

LTM/SE/STAT/2026-27/98

October 22, 2026

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Exchange Plaza, Bandra-Kurla Complex,
Bandra (E),
Mumbai - 400 051

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

NSE Symbol: LTM

BSE Scrip Code: 540005

Dear Sir(s)/Madam,

Subject: Transcript of Earnings Conference Call held on October 16, 2026

With reference to the captioned subject, please find enclosed transcript of the Earnings Conference Call held on October 16, 2026.

Kindly take the above on record.

Thanking you,

Yours faithfully,
For LTM Limited

Angna
Anish Arora

Digitally signed by
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Date: 2026.10.22
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“Transcript of Q2 FY2027 Earnings Call of LTM Limited”

October 16, 2026

Management:

Mr. Venu Lambu - Chief Executive Officer & Managing Director

Mr. Vipul Chandra - Chief Financial Officer & Whole-Time Director

Mr. Vikas Jadhav - Head, Investor Relations



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Moderator: Ladies and gentlemen, good day and welcome to the LTM Limited Q2 FY2027 earnings call. Please note all participants are currently in listen only mode and there will be an opportunity to ask questions following the conclusion of the management's opening remarks. Please note that this call is being recorded.

I now hand the call over to Mr. Vikas Jadhav, Head, Investor Relations at LTM. Over to you, Sir.

Vikas Jadhav: Thanks, Inba. Good day everyone and welcome to LTM's Q2 FY27 earnings conference call.

Today on the call, we have with us

Mr. Venu Lambu, Chief Executive Officer and Managing Director and

Mr. Vipul Chandra, Chief Financial Officer and Whole-Time Director.

We will begin by providing a brief overview of the Company's Q2 FY27 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 the forward-looking statements made on this call.

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



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Venu Lambu:

Thank you Vikas. Hello everyone and thank you for joining us.

We closed Q2 FY2027 with broad-based growth across our business, reflecting disciplined execution of our strategy.

This quarter, we made significant progress towards becoming an AI-centric organization. We deepened our AI capabilities, reimagined our partner ecosystem, invested in future ready talent, and accelerated AI-led revenue through the continued expansion of our BlueVerse™ ecosystem.

We are excited to see that client spend is shifting towards AI deployment cycle, which includes reimagination of business process, scaling contextual implementation, ensuring sovereignty, and optimizing economics. This plays to our strength of deep domain technology expertise and the ability to deliver consistently in complex enterprise environment. We see this in the growing number and scale of our engagements across Enterprise AI, Business AI, Industrial AI, and marketing and Creative AI.

Our progress is reflected in three areas: the deals we are winning, the reimagination of our capabilities and talent, and the evolution of our BlueVerse™ ecosystem. I will take you through each of these today.

Let me now share the financial performance for the quarter:

We reported revenues of USD 1.24 billion, delivering 1.1% growth on a sequential basis and 5.1% growth on a year-over basis in constant currency terms.

EBIT margins came in at 15.6%, a 10-basis-point sequential improvement.

Our order inflow stood at USD 1.3 billion. The order inflow reflects AI-centric deals that are short-tenured, have a faster revenue realization, and



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are incremental in nature. Our overall deal pipeline, including large deals, remained healthy.

AI revenue for the quarter has reached 13.4% of our overall revenue, a growth of 40% year-over-year. Including enterprise AI, cumulative AI revenue grew 47% year-over-year.

Let me now turn to some of the notable deal wins this quarter:

We were selected by a leading global banking and financial services institution as their strategic technology partner for consolidating and delivering technology services across wealth and personal banking.

We were selected by a leading North American speciality construction company to consolidate and build an AI-led operating model - designed to deliver resilient, outcome-driven infrastructure managed services.

We were selected by a U.S.-based insurance company as a strategic partner to consolidate global IT services and embed AI across its managed services portfolio.

We expanded our relationship with a large U.S. property and casualty insurer as a strategic AI-led engineering partner to improve operational efficiency, accelerate delivery, and strengthen quality assurance.

We were selected by one of the world's leading CPG players to support their marketers and brand managers across multiple businesses in transforming the concept-to-creative process and improving speed to market.



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We were selected by a leading global music entertainment company to implement an AI-enabled financial planning and capital approval platform to replace their manual, spreadsheet-driven processes.

Let me now share updates on our industry segments.

Three of the four industry segments grew by over 7% year-over-year in quarter 2. All numbers referenced next represent growth in constant currency terms.

Financial services continued its strong momentum and delivered a robust 3.1% sequential growth. On a year-over-basis, it has returned to growth, reporting 0.4% expansion.

Tech and services delivered a healthy year-over-year growth of 7%. Sequentially, revenue was lower by 4%, reflecting seasonal quarter-specific movements.

Consumer segment grew by 0.3% sequentially and by 8.6% on a year-over-year basis.

Production segment reported a sequential growth of 3.7% contributed by both Manufacturing and Energy and Utility segments. On a year-over-year basis, it grew by 7.4%.

On a sequential basis, America's grew by 1.5%, Europe grew by 1%, and the Rest of the World declined by 1.4% due to the revenue impact in our Middle East business.

All our client categories, from USD 5 million-plus to USD 100 million-plus expanded year-over-year. I am pleased to share that during the quarter, we



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added a financial services client to our USD 100 million-plus client category with further growth potential in the account.

At the end of Q2 FY2027, total headcount stood at 88,835, reflecting a net addition of 949 employees sequentially. Total fresher additions for the quarter were 1,743.

Our AI 1,000 program to develop Forward Deployed Engineers is on track, with nearly 1,000 employees in mentor-led and persona-based journeys, and 2,000 plus certifications across Claude, Gemini, Copilot, and Azure AI.

We have completed a Global Sales Enablement program during the quarter to train our sales teams on our AI capabilities, so we are best placed to help our clients lead in the agentic enterprise era.

We continue to see consistent external validation of our capabilities by industry analysts and partners.

This quarter, we received several recognitions. I will call out a few of them.

We won a Gold Stevie® Award for BlueVerse™ as best AI-powered product or a service at the International Business Award 2026. BlueVerse™ was also recognized for excellence in AI Software and Digital Platforms at the Times of India AI Quotient Awards.

We were recognized at the ISG Paragon Awards North America 2026 in the excellence category for our work with PHINIA and in the Transformation category for our work with Carrier.

We were named leaders in three quadrants of the ISG Provider Lens®, Microsoft AI and Cloud Ecosystem 2026 report for the U.S.



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We were named among Ad Age's top 25 Global Agencies for our Interactive Practice.

We won the 2026 India Gold MIKE (Most Innovative Knowledge Enterprise) Award for our knowledge management maturity and practices.

We were recognized as a winner for Leading Practices in AI adoption at the PeopleFirst HR Excellence Award 2026.

We won several Brandon Hall Group HCM Excellence Award 2026 across Learning and Capability and Sales excellence, including best use of CRM Solution, Best model of a Growth-Focused organization, and the Best Use of Social Collaborative Learning.

Please refer to our fact sheet for a complete list of recognitions.

We continue to strengthen our BlueVerse™ ecosystem to address every layer of enterprise AI transformation - AI Foundry services, data modernization, AI-led engineering, domain-specific SLMs, agentic products, and governance. We are building capabilities that help clients move from experimentation to scale deployment.

Let me talk about some of the newest capabilities we have added this quarter:

We recently launched BlueVerse™ OneToken, a workload routing and a governance layer that automatically channels enterprise AI requests to the right model at the right cost.

We launched BlueVerse™ RightLogic, our cybersecurity assessment and risk assurance framework designed to help enterprise identify, assess, and remediate cyber exposure as they accelerate AI adoption.



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We introduced BlueVerse™ SovereignSphere™ Models, our suite of domain-trained AI models designed to help our clients turn their proprietary knowledge into lasting advantage.

We created three new domain-specific small language models (SLMs) and were granted six AI patents.

We are refining our strategy to help our clients to build and scale GCCs. With a new business unit, we will bring together a seamless operating model, governing entity, physical infrastructure, future-ready talent, and agentic process transformed with BlueVerse™.

We continue to deepen our partner ecosystem. Let me share some of the key highlights:

Through our partnership with Anthropic, we have now fully embedded Claude and Claude Code into our BlueVerse™ AI delivery fabric. This partnership will also help us to accelerate Claude adoptions, expand our pool of Forward Deployed Engineers (FDEs), and establish our Claude Center of Excellence.

We partnered with Glean to connect enterprise knowledge layer with BlueVerse™. This gives clients a governed path from an enterprise search to autonomous agent.

We partnered with Cognition to bring its software engineering agent, Devin into BlueVerse™ RightLogic.

We collaborated with IBM and Red Hat for the project Lightwell, to help enterprises discover vulnerabilities and validate fixes at scale.

We collaborated with Chainguard, the trusted source for open source, to strengthen software supply chain security through BlueVerse™ RightLogic.

We opened a new Global Delivery and AI Competency Center in Kolkata and expanded our BlueVerse™ Studio footprint to Hyderabad.

I would now like to share a few proof points across four types of AI work that we are delivering:

In Enterprise AI,

For a global media and entertainment company, we developed an integrated agentic recovery platform to modernize fragmented BI operations. The platform achieved 100% classification accuracy across 18 plus failure scenarios.

For a leading European PayTech company, we deployed 12 specialized AI agents across the SDLC, as part of the large-scale payment modernization program, reducing the delivery cycle time by 50% and cumulative development effort by 38%.

In Business AI,

For a leading investment management company, we are building intelligent retirement solutions that serve customers through assisted agents and autonomous handling across initial set of plans that will be extended further. The solution is driving cost transformation, a unified experience, and a faster response.

For a global petrochemical leader, we deployed an AI-powered HR agent to unify fragmented HR services and provide intelligent self-service, policy guidelines, and workforce lifecycle support. This has the potential to reduce HR tickets by 40% through agent-led self-service.

In Marketing AI,

For a global food service business, we enabled AI-powered content generation to deliver more personalized product experiences and improve digital engagement. This generated 50% productivity gains and enabled 10x faster campaign launches.

For a leading home-improvement retailer, we redesigned the checkout experience for 'Buy Online, Deliver from Store' orders to validate saved customer details. This reduced the checkout interactions and improved time to purchase.

In Industrial AI,

For a leading global automotive manufacturer, we deployed an AI-powered predictive-maintenance solution to detect laser-blanking failures before they occur, reducing unplanned downtime in operations risk and increasing production throughput.

For a global environmental services and water-management company, we deployed agentic AI-based digital twins, robotics to modernize water operations at more than 400 sites. This reduced manual effort by 50% and enabled 2x faster recovery.

With this, I would now like to hand it over to Vipul for an update on the financials.

Vipul Chandra:

Thank you, Venu. Good evening, everyone, and thank you for joining the call.

Let me now walk you through the financial highlights for the second quarter of FY2027, starting with our revenue performance.

Our quarter 2 revenue stood at USD of 1.235 billion, reflecting growth of 1.1% quarter-on-quarter to 5.1% year-on-year in constant currency. The corresponding USD growth of 1.0% quarter-on-quarter to 4.7% year-on-year.

Revenue in INR stood at Rs.11,808 Crores, representing a growth of 1.7% quarter-on-quarter and 13.6% year-on-year

Our EBIT margin expanded by 10 basis points sequentially to 15.6%.

The PAT margin came in at 11.7% down from 12.7% last quarter as we had a one-time gain on the recognition of the value of our investment in Voicing.AI in Q1.

The effective tax rate remained unchanged at 25.8% compared with Q1 FY2027.

Basic EPS was ₹.47.2 for the quarter as compared to ₹49.5 in Q1 FY2027.

Our total DSO for Q2 improved by 1 day, closing at 84 days compared to 85 days last quarter.

The Operating cash flow to PAT ratio is at 39%, down from 79% in Q1. This is mainly due to certain advance payments and funding towards a one-time gratuity provision on account of labor laws impact.

Free cash flow to PAT ratio stood at 24% compared to 63% in Q1. The reason for this decline is similar to the above.

Cash and investment balances stood at USD 1.6 billion or ₹15,300 Crores compared to ₹15,021 Crores in Q1 FY2027.

Return on capital employed for the quarter was 28.5% versus 29.8% last quarter.

As of September 30, 2026, our cash flow hedges stood at USD 4.49 billion. Hedges on the balance sheet were USD 334 million.

Utilization excluding trainees remained flat at 86.4% for the quarter. The headcount at the end of Q2 was 88,835 and fresher additions stood at 1,743.

For the quarter, our trailing 12-month attrition remained stable at 13.3%.

The Board of Directors has approved an interim dividend of ₹.25 per equity share, an increase of 13.6% from the corresponding quarter of the previous year.

Regarding our previously announced plan to acquire certain Randstad digital businesses in Europe and Australia, the approval process is on track, and we expect to receive all the approvals in Q3 as previously communicated.

During the quarter, we achieved ESG leadership status, receiving a score of 76 from NSE Sustainability Ratings and Analytics Limited. The Company was also rated in the leadership category by SES ESG Research Private Limited with an ESG score of 77.3, placing it among the top performing Indian companies by market capitalization.

I now hand it back to Venu for the business outlook.

Venu Lambu:

Thank you, Vipul.

As we indicated at the beginning of the year, we expect our growth trajectory to continue to strengthen as the year progresses.

We delivered 5.4% year-over-year growth in H1 FY2027 and continue to expect stronger sequential growth.

As AI adoption accelerates, we are seeing a growing demand across the AI stack, reinforcing our conviction that AI will become foundational intelligence layer for modern enterprises and our primary driver of growth. The continued confidence our clients place in us, our disciplined execution, and the speed of our AI pivot makes us well positioned to accelerate the growth momentum.

Thank you. The floor is now open for Q&A.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. We will take the first question from Ravi Menon of Axis Capital.

Ravi Menon: Thank you for the opportunity and congrats on really strong momentum in BFSI. You talked about how the high-tech segment has seen a seasonal decline. I wonder if the quantum of that will be the same every year, and this is due to the anniversary of a large-scale renewal or something like that, that impacts you every year?

Venu Lambu: Yes, it does. The financial year of our top account in the tech sector starts in July. Those are the times when you always have the renewal cycle that begins, so it is not something new for us. We have always managed that and absorbed that over the year. I think this time there is also an additional element is our business in Saudi, which is classified under the tech because it is through a JV that we do with the tech company there. So you also see the tech decline has got two elements. One is the renewal cycle impact, which is seasonal and known. And the second is, the Saudi business impact that is factored in that segment.

Ravi Menon: Thanks for the clarification. It looks like you are still adding people pretty strongly, right? So, can we think about us saying that the model is still linear largely? I mean, over time period as we pay royalty revenues from different IP that you create that changes but that will be a very gradual change.

Venu Lambu: Yes, it will be a gradual change but if you look at it the headcount addition and the revenue will not be linear anyway, we have demonstrated that over the last few quarters, right? So in the whole of last year as well, when we delivered, we did not increase the headcount, and so was this year in the Q1., This is a very positive thing for us that we are hiring people because there is that demand outlook that we have. That will still establish a good nonlinear equation that AI will provide as an opportunity. But it will be gradual as we go along, so it is not going to be one switch button, but what is more pleasing is that, we are adding people because we have the demand outlook.

Ravi Menon: One follow-up there, although you talked about good outlook, the deal wins are a little lower this quarter, so can you think about how the new dealings are mostly say time and material and therefore you do not really see that in the TCV number?

Venu Lambu: Yes, great question. I think the deal TCV has, we have sort of gone through a very strategic approach on how we looked at the transformation pivot, because one of the things that I am very clear is that if you have to pivot this into an AI centric organization, we also need to look at the KPIs a bit differently, right? So if we have to get more AI-like deals, because that is what will help us to build capabilities, those are the deals that will help us to add value to our customers in the AI era. Those deals happen to be the shorter duration deals, but it has a great opportunity for faster revenue acceleration because you do not have a long transition period that you associate with the traditional ITO deals. So, this quarter we saw majority of

those deals were AI-led deals because I did share with you quite a few wins we had and the kind of work that we are doing it. So, for me, it is a good leading indicator in terms of how our sales team, especially now that we train them, we did a boot camp across the world. And that boot camp is producing the results in terms of generating more AI-led deals. Having said that, there will always be one or two quarters where you will still have those traditional large deals, which will come at the back of vendor consolidation, or switching over from one vendor to the other, right? Those kind of deals will still be there and in those scenarios, the deal value for that particular quarter will increase. But this was a very conscious effort that, we are going because you have to change the way we look at it. We need deals, which genuinely have the AI nature into it. The leverage is on all the investments we have done on our BlueVerse™ ecosystem. And finally, it should be an opportunity to accelerate revenue. And that has been one of the questions by most of them in terms of TCV linkage to revenue. And that is what we are working on.

Ravi Menon: Thanks so much, sir. Best of luck.

Moderator: Thank you. We will take our next question from Vibhor Singhal of Nuvama Equities.

Vibhor Singhal: Thanks for taking my question. So, Venu just to basically continue the last discussion that was happening on the deal wins front. So, as you mentioned that we are now moving towards maybe an environment in which there are a lot of short duration deals, which does not get captured in the TCV number adequately. So, two parts on that. One is, do you think this is kind of a temporary phase that because Gen-AI at this point of time is in initial stages and gradually as the technology matures, the deal sizes will also become bigger and hence you could see the number then becoming more relevant. And secondly, for the interim period or let us say for a longer

period of time, if the TCV number now becomes less relevant than it was before, is the management considering for the benefit of investors and analysts, providing us with some other number, let us say like ACV (annual contract value), which would be able to cover those short term duration deals. A couple of our competitors do provide us with that data. Because at the end of the day, what we as an analyst and investor community need is some sort of visibility to be able to project the revenues going forward. How do we look at the company from a two, three year point of view? So any consideration on that?

Venu Lambu:

Yes, sure, great point. Firstly, if I look at the deals that are happening and is it temporary or will it get converted to the large deals? I think it sort of depends on how the clients decide their adoption strategy. I will probably take two examples to explain that. One is when you start doing an agentic transformation or AI led transformation into the HR organization of an enterprise, you get certain deal size, right? that will involve about six months to eight months kind of work to transform the HR organization of an enterprise. But that does not stop there. All customers are moving towards making their enterprises, self-autonomous or AI-centric organizations. So you will move on to the other process, that is supply chain or finance processes or manufacturing processes and so on. So hence, at least in the short and medium term, the AI deals will be of that nature, right? So it will be short tenure deals, but faster iterative deals, you do that and you getting more and more deals and we are seeing that. And the start up time to realize revenue also is much quicker because unlike the traditional services where you do a six months, eight months transition and then you start delivering steady state model in AI, you actually go with a prototype with all the assets that we have built, with all the capabilities we have built. You essentially build a prototype and then convert it to a service in a product way and then start realizing the revenue. So that is where the

revenue acceleration aspect sort of comes about. Third we will have to wait for a couple of more quarters before to sort of come to a split up between what we can share with regard to the ACV and traditional TCV deals, which I do not think is going to be difficult. We can share that with you. But I wanted to wait for a couple of more quarters at least for one more quarter. Even in this deal value, the order book number that we shared, the significant part is ACV, right? majority part is ACV deals. But allow us one more quarter so that we can be very definitive on that. We are excited about where this is going. There are still large deals out there, which is essentially switching over the market share from other vendors and taking those deals whether it is in the AI-led software engineering or in the agentic operations or large -scale technology modernization programs. Those large deals are still there, out there, and we are still going after those large deals as well. But specific to AI, this is how I look at the status.

Vibhor Singhal:

Got it, got it. I think that will be really helpful whenever the management is confident in sharing that number. As an extension of this question, Venu, if I may just ask, TCV or ACV at the end of the day, I think all that most of us want and I am sure what the Board and the management is looking for is a better revenue growth. I am sure these deals short term durations will probably lead to a higher revenue growth. But what is the outlook that we we are looking on that? I mean, last year when we were in Q4, we were hoping to touch a double-digit Y-on-Y growth rate, which we missed by a whisker. But in the last two quarters, we kind of drifted a lot away from that number with a number of around 5% to 6% Y-on-Y growth rate only on the overall portfolio. Now, I understand this quarter might have been impacted by the Middle East war and all, but overall, do you see the Company, moving towards a close to a high single digit or a double digit kind of a number, maybe towards the end of this year, may be FY28. What

is the outlook there, when do we reach there and what is the outlook that you see on the growth part there?

Venu Lambu:

As you rightly pointed out before that Q2, Saudi impact would not have been there, I think we had the gap of about 0.7% or 0.6% approximately, the growth opportunity that got missed out because of the impact that we had in the Saudi business, right? otherwise we would have been somewhere like 1.7% or 1.8% quarter-on-quarter growth, but it is what it is. The good news is that, we have a lot of demand elsewhere, right, outside of the Saudi, because the situation in Saudi is beyond our control. So, there is little we can do at this stage on that, but there is a lot of demand outside. So I am very optimistic about continued growth momentum in the second half of the year. When we started in Q1, I made a promise that every quarter will be better than the previous quarter. So I will hold on to that and say that Q3 and Q4 will be better quarters than the first quarter for sure, number one. And number two, FY2028, absolutely that is the aim. And we expect the Randstad (Digital) acquisition approvals to be done, closure to be done by the end of Q3. And then we will have three to four months' time for us to realign the newer markets that we are inheriting in Australia and Europe. Second, the fact that BFSI is back to growth, right? So it has delivered two sequential growth quarters and it is back to year-on-year growth. It has only one way to go, which is going up. Tech has delivered a fantastic year-on-year growth. All other verticals, have delivered 7% plus year-on-year growth. It is one such event in one particular region, even though that contributes a very small percentage of the overall revenue, but in absolute revenue, it went down materially this quarter, the Saudi revenue. Otherwise, three out of four verticals we have are actually growing above 7%. So I am really confident about the next two quarters and also with the new capabilities we will inherit in the Q4, we should be very well positioned for FY2028.

Vibhor Singhal: Got it. Great to hear that. Thank you so much for taking my question and wish you all the best.

Moderator: Thank you. Our next question is from Dipesh Mehta of Emkay Global.

Dipesh Mehta: Thanks for the opportunity. A couple of questions. First about the progress in ROW, the growth is not there, there is slight weakness, which indicates the progress on CBDT deal seems to be slower. So can you give some sense how one should expect that deal to ramp up? Second question is about the overall growth outlook, you partly indicated about weakness in Saudi as some implication but earlier we were very confident to at least deliver FY26 kind of growth in current year. Are we on track to let us say despite some challenges we face, are we on track to deliver FY27 at least closer to FY26 kind of number? If yes in a way you are indicating some kind of significant acceleration in next two quarters. So these are the two questions. Then I have a question on high tech.

Venu Lambu: Yes, sure. Rest of the world, I think as I said, it is the Saudi business, which was material for us this quarter. Otherwise, I would not have called that out, because there is an absolute revenue impact that happened due to the war. In that geography at the moment, it is a difficult thing over there especially with some of our customers. So that is why you see revenue, rest of the world, factors that part. With regard to the CBDT, it did contribute the revenue for the Q2. And I think last time when I spoke to you all, I mentioned about the hardware pricing and the delivery time being impacted. It is getting better from the time that I spoke at the end of Q1. It is definitely getting better. So, you should see a gradual ramp up that is going to be linked to the hardware delivery that will happen in CBDT. So, we are pretty much on track on that part of the revenue. It is just dependent on hardware availability, but it has definitely progressed, it has definitely improved from where we were in Q1, when I spoke about these

topics. On the second question about FY27, as I said, H2 will be better than H1. That is number one. Number two is that, FY27 overall year growth coming to the FY26, that is our endeavor. We will try, we are working towards coming as close as we can, coming to the FY2026 growth, right? And there is a lot of good demand out there. We have built fantastic capabilities. We are seen as an AI-centric company now already by our customers and by the industry analysts. I am very optimistic on our journey. But in summary, I can say H2 will be better than H1.

Dipesh Mehta: Understood. And just on high-tech, you indicated that a part of the weakness is because of seasonality in the business and some impact from Saudi-related business. How should one expect, let us say because now your top customer renewal has also played out. Can you give some update about how you expect let us say next fiscal for that account to play out and overall high tech growth to play out and second question is about cash conversion. We indicated some of the reasons, can you quantify what would be the impact of the gratuity and other factors which you indicated on cash conversion?

Venu Lambu: Sorry I missed the second part of the question but let me answer the first one and you could repeat the second one again Dipesh if you do not mind. On the first one, as I mentioned the tech services vertical there is a part of the Saudi business because we routed through our JV partner, which is a tech company, so hence it is classified under that. If I just keep that aside, which will be static anyway when we go to the Q3 onwards, we are seeing a pretty good, demand out there in tech, and we will be back to normal. This was expected. This was seasonal renewal. In fact, we will be back to the normal growth trajectory in the tech vertical. And we have got some good deals out there, which will start realizing revenue as we go into Q3 and beyond. And yes, outlook for the next year is also good on the tech side. I mean, we are dealing with customers who are growing massively,

right? So they need a lot of our help to support their big growth agenda. None of the tech customers are showing any signs of slowness in growth. They are all growing phenomenally well. So we are really pleased to be partnering with all of them and we are diversifying into many areas and we will continue to grow in tech vertical. I just look at tech as more of a seasonal renewal quarter plus the Middle East impact.

Dipesh Mehta: Understood. On cash conversion you indicated two factors certain advances and funding toward gratuity pertains to new labour code, can you quantify the impact and from next quarter it should normalize or how would you look at it?

Vipul Chandra: Sure, in terms of the exceptional outflows that I mentioned about, all of you would remember the gratuity related, provisions that we had taken in Q3 of last year. Now once you have taken the provision, the same amount also has to be funded for meeting that liability. So I think in this quarter we have done a substantial chunk of that funding. There is a deadline for that funding to also get completed, which is by October. So there may be a small impact coming from that remaining funding in the next quarter, but largely it should return towards normalcy. The other outflows which happened is on, the final dividend that we paid out in Q1, the TDS on that did not get paid out in the same quarter and that came out in the second quarter. That was another one-off difference between the previous quarter to this quarter. And we also had advance tax outflows both in India and US happening in this quarter. So overall, I think it was a confluence of two, three things coming together. And that is what led to the reduction in the OCF-to-PAT ratio.

Dipesh Mehta: And you expect it to normalize in quarter three, right?

Vipul Chandra: It will normalize in quarter three, except that to some extent, the gratuity funding may still be happening. So it will not come back to the previous levels, which we were at. But we did get the advantage of these in the previous quarters when our OCF-to-PAT was higher as well.

Dipesh Mehta: Understood. Thank you.

Moderator: Thank you. We will take the next question from Sandeep Shah of Equirus Securities.

Sandeep Shah: Thanks for the opportunity. The question is on margin. If you look at first half being 15.5%, last year being 15.4%, and second half will be heavy in terms of revenue mix, where growth could be led more through pass-through revenue, which happens traditionally, plus CBDT deal gradual ramp up and fourth quarter will have a margin headwind with M&A of Randstad (digital). In this scenario any updates in terms of what is the target margin EBIT margin on exit and the full year we are looking and even for FY2028?

Vipul Chandra: Sure Sandeep. I think we had mentioned earlier that we are working towards maintaining our margin for this year at similar levels to previous year, and I think we are still working towards that. So if you see sequentially in Q1 and Q2, we have expanded our margins. We are done with our wage hikes as well. So after absorbing all that, we are coming at 15.5% and 15.6% respectively in these two quarters. Also, in terms of the growth in the next two quarters, I do not think we are expecting growth only to come from the CBDT revenue or the pass-through revenues. Our regular services business demand is also looking robust as Venu has already mentioned. And the initiatives on cost control side are also continuing. So we do expect the organic margins to continue to hold on and improve further from here. And the impact on account of Randstad (Digital's) acquisition is going to be more in terms of the amortization impact, which anyway, given the value,

etc, is not going to be that significant. So all in all, I think I would conclude by saying that we are still working towards maintaining our margin at similar levels to last year.

Sandeep Shah: And sir that commitment is on consolidated basis, not on organic, right?

Vipul Chandra: I am sorry?

Sandeep Shah: Yes, what you said the margin, margin being flat in this year versus last year, this is including M&A and at consolidated level, not at organic level.

Vipul Chandra: Yes, that is the target that we are working towards Sandeep.

Sandeep Shah: Okay, thanks and all the best.

Moderator: Thank you. We take our next question from Rishi Jhunjunwala of IIFL Capital.

Rishi Jhunjunwala: Yes, thank you for the opportunity. A couple of questions. Your top BFSI client had made certain comments in their recent earnings wherein they have talked about tech vendor spends being down 30% year-on-year as a result of AI adoption and otherwise insourcing and also that there is still a very long way to you know go on that contraction as well as insourcing that is happening. Can you give some color in terms of how it has behaved for us in the past and do you think or how do you think it could potentially play out for us in the near-to-medium term?

Venu Lambu: Rishi, thanks for the question., The top client that you are referring is an engagement which has gone through a consolidation from 50 plus vendors to about five vendors. And we are one of those five vendors, right? So from the client perspective, that savings comes through this consolidation exercises. Second, when we renewed it and when we have got the deal of

this vendor consolidation engagement, at the later part of last year, we already called out the productivity headwinds that we will have to bear for the first two quarters. And that is what we went through in the Q3 and Q4 of last year. And that is when we started the sequential growth. As I said that we are done with that productivity headwind. That was a commitment to be given as part of the vendor consolidation. We said we are done with it when we announced the Q4 results and hence you saw a sequential growth happening in Q1 and you also see the big sequential growth happening in Q2 and I also commented that it will continue to have a sequential growth in Q3 and Q4. So that is the first point. The second is, if you look at our BFSI portfolio, it is changing dramatically, right? I mean, we announced a \$100 million account this quarter. This is the first \$100 million account we have announced in BFS probably over the last few years. So it is very significant for us. It indicates two things. It indicates that we are creating a very balanced portfolio in the financial services sector, number one. And number two is that we are broadening our capabilities across the banking value chain, especially in the AI era. The speed at which we got \$100 million plus account category in the BFS actually speaks. The point that I was talking about how if you are in the AI value chain journey with customers, your ability to accelerate revenue will be much faster. And it was evident when you see this account got into \$100 million plus category at a faster pace than probably we have ever done in the history, in the history of LTM.

Rishi Jhunjunwala: Sorry, sir. I was trying to also ask is that when they say that there is still a long way to go in terms of reduction in tech vendor spend, you feel comfortable about not getting impacted out of that in the medium term?

Venu Lambu: No, we are not. In fact, we are going to get a benefit from it. While in parallel, we will create the balance portfolio, as I mentioned, but absolutely no impact because the switch over from 50 vendors to five vendors is what

the client is driving and the point that you are referring to. But that switch over is a multi-year program. So, you have to get that benefit over the multi-year program. So, it is not a statement made post this quarter. It was a strategy that was decided last year. It was under execution and we are still under the execution of that. So, hence you see the growth as well.

Rishi Jhunjunwala: Great sir, thank you. The other question is on capital allocation, right? So if we look at all the peers, which are bigger than us, today give out almost 80% to 100% of their profits through dividend or in some cases buyback. We are still around that 40% to 45% kind of range. We are sitting on ₹15,000 Crores plus kind of a cash. Even after Randstad, the number probably will remain there at the pace at which you are adding or generating cash as well. So any thoughts in terms of trying to increase that and to enhance shareholder value creation from that?

Vipul Chandra: Rishi, I will take up that question. I think in terms of what you say about the larger peers that is correct. But the larger peers also have larger balance sheets and greater cash reserves. I think we are balancing our growth plans and the payout as per the Board direction and also the strategy that we have in place. We do look at increasing the payout ratio and we have increased from around 40% to around 45% if you look at our payout ratio for last year. But we still believe that the strategy that we are following will require reinvestment in business through M&A and organic investments both. And as far as the shareholder value creation is concerned, I would say that there has got two components to that. One is a dividend payout, and one is the investment in the business, which will generate better returns for the future. And the value also comes from the long-term value creation through the share price movements as well. So I think it has to be a balanced strategy between the two. And that is what we are trying to follow.

Rishi Jhunjhunwala: Yes, I mean, I was just coming from the point that you are anyway generating ₹4,000 Crores of cash every year our historical track record has not been to do very large acquisitions so unless we are looking at something of that sort relative to our size the cash balance that we already have on the books is reasonably large and so potentially makes case for a higher payout which would potentially result in a better valuation for the stock as well.

Venu Lambu: Yes, point valid. I think that has been the endeavor within LTM and you know that as part of the L&T group, we are known for the shareholder value creation. So, you know, we stick to those ethos and principles of it. But we are also looking for the opportunities on a very regular basis on investing in, whether it is making some bets on AI, is one area, like I spoke about GCC, I will share a lot more details in the coming days on the GCC business because that requires a very focused attempt in terms of how we can capture the bigger market share of the customers who wants to come to India and set up GCC. And we are going to play a big role over there in partnership with some of our other capabilities that within the group have, for example, the facilities and the real estate part of it. So our BlueVerse™ investment, we will continue to have on over the next few years because that is really strengthening and becoming a go-to-market channel for us to meet our customers. Third is our investments on the talent transformation also is happening at scale. And of course, M&A is always something, as Vipul said, the door is open. It is not that we just stop at one acquisition. We will look at the opportunities that will come our way. It is just that we do not want to do it just to add revenue, it has to be clearly in a white space like the way we did Randstad, and it has to be brought at a price and a valuation that adds value to the shareholders. So, your point is valid, Rishi, but I just wanted to tell you that it is acknowledged, and we follow a very

good, mature framework that is set by our group in managing the dividend as well.

Rishi Jhunjunwala: All right. Thank you, sir. All the best.

Venu Lambu: Thank you, Rishi.

Moderator: Thank you. We will take a next question from Sushovon Nayak of Anand Rathi.

Sushovon Nayak: Just on the AI business contribution, as a percentage of revenues, if you could possibly quantify that, and also on the margins, because some of your peers have mentioned that it is much more margin accretive versus a traditional legacy business as such, right? If you could possibly quantify that and the margin profile and possibly the tenure of these deals, are they just project based, 6 to 12 months, or are you seeing that increasing, if you could just throw some color on that, that would be helpful. Thank you.

Venu Lambu: Yes, sure. Look, I think, as I mentioned, 13.4% is the contribution of our AI revenue as part of the overall. And these projects are anywhere between six months to one year, depending upon the area that you are involved in. There are also a lot of other downstream projects that you get, which is data modernization as an example. You might get something around application remediation, work that will come in as a downstream. There will be some application rationalization work that will come in. The pure play AI native projects are just under one year kind of projects that will get started, but it will get iterative in nature. The second point is that, yes, the margin profile, the gross margin level is definitely better than traditional services. We are also investing at the same time. I mean, we launched BlueVerse™ OneToken, which is our harnessing layer. I think we are one of the few companies amongst our competition to actually have our own token. Second, we committed to build SLMs every quarter. So we are

building SLMs, which are repeatable accelerator codes that we can go and deploy so that we can make the deployment faster. If you do not build those assets, then you are really not at the forefront of AI deployment because AI deployments cannot happen in a multi-year approach. Specifically, if you take one specific process and start doing it, the speed to market for an AI project should be faster as well. So some investment will be ploughed back to strengthen our muscle in that area. But over a period of time, I think it will start flowing into the overall company margins as well.

Sushovon Nayak: Thank you.

Moderator: Thank you. We will take our next question from Karan Uppal of Philip Capital.

Karan Uppal: Venu, just one question on the consumer vertical. The vertical has been flat this quarter, last quarter also it was down 1%. So how are you seeing the growth in this vertical? And specifically how is the outlook on the travel vertical in this?

Venu Lambu: Consumer segment grew 8.6% year-on-year basis, Karan. So it has been the business which has grown. Yes, sequentially it has grown lesser than other market segments. I think, specifically the travel and hospitality sector was impacted by fuel prices and the energy crisis that unfolded. So, most of these customers were tightening their budgets to manage those swings that happened on the fuel prices. I think my assessment of this, after talking to a lot of customers in that sector, is that they are transforming big time and reimagining the experiences of the travel and hospitality sector. So I expect them to come back and put all those budgets that were put on hold temporarily, into these new areas. So what you see in the last two quarters, specifically in the travel sector, was attributed towards the fuel prices and thereby customers are just being very selective.

Karan Uppal: Got it sir. Just one more question to Vipul. On the forex losses, how should we think about next few quarters?

Vipul Chandra: So Karan, we have been following a very consistent hedging policy over a long period of time. We follow the program of hedging out for the next two, three years on a rolling basis and a layered hedging basis. So similar kind of losses in terms of the forex losses below EBIT may continue for the next couple of quarters. But it all depends also on the rupee depreciation. If the rupee depreciates more, that could increase. But we get the concomitant benefit also in our business profitability. So overall, I think our attempt has always been or the strategy has always been to maintain a consistent earnings profile over a longer period of time. And that is what we are following.

Karan Uppal: Got it. Thanks and all the best.

Moderator: Thank you. We will take the next question from Girish Pai of BOB Capital.

Girish Pai: Venu, coming back to the TCV number, which was weakish in this particular quarter, a couple of your peers indicated that decision making and deal closures were pushed back because of macro conditions. Did you see anything like that for you? How would you describe demand conditions compared to, say, three months back overall?

Venu Lambu: The macroeconomic condition has been like this over the last six months or, the last two quarters or three quarters, so there is nothing new that has actually happened this quarter, right? So I would not, at least I do not see that as an attribute. It does not mean that macroeconomic condition has changed dramatically towards the greener side. It is what it has been, the same as what it was last two quarters, so that is one. For us, as I said, the TCV was a reflection of the kind of deals we went about, right? So if you have a sales organization, and you promote the sales teams to go after AI

deals, and you incentivize them to sort of get an entry into this AI spend area, then we should expect that they will spend a good amount of their sales efforts in these kind of deals in that particular three months, and that is what we are doing. For AI native deals, for example, we have a different sales incentive for our sales people because we want them to sell more of these deals. It is a change management exercise, right? There is a lot of comfort that you get to sell the same thing that you have been selling over the years. So hence, we are making an effort by incentivizing salespeople, to sell the new AI-native deals. There are different sales commission structures for the solutions that we sell in the new-age partners. And those are the things that, when you have a program driven like that, it gets reflected in the way you book your orders. So that is how I see it. And so for me, it is pleasing because it is important to be at the right area of the spend with the customer. And that is what is going to give us a long-term sustainability.

Girish Pai: Okay, my last question is regarding pricing. One of your largest peers, I would say the largest player in the market, talked about pricing weakening in the last quarter. Did you see anything like that for you or in the market itself?

Venu Lambu: Well, traditional deals are, especially traditional large deals, are being fought at a price point, which to some extent becomes a bit unmanageable, if I may say. So, yes, in those areas, the more you hold on to those areas, the unit pricing is only going to go down. And so I am not surprised about the fact that if we all observe the pricing weakness, it is going to happen in the traditional areas. And it was expected that it is going to happen. But when you look at the newer areas that I spoke about, there is a premium attached to the skillset. I mean, our AI rate cards are priced higher than the traditional rate cards. We actually created AI rate cards and got AI rate cards signed up with customers. So my belief is that if you have to

transform, if you have to pivot, then we have to pivot hard. You cannot hold everything and then try to pivot. You have to pivot one area big. And we believe pivoting AI hard is the right thing for us. And that is where we build a scalable business and a very high growth business in the new business model as we go along.

Girish Pai: If I may squeeze in one last question, this is regarding what you said during the analyst meet a few months back. You talked about deflation to the tune of some 25%. Where do we think we are in the deflation cycle? Are we in the middle towards the end or probably at the beginning?

Venu Lambu: Are you talking industry or LTM?

Girish Pai: I am talking of industry and even LTM.

Venu Lambu: From our perspective, we say that some of the top accounts, have gone through that journey. I spoke about the top client in BFS. We spoke about the top client of tech customer a couple of quarters back that part of productivity headwind journey, we are done with it, right? And there was 60% of the total, sort of adoption towards productivity headwinds has already been, passed on to the customers at different phases. With regard to the industry, look, it is very difficult to say the industry, but I can only say that in the industry, the traditional services will continue to be challenged. So hence, there has to be a sense of urgency to re-imagine them, which is what we are doing. With regard to the LTM, big clients, we are done with it which essentially means probably 60%- 70 % of our portfolios, we are done with it. And there will always be 20%, 30% of the portfolio, which will go through different renewal cycles, different consolidation cycles, and different AI infusion cycle that will happen. But the material ones, we are done with it. But I would expect from an industry standpoint, this will go on



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October 16, 2026

for a couple of years. But anybody who can pivot to the faster, newer area, faster at scale, will still deliver growth

Girish Pai: Thank you.

Moderator: Thank you. That was the last question. I now hand over the call back to the management. Over to you, Venu sir.

Venu Lambu: Thank you. Thank you for all the questions. I appreciate you all joining the call.

Moderator: Thank you. Ladies and gentlemen, on behalf of LTM Limited, that concludes today's call. Thank you for joining us and you may now click on the leave icon to exit the meeting.

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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