LTIM/SE/STAT/2025-26/14 April 28, 2025

National Stock Exchange of India Limited,
Exchange Plaza, Bandra-Kurla Complex,
Bandra (E),
Mumbai - 400 051

The BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

**NSE Symbol: LTIM**

**BSE Scrip Code: 540005**

Dear Sir(s)/Madam,

**Subject: Transcript of Earnings Conference call held on April 23, 2025**

With reference to the captioned subject, please find enclosed transcript of the Earnings Conference Call held on April 23, 2025.

Kindly take the above on record.

Thanking you,

Yours faithfully,
**For LTIMindtree Limited**

Angna Anish Arora
Digitally signed by Angna Anish Arora
Date: 2025.04.28 16:33:57 +05'30'

**Angna Arora**
**Company Secretary and Compliance Officer**

**Encl:** As above

# "LTIMindtree Limited Q4 & FY'25 Earnings Conference Call"

## April 23, 2025

**MANAGEMENT:**

***Mr. Debashis Chatterjee*** – *Chief Executive Officer & Managing Director*
***Mr. Venu Lambu*** – *Chief Executive Officer (Designate)*
***Mr. Nachiket Deshpande*** – *President, Global AI Services, Strategic Deals & Partnerships*
***Mr. Vipul Chandra*** - *Chief Financial Officer*
***Mr. Vikas Jadhav*** – *Head, Investor Relations*

**Moderator:** Ladies and gentlemen, good day, and welcome to LTIMindtree Q4 FY '25 Earnings Conference Call.

As a reminder, all participants' 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 will now hand the conference over to Mr. Vikas Jadhav – Head Investor Relations, LTIMindtree. Thank you and over to you, sir.

**Vikas Jadhav:** Thanks Rutuja. Good evening, everyone. Welcome to LTIMindtree's Q4 FY'25 earnings conference call.

Today on the call we have with us

Mr. Debashis Chatterjee – Chief Executive Officer and Managing Director

Mr. Venu Lambu – Chief Executive Officer, Designate

Mr. Nachiket Deshpande – *President, Global AI Services, Strategic Deals & Partnerships*

Mr. Vipul Chandra – Chief Financial Officer.

We will begin by providing a brief overview of the Company's Q4 and FY'25 performance, after which we will open the floor for Q&A.

During the call, we could make forward-looking statements. These statements consider the environment as we see today, and carry risks and uncertainties that could cause our actual results to differ materially from those expressed in today's call. We do not undertake to update any forward-looking statements made on the call.

I now turn the call over to DC for his opening remarks.

**Debashis Chatterjee:** Thank you, Vikas. Good evening, and good morning to everyone, and thank you for joining us today.

To start with, I am pleased to mention that on the Earnings Call today, we are joined by Venu Lambu, who has rejoined us as CEO Designate on 24th January. Venu has worked closely with me for over a decade in the past. Since joining, he has gained deeper insights into the Company's current operations and strategic planning. Venu will continue to focus on driving growth and enhancing stakeholder value. While I cover the performance highlights for FY'25, I would request Venu to provide his perspective on the business outlook later.

In terms of yearly performance, FY'25 was a period of consolidation, characterized by growth in our key verticals, growth across top customers, large deals traction, and significant progress in AI-leveraged deals. Despite robust revenue growth in the first half of the year, momentum slowed in the second half due to macro uncertainties. Nonetheless, as a strategic partner, we maintained close relationships with our customers and supported them in their cost initiative programs, while further consolidating our position with them.

Overall, we achieved constant currency revenue growth of 5% compared to 4.2% in FY'24. Revenue totaled US$4.5 billion, reflecting a growth of 4.8% in U.S. dollar terms.

The strategic alignments with our customers have resulted in a robust order inflow this year. We recorded a Q4 order inflow of US$1.6 billion, marking the second consecutive quarter with over US$1.5 billion in orders. The total order inflow for FY'25 stood at US$6 billion, representing a 6.1% year-on-year increase. This exhibits our capability to continue to adjust our portfolio from a higher discretionary mix to longer-term efficiency-driven deals.

Operating margins for the year stood at 14.5%, a decline of 120 basis points year-over-year.

At the end of Q4 and FY'25, our total headcount stands at 84,307, reflecting a net year-over-year addition of 2,657 employees. Attrition remained stable at 14.4%.

Collaboration between academia and corporates is critical in times of technological transition. As a step towards this, we are excited to share that

LTIMindtree has partnered with the Indian Institute of Management, Mumbai to introduce the postgraduate program for executives in AI-led experience design. This year-long program is designed to equip professionals with cutting-edge skills in customer experience design by leveraging the transformative capabilities of artificial intelligence.

At LTIMindtree, we believe that true operational excellence is measured not only in metrics but also in the trust we build with our clients. I am delighted to share that our CSAT score improved to 5.98 in FY'25 from 5.85 in FY'24, well above the industry average.

I am glad to see LTIMindtree being included in the "S&P Global Sustainability Yearbook 2025". This inclusion marks the first time we have been featured in the S&P Sustainability Yearbook and reflects our ongoing commitment to sustainability and transparent practices.

The ongoing AI-led technology transition is enabling us to capitalize on new opportunities across various industries. Let me take you through some of the key wins in Q4.

A leading US Life Insurance Company has engaged us to enhance its quality processes using AI to improve the operating model, thereby advancing enterprise quality engineering maturity. This is a multi-year deal which will focus on enhancing quality engineering practices and leveraging AI to transform the operating model.

We have been chosen by a global re-insurance group to enhance efficiency through an AIOps model as part of its end-to-end outsourcing deal.

A leading digital Company in the Kingdom of Saudi Arabia region has entrusted us with providing end-to-end operations services for their hybrid cloud security platform.

We have been selected by a global Energy major to provide next-gen ERP support services across multiple functional and SaaS-based solutions.

Our year-end deal pipeline continues to remain robust.

Next, I will discuss our Industry Verticals Performance:

Our primary verticals, BFSI, Technology & Manufacturing, which accounted for approximately 80% of FY'25 revenues, experienced good growth this year.

The Technology, Media & Communications vertical contributed 24.5% to FY'25 revenues and grew 8.7% year-over-year in U.S. dollar terms. We see continued momentum in this sector.

Our largest vertical, BFSI, which contributed 36.1% to FY'25 revenues, grew 4.6% year-over-year. Client priorities continue to revolve around regulatory commitment and data transformation for better reporting and decisions. During the year, we closed several large deals in this vertical, primarily focused on cost optimization, vendor consolidation and tech modernization.

The Manufacturing & Resources vertical, which contributed 19% of FY'25 revenues, grew 7.2% year-over-year, aided by the large deals we signed earlier this year. Demand was driven by vendor consolidation, ERP transformation and managed services deals.

Our Consumer business, which consists of Retail, CPG, Travel, Transportation and Hospitality businesses, showed flat growth year-over-year in constant currency terms. Retail and CPG witnessed growth during the year, while the TTH portfolio had a couple of client-specific slowdowns.

Our Health, Life Sciences & Public Services business, our smallest vertical, declined by 3% year-over-year. The decline primarily came from the Healthcare business.

In terms of geographies, North America grew by 7.1%, Europe declined by 1.2%, and the rest of the world declined by 1.7% in FY'25.

I will now turn over the call to Vipul for the financial highlights.

**Vipul Chandra:** Thank you DC. Hello everyone and thank you for joining the call.

Let me take you through the financial highlights for the 4th Quarter and financial year 2025, starting with the revenue numbers.

We ended the fiscal year 2025 with revenue of US$4.5 billion, registering a growth of 4.8% in dollar terms and 5% in constant currency terms. The EBIT margin for FY'25 was 14.5% compared to 15.7% in FY'24. The PAT margin was 12.1% compared to 12.9% in FY'24, while the absolute PAT for the full year was INR 4,602 crores, an increase of 0.4% over FY'24.

Cash generation for the year continued to drive the strength of our balance sheet, with operating cash flow to PAT at 98.8% and free cash flow to PAT at 78.5% for the full year.

We closed the year with an all-time high Cash and Investment balance of US$1.56 billion or INR 13,346 crores compared to INR 12,488 crores in Q3 FY'25.

Return on Equity was at 21.5%.

For the 4th Quarter of FY'25, our revenues stood at US$1.13 billion, up 5.8% year over year in USD terms. The corresponding constant currency growth was 6.3% year over year. Sequentially, revenue declined by 0.7% in dollar terms and by 0.6% in constant currency.

EBIT margins for Q4 were flat at 13.8% compared to Q3. Despite the sequential revenue decline, we were able to maintain margins due to improved operational efficiencies.

PAT margin for the quarter was at 11.5% as compared to 11.2% in Q3 FY'25. Basic EPS was INR 38.1 for the quarter as compared to INR 36.7 in Q3 FY'25.

The effective tax rate for the quarter remained stable at 26.2%.

We remain committed to reducing our day's sales outstanding as evidenced by the improvement in total DSO, which reduced by 1 day, bringing it to 79 days for Q4 versus Q3.

As of March 31, 2025, our cash flow hedges stood at US$3,618 million, and hedges on the balance sheet were US$259 million. Corresponding numbers for Euro hedges stand at €145 million and €28 million respectively.

Our utilization excluding trainees in the quarter came in at 85.8% compared to 85.4% last quarter. Our attrition continues to be stable. For the quarter, our TTM attrition was 14.4% compared to 14.3% last quarter. We onboarded over 4,700 freshers during the year, which is another step on our pyramid correction journey.

The Board of Directors has recommended a final dividend of INR 45 per share, subject to shareholders' approval, taking our overall dividend for the full financial year to INR 65 per share.

Our commitment to sustainability remains steadfast. Let me outline some of our accomplishments on this front:

I am pleased to announce that LTIMindtree received the "India Green Award 2025" for demonstrating Best Practices and Achievements in Sustainability Reporting.

LTIMindtree was also awarded the prestigious Zero Waste to Landfill Certification for 2 of our Mumbai offices in Powai and Mahape.

We proudly stand as the only Platinum Award winner in the "Sustainability Report Category" within the Technology IT Services sector. This achievement underscores our leadership in sustainable practices within our industry.

LTIMindtree attained the Global Leadership League in CDP Climate Change 2024 for the fifth year in a row.

I am also pleased to report that Crisil has reaffirmed its rating on the Company's bank facilities as Crisil AAA / Stable and Short Term facilities as Crisil A1+.

I would now like to invite Venu to share his thoughts.

**Venu Lambu:** Thank you, Vipul. I am very excited to rejoin LTIMindtree. The transition has proceeded smoothly, and it has been a rewarding experience collaborating with DC once again. Over the past 90 days since my rejoining, I have travelled extensively to various locations, engaging with both employees and customers. I have participated in over 100 meetings involving customers, industry experts, partners and investors. These engagements across stakeholders over the past

90 days have been quite reassuring and reinforced my commitment to value creation at LTIMindtree.

The recent macro uncertainties will take their own course. Over the past two decades, we have faced various challenges and emerged stronger each time. We see the current phase of technological transition and macro issues as another opportunity and are confident in our ability to thrive.

I would like to outline 3 key initiatives that we have prioritized as we move into FY'26:

The first initiative is sales transformation. This centers around simplifying the service line sales structure, strengthening leadership in high potential businesses, reimagining value creation with our partners and customers, and exploring new sales models in the AI economy, targeting a larger portion of clients' cost base than just IT.

As we move into this AI driven economy, clients are increasingly seeking multi-service, multi-delivery and multi-geographical solutions. This significant shift in demand necessitates the development of an innovative playbook, prompting us to revamp our large deal organization. The framework for this organization in the context of AI differs significantly from the traditional methods. It focusses on the proactive integration of new age technologies into clients' IT system as well as our own service delivery processes.

To boost our scalability in this evolving landscape, we have devised a robust go-to-market strategy, spearheaded by Nachiket Deshpande, President of Global AI Services, Strategic Deals and Partnerships. Nachiket will now be based in the U.S. and his experience across the value chain will help in delivering integrated solutions that resonate deeply with clients' evolving needs.

While the first two initiatives focus on revenue maximization, the third initiative, "Fit4Future," primarily aims at enhancing agility and profitability. It involves a complete re-baselining of operational costs – both direct and indirect. The goal is to relook at existing team structures and alignments, processes, and reshape them towards reducing extra layers, leading to agility and operational efficiency with innovative use of AI. The program will target productivity improvements in all areas, like sales, delivery, and business enabling units, maintaining an optimal and efficient bench process, optimizing span of control, etc., and should start yielding results through margin improvements during the year.

In conclusion, we are confident about navigating the macro challenges as we move into executing our growth plan for FY’26, and we expect our Fit4Future Program to help improve the margins from Q1 onwards.

With that, let me now open the floor for questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sulabh Govila from Morgan Stanley. Please go ahead.

**Sulabh Govila:** My perspective is from an organization point of view, the changes that you highlighted, would you say that these changes have already been in place, especially with respect to people? Or you think that it is something that will take some time to play out?

And secondly, within that, the areas that you mentioned about sales transformation as well as targeting margins, what among these could be some of the quick wins that you will target in the first year? And what could be some of the longer areas that you will pursue?

**Venu Lambu:** Sulabh, on the first part, the organization structure is final. The organization that was in place, we are just strengthening that, improvising in the areas where we need to do it. But the focus is to continue and accelerate the momentum. That's number one.

The second thing, the areas that I spoke of with regard to the Fit4Future program, some of these initiatives are already running as I entered into the organization. It's just that I brought it under one overarching umbrella and one overarching program and driving it with governance and focus. So it's something which was already in work-in-progress. So it's not something that we have started in fresh. It's just that it got extra focus and extra rigor.

**Vipul Chandra:** It got expanded a bit in the last quarter.

**Venu Lambu:** Okay, which ones will give results with regard to the second part of the question? On the sales transformation. Our expectation is that both should start giving good results. Sales transformation is not about overhauling the sales structure. It's about getting better at what we are doing. There is a chance to improvise our playbook as the client expectation changes. And that's what we are focusing on.

So the word transformation may look like a big thing, but you should read it as an improvisation from the overall sales effectiveness standpoint. And we are confident to start getting some quick-end results on both these initiatives.

**Sulabh Govila:** Understood. Thanks for that comprehensive answer.

The second is the outlook on the top 2 clients that we have, given that, especially on the Hi-Tech clients, should we expect the productivity benefit pass-on phase to be over? And one should expect this client to grow this year. And in the banking client, given the changes that client is pursuing internally, what areas would you think are relatively protected and what could be at risk?

**Venu Lambu:** On the first part, on the productivity part, as DC would have briefed in Q3, that's been factored already in Q3 and Q4 quarter. So that's the end of the initiative we are driving, and we are happy that we successfully delivered those benefits to our customers. So that's sort of a closed topic in that regard. It's a customer where we had a relationship over many years and we will continue to work with them in developing new capabilities and areas to grow.

The second one is you asked a question with regard to the banking. I don't want to comment on client-specific news that you're talking about, but I can only say that we continue to see increased opportunities in our clients, across all the top clients that we are engaged with. So I don't see any immediate risk on that.

**Sulabh Govila:** Understood, understood. And last one from me with respect to the current demand environment and visibility that you have, so the macro uncertainty that's been playing out over the past few weeks, would you say that, that has had some impact in the month of March, and that's continuing in April, or you've not seen anything like that in the past few weeks?

**Venu Lambu:** I will comment and then DC can add anything extra on that. I think, the uncertainty that was there in Q4, I don't think it has disappeared as we step into Q1, right? So it still persists in various forms and shapes. So that's one part of the answer with regard to where the uncertainty lies.

The second is where do we see the demand outlook coming from the client? I would say it's predominantly coming from the 3 areas. Even the clients are navigating the same uncertainty that we are navigating. So they are looking for opportunity to save cost. So there are opportunities where we can help customers in cost-saving opportunities.

The second is, this is also an opportunity for our clients to actually simplify their vendor landscape. So there is a huge vendor consolidation demand out there. So it's an opportunity for us to be competitive and get a bigger share of that.

And the third is that as most of our clients navigate to the AI economy, they need to modernize their tech as well. Especially if you want to pivot and scale at AI, it requires tech modernization. So these are the 3 set of archetypes of demand that we see, which are pretty much contextual to the uncertainties that even our clients navigating it.

**Sulabh Govila:** Understood. Thanks for taking my question, and all the best for this financial year.

**Venu Lambu:** Thank you Sulabh.

**Moderator:** Thank you. The next question is from the line of Abhishek Bhandari from Nomura. Please go ahead.

**Abhishek Bhandari:** Yes, thank you for the opportunity. I had a few questions. So Venu welcome back home. From the time you left LTIMindtree to the time you rejoined, and the last 3 months you've spent in the company, what are the areas you think have changed where there's a need for immediate attention? And what are some of the areas where you think things have improved since the time you left? The background of this question is some of the expectations what investors had in terms of growth being A plus B after the merger has not really played out. So, if you can answer this….

**Venu Lambu:** Yes, firstly, Abhishek, thanks for welcoming me back. To be honest, I don't think it's fair for me to analyse that way, because I was there only 1 month after the merger. So it's very difficult for me to have a reference point and do that.

But we also need to understand, I am sure you appreciate that the market we were talking 2 years or even 3 years back was completely different from the market that we talk today. The client expectations have changed and their spend areas have changed. And coupled with that, even the technology advancement. The kind of AI conversation we could have had 2 or 3 years back versus today has fundamentally changed.

So that's on how I look at it from an external standpoint. But, from an internal standpoint, it's the same organization. I have a very talented team and great leadership, and we are all passionate and determined to deliver the growth. So at least on that aspect, I can assure you there's nothing that I've seen a different change. If not anything, probably I would have seen more hunger and more passion to deliver growth. Thanks to DC for that.

Did I answer your question, Abhishek?

**Abhishek Bhandari:** Yes, partly, I think maybe in coming quarters you will have little more clarity on the strategy and how it has played out. I appreciate it has just been a few months ago.

The second question is on the headcount number, this quarter we had a very sharp headcount reduction. So maybe if you could guide us how one should think about the linkage within your expectation on growth and headcount addition going forward.

**Nachiket Deshpande**: Yes. So this quarter, if you see the reason for a sharp decline in the headcount, it should be seen in the context of Q2 and Q3 where we had built aggressive headcount increase in the anticipation for growth. And we worked on deploying that in Q4. And hence you see the net headcount reduction.

But going forward as the AI-led productivity starts to play out, Abhishek, we would expect that the headcount growth may not be linear with the revenue growth that we see. So there would continue to be that play as we go along, and as the AI adoption increases across our services.

**Abhishek Bhandari:** Got it. Thank you for that, Nachiket. And my last question is, should we expect the usual seasonality for you to play out even in FY'26, basis the order book closure and the pipeline what you have? Or is it slightly different this time given the macro world play?

**Venu Lambu:** Well, the seasonality variation that you see in our quarters from last year, I think in my view it will be more or less the same, right. If at all there is anything that we can add on top of it is our ability to respond to the clients' new types of demands and helping them in all the 3 areas that I mentioned. So we need to see how that gets played out, and also how long this uncertainty environment stays throughout the year. So those are the 2 variables outside, I would say.

**Abhishek Bhandari:** Got it. Thank you, Venu, and all the best. And DC, thank you for your time in the Company.

**Venu Lambu:** Thank you.

**Debashis Chatterjee:** Thank you, Abhishek.

**Moderator:** Thank you. The next question is from the line of Sandeep Shah from Equirus Securities. Please go ahead.

**Sandeep Shah:** Yes. Thanks for the opportunity. You spoke about the client-specific issue in terms of both Hi-Tech as well as in BFSI. Apart from that, is there any other client-specific issue, especially in a vertical like Insurance or in Travel, Transportation & Hospitality where vendor consolidation, we may win some, we may lose some?

**Venu Lambu:** Look, firstly, Sandeep, I don't think I spoke about any issue as such. If at all, I actually gave an assurance that the productivity part of our top client that we have executed successfully. So, we don't see that flowing into the Q1. That is point one. And the second, was with regard to the banking client, where my commentary was more about how we continue to see opportunities with our clients as we go along. So not sure if I missed the context but there are no specific issues that I highlighted.

**Sandeep Shah**: So outside of these two, what I wanted to know is, is there any top client-specific issue in travel as well as in terms of Insurance because of California fire and exposure of some of our clients more towards California?

**Venu Lambu**: With regard to your questions on Insurance and Travel, look, I think Travel, as we called out, there are a couple of client-specific instances that had an impact on the FY'25 numbers. And these are the clients that are actually planning new initiatives. At least I could sort of say that in the near future, there are no other new impact on those clients and that was already taken care in FY'25. In terms of the further demand outlook from those clients, we have to just wait and watch for a couple of quarters.

**Sandeep Shah**: Okay. And just a strategic question, Venu, when you are joining back the company, there has been a dual problem in terms of growth being lower versus what it used to be LTI Mindtree versus peers and second, margins are also at a very low level despite some of the levers have been juiced out in the last 3 to 4 years. If you look at gross margin, it is at all-time low and is one of the lowest in the industry. So in terms of focus, do you believe driving both the initiative concurrently could be a difficult job and you might have compromised one for the other? What is your strategy in regards to this? And second, as a clarification in terms of service line transformation, so is it one can understand the GTM model may change from vertical focus to service line focus?

**Venu Lambu**: No, firstly, let me clarify that part. No, it doesn't mean that. What it means is that the clients are consuming service capabilities in a different way these days. It's no more consuming a part of one service line or anything. Most of the construct, whether it's the Tech Modernization, cost saving, or the AI kind of a niche, involves more than one service line. So when I spoke about simplifying, it's about making sure that we become more agile and become more competitive in the way we address the market with regard to the service line sales capability. That's the first part of it. And the second thing is that with regard to playing on both the tracks of revenue and margin, I think it's something we have the capability. It's not the first time we would have addressed these challenges, right? So we have all the capabilities, and we have the teams who can navigate both. And our endeavor is actually to drive profitable growth. So hence we need to get both. I don't think you can get profit by just cutting the cost. So you need the revenue and the volume as well. So it goes both hand in hand. I know it always looks challenging, but I think that's where we have a great leadership team in place to deliver that.

**Sandeep Shah**: Okay, thanks. Congratulations, Venu and all the best. Thank you.

**Moderator**: Thank you. The next question is from the line of Manik Taneja from Axis Capital. Please go ahead.

**Manik Taneja**: Hi. Thank you for the opportunity and congratulations Venu for rejoining LTIMindtree. So my question was with regards to the commentary that was provided post your third quarter results, where you were quite optimistic about sustaining the growth momentum driven by a combination of factors. If you can talk about where were you negatively surprised in terms of verticals with the way how Q4 panned out? And the second question is with regards to the Sales transformation that you're talking about, you've seen a number of exits in the organization in the course of recent months. Could you talk about how you're looking to backfill some of these positions and the likely time constraints? Thank you.

**Debashis Chatterjee**: Manik, the way to look at it is that we had strong growth in Q2 and we also saw good order inflow in Q3, which kind of made us believe that the volumes are going to coming for which there will be good growth in terms of Q4. But obviously, multiple factors, mostly macros as you are aware of, which kind of played a role in terms of two aspects. One is many of the deals that we closed which were supposed to start, they did not start in the same way. The ramp ups were delayed. And secondly, some of the deals which were expected to close in Q4, they also got carried forward into the next quarter. So these are some of the factors that did not play out the way we had anticipated. That is why if you look at the intake for Q2 and Q3, the intakes were high, but we could not really ramp up the way we wanted. But of course, the good news is that some of those deals will get closed in this quarter, so you will hear about it as we go along.

But otherwise, I mean that is why the growth momentum could not continue though we had anticipated. And on the Sales transformation, let me hand it over to Venu.

**Venu Lambu**: Thank you, DC. I think on the Sales transformation, as I mentioned, it is more about getting a better version of ourselves in the context of the new playbook or in the new AI economy. We already have a great sales team, and we have a very effective way of managing our client relationship. And we are sort of infusing with the new playbook that is needed in the context of AI economy. So that's how I look at the Sales transformation. Our industry leadership is constant and is steady. So there's been no exits in that part of the organization and one or two exits that we had, we have backfilled it very successfully. The growth office, we have consolidated under one leader now. We have a global Chief Growth Officer, and we also integrated the vertical delivery as well under one single Chief Delivery Officer. So I don't think we have any risk with regard to the exit. In fact, we have a good interest for the leadership inclusion as we start growing as well.

**Manik Taneja**: Sure, if I can chip in with one more question. This question was for Vipul. With regards to our Fit4Future program, we are talking about some of the easy wins come through very quickly in FY'26. If I look at your cost split up over the course of FY'25, we've seen our non-manpower expenses come off meaningfully over the course of last couple of quarters. If you can talk about what exactly has driven some of those efficiencies and how should we be thinking about these expenses on a go-forward basis?

**Vipul Chandra**: So I think as we said that under Fit4Future program, we are targeting agility and cost optimization. There are many tracks in that program that we are simultaneously focusing on. So some of the tracks which have started yielding results are in terms of the overhead side, which you have seen and you yourself commented on in the SG&A side. Some of the other initiatives which are going to start playing out will be in the manpower cost area also as we address the span of control and also the optimization and driving the efficiencies in the workforce management process and the talent process. And as we are adopting AI more and more, we have already said that the increase in headcount versus revenue may not be linear going forward. So I think all of these levers playing together is what we are looking at. Some of them have already been in place. Some of them will start kicking in further now.

**Manik Taneja**: Any targets or any timelines that you are giving to the margin improvement aspiration?

**Vipul Chandra**: Manik, as you know, we don't give a guidance per se for the future. But I think in terms of the timelines or impact, that will be visible through the quarters in FY'26 as we go along.

**Venu Lambu**: It's a journey which will start getting visible from Q1 onwards.

**Manik Taneja**: Sure, thank you all the best for the future.

**Moderator**: Thank you. The next question is from the line of Vibhor Singhal from Nuvama Equities. Please go ahead.

**Vibhor Singhal**: Thanks for taking my question. Venu, I had a question on the strategy that you mentioned about the various initiatives that you are taking in terms of a Chief Growth Officer and the revitalization of the employee workforce. So is there any target in our mind, a North Star maybe, that we want to basically achieve this kind of growth if not numerical in absolute terms, in terms of relative to peers or industry, similarly on the margins front. So are there any targets that you're looking at? If you can't share them with us at this point of time, is there a timeline that we are looking to share that, okay, this is what we aspire to be in X years of time or whatever that timeframe will be?

**Venu Lambu**: Look I think in the short term, it's about getting the growth in the first quarter, which I feel we are reasonably confident of achieving that. And in the medium term for the full year, I would not comment on any specifics, but I think I will live up to the spirit that DC has been advocating over the years of industry leading growth. I think that's what our endeavor will be to achieve that. But as I said, in the short term on Q1, I think we are reasonably confident of getting the growth.

**Vibhor Singhal**: Got it. Also just a couple of questions on the outlook and just specifically on the Q4. I mean, we've heard a lot of our peers talk about the heightened level of uncertainty in the Manufacturing and Retail vertical. These two are key verticals for us and of course there is the impact of the uncertainties mainly because of the tariffs. Is that also what is kind of reflecting in our conversations with them or there is nothing as of now that has come up with them? And your outlook for these specific verticals, let's say, in the near to medium term?

**Venu Lambu**: You can't generalize it across the sector because it depends on where the client's operations are, where the supply chain is, where do they sell and so on. So it becomes very difficult to generalize it, but I can tell you how our demand is looking of these two sectors, right. In Manufacturing, I would sort of phrase it as steady and growth oriented in the short term. In Retail, we have very exciting conversation going on on some of the strategic deals and strategic engagement. There is no material request that has come to us at the back of the tariff changes, but the fact about discretionary spend is that it still remains the same as what it was in the previous quarters, and clients are adopting wait and watch, but the three areas that I called out in the beginning about cost saving, vendor consolidation, tech modernization initiatives, across these three areas, specifically these two sectors, I would rephrase the way I said it, steady and growth in Manufacturing, Retail, some couple of exciting engagements that we have under discussion.

**Vibhor Singhal**: Just one last bookkeeping question. The Healthcare vertical, though it's a small one for us, saw a very sharp decline in this quarter, both on a Q-on-Q and Y-on-Y basis. We almost lost US$10 million of revenue on a quarterly run rate basis in this quarter. Any specific thing to call out, any client-specific issue which might reverse in the coming quarters, or anything on that will be great?

**Debashis Chatterjee :** No, I think there is no client-specific issue per se. Most of the business in Healthcare and Public services is project-based. And there are these project-based business-related cyclical impacts in the public services. That's all about it. I mean, there is definitely no customer specific issue.

**Vibhor Singhal:** Could it be a DOGE impact that the government of US is leading the initiative?

**Debashis Chatterjee :** Most of the work we do in Public Services are in all India, so there is no impact like that. There is no DOGE impact.

**Vibhor Singhal:** Got it. Thank you so much. Thanks for taking my questions and wish you all the best.

**Moderator:** Thank you. The next question is from the line of Abhishek Kumar from JM Financial. Please go ahead.

**Abhishek Kumar:** Hi, good evening and congratulations, Venu, on your new role. My question is it's a difficult environment to execute transformations of any company. Any macro that you have kept in mind or how contingent is your transformation program on the macro? Have you baked in similar macro, any deterioration? Or in other words, what can derail the transformation strategy or delay this?

**Venu Lambu:** Firstly I just want to re-baseline or contextualize the transformation question that you said. The way I look at it is the very fact that I've come back to an organization which is familiar to me, right? I know the people, of course I worked with DC for many years, and Nachiket, and other leaders for quite a few years. So we are looking at ourselves as how do we get better with our own version? You know, I call it as can we become a better version of ourselves? So transformation may look like a very heavy lifting multi-year theme kind of a narrative, that is not what we are at it. What we are at, is identifying specific areas where we can get better. Fit4Future is, for example, is one area. I think there is an opportunity for us, we can get better at the cost, right? And we need to get better at the cost, again, because of the macro uncertainty and also because an opportunity that AI has given us to re-baseline certain element of cost. So we are bringing all that under one umbrella called Fit4Future. So that's a very specific thing, not related to the external environment, hugely in our control to deliver that. The second thing is that with regard to the sales transformation that I spoke of, again, it's about how do we ensure that we give newer playbook to our sales leadership? How do we give new sales capabilities to our sales organization? And that's not a one-time affair. That's an ongoing thing, we just kicked it off and it will go on throughout the year and beyond. Again, that is pretty much in our control, right? So there's only one thing which is outside of our control is the demand outlook. And that is not included as part of transformation. So that's why I would sum it up, that the things that we are focusing on to get into a profitable growth curve is, all lot in control, minus the macro uncertainty, both in terms of how long it will remain and in what shape it takes.

**Abhishek Kumar:** Understood. My second question is on the growth outlook for FY'26. DC said roughly 6% of TCV growth this year. At the same time, there is a shift from discretionary spend to longer tenure deals or cost takeout deals which are longer tenure. And then we have probably the full year impact of productivity pass back coming in FY'26. So fair to assume that the growth could be lower than 6% or just in terms of whether FY'26 could be similar, better, worse compared to FY'25, that would be helpful? Thank you so much.

**Venu Lambu:** Look, I don't want to give very specific range or something because we don't give those guidance. But I can only tell you that order booking momentum will continue. It'll only go up from the last year. And as I did indicate, we are at the very interesting and exciting phase of conversation with a couple of large clients in the Retail sectors. And so we'll have a couple of large deals update that we may share with you in due course. At the moment, I am very optimistic that the order book will be higher than last year.

**Abhishek Kumar:** Okay, great. Thank you and good luck.

**Moderator:** Thank you. The next question is from the line of Mihir Manohar from Carnelian Asset Management. Please go ahead.

**Mihir Manohar:** Yes, thanks for giving the opportunity. And congratulations to Venu on joining back. Largely wanted to understand on the margin impact, which has been there over the last 7-8 quarters, the hit is largely coming from gross margins. Now, I mean utilization has remained largely flat. Onsite-offshore ratio has remained in that range of 14%, 15% which essentially means that either there is a pyramid has gone bad over the last eight quarters or there is a pricing reset itself, there is a margin reset itself which has happened in the business. So can you throw some light what is causing this margin impact? Is it the pyramid getting really bad or is it the new pricing itself getting adjusted?

**Vipul Chandra:** So in terms of the margin, having deteriorated over the last few quarters, I think in quarter three also we had called out that the impact of wage hike which we had implemented from 1st October had kind of affected the margins in Q3 and the impact of that has continued in Q4. At the same time, we had started initiatives on margin improvement and which we talked about earlier. So in spite of the revenue growth not coming through in Q4, we have managed to maintain our margins. So I think we can say that we have bent the cost curve by taking some initiatives. Yes, pyramid correction is one of the levers that we are focusing on and we have been focusing on. Span of control is another lever that I talked about. So there are multiple levers that are being focused upon as a part of our Fit4Future program. And we are confident that they will start showing impact from Q1 onwards. But it is a journey, and we will have to undertake that journey over the next few quarters.

**Mihir Manohar:** With respect to the large Hi-Tech client, is there a pricing reset which has impacted margin?

**Venu Lambu :** There is no pricing reset that has happened.

**Vipul Chandra:** It was productivity pass back as we had called out in Q3 and that is what it was. As we had said in our Q3 earnings call also, it had not affected the margins of our segment. So there is no pricing reset. It is a productivity pass back which we have done and successfully delivered.

**Mihir Manohar:** And my second question was on the deal wins side, as two quarters of good deal wins. I mean, I understand the situation is a dynamic situation. When should one expect these deals to see some impact on the revenue side? And specifically, if you can highlight, how is AI helping us over here in getting deals that will be really helpful?

**Venu Lambu:** I think we spoke about delivering growth in Q1. So part of it should get reflected in Q1. And also spoke about sharing further update on couple of strategic deals pursuit that we are in which is what we would share in the due course, so that will start reflecting from Q2 onwards. So that is what I would say. Vipul, anything further you want to add?

**Vipul Chandra:** Nothing.

**Mihir Manohar:** Sure, that is it from my side. Thank you.

**Moderator:** Thank you. The next question is from the line of Kumar Rakesh from BNP Paribas, please go ahead.

**Kumar Rakesh:** Hi, good evening and thank you for taking my question and welcome back, Venu. My first question was to better understand the growth trend during this quarter. So when we entered this quarter, we were expecting the growth momentum to continue. And through the quarter, as you spoke that some of the deals didn't close and the ramp up got slowed down, the impact seems to be about 2.5% point, which is higher than what your peers have seen the impact in the quarter. Actually, many of the peers have spoken that they haven't seen any impact. And going into the quarter, you were building a headcount as well, expecting that growth to play out. So first part of the question is that what resulted into the impact in your business to be higher than peers, because you also spoke about that Manufacturing and Retail where you are over indexed, you haven't seen the material impact to be there. So what exactly is it that resulted into your growth being impacted more than peers? And now as we are entering into the first quarter, your headcount is much lower while you are confident of growth. So what essentially is driving that confidence going into the first quarter that you will be able to deliver growth?

**Debashis Chatterjee:** So let me take the first part. So we remember when we had our earnings last quarter, we had very clearly called out about the fact that we have to pass on some productivity benefits from one specific account and it exactly played out the way we had anticipated. And the good news is that we have completed that exercise in Q4, so there is no overhang of that in the next quarter. Having said that, we also expected the volumes to increase in the other parts of our business. And that is what I elaborated in my earlier answer, that though we signed a lot of orders, the order book was very healthy, but the ramp ups did not happen the way we had anticipated. And predominantly, factor could be the macro situation, that's one. And some of the deals that we should have closed in Q4, they are getting shifted to Q1. So overall, the long story short is that the ramp ups did not happen, the volumes did not come the way we had expected, though we had, in anticipation of that, we were well prepared. And that's predominantly the reason why we did not meet the expectations that we had said. But having said that, as Venu articulated, we are very confident that as we get into the next quarter, you know, the two things will happen. One is we will be definitely able to talk about a few new deals and second thing is we are very confident of the growth coming back. So Venu, you want to answer the second question?

**Venu Lambu:** Yes, I think some of the deferment that we spoke about or some of the decisions that got slightly deferred is also one of the reasons why we will start seeing that coming up in Q1. But I think if you look at it in Q4, the way I see it from the market standpoint is, most of the clients were sort of a wait and watch mode in JFM (Q4FY25) quarter. I think in the coming quarter, at least the conversations have started happening. Yes, they are cautious, they are waiting and watching on some big decisions, but things are not stand still. So there are still opportunities in the areas that I highlighted earlier, and these conversations are happening. I think the JFM was a quarter where a lot happened within the short period of time. So it was, I think, probably too much for our clients as well to sort of comprehend and then act on it. But I think now, I am not saying things are getting clearer, but as the things continue to remain as it was before, I think it's an opportunity for people to start finding a way to start doing business, specifically in those three areas. And we see the continued traction of those three areas. That's why I am confident about getting back to growth in Q1. And also I highlighted a couple of large deals where if I may take a risk of saying we are favorably positioned, which we will announce in the due course, and those large deals are also the reason that I am confident of Q1.

**Kumar Rakesh:** Just a clarification on those comments. So you spoke about volume took a hit in this quarter. So the revenue decline that we are looking at, the volume decline was similarly lower in the quarter?

**Venu Lambu:** Sorry, which one are you referring to?

**Kumar Rakesh:** The sequential revenue decline that we have seen in constant currency basis, your volume also had a similar decline in the quarter.

**Venu Lambu:** Yes, it was more or less the same.

**Kumar Rakesh:** Understood. And my second question was, in the past, you have, although not given guidance, but you have been quite confident about talking about that the company's growth would be peer leading growth. Are we confident enough to at least speak about that for FY'26 that we should be able to match or lead the peer growth or the uncertainty is too high to make that comment at this stage?

**Venu Lambu:** Yes, look, in the given situation, I will take it 1 or 2 quarters at a time before sitting here and giving the full year commentary. So that is why we have been consistent in this call that do we see a growth coming back in Q1, absolutely yes. We will see that coming back. Do we see margins getting better in Q1? Yes, we see the margin getting better in Q1. But as we get more and more clarity and both with our clients and outside involvement, I think we can extend, we can give a further extended commentary beyond couple of quarters. At the moment, that is probably where I would stop.

**Kumar Rakesh:** Makes sense. Thanks a lot.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question. On behalf of LTIMindtree, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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**Safe Harbour**

Certain statements in this release concerning the future prospects are forward-looking statements. These statements, by their nature, involve risks and uncertainties that could cause the actual results to differ materially from such forward-looking statements. The Company assumes no obligation to revise or update any forward-looking statements that may be made from time to time by or on behalf of the Company.

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