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April 30, 2025

National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra (East), Mumbai — 400 051.
NSE Symbol: LTTS

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400001
BSE Script Code: 540115

Dear Sir / Madam,

Subject: Transcript of Q4 FY25 Earnings Conference Call held on April 24, 2025

Pursuant to Regulation 30 and 46 read with Clause 15 of Para A of Part A of Schedule III of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the transcript of Q4 FY25 Earnings Conference Call organized by the Company on April 24, 2025.

Kindly take the above information on record.

Thanking You,

Yours sincerely,
For L&T Technology Services Limited

PRASAD VISHNU SHANBHAG

Digitally signed by PRASAD VISHNU SHANBHAG
Date: 2025.04.30 16:06:09 +05'30'

Prasad Shanbhag
Company Secretary & Compliance Officer
(M. No. A 30254)

Encl: As above

L&T Technology Services
Q4 FY25 Earnings Conference Call Transcript

For the Earnings Call held on April 24, 2025, 19:00hrs IST

MANAGEMENT: **MR. AMIT CHADHA – CEO & MD,**
MR. ABHISHEK – EXECUTIVE DIRECTOR & PRESIDENT,
MR. ALIND SAXENA – EXECUTIVE DIRECTOR & PRESIDENT,
MR. RAJEEV GUPTA – CFO,
MR. SANDESH NAIK – HEAD, INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day and welcome to Q4FY25 Earnings Conference Call of L&T Technology Services Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sandesh Naik, Head of Investor Relations. Thank you and over to you, Mr. Naik.

Sandesh Naik: Thank you, Ryan. Hello, everyone. I am Sandesh and welcome you all to the earnings call of L&T Technology Services for the fourth quarter of FY25. Our financial results, investor release and press release have been filed on the stock exchanges and are also available on our website, www.ltts.com.

I hope you have had a chance to go through them. This call is for 60 minutes. We will try to wrap up the management remarks in 20 minutes and then open up for Q&A. The audio recording of this call will be available on our website approximately 1 hour after the call ends.

With that, let me introduce the leadership team present on this call. We have with us Amit Chadha – CEO and MD; Abhishek – Executive Director and President; Alind Saxena – Executive Director and President and Rajeev Gupta – CFO. We will begin with Amit providing an overview of the company performance and outlook, followed by Rajeev who will walk you through the financial performance.

I now invite Amit for his opening remarks.

Amit Chadha: Perfect. Thank you, Sandesh, and thank you all for joining us on the call on a busy results day today. You'll have to bear with me with my voice today. I have a little bit of a throat infection, but I'll try and do my best.

We hit 3 major milestones during the quarter:

- Crossed ₹10,000 crore in annual revenue. With this, the company has an annualized run rate of $1.4 billion
- Registered highest ever large deal TCV bookings, higher than Q3 as well, which was a record for us in itself
- Surpassed 1,500 patents filing till date

Coming to Q4 Results and highlights:

- Even in a tough market environment, we had the third straight quarter of sequential organic and overall growth in Q4FY25

- Industry-leading revenue growth in USD, was up by 10.7%, led by Tech and Sustainability segments

- Continuing from Q3, our large deal momentum recorded the highest ever TCV bookings, including one $ 80 Mn+ deal, one $ 50 Mn+ deal, along with $ 30 Mn+ one deal, $ 20 Mn+ one deal and three $10 Mn+ deals. Order inflow, as I look at it on these large deals alone, is up QoQ more than 25%

- Half of these deals were won against competition, reflecting our growing market share based on our differentiated offerings, which we had invested in during the first half of the year; AI, Gen AI and other technologies

- We had anticipated better revenue growth in Q4. However, during the quarter, the overall macroeconomic environment created unexpected headwinds for us

    - Few of the large deals we won saw delay in ramp-ups and signing of some large deals got deferred to the end of the quarter. As you're aware, we announced one deal on the 31st of March as well

    - In order to support select strategic customers some of our proprietary software solutions and niche engineering work, which was done, had to be done on an investment basis. We believe this will help us in strengthening our case for larger deals in the future, building bigger market share, wallet share as well as growing these accounts further. There are some of these soft agreements we have based on this

- Lastly, the EBIT was 13.2% for the quarter

    - This had the impact of Intelliswift integration during Q4 as we had shared in the previous earnings call

    - The higher growth in SWC revenue

    - And additional costs on supporting customers and related investments that I just talked about earlier

- We continue to focus on levers to manage our operations effectively

Now for the full year FY25:

- In FY25, we delivered a growth of 8.9% in USD constant currency

- As per analyst reports, India Inc. has been growing at 6%. So, we're broadly happy that your company has grown higher than industry

- Sustainability grew 5.7%, Mobility grew 9.3% despite a challenging year while Tech including Intelliswift grew 11.3% in USD Constant Currency

- Europe led the charge recording the strongest growth of ~ 21% for us. All other geos showed positive growth

- **Large deals:** In FY25, we closed a total of 32 deals greater than $10 Mn in TCV, which includes one $ 80 Mn+, three $ 50 Mn+, five $ 30 Mn - $50 Mn range and 10 in the $15 Mn - $25 Mn range. All-in-all, fairly satisfied with what we've been able to close. I do expect this deal momentum to continue

- **Technology:**

  - We are proud that we surpassed 1,500 patents filing in FY25 cumulatively, including 573 filed for LTTS and 929 on behalf of our customers. Of these, 190 patents are in the AI and Gen AI domain alone reflecting our focus on advanced technology. With an average of 50 patents added each quarter, our total filing for FY25 now stands at 206

  - NVIDIA invited and partnered with LTTS across three areas - Rail, Medtech and Smart Spaces. At NVIDIA GTC, LTTS showcased TrackEI – an AI-powered railway track inspection tool using NVIDIA Jetson for real-time defect detection and predictive maintenance. TrackEI also won the Etihad Rail Innovation Award this quarter

  - In MedTech, the focus is on diagnostic imaging and surgical equipment. In Smart Spaces, LTTS leveraged its advanced AI ‘Fusion’ platform to set up an integrated command control center at Mahakumbh, enhancing the experience of over 660 million pilgrims

- **M&A:** We have successfully integrated Intelliswift, allowing us to build a strong portfolio in hyperscalers to address adjacent markets in service-led verticals like Retail, Fintech and Healthcare. As I go forward into the following quarters, I will start reporting progress first on solutions and then on deals in Retail, Fintech and Healthcare to you as well

Let me provide you segmental performance and outlook:

Mobility:

- The Mobility segment showed resilience with revenues remaining flat compared to previous quarter like we had guided you in the last quarter

- A year ago, we showcased iDrive, our framework for SDVs. We also launched hyper-personalization and AI for driver experience, all of which resonated with our clients at the CES. Such investments are paying off for us, not just Auto but T&OH as well

- We continue to focus on winning large deals in technology areas like SDV, Hybrid and AI. Recently we won a notable € 50 Mn deal, which we announced on 31st March, with a European OEM on SDV and expect more such deals in the coming quarters from US and Europe

We believe that overall Mobility segment will stay muted in the immediate term and will witness a turnaround towards the end of Q2.

Coming to **Sustainability:**

- Sustainability did well with a 2% QoQ growth in revenues. Higher growth was tapered due to an unexpected delay in ramp-up of deals signed but are now all set to grow in the coming year including April

- Companies are realigning their supply chains with a clear focus on leveraging advanced engineering solutions This includes initiatives like predictive maintenance, real-time asset performance management and leveraging sensor-driven analytics and Industrial AI, all underpinned by LTTS strength in Plant Engineering and Industrial Products. This we believe will help us in growing the Sustainability segment faster in FY26 as compared to FY25

- In **Plant Engineering**, we continue to see strong demand in O&G and CPG, led by capex projects, plant modernization, digital twins. Key clients to ramp up with us.

    - In a large deal in O&G we were chosen by a European oilfield service company as their preferred Engineering Service Supplier to support green energy initiatives

    - We also expanded our engagement with an O&G major for engineering and enterprise asset management

    - CPG continues to spend, and we have created differentiated solutions in that space. We see strong demand for greenfield and brownfield projects in plant modernization, digitization and safety

- In February, we introduced RefineryNext, a solution aimed at transforming traditional refineries into sustainable, intelligent and highly efficient operations. RefineryNext integrates advanced AI-driven tools for predictive maintenance, intelligent asset management and demand forecasting, along with energy optimization and net carbon compliance

- In **Industrial**, we are seeing larger deals TCVs and a robust pipeline of deals going ahead, because of our differentiated offering in industrial machinery, building technology, electrical power and controls. The focus areas will be Energy and Automation, Semiconductor machinery, Data Centers and Motion & Robotics
  - Nearly half the large deals TCV signed in this quarter are in the Industrial Products subsegment, which is one of our most profitable subsegments
  - This quarter we signed our largest deal in Industrial products to date, $80 Mn+ Digital Engineering Transformation deal with a manufacturer of industrial products and solutions
  - We marked a decade of engineering excellence with Siemens to drive innovation with the creation of integrated digital twins for products and plants

Overall, for the Sustainability segment, we see an increased large deal pipeline and expect the growth momentum to be better than Q4 with both Industrial and Plant subsegment firing at the same time.

Finally, moving on to **Tech:**

- Tech showed the strongest growth with a ~28% QoQ growth in revenues, led by Smart World and organic Software and Platform subsegment. Additionally, there was an upside of integration of Intelliswift revenues for the quarter. Excluding Intelliswift, Tech still had the highest growth amongst all the segments
- The Software & Platforms did well with growth in both Hyperscalers and key service industry accounts in Healthcare, Fintech and Retail. We are starting to gain traction with at least, I would say, about 45 senior level meetings done across the Intelliswift portfolio in the last quarter alone. The feedback and response has been extremely positive and encouraging
- The Communication, Media and Consumer Tech sectors are experiencing significant transformation driven by advancements in AI and immersive technologies
- In the Med-Tech subsegment, demand is being driven by Digital Manufacturing, Sustenance Engineering and QARA.

Overall, we expect Med-Tech and software platforms to do well along with Intelliswift in the coming year.

Now let me discuss the outlook for FY26:

- The ongoing rejigging of tariff-based supply chain dynamics presents significant opportunities for LTTS to drive growth and deliver enhanced value of its clients. With

AI adoption accelerating in the software-defined everything (SDx) and digital domains – both are core strengths of LTTS, and some of these rejig offerings that we had done in H1 – these capabilities will serve as a key differentiator in securing large, high impact deals

- With Q3 and Q4 having consecutively seen the highest large deal TCV wins so far, we are encouraged by the large deal TCV pipeline that we have built so far

- We continue to see market share gain across our top accounts

- We have multiple $100 Mn deals, $50 Mn deals running at advanced stages of negotiation and hope to take them to conclusion in the coming quarters. I will confirm that Q1 looks to be like a Q4 in terms of deal wins as well at this stage

- At the same time, we have to bear in mind the uncertain market environment and tightening demand conditions, which is causing disruption in the shorter term, but will be beneficial for the ER&D industry over the medium to long term

To conclude:

- We believe our 'Go Deeper to Scale' strategy with our diversified portfolio of 3 segments - Mobility, Sustainability and Tech gives us a balanced approach to the market and not limited to one segment. This gives us the confidence of overall growth even in turbulent times

- We expect FY26 to be a better year than FY25, with double-digit revenue growth in USD CC terms for FY26

- We would also like to reaffirm our medium-term outlook of $2 billion of revenue

With that, let me thank you for all your support, encouragement through the year. I now hand over to Rajeev from here. Thank you.

Rajeev Gupta: Thank you, Amit. Greetings to all of you.

Let me start by saying that we had many positives in Q4FY25 and for the year FY25:

- Q4FY25 saw record highest ever deal wins,

- FY25 revenue crossed ₹10,000 crores milestone,

- Our metrics in terms of DSO and free cash flows for FY25 continued to improve

- Finally, acquisition of Intelliswift and integration during Q4FY25, which of course is in line with our strategy to build capabilities in Software and Platforms capability for Hyperscalers

With that, I will take you through the financial details of Q4 and for the year FY25.

Beginning with Q4FY25 financials,

Our revenue for the quarter was ₹ 2,982 crores, a growth of 12.4% on sequential basis. Our YoY growth for the quarter came in at 17.5%.

EBIT margins for Q4 came in at 13.2%. Let me walk you through the EBIT movement in this quarter.

- Consolidation of Intelliswift financials had an impact of roughly 150 bps on the EBIT margins. We had called this out in our Q3 commentary as well.

- Macro-related headwinds in the quarter impacted anticipated revenues leading to impact on EBIT margins, especially in higher margin segments such as Sustainability and Mobility.

- We did absorb cost to support select strategic customers during these tough market conditions. We firmly believe this will further strengthen our partnership with the customers

Moving to FY25 financials.

Our revenue was ₹ 10,670 crores, a growth of 10.6% over FY24. We saw balanced growth across our diversified segments.

EBIT margin for the year came in at 14.9%. Let me explain the EBIT evolution for FY25

- We did make investments during H1FY25 to augment our Solutions and Capabilities for new-edge technologies and also strengthen leadership across our new segments, Mobility, Sustainability and Tech. This indeed helped us to win record large deals in H2FY25. And as Amit mentioned, we continue to see stronger pipeline and lot more $50 Mn+ deals that we pursue

- Acquisition of Intelliswift had an impact on EBIT margins

- Finally, macro-related headwinds in Q4 had an unexpected impact on FY25 margins

Moving to below EBIT

Other Income, for the quarter came in at ₹ 33 crores resulting from consolidation of facilities leading to benefits on ROU.

Effective Tax Rate (ETR) for Q4FY25 was 27.4% and for FY25 at 27.4% as well. This is within our expectation of 27.5%.

Net Income for the quarter stood at ₹ 311 crores, which is 10.4% of revenue. For FY25, net income came in at ₹ 1,267 crores, which is at 11.9% of revenue.

Moving to balance sheet. Let me now highlight some of the key line items.

Our Q4 combined DSO, including unbilled, continued to improve and came in at 106 days compared to 112 days in Q3, an improvement of 6 days. Q4 unbilled came in at 18 days, similar levels as Q3. We have improved upon this metric compared to our target range of 110 -115 days.

Talking about Cashflows

In FY25 Free Cash Flow came in at ₹ 1,379 crores vs ₹ 1,251 crores in FY24, an all-time high in absolute terms and a healthy 109% of Net Income. Our Cash and Investments improved to ₹ 2,976 crores end of FY25 vs ₹ 2,883 crores end of FY24. This is after paying for Intelliswift acquisition.

On capital return,

The Board today recommended a Final Dividend of ₹ 38/share taking the total dividend for FY25 to ₹ 55/share translating to a dividend payout of 46% for FY25.

Our return on equity stands at 22% for FY25.

Moving to revenue metrics

on a sequential basis, our $ revenue growth was 10.7% in reported terms, mainly driven by 27.9% sequential growth in Tech segment.

Talking about segmental margin performance for Q4FY25

Mobility segment margins remained flat in line with revenue growth. Sustainability margins declined majorly due to absorption of cost to support select strategic customers. Tech segment margins have been impacted primarily due to Intelliswift consolidation, cyclical growth of SWC business and lower than anticipated revenues due to ongoing headwinds.

Moving to operational metrics for the quarter

The Offshore mix came in at 55.8%, lower compared to Q3 due to Intelliswift consolidation. We aspire to improve this ratio to 60% levels in the medium term.

The Fixed Price revenue mix was 39.9% in Q4FY25.

Client profile – which is active number of clients went up by 43 due to Intelliswift acquisition. The categories of $20 Mn and $1 Mn+ accounts have shown an improvement in Q4FY25.

Client contribution to revenue in Q4FY25 continues to be in similar range as compared to Q3FY25. We expect revenue from top customers to improve going forward as our targeted client mining programs come to fruition.

Headcount improved sequentially by 793 to 24,258 as of year-end. This is mainly on account of consolidation with Intelliswift.

Attrition remained range bound at 14.3% levels.

Realized rupee for Q4 was around ₹86.41 to the dollar, a depreciation of 1.6% versus Q3.

Before I conclude, let me provide visibility on margin trajectory going forward.

With the ongoing headwinds from tariffs and macro-related uncertainties, we remain cautiously optimistic for the next few quarters though we are quite bullish in terms of our deal wins. Amit already talked about record deal wins in Q4. Q3 also we saw very healthy deal wins. Q1 also we are expecting to see similar levels of healthy deal wins.

We will continue to pivot on revenue growth to gain market share while leveraging on operational efficiency for margin improvement. And reiterate our aspiration of improving EBIT margins to mid-16% levels between Q4FY27 and Q1FY28.

I thank all of you for your support and your cooperation. With that, I hand over to the moderator for Q&A.

Moderator: The first question comes from the line of Yogesh Aggarwal from HSBC.

Yogesh Aggarwal: Just couple of questions. Firstly, a few clarifications. Sorry if I have missed. So, in the quarter, you added $33 million incremental revenues. How much was from Intelliswift?

Amit Chadha: What's your second question? We'll answer it together.

Yogesh Aggarwal: Okay. The second, Amit is that I mean it's related to the margin impact itself because it looks like the 150 bps was if the full quarter integration was there. Just to clarify on that. The other thing is on the guidance of double-digit growth in next year. Does that include Intelliswift as well because that would mean that 7% - 8% growth would come from there itself? So that's the question.

Rajeev Gupta: Yogesh, this is Rajeev here. Let me take the first 2 questions and I'll request Amit to take the question on guidance. So, your question was the increase, how much of that really is coming from Intelliswift, right? So, we did clarify in our Q3 commentary that Intelliswift is an annualized business of $100 million. Of course we continue to work towards growing that business. So hopefully, that answers the question. We are not splitting the revenues between LTTS and Intelliswift. We report that as consolidated.

Yogesh Aggarwal: So, the full quarter came in fourth quarter?

Rajeev Gupta: Yes. You are seeing the full quarter include Intelliswift barring a few days. Technically, the conclusion of the transaction happened on January 3rd, 2025. We played out the full quarter if you may see. Second, in terms of margin dilution. Yes, I did call it out in the Q3 commentary as well. We saw roughly about 150 bps of margin dilution on account of Intelliswift consolidation. Having said that, we are working actively on the integration plan and expect to see synergies both in terms of revenue and cost play out in the next following quarters.

Amit Chadha: Now in terms of growth, yes, we have called out double-digit and we do still believe that with the storm coming or with the storm ongoing, the world has stopped giving guidance and saying where they will go, and it seems to be misty. But having said that, with the backlog of deals that we have got; in addition to that, the strong deals win we have had in the last 2 quarters; we believe double-digit growth is assured. Now where will that double digit fall is something to be seen.

It's not 10%, it's definitely greater than that, but where will it be? We will talk about it as we progress. And yes, a part of that will come from Intelliswift and a part of that will come from others.

Yogesh Aggarwal: Right. Sorry, just clarification. Since Rajeev said the full quarter was integrated, were you a bit disappointed with the fourth quarter organic growth? I think you did mention some few deals got pushed down. So, is that impacted? Because I think we were expecting a bit better growth in organic terms for the fourth quarter.

Amit Chadha: Yes. Like I said that in Q4 there were, I'll quote again, few large deals. One saw a delay in ramp-ups and signing of deals were deferred to the end of the quarter. Second in order to support select strategic customers, some of our proprietary solutions and niche work was done on an investment basis rather than on a chargeable basis to the customer in order to create good relationships and get larger access to bigger deals in the future. I hope that answers your question.

Moderator: The next question comes from the line of Karan Uppal from Phillip Capital India.

Karan Uppal: Just the question is on next quarter. So, in FY25, we saw SWC seasonality leading to a weaker Q1FY25, so revenue declined 3%. So, are you expecting in FY26 also the quantum to be similar and then the growth to pick up in rest of the year? That's the first question.

Amit Chadha: Karan, what's your second question? I'll answer it together.

Karan Uppal: Second question is to Rajeev. So, Rajeev, Tech margins have come up significantly. You explained that it's because of Intelliswift integration. So, should we assume this to be the base for Tech vertical margins? And any color in terms of segmental margins, how those will evolve in FY26? That would be helpful.

Amit Chadha: Sure. So let me take the first one, Karan. It's a very good question. Karan, I can confirm we don't want to give QoQ guidance like some peer companies do. But I want to give you indicatively at this stage, Sustainability will definitely grow QoQ. Software and platforms and which includes organic plus inorganic from Intelliswift will grow QoQ. MedTech will grow QoQ.

Mobility I think will grow as well as it looks right now. The seasonality of Smart World is there, but we are trying to beat it if we can. Let's see as the quarter goes, how it comes along. It will not be as bad as it was last year. We are trying to minimize it, but that is where I will stop. The quarter to be played out, a lot of work to be done. Rajeev, you want to answer on margins.

Rajeev Gupta: Sure. Karan, as far as the margin, I think first, like I've highlighted, right, and of course I think you read that; the Tech margins had the impact of Intelliswift acquisition roughly about 150 bps. Second, it also had the cyclical growth of Smart World. Now to answer further to your question in terms of where I see the baseline in terms of the EBITDA margins for each of the segments, I would request that we kind of wait for about a quarter as things are settling down.

We called out a few headwinds. One, of course, that there were a few large deals that we anticipated to start early in the quarter, but it kind of got deferred towards latter part of the quarter. Second, we are continuing to support some of our strategic customers. While we're quoting that as investments, we believe that will strengthen our relationships to have even larger deals from those customers. So, allow us a quarter till we continue to clarify and see some of this evolve there.

Karan Uppal: Okay. Thanks for the answers and all the best.

Moderator: Thank you. The next question comes from the line of Bhavik Mehta from JPMorgan. Please go ahead.

Bhavik Mehta: So, couple of questions. Firstly, on all these large deals which we have been winning in 3Q and 4Q, how should we think about the ramp-up of those deals over the next couple of quarters? Because in 4Q we saw some delays in ramp-ups, but how things have changed if you look at April and how should we expect the trend going forward from a next couple of quarters perspective? And secondly, on margins, Rajeev, how should we think about the wage hike this time around, which quarter will you see the impact of that?

Amit Chadha: Bhavik, as far as deal ramp-ups is concerned, the ones that we won in Q3 have all ramped up now and will provide us revenue in Q1 and beyond. Other than the one that we won on 31st March, the other deals have also started ramping up and should provide us positive revenues in Q1. The reason I'm confident about Sustainability growing faster than Q4 is because I know that that is in full flow.

Mobility is where we've been seeing challenges. We had expected a little more growth in Mobility, but some of these deals got delayed. And I expect that Mobility should be either flat or grow but no more degrowth as far as I can see it right now. So that's the only question. In Tech again, we've been empanelled in a couple of places. Three of the hyperscalers now are almost 20 Mn+ accounts for us in an annualized run rate basis.

So, I believe that growth to carry on because Tech is still pumped up about spending on AI and others, very relevant to what we are doing. Seasonality of SWC is there, but we are trying to overcome that. So, as we go forward, we do believe that we should be able to continue the path that we are on right now.

Rajeev Gupta: Bhavik, let me take the wage hike question. So, see, we are cautiously optimistic. I think Amit highlighted a lot of large deal wins. Of course, we'd like to see the ongoing headwinds to settle down in this quarter. As a management, we have yet not made any decision in terms of wage hike. I think that's something that will play out during the quarter depending on how we see the macro uncertainty kind of settle down.

Amit Chadha: In fact, we just gave wage hikes in November, Bhavik. So, the appraisal process has started, but we haven't made a decision on when to deliver the hikes in CY25.

Bhavik Mehta: Okay. Thank you.

Moderator: Thank you. The next question comes from the line of Moez Chandani from Ambit Capital. Please go ahead.

Moez Chandani: Hi, good evening and thank you for taking my questions. I had three questions. Firstly, in terms of the large deals that you've signed, is there any change in terms of pricing or timelines for these deals vs the deals that you were signing, let's say, two or three quarters ago? That's the first question.

Secondly, when it comes to geography, in your conversations with clients, is there any particular geography that you're seeing is worse impacted by these macro headwinds, particularly from North America vs Europe? And just thirdly and my last question, your onsite mix has seen a sharp increase this quarter. Is this just because of the Intelliswift acquisition or has there been any other strategic shift in terms of your onsite/offshore revenue mix?

Amit Chadha: As far as large deals is concerned, Moez, we are seeing probably the same kind of deal making that we saw in the past. Just that clients are coming in and asking for better efficiencies, leveraging AI and spot solutions that we have got. So, in fact, a significant part of the deal wins we've had this year quarter and last quarter have been baking in our own solutions and therefore, providing productivity benefits to the customer and keeping some of those as well. So that is what we have seen.

Now these unusual requests that came for investments in Q4 and in fact came in the last week of the quarter from two, three of our strategic customers, we have not seen this in the past. We had seen it during COVID as well. So, they came in which we have obliged. But we don't think this is an ongoing thing. Things should from here on I think be okay.

Third, in terms of geography you talked about, there is a lot of consolidation deals still running in Europe that we've got.

The US has got more new tech digital transformation kind of deals running. So that's the broad contours. Lastly, we are starting to get a number of inquiries for Plant transfer, for line transfer, for operational technology support, for creating servitization of people's product lines as well as support on the China plus One strategy where we are providing them sourcing support as well. So that is a new kind of stuff that we've been seeing coming in as inquiries in the last, shall I say, 6 weeks.

Rajeev Gupta: Your question on onsite. This is Rajeev, let me address to it. Yes, majorly it's on account of Intelliswift, partly on account of some of the large deals that tend to start where we do work onsite and then we see it moving more towards offshore. But majorly it's on account of Intelliswift consolidation.

Moez Chandani: All right. Got it. Thank you.

Moderator: Thank you. The next question comes from the line of Ashish Aggarwal from Sundaram AMC. Please go ahead.

Ashish Aggarwal: I hope I'm audible. Sir, two questions from my side. First of all, on the guidance given the deal signings tailwind we are seeing both in Q3 & Q4 and as you said in Q1, assuming there is no major macro headwind now from here on apart from what we have seen, is it fair to assume that organically FY26 will be, if not better similar to FY25? That's my first question.

And secondly, on the comment you have made about the investments, you have made and some of the software proprietary solutions, etc, which have been provided to the clients. At a later stage, are these reimbursements from the clients or these are the investments you have already made, and this will not be reimbursed from the clients?

Amit Chadha: Number one, I would like to confirm to you that I do believe organically FY26 will be a better year than FY25 if the other shoe doesn't fall tomorrow. Look, I'm being honest. And that's how we are preparing, that's how we are adding. We're adding 2,500 freshers. The first lot of 500 will join in June towards the end. So, we are on it. So, nothing changes for us. We are preparing for a growth year. Now your second question was I'm sorry, can you repeat your second question?

Ashish Aggarwal: The investments for the proprietary reimbursements?

Amit Chadha: So, look, the way it is in one particular case, it was investments that we had made, and we had implemented the product for them, the widget for them and there was a certain money owed to us and they came back and said that rather than paying you, can you say that this is goodwill generated for us.

We're using it across our entire product family and at some point, we will make you hold, and we need support. In a second case, there was a niche solution that we had developed and worked on, which again was going to be billed on 31st March. We were requested to not invoice and again take it as part of our investment for the relationship. So, we have agreed to both of these and taken it forward. So, we don't see this ongoing, but this is a one-off that we had to accept.

We believe this will help us in greater market share. It is in times of these when you support a client that they remember it and then they come back and support you when you need it. I do believe that this will help us, in growing our accounts, in growing our relationships and getting larger deals.

Ashish Aggarwal: Got it, sir. Thanks a lot.

Moderator: Thank you. We do have a follow-up question from Bhavik Mehta from JP Morgan.

Bhavik Mehta: So, going back to the investments related to clients, is it fair to assume that the revenues to an extent should also come back because you were requested not to bill them last quarter. So, could that be a tailwind in 1Q or 2Q?

Amit Chadha: Yes, Bhavik. May not be on the same deal, but other places, yes.

Bhavik Mehta: Okay. And just again going back to the guidance, because you said it is double digit, it's not 10%, it will be more than 10%. Is it fair to assume that 10% is like the worst case you're working with right now?

Amit Chadha: Bhavik, I request you, you've known us for a long time. Let us say 10% and I'm saying double digit. I'm saying better than FY25, FY26 will be better and that's where it is. And I don't think it's 10%. So let me leave it there. Of course this will be better.

Bhavik Mehta: Okay, fair enough. Thank you.

Moderator: Thank you. There is a follow-up question from the line of Karan Uppal from Phillip Capital India.

Karan Uppal: So, Amit, just wanted to double click on Mobility vertical. So, in this vertical we have seen one large deal of $50 million in SDV space and you also mentioned that there are further deals in SDV, which you are seeing in the pipeline. So fair to assume that within Mobility, auto is doing well, but you are seeing pain in Aero and Off-Highway?

Amit Chadha: That's not true, Karan. In fact, see, there are stops in certain places. But overall, we do believe that we've got this differentiated set. My colleague, Alind, can add.

Alind Saxena: So, I'm sure, Karan, you are looking at the markets, you are aware of how our customers are doing there, whether they are in the automotive or in Trucks and Off-Highway or in Aero. So, the pain is there. What we do believe is that this is going to last for about a quarter or so like we said earlier.

But given the solutions and some of the deep relationships that we have and the deals that we have won, part of which we talked about are consolidation deals, some are carve-out deals which are there. We do believe that the growth will come back sooner rather than later in this sector. But still to be washed out and barring anything else happening, we do remain very bullish about this segment, and we'll continue to perform as we go along.

Karan Uppal: Okay. Thanks a lot.

Moderator: Thank you. The next question comes from the line of Sulabh Govila from Morgan Stanley.

Sulabh Govila: So firstly, I wanted to check, I'm not sure if you've quantified what's the sort of impact on revenue this quarter from the investment that you did at the end of the quarter in terms of in the couple of clients that you mentioned?

Rajeev Gupta: Sulabh, this is Rajeev. Let me take that one. So, we will not break it down, Sulabh. We've of course clarified that look, we did see an upside from the Intelliswift acquisition, we've seen a few headwinds. We will not break it down to that level. But what I will suggest is if you can have an offline conversation with Sandesh.

Sulabh Govila: Sure. Understood. And is it fair to assume similarly on margins, is it fair to assume that when the revenue comes back, the margin also comes back given that it was just the lack of this revenue that led to the margin weakness?

Rajeev Gupta: I'd say yes, Sulabh, that's how it is. And aside of this, I mean we are also running a very targeted margin improvement plan now in the organization. We are conscious that of course we didn't see these levels of headwinds, right? They all came in beginning of February. So, we are running a lot of efforts to sustain margins going forward, sustain and improve as well.

Sulabh Govila: Okay. Understood. And then I wanted to just double-click on a comment that Alind, just made that we see growth coming back in Mobility sooner than later. I just wanted to understand what sort of data points or what sort of conversations, you're having with clients that are making you believe that that could be the case?

Alind Saxena: So, like I said earlier, we have talked about some of the deals that we have already won earlier in the quarter. And then we have some more transformation deals which are running, which we hope to close sooner rather than later. And that's the confidence that we have based on our relationship with our customers that they will go through, and that will lead to the growth that we are talking about.

Sulabh Govila: Okay. No. My question was more from a perspective of the pause or the stops that are there in certain places that those getting lifted, if there is a conversation regarding that with the clients?

Alind Saxena: See, that's a broader market question. What we are seeing is and again this is available in public forums. You can find out that some of the programs that our customers are running, they are getting delayed so they're getting pushed out by about a year or so. And hence, the trajectory of the efforts required to bring them to fruition automatically goes down.

So that we will see plus the ambiguity that remains, because of tariffs and the cost that the customers will have to take as they go through. So those ambiguities do remain, but they also lead to opportunity of consolidation, they lead to opportunity of picking up some of these transformation deals that we are talking about and that's what we are riding upon.

We do see that this will remain. The market as such will remain ambiguous for about another quarter or so. Probably towards the end of second quarter of the financial year, we believe that this will start settling down.

Sulabh Govila: Understood. And then just the last bit for me. Amit, we sort of mentioned on order inflow that half of the order inflow that we got this quarter were won against competition. So, assuming half of these are consolidation deals, is it fair to assume that these come in at a lower margin than the company average?

Amit Chadha: No. In fact, when I said won against competition, these were I said 70% of the deals were won in a competitive manner based on solutions we had, right, 30% were single source to us. That's what I meant by that. I would like to confirm to you that all the deals we have won in Q4, as well as the deals we have won in Q3 are at standard segmental margins in which they have been won.

Sulabh Govila: Perfect. So, thanks a lot for taking my questions.

Moderator: Thank you. Ladies and gentlemen, we have reached to the end of the Q&A session. I now hand the conference over to Mr. Sandesh Naik for his closing comments.

Sandesh Naik: Thank you. Thank you all for joining us on the call today. We hope we were able to answer your queries. If there are any follow-ups, we'll be happy to address them. With that, we are signing off for today and look forward to interacting with you through the quarter. And I wish all of you a very good evening and a good day. Thank you.

Moderator: Thank you. On behalf of L&T Technology Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Note: This transcript has been lightly edited for clarity and accuracy.