

# L&T Looks to Build Digital Bridge to the Startupland

IT unit of tech co may invest seed capital in startups that have innovative technologies

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**Mumbai:** L&T Infotech, the IT unit of engineering conglomerate Larsen & Toubro, plans to seek board approval to invest in technology startups that the IPO-bound firm hopes will help boost its digital offerings. "We want to partner with startups and give them a platform," Chief Executive Sanjay Jalona told ET. "We are looking at how we can invest in them. At our next board meeting, we will ask the board to allow us to invest seed capital in startups that have innovative technologies."

Seed investments typically range from \$100,000 to \$1 million (₹68.64 lakh to ₹6.86 crore), depending on the startup.

The company, which received regulatory approval to float a ₹2,000-crore IPO last month, is focused on building an ecosystem where it could tap startups for innovation and more digital offerings.

"Digital is about 17-20% of the business and it is growing 40% year-over-year. As we make investments, there is no reason it cannot grow at 100% year-over-year," Jalona said. Parent L&T had followed a strategy of making financial in-

vestments in companies where it saw synergies and which could be made strategic investments in future. In 2006, it took a stake in Kumbakonam-based City Union Bank, hoping that it could be a strategic fit when the company gets a banking licence. It also invested in Kalindee Rail Nirman as part of its push into the rail business. The company has now exited both investments.

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L&T has grown to its current size – with annual revenue of \$15 billion – mostly organically, except for buyouts in its software and finance arms. The plan to invest in startups will help it get access to new technology and innovation. In return, the startups will get an opportunity to scale up.

"We think being part of L&T gives us an advantage. Startups, while they need investment, also need the first customer to prove themselves. We can partner with a startup and then they could potentially work with the 70 companies that the group has," Jalona said.

## Bridging The Gap

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**SANJAY JALONA**, Chief Executive, L&T Infotech

**IT firms** like Infosys, Wipro and Tech Mahindra have venture funds that invest in startups

**Parent L&T** is increasingly focusing on digital; hired McKinsey to chart digital roadmap

**Reliance Industries** runs a startup accelerator in partnership with Microsoft

**The Tata Group** is working with a few major technology startups for its ecommerce venture

**Large conglomerates** are focused on working with startups to stop themselves from becoming redundant