financial performance. The study also highlights the importance of adopting modern risk management practices in today's business environment.

This research focuses on analyzing the dynamic model for financial risk assessment at L&T, Chennai. The main objective of the study is to examine how the company identifies, measures, and manages financial risks. It also aims to evaluate the effectiveness of dynamic models in predicting risks and improving financial stability.

The study is based on the analysis of financial data, including revenue, profit, borrowings, and other financial indicators. It also involves the use of ratio analysis, trend analysis, and graphical representation to understand the company's financial performance. These methods help in identifying patterns and trends that can provide valuable insights into risk management practices.

Furthermore, the study emphasizes the importance of continuous monitoring and evaluation of financial performance. In a rapidly changing business environment, companies must be proactive in identifying risks and taking corrective actions. Dynamic models play a crucial role in this process by providing real-time information and helping organizations respond quickly to changes.

In addition to financial benefits, effective risk management also improves the confidence of investors, stakeholders, and customers. A company that demonstrates strong financial management practices is more likely to attract investment and maintain a positive reputation in the market. This is especially important for large companies like L&T, which operate at a global level.

In conclusion, financial risk assessment is a vital component of corporate management, particularly in large organizations operating in complex industries. The use of dynamic models has transformed the way companies manage financial risks, making the process more efficient and effective. L&T serves as an excellent example of how advanced risk management practices can help organizations achieve stability and growth. This study provides a comprehensive understanding of financial risk assessment and its importance in modern business operations.

II. PROBLEM STATEMENT

In today's rapidly changing economic environment, large infrastructure and engineering companies such as Larsen & Toubro face significant financial risks arising from market volatility, credit exposure, liquidity constraints, and operational uncertainties. Traditional financial risk assessment methods, which rely on historical and static data, are insufficient to capture the dynamic and time-varying nature of these risks.

The existing risk assessment practices often fail to provide real-time insights and early warning signals, leading to delayed decision-making and increased vulnerability to financial instability. This limitation becomes more critical in large-scale, capital-intensive projects where even minor fluctuations in economic conditions can significantly impact financial performance.

Therefore, there is a need to develop a dynamic financial risk assessment model that can continuously monitor, evaluate, and predict financial risks using real-time data and advanced analytical techniques. Such a model would enable organizations to improve risk forecasting, enhance decision-making, and maintain financial stability in a highly uncertain business environment.

III. OBJECTIVE OF THE STUDY

PRIMARY OBJECTIVE:

A study on dynamic model for financial risk assessment at Larsen & Toubro, Chennai

SECONDARY OBJECTIVE:

- To study the concept and types of financial risks faced by large corporate organizations.
- To analyze the major financial risks affecting Larsen & Toubro, such as liquidity risk, credit risk, and market risk.
- To examine the current financial risk management practices followed by Larsen & Toubro.
- To identify the key financial indicators and variables used in evaluating financial risk.
- To develop a dynamic financial risk model that helps predict and monitor risk levels over time.
- To evaluate the effectiveness of the dynamic model in forecasting potential financial risks.

- To provide suggestions for improving financial risk management strategies within the organization.

HYPOTHESIS OF THE STUDY

H0: Dynamic financial risk indicators do not significantly affect financial performance variables such as revenue, profit, and net worth.

H1: Dynamic financial risk indicators significantly affect financial performance variables such as revenue, profit, and net worth.

VI. REVIEW OF LITERATURE:

Financial risk assessment plays a crucial role in modern corporate finance, especially for large organizations operating in capital-intensive industries such as engineering, construction, and infrastructure. Over the years, several researchers and financial experts have contributed to the development of theories, models, and practical approaches for managing financial risk. This section reviews the existing literature related to financial risk assessment and dynamic models, with a focus on their application in large organizations like Larsen & Toubro.

1. Concept of Financial Risk Assessment

Financial risk refers to the possibility of loss arising from various financial activities and decisions. According to Philippe Jorion (2007), financial risk assessment is a systematic process of identifying, measuring, and managing potential risks that may affect a company's financial performance. He emphasized that organizations must adopt structured approaches to predict uncertainties and minimize potential losses.

In large corporations, financial risk assessment becomes more complex due to the involvement of multiple projects, high capital investments, and long-term commitments. Risk assessment helps companies to evaluate different scenarios and take preventive actions. It also supports decision-making in areas such as investment, financing, and project management.

Financial risk assessment is important in decision-making because it helps managers choose safer financial options. It evaluates possible risks before making investment or funding decisions. This process reduces uncertainty and improves confidence in decisions. It supports selecting strategies that balance risk and return. As a result, it leads to better and more effective financial decision-making.

2. Types of Financial Risks

Financial risks can be classified into different categories. Researchers have identified the following major types of risks:

a) Market Risk

Market risk arises due to changes in market variables such as interest rates, exchange rates, and stock prices. According to John C. Hull (2015), market risk is one of the most significant risks faced by financial institutions and corporations. He explained fluctuations in market conditions can directly impact the profitability and valuation of a company.

Credit Risk

Credit risk refers to the possibility that a borrower may fail to repay the loan or meet financial obligations. In infrastructure companies, credit risk is high due to large project financing and delayed payments from clients.

Liquidity Risk

Liquidity risk occurs when a company is unable to meet its short-term financial obligations. This risk is particularly important in large projects where cash flow management is critical.

Operational Risk

Operational risk arises from internal failures such as system breakdowns, human errors, or poor management practices. It can also result from external factors like regulatory changes.

Understanding these risks helps companies design appropriate risk management strategies.

3. Importance of Financial Risk Management

Financial risk management is essential for maintaining stability and ensuring long-term growth. According to Andrea Gatti (2013), effective risk management helps organizations reduce uncertainty and improve financial performance. He highlighted that infrastructure projects are highly sensitive to risks such as cost overruns, delays, and regulatory issues.

In the Indian context, companies like Larsen & Toubro face additional challenges such as fluctuating raw material costs, changing government policies, and economic instability. Therefore, adopting strong financial risk management practices is necessary for survival and growth.

4. Traditional vs Dynamic Risk Models

Earlier, companies used static models for risk assessment. These models are based on historical data and do not change frequently. However, static models have limitations as they fail to capture real-time changes in the market.

To overcome these limitations, researchers introduced dynamic models. According to Alexander Carol (2008), dynamic models continuously update risk estimates based on new data and changing conditions. These models are more flexible and provide accurate predictions.

Dynamic models are especially useful in industries where conditions change rapidly, such as construction and infrastructure. They help companies respond quickly to market fluctuations and manage risks effectively.

Unlike static frameworks that rely on historical averages, dynamic modeling incorporates stochastic variables to simulate various potential outcomes. This allows for a more nuanced understanding of uncertainty, particularly in large-scale infrastructure projects."

5. Key Financial Risk Assessment Models

Several models have been developed to measure and manage financial risk:

- Value at Risk (VaR)
- Value at Risk (VaR) is a widely used model that estimates the maximum potential loss over a specific time period. According to Jorion (2007), VaR provides a clear measure of risk exposure and helps companies set risk limits.
- Monte Carlo Simulation
- Monte Carlo Simulation is a statistical technique used to analyze the impact of uncertainty in financial models. It generates multiple scenarios to predict possible outcomes. This model is useful in project evaluation and investment analysis.
- Scenario Analysis
- Scenario analysis involves evaluating different possible situations and their impact on financial performance. It helps companies prepare for worst-case scenarios

6. Financial Risk Management in Indian Companies

In recent years, Indian companies have increasingly adopted advanced risk management practices. According to Sharma and Gupta (2020), large infrastructure firms use datadriven models to monitor financial risks in areas such as project

financing, contract management, and operational planning.

Companies like Larsen & Toubro have implemented structured risk management systems to handle uncertainties. These systems involve continuous monitoring of financial indicators, regular evaluation of risks, and timely decision-making.

7. Application of Dynamic Models in L&T

Larsen & Toubro is known for its effective use of dynamic financial models in managing risks.

The company uses these models in various projects such as:

Infrastructure Projects – to manage cost and time risks

Metro Rail Projects – to predict delays and financial requirements Defense Projects – to control budget and investment risks

Dynamic models help L&T to analyze real-time data, forecast potential risks, and take corrective actions. This improves the overall efficiency and success of projects

8. Research Gap

Although many studies have been conducted on financial risk management, most of them focus on theoretical models rather than practical applications. There is limited research on how dynamic models are used in Indian companies like Larsen & Toubro.

This gap highlights the need for detailed studies on real-world applications of financial risk models. Understanding how companies implement these models can provide valuable insights for both researchers and practitioners.

9. Conclusion of Literature Review

The literature clearly shows that financial risk assessment is an essential part of corporate management. Traditional models have limitations, and dynamic models provide a better approach by adapting to changing conditions. Researchers emphasize the importance of using advanced techniques such as VaR, Monte Carlo Simulation, and scenario analysis.

Companies like Larsen & Toubro demonstrate how these models can be applied in realworld situations to improve decision-making and reduce financial risks.

V. RESEARCH GAP

Although financial risk management has been widely studied in academic literature, a significant portion of existing research is primarily focused on theoretical frameworks and generalized risk models. Many studies emphasize concepts such as Value at Risk (VaR), portfolio risk management, and statistical modeling techniques, but they often lack practical validation in real-world corporate environments. This creates a gap between theoretical knowledge and its actual application in large, complex organizations.

In the context of dynamic financial risk assessment, the gap becomes even more evident. While dynamic models are recognized for their ability to capture time-varying risks and provide realtime insights, there is limited empirical research demonstrating how these models are implemented and utilized within Indian companies. Most available studies are either based on developed economies or focus on financial institutions such as banks, rather than on infrastructure and engineering firms.

Companies like Larsen & Toubro operate in highly capital-intensive and risk-prone industries, where financial risks are influenced by multiple factors such as long project durations, fluctuating market conditions, regulatory changes, and operational uncertainties. Despite the complexity of such environments, there is a lack of detailed studies examining how dynamic risk models are applied to monitor, evaluate, and manage financial risks in these settings. Additionally, limited attention has been given to integrating internal financial indicators with external macroeconomic variables in a dynamic framework.

Another important research gap lies in the evaluation of the effectiveness of dynamic models compared to traditional static approaches. While theoretical advantages of dynamic models are well documented, there is insufficient evidence on their predictive accuracy, early warning capabilities, and impact on financial decision-making in real-world scenarios. This lack of practical analysis makes it difficult for organizations to adopt these models with confidence.

Therefore, this study aims to bridge the existing gap by focusing on the practical application of a dynamic financial risk assessment model in Larsen & Toubro, Chennai. The research seeks to analyze real financial data, identify key risk indicators, and evaluate how dynamic modeling can enhance risk prediction and management. By providing empirical insights and practical evidence, this study contributes to both academic research and industry practices, helping organizations improve their financial stability and decision-making processes in a dynamic business environment.

VI RESEARCH METHODOLOGY

Research methodology refers to the systematic and organized process used to collect, analyze, and interpret data for the purpose of achieving the research objectives. It provides a clear framework that guides the researcher in conducting the study in a logical and scientific manner. In this project, the research methodology is designed to study the financial risk assessment practices and the use of dynamic models in Larsen & Toubro, Chennai.

The methodology helps in understanding how financial risks are identified, measured, and managed in the organization. It also ensures that the data collected is reliable, accurate, and useful for analysis.

Research Design

The study is based on a descriptive research design. Descriptive research is used to describe the current situation, characteristics, and practices followed by the organization.

In this study, descriptive research helps in: Understanding the financial performance of the company
Analyzing financial risks and their impact
Studying the existing risk management practices

This design is suitable because the research focuses on analyzing past and present financial data rather than predicting future outcomes.

Nature of the Study

The study is both analytical and descriptive in nature.

Descriptive: It explains the financial position and risk management practices of the company
Analytical: It involves analyzing financial data using ratios, tables, and charts

This combination helps in providing a detailed understanding of the company's financial performance and risk management system.

Sources of Data

The study uses both primary data and secondary data for analysis.

Primary Data

Primary data refers to the data collected directly from the original source. Methods used:

Structured questionnaires
Personal interviews

Informal discussions with employees

Primary data helps in understanding real-time practices and opinions related to financial risk management.

Secondary Data

Secondary data refers to the data already available from published sources.

Sources include:

Annual reports of Larsen & Toubro Official company website Financial journals and articles Books on financial management

Online sources such as financial websites

Secondary data is useful for analyzing financial statements and understanding company performance over time.

Sampling Design

Sampling refers to the process of selecting a group of individuals from the population for the study.

Sampling Method:

The study uses simple random sampling, where each individual has an equal chance of being selected.

Sample Size:

The sample consists of approximately 50 employees from finance and related departments. Sampling Area:

The study is limited to Larsen & Toubro, Chennai.

Data Collection Methods

The data for the study is collected using the following methods:

Questionnaire Method: A structured set of questions is used to gather information

Interview Method: Direct interaction with employees to understand practical aspects Document Analysis: Study of financial reports and company records

These methods ensure that both qualitative and quantitative data are collected.

Data Analysis Tools and Techniques

The collected data is analyzed using various tools and techniques: Percentage Analysis: Used to compare financial data

Ratio Analysis: Used to evaluate financial performance Trend Analysis: Used to study growth over time

Tables and Charts: Used for better presentation and understanding Graphical Representation: Helps in visual analysis

Microsoft Excel is used for calculations and creating charts.

Variables of the Study

The study focuses on the following key variables: Revenue

Profit Borrowings Net Worth

Period of Study

The study covers a period of three financial years (2022–23 to 2024–25).

This period is selected to analyze recent financial performance and identify trends in the company.

Reliability and Validity of Data

The data used in the study is reliable as it is collected from trusted sources such as annual reports. Validity is ensured by using accurate financial data and proper analysis methods. This ensures that the results of the study are meaningful and trustworthy.

Limitations of Research Methodology

Despite careful planning, the study has certain limitations: The study is based mainly on secondary data.

Limited access to internal company data. Time constraints.

Sample size is limited.

These limitations may affect the depth of analysis. Ethical Considerations.

The study follows ethical practices such as:

Maintaining confidentiality of data.

Using information only for academic purposes. Avoiding manipulation of data.

TABLE 1: Financial Performance Analysis

YEAR	REVENUE Cr	PROFIT Cr	BORROWI Cr	NET WORTH Cr	REMARK
2022-23	110,501	7,849	18,151	71,528	Moderate growth
2023-24	126,233	9,331	22,540	64,516	Debt increased

2024-25	142,509	10,871	21,935	71,896	
					Strong growth

Analysis: The financial performance of Larsen & Toubro from 2022–23 to 2024–25 shows a steady and positive growth trend. The company's revenue has increased consistently over the years, indicating strong operational performance and growing business opportunities. Along with this, profit has also risen gradually, reflecting effective cost management and improved efficiency in converting revenue into earnings. Although borrowings increased in 2023–24, suggesting higher financial requirements or expansion activities, they slightly decreased in 2024–25, showing better control over debt. The net worth experienced a temporary decline in 2023–24 but recovered in the following year, indicating improved financial stability and stronger retained earnings. Overall, the company demonstrates balanced growth with controlled financial risk, highlighting its ability to maintain a stable and sustainable financial position.

Findings:

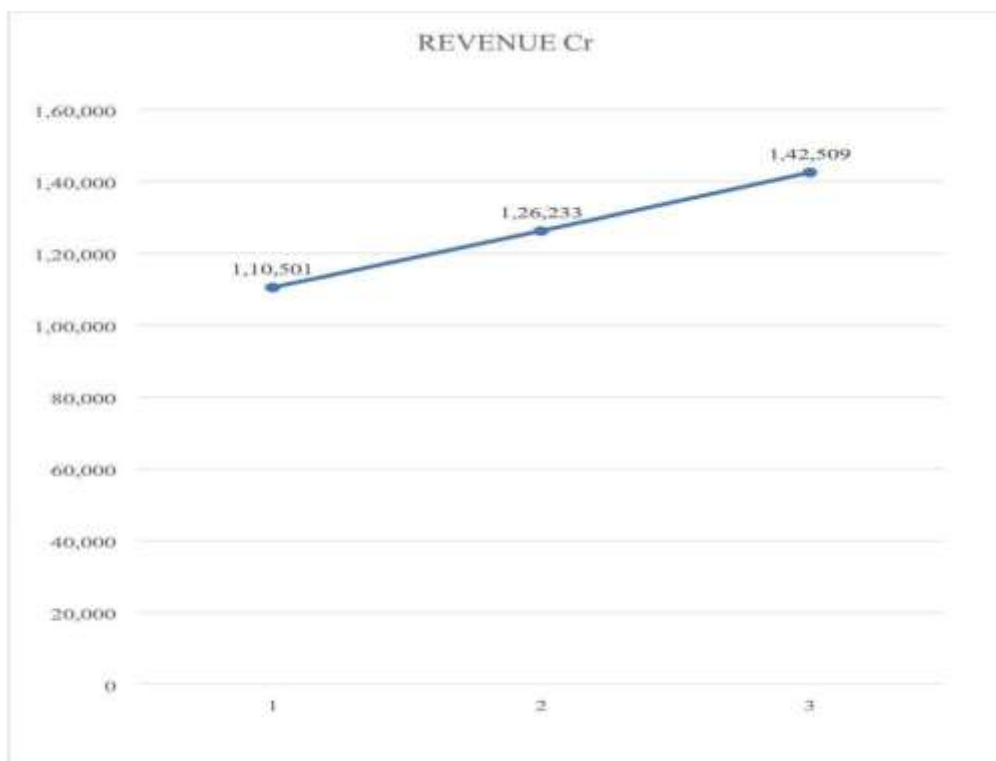
The company's revenue increased consistently from 2022–23 to 2024–25. Profit showed steady growth over the three years. Borrowings increased in 2023–24 but slightly decreased in 2024–25. Net worth dropped in 2023–24 but recovered strongly in 2024–25.

Overall financial performance indicates stable growth with controlled debt.

Interpretation:

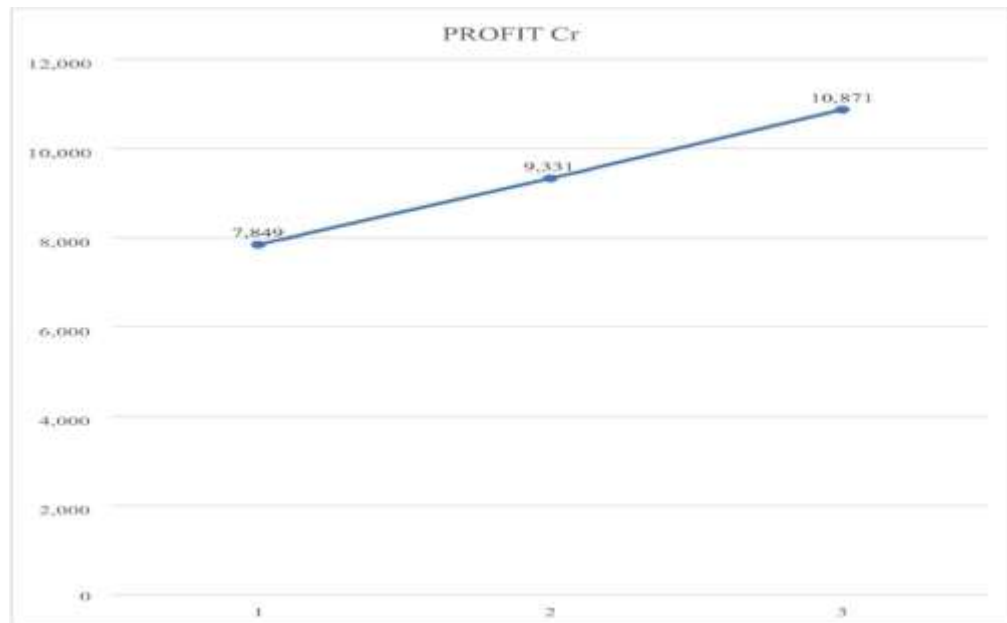
The company is expanding its operations with increasing revenue and profit. Although debt increased temporarily, it is now under control. The increase in net worth indicates financial strength.

REVENUE Cr



The chart shows the revenue of the company from 2022–23 to 2024–25. It is clear that revenue has increased steadily over the years. This indicates strong business growth and improved performance

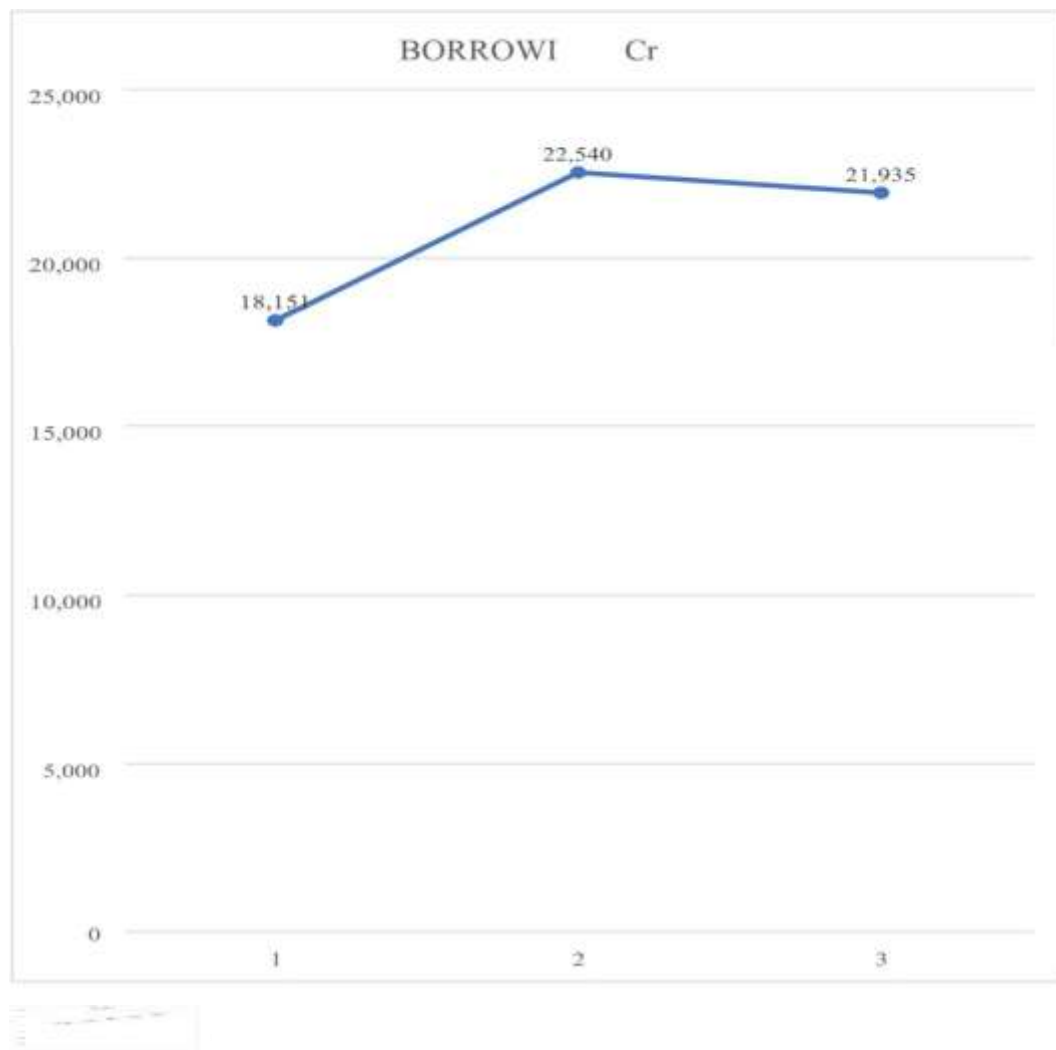
PROFIT Cr



PROFIT Cr

The chart shows the profit trend of the company over three years. Profit has increased consistently from 2022–23 to 2024–25. This reflects better profitability and efficient management.

BORROWI Cr



Borrowings Chart

The chart shows the borrowings of the company. Borrowings increased in 2023–24 but slightly decreased in 2024–25. This indicates that the company is taking steps to control its debt.

TABLE:2 The financial ratios of Larsen & Toubro

YEAR	DEBTEQUITY RATIO	RONW %	PAT %	RISK LEVEL
2022-23	0.25:1	11.32%	7.10%	Moderate
2023-24	0.35:1	13.71%	7.39%	Slightly High
2024-25	0.31:1	15.94%	7.63%	Controlled

Analysis:

The financial ratios of Larsen & Toubro over the period from 2022–23 to 2024–25 indicate a balanced approach towards financial management and risk control. The debtequity ratio shows an increase from 0.25:1 in 2022–23 to 0.35:1 in 2023–24, followed by a decrease to 0.31:1 in 2024–25. This trend suggests that the company initially relied more on external financing, possibly for expansion or investment purposes, but later reduced its dependence on debt, thereby improving its financial stability. At the same time, the Return on Net Worth (RONW) has shown continuous improvement across all three years, increasing from 11.32% to 15.94%, which reflects better utilization of shareholders' funds and improved profitability. The Profit After Tax (PAT) margin has remained relatively stable with a slight upward trend, indicating consistent earnings performance and effective cost control. Overall, the ratio analysis shows that the company is maintaining a healthy balance between growth

and financial risk, with improving returns and controlled leverage.

Findings:

The Debt–Equity ratio increased from 0.25:1 to 0.35:1 in 2023–24 and then decreased to 0.31:1 in 2024–25.

Return on Net Worth (RONW) showed continuous improvement over the three years. Profit After Tax (PAT) margin increased slightly, indicating stable profitability.

Risk level rose to slightly high in 2023–24 but improved to controlled in 2024–25. Overall, the company maintained a balanced financial structure with improving returns.

Interpretation:

The fluctuation in Debt-Equity ratio indicates temporary financial pressure. However, improvement in RONW and stable profit margin shows efficient management. The overall risk is under control.

TABLE 3: GROWTH TREND ANALYSIS

INDICATOR	2015-16	2024-25	GROWTH
Revenue	63,813	1,42,509	High Growth
Profit	5000	10,871	Strong Growth
Net Worth	42,135	71,896	Stable Growth
Employees	43,354	58,556	Expansion

Analysis:

The comparative performance indicators of Larsen & Toubro between 2015–16 and 2024–25 clearly show strong overall growth and expansion. The company’s revenue has increased significantly from ₹63,813 crore to ₹1,42,509 crore, reflecting more than a doubling in its business operations and indicating a strong market presence and consistent demand for its services. Similarly, profit has grown substantially from ₹5,000 crore to ₹10,871 crore, demonstrating improved profitability and effective financial management over the years. The net worth of the company has also shown steady growth, rising from ₹42,135 crore to ₹71,896 crore, which indicates a strengthening financial base and increased shareholder value. In addition to financial growth, the number of employees has increased from 43,354 to 58,556, highlighting organizational expansion and the company’s ability to support larger operations. Overall, the analysis reflects that Larsen & Toubro

Findings:

The company’s revenue has increased significantly from ₹63,813 crore in 2015–16 to ₹1,42,509 crore in 2024–25, showing strong business growth.

Profit has more than doubled from ₹5,000 crore to ₹10,871 crore, indicating improved profitability and efficient management.

Net worth has steadily increased from ₹42,135 crore to ₹71,896 crore, reflecting a strong financial position.

The number of employees has grown from 43,354 to 58,556, showing organizational expansion and increased operational capacity.

Overall, the company has achieved consistent growth in financial performance and workforce, indicating long-term stability and expansion Interpretation:

This indicates strong long-term growth and expansion. However, increasing employees and operations may increase operational risk if not managed properly.

The company shows consistent financial growth with increasing revenue, profit, and net worth. Although there are fluctuations in borrowings and ratios, the overall financial position remains strong. The company maintains a balanced approach between growth and risk, indicating moderate and well-managed financial risk.

VII FINDING

- The revenue of Larsen & Toubro shows a steady increase over the three years.
 - The company has achieved consistent growth in profit, indicating improved performance.
 - The increase in total assets reflects expansion in business operations.
 - Shareholders' equity has increased due to higher retained earnings.
 - The company shows strong financial stability over the years.
 - Borrowings increased in 2023–24, indicating higher financial dependence during that
- year.
- A slight reduction in borrowings in 2024–25 shows improved debt management.
 - The company maintains a good liquidity position with increasing current assets.
 - Trade receivables have increased, indicating higher credit sales.
 - Cash and cash equivalents have improved, showing better cash management.
 - The company has invested more in fixed assets, indicating long-term growth plans.
 - The balance sheet shows a proper balance between assets and liabilities.
 - The increase in reserves and surplus indicates strong internal financing.
 - □ The company's financial performance shows a positive growth trend.
 - Overall, the company is financially sound and has good future potential

VIII CONCLUSION

The financial analysis of Larsen & Toubro shows that the company has achieved steady growth over the study period, with consistent increases in revenue, profit, and total assets reflecting strong operational performance and effective management. The rise in shareholders' equity indicates financial strength and the ability to generate internal funds, while the improvement in cash and current assets highlights a strong liquidity position. Although borrowings increased at one stage, the company has taken steps to reduce debt in the recent period, showing better financial control. Overall, the company maintains a stable financial position with a positive growth trend and strong future prospects, supported by sound financial management and strategic planning.

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