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May 2, 2023

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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 27, 2023

With reference to the captioned subject, please find enclosed transcript of the Earnings Conference Call held on April 27, 2023.

Kindly take the above on record.

Thanking you,

Yours faithfully,
For LTIMindtree Limited

LTIMindtree Limited
LTIMindtree
CS-PW-02-CO

(Tridib Barat)
Company Secretary and Compliance Officer

Encl: As above

"LTIMindtree Limited's Q4 FY'23 Earnings Conference Call"

April 27, 2023

MANAGEMENT: ***Mr. Debashis Chatterjee*** *– Chief Executive Officer & Managing Director*
Mr. Sudhir Chaturvedi *– President (Markets)*
Mr. Nachiket Deshpande *– Chief Operating Officer*
Mr. Vinit Teredesai *– Chief Financial Officer*
Mr. Nitin Mohta *– Head, Investor Relations*

Nitin Mohta: Ladies and gentlemen, good day and welcome to the LTIMindtree Quarter 4 and FY '23 Earnings Conference Call. Please note that this conference call is being recorded.

Today, on the call, we have with us Mr. Debashis Chatterjee - Chief Executive Officer and Managing Director; Mr. Sudhir Chaturvedi – President, Markets; Mr. Nachiket Deshpande - Chief Operating Officer and Mr. Vinit Teredesai - Chief Financial Officer.

Let me outline the agenda for today's call. We will begin with a brief overview of the Company's quarter 4 and fiscal '23 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 we see as of 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'll now turn the call over to DC for his opening remarks. Over to you, DC.

Debashis Chatterjee: Thank you, Nitin. Good evening, and good morning to everyone on the call.

Thank you for joining us today. Before I start, I would like to take a moment to appreciate our 85,000 highly dedicated professionals, spread across 30-plus countries. Their vision, technical expertise and superior execution capabilities continue to help clients reimagine outcomes, drive innovation and realize cost efficiencies in a complex and convergent digital landscape. Their commitment to excellence ensures we take our clients to the future, faster, together.

I'm happy to share that the merger between erstwhile LTI and erstwhile Mindtree was completed in a record time of less than seven months. We have started operating under a unified system and processes since 1st of April 2023, establishing the base for realizing the envisioned synergies. It is noteworthy to mention that our robust performance is on the back of significant global uncertainties, macroeconomic challenges, and our merger integration.

We reported a strong FY '23 with Y-o-Y revenue growth of 19.9% in constant currency and 17.2% in dollar terms. The growth was broad based driven by solid performance across all our verticals and geographies. The industry-leading performance was underpinned by the strength in our largest vertical, BFSI, which grew at 23% Y-o-Y in dollar terms in FY '23, even amidst a challenging macro environment.

We are also pleased to share that High-Tech, Media and Entertainment, our second largest vertical hit US$1 billion in revenues for FY '23, growing 14.5%. Geographically, North America continues to be our strongest market, registering a Y-o-Y growth of 21.5% in FY '23. Our business in this significant region has attained a substantial scale accruing an annual revenue of US$3 billion. For the full year, Europe grew at 14.1% Y-o-Y in constant currency, but due to the foreign exchange impact, reported growth in this geography was 3.9% in dollar terms.

Thinking about Q4, our revenues came in at a healthy US$1.06 billion, up 13.5% Y-o-Y in constant currency and 11.9% in reported dollar terms. Our EBIT margins for Q4 came in at 16.4%, up 250 basis points Q-o-Q in line with the trajectory that we had communicated during our Q3 results. We added 31 new clients during Q4 and notably increased our count of US$50 million plus customers by two to 13. Our order inflow for the quarter came in at US$1.35 billion, helping us close the full-year order inflow at US$ 4.87 billion.

Our expanded and diversified capabilities combined with enhanced scale are creating significant cross-sell and upsell opportunities, cementing our partnership status as an industry leader with our existing clients. We are now a formidable contender for strategic partnerships with new clients through multi-year and multi-tower deals. While we do observe a cautious approach towards technology spending in general, owing to macro uncertainties, clients' focus on leveraging technology for enhanced competitiveness remains intact. These clients' goals hold a significant long-term upside for our full stack end-to-end capabilities. We are already seeing a growing trend of these where savings from efficiencies are being used to fund in-flight transformation projects. Let me give you an example. onsemi, a global leader in intelligent power and image sensing technologies has chosen LTIMindtree as a strategic service provider for developing its next-generation enterprise IT support platform. This multiyear deal will involve LTIMindtree collaborating with onsemi's IT team to drive innovation and increase efficiency. The IT transformation is part of onsemi's broader strategy to streamline operations and invest in growth areas such as electric vehicles, ADAS, alternative energy and industrial automation.

With our robust next-generation delivery capabilities and continued focus on innovation and agility, we are confident that we will capitalize on several such exciting opportunities that FY '24 will present. For instance, one next-generation capability where we have made significant investment and progress is Generative AI. We firmly believe that Generative AI will create the next phase of the autonomous enterprise. We have launched our Gen AI platform, which will allow enterprises to accelerate their concept-to-value journey with a focus on ethical use of generative AI, sustainability, and data privacy. Several marquee customers include a top global bank, a multi-national CPG leader and a leading insurance brokerage are already leveraging each for their unique needs.

With that, let me now turn to our Businesses:

Our Banking, Financial Services and Insurance business grew 20.1% Y-o-Y in Q4. The banking industry is currently focused on cost takeout programs, with an emphasis on cash conservation. Some clients have temporary hiring freezes in place. In Insurance, the core modernization and consolidation programs that we are currently part of give us growth visibility. Our BFSI deal pipeline is promising with several large deals in the final stages.

In Q4, our High-Tech, Media and Entertainment business grew 2.8% Y-o-Y. The High-Tech industry is focusing on customer support, subscription management and product engineering. While the decision-making timelines remain extended, vendor consolidation has been driving up deal sizes. We are favorably positioned here, evident from our success with our new logo, onsemi.

Our Manufacturing and Resources business grew 12.4% Y-o-Y in Q4. In the Automotive space, we look forward to gaining from vendor consolidation and expanding with our unique industry solutions. In the energy industry, stable commodity prices are incentivizing clients to persist with investments towards digital transformation. We are seeing this trend across the energy value chain of upstream, midstream, and downstream with focus on improving operational efficiency, health and safety and lowering carbon footprint.

For Q4, our Retail CPG, Travel, Transportation and Hospitality business grew 9.5% Y-o-Y. Higher interest rates and sticky inflation has led to reduced consumer confidence and spending. This has an impact on the IT spend in Retail and CPG. We are helping clients achieve operational resilience through automation and opex reduction. Our focus on omnichannel and commerce capabilities continues to give us unique opportunities in the current business environment.

In the Travel, Transportation and Hospitality business, airlines, hotel, and car rental companies continue to see strong business activity. Our Health, Life Sciences and Public Services business grew 6.8% Y-o-Y in Q4. In Healthcare, we will maintain our emphasis on value-based care and expand our coverage across product engineering and testing. In the Life Sciences industry, the focus is on aggressively cross selling and upselling our ERP CRM and digital engineering services.

In terms of geographies, America contributed 71.9%, Europe contributed 15.4% and Rest of the World contributed 12.7% of our revenues for the quarter. There has been no significant cancellations or deferment of projects from any of our clients, indicating the strength of our client relationships and our value proposition. There is also considerable activity in SAP digital and data services, especially the move to the cloud, which presents exciting opportunities for the company to expand.

As a people-powered organization, we value our employees and their contribution to our success. We remain grateful to our dedicated team of skilled professionals who have ensured client satisfaction and flawless delivery even in the midst of a large merger and integration.

Our attrition continues to trend lower, largely in line with what the industry is also experiencing. Our quarterly annualized attrition stood at 13.7%, a significant improvement of 440 basis points over the previous quarter, bringing our LTM attrition down to 20.2%. Our return to office program is progressing well. Opening new satellite offices has proven an effective talent strategy and we remain committed to regularly reviewing and refining our approach.

We have been recognized as One of the Best Organizations for Women in 2023 by The Economic Times. I'm also proud to inform that we have been recognized at the DivHERsity Awards 2023 for the Top 5 Most Innovative Practices in the Women L&D Programs and Top

20 Most Innovative Practices in the Women Returnee Program categories. These recognitions validate our tireless efforts in building a truly inclusive environment, where every individual feels valued, respected, and empowered regardless of gender and other differences.

With this, I will now turn over the call to Vinit for the financial highlights.

Vinit Teredesai: Thank you, DC. Good evening and good morning to everyone on the call. It is great to be with all of you again for our quarterly and annual earnings.

We ended the fiscal year 2023 on a strong note. Revenue stood at US$4.1 billion, registering a growth of 17.2% in dollar terms. The corresponding constant currency growth was 19.9%. EBIT margin was 16.2% compared to 17.8% in FY '22. PAT margin was at 13.3% compared to 15.1% in FY '22. The absolute PAT was INR 4,410 crores. EPS for the full year was INR 149.10, an increase of 11.5% over FY '22. The effective tax rate for the full year was 23.8%.

Let me now take you through the Financial Highlights for Q4 FY'23.

Our revenues stood at US$1.06 billion, up 11.9% on a Y-o-Y basis. The corresponding constant currency growth was 13.5%. The Q-o-Q growth was 1% in dollar terms and 0.7% in constant currency terms. EBIT margins came in at 16.4% compared to 13.9% in the previous quarter. We had indicated last quarter that our margins would expand by 200 to 250 basis points, and we are pleased to deliver at the higher end of that range. The following three factors equally contributed to the sequential improvement in margins; absence of furloughs and higher working days in Q4, 80 bps; lower integration cost compared to Q3, 80 bps and operational efficiency and productivity improvement, 90 bps.

Net Forex loss for the quarter was US$6.4 million compared to a gain of US$5.9 million in the previous quarter. PAT margin for the quarter was 12.8%, compared to 11.6% in the previous quarter. The effective tax rate for the quarter was 22.9%, compared to 23.6% in Q3 FY '23. Basic EPS was INR 37.70 for the quarter compared to INR 33.80 in Q3 FY '23. In Q4, the billed DSO stood at 60 days compared to 61 days in the previous quarter. The DSO including unbilled revenue was at 91 days compared to 90 days in the previous quarter.

For the quarter, the operating cash flow to PAT substantially increased to 88.5% versus 65.8% in the previous quarter. Our robust cash management led to cash and investment balance of US$ 1.02 billion or INR 8,355 crores compared to INR 8,086 crores in Q3 FY '23. This increase in ending cash balance is post payment of INR 591 crores as interim dividend during Q4.

Return on equity for the quarter was 28.6% versus 30.3% in Q3. Our utilization excluding trainees in the quarter was 81.7% compared to 82.9% in the previous quarter. As of March 31, 2023, our cash flow hedges stood at US$3,840 million, hedges on the balance sheet were US$ 441 million. The Board of Directors has recommended a final dividend of INR 40 per share, subject to shareholders' approval, taking our overall dividend for the full financial year to INR 60 per share.

As DC mentioned earlier, effective 1st April, we are operating under one unified systems and policies. In line with this, we are also refreshing and publishing our ESG goals as LTIMindtree. The same is detailed in our Investor deck. Let me share some key goals that we have set for ourselves. The document on sustainability includes replacing 85% of current energy usage with renewable energy by 2030, 100% waste recycling and becoming water positive by 2030. We are pleased to share that in Q4 our Bengaluru and Chennai facilities were awarded the CII National Award on Efficient Energy Usage. These awards validate our commitment to the goals we have pledged on ESG front.

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

Debashis Chatterjee: Thank you, Vinit. Looking ahead, we remain optimistic about our prospects. While Q1 FY '24 performance may see some impact of continued slow client decision-making, our strong value proposition, robust order book and steady pipeline buildup gives us confidence that we shall still be able to deliver industry-leading, double-digit revenue growth for FY '24.

One of the areas that we are particularly excited about is the cross-sell and upsell opportunities in existing accounts and our concentrated mining efforts on our Focus 100 accounts. By leveraging our expertise and scale across a range of industries and technologies, we have been able to create positive momentum and drive growth across our client base.

In addition, our unified transformation solution is helping customers in their transformation journeys across value chains, stacks, and ecosystems. This is particularly important as businesses continue to face increasing pressure to do more with less. With our deep expertise, commitment to innovation and collaboration and focus on delivering value to our clients, we are confident that we will continue to drive growth and success in the future.

Let me now open this call for questions.

Nitin Mohta: Thank you, DC. The first question is from the line of Sandeep Shah.

Sandeep Shah: Just wanted to understand entering into FY 2024, is there any large client-specific issue which you foresee within your top 20 clients? And can you explain the same with the decline in this quarter within top 5 clients and top 11 to 20 clients, what has led to this as a whole? And also outlook for the High-Tech entering into FY '24 with some of your large clients are announcing layoffs at a regular interval, so will it be a spoilsport in terms of the growth rates for FY '24 in terms of High-Tech, for you versus company average as a whole? And second, in terms of the margin outlook, how do we see from Q4 levels how the margin will shape up in the first half, as well as second half of the financial year?

Debashis Chatterjee: Sandeep, let me just go one-by-one. Your first question was, any specific issues with any clients in the top 20? I don't think there is any specific issue with any of the clients. In fact, if you look at the overall revenues of the clients from FY '22 to FY '23, you will see that the revenues have grown, which means our efforts of mining is working very well with those clients. What was your next question?

Sandeep Shah: If there are no large client-specific issues, then are you also witnessing the same within the High-Tech vertical as a whole because one of your large clients has been announcing layoff at regular intervals?

Debashis Chatterjee: If you look at our overall High-Tech portfolio, there is nothing, which is specifically bothering us. In fact, for some of our clients there could be opportunities for us. But only one thing I can say is that some of the decision-making in terms of start of the project, there have been a little delay. We have actually won opportunities where we need to just get them started. So overall, again, I don't think there is any specific concern or specific client-specific concern in terms of our High-Tech portfolio. And in terms of margin, let me ask Vinit to answer that.

Vinit Teredesai: So, Sandeep, as we have mentioned this in the past, our aspiration is basically to return to same margin levels as what both the independent companies were operating prior to merger that is in the 17% to 18% range, though we don't want to call it out, but given that this mathematics is probably available. That is the aspiration at which we want to operate. We'll probably have a little bit of a slow start and we'll catch up during the year and get to that 17% to 18% range.

Sandeep Shah: DC, your comment about this year's growth rate being double-digit, so the ask rate if I'm not wrong on a constant currency for the next four quarters is 2.7% with 1Q growth is likely to be tepid. So there would be heavy lifting required from 2Q to 4Q, what gives you confidence regarding the same?

Debashis Chatterjee: Well, I think if I look at the deal activity which is happening currently, that gives us the confidence and I'll let Sudhir also chime in. But overall, our pipeline is very strong, our order book is very strong. And the couple of things that I called out in my opening remarks is, for example, we have good opportunities in BFSI, but couple of clients have kind of gone through some freeze and we are hoping that by end of Q1, those freezes will open up, so we should be able to ramp up. But overall, our deal activity is very, very strong. Sudhir, do you want to comment?

Sudhir Chaturvedi: Yeah, absolutely. So, DC as you said, the order intake is up between quarters by 21% to US$ 1.35 billion. In Q2 the large deal pipeline you all will remember that we shared a number of US$ 3.2 billion during our Investor Day, that's up to US$3.6 billion now. So, the combination of order intake and continuing activity on the large deals is what gives us confidence.

Nitin Mohta: The next question is from the line of Mohit Jain.

Mohit Jain: So, the first one was related to pricing for the quarter, specifically, Q4. Now, headcount is slightly down, utilization lower, revenues up, so how should we read this disconnect? Is there a different base or some other revenue that you've got during the quarter, which is pulling this number up? And then, I'll have a follow-up.

Nachiket Deshpande: If you see, Mohit, the main reason for the headcount difference is the attrition as you would see has significantly dropped in Q4, and at the same time as we were combining both the organizations, we had reduced our lateral intake in Q3 and Q4 as the bench from the organization was coming together and we were getting a better idea about the scale distribution of that bench. That's kind of resulted in reduced headcount.

Mohit Jain: But is there a volume drop during the quarter, or pricing is stable and there's a volume increase of 0.7%?

Vinit Teredesai: Pricing is pretty much stable. Just remember as DC has mentioned that in his opening remarks that the nature of the deals and the revenue profile is changing from the transformation to the cost takeouts, to that extent that's the change that is coming in. But otherwise, the pricing that we are getting is pretty much stable.

Mohit Jain: Okay. And the follow-up is on vertical like I was really scared of BFSI, but you did well, and I thought Hi-Tech will be okay but Hi-Tech was really bad during the year. So, what exactly is happening there, and do you expect this to reverse in 1Q? Like when you say there is a freeze, et cetera, is it primarily in BFSI or do you think that will continue in Hi-Tech as well?

Debashis Chatterjee: I think if I look at BFSI, BFSI has grown for the full year at 23% and Hi-Tech and M&E together has grown around 14.5%. So, I think both the verticals have done well. And we just talked about onsemi, which is a deal that we have signed is in the Hi-Tech, so essentially there are more opportunities in Hi-Tech. The activity is pretty strong. But all that we are saying is we will see a bit of a lull in the Q1 purely because of the fact that some clients are going through some freeze where we know that we need to start this engagement, but we cannot. So, it's a delayed start rather than anything else. And we are very hopeful that all these issues will get resolved in Q1, so we should be able to get onto the rhythm as far as Q2 is concerned. But otherwise, we are still very confident about the overall situation with respect to the pipeline that we have in BFSI as well as Hi-Tech.

Sudhir, you want to add anything?

Mohit Jain: That you will grow 1Q, right? That's what you're looking at it.

Vinit Teredesai: So, I would say, don't look at us on a Q-o-Q basis, look at on a Y-o-Y basis and that's what I think DC was alluding to. We have consistently grown. One quarter might be up for one vertical, one quarter might be not as good as other.

Mohit Jain: Sir, what I mean to ask is at the company level, we'll still expect you to grow in Q1 whatever is the number.

Vinit Teredesai: Yes, definitely.

Nitin Mohta: The next question we will take from the line of Sudheer Guntupalli.

Sudheer Guntupalli: So, my question is to Sudhir. Standing out from the rest of the industry and despite going through the integration process, your deal booking on a sequential basis has been very good. So, I was just trying to understand, is there any seasonality, which helped you here because we don't really know the prior year Q3 to Q4 deal booking sort of trends. Is there any seasonality that helped you here, or it is just that you have just seen closures to be very good despite the challenging macro and that's what is resulting in the numbers?

Sudhir Chaturvedi: Yes. But there is no seasonality here, Sudheer, but I think what we have is we do have renewals in this, which is actually a good sign, right, which means that client satisfaction is good and we're renewing these contracts, so which also gives us that stability both from an order intake perspective as well as our future revenue growth perspective. So, I think that's really reflected in both. And the deal wins are starting to show, especially as you see this quarter's order intake, it reflects some large deal wins like the onsemi deal that DC just spoke about.

Sudheer Guntupalli: Sure, Sudhir. And then if you were to just look at the net new part within this and any broader color even if you don't want to quantify them, how the trend has been from Q3 to Q4?

Sudhir Chaturvedi: Actually, we look at order intake, right. We are seeing good all round order intake. It's across verticals and it's across regions, which is the broad-based growth comment that we made. The thing with the order intake is the only the additional color I'll provide is that this is more in the efficiency space, the cost takeout space, and therefore these involve transitions, and these will involve a slower ramp across the year, right, as these kind of deals are usually take over from either vendor consolidation or clients consolidating their own operations. So, it does take a little bit of time to ramp up as well as make sure that the transitions complete first and then we start to build these clients. So that's the additional color in terms of order intake.

Sudheer Guntupalli: Sure, Sudhir. And one last question to DC, if I may. So, DC, as individual entities, we have always been guiding for industry-leading growth but now our base has almost doubled, so there is some mathematical optics related to it. Despite that it's impressive that you are still calling out for industry-leading growth. And one more thing, this time peculiar in FY '24 about the industry is that there has been a huge divergence with some companies guiding for 3% to 6% growth all the way up to mid-teens. So, when you talk about industry-leading growth in that kind of a backdrop and with a much higher base, again, any further color on that?

Debashis Chatterjee: Yes. Well, I think when I say industry-leading, what we mean by that is in the industry-leading quadrant. Are we one of those companies which are showing the growth in that quadrant. And we are very confident that we want to stay there. And that's why I said that in spite of little bit of softness in Q1, we are very confident that we should be able to take it to a double-digit growth and we want to convert that double-digit growth into industry leading as far as FY '24 is concerned.

Nitin Mohta: Next, we will take the question from the line of Vibhor Singhal.

Vibhor Singhal: Congrats on a very strong margin expansion. So, DC, my question was to maybe you and Sudhir. As already we've discussed, we've had a very strong deal flow in this quarter as compared to Q-on-Q at least. Now, one of the concerns that is paramount in the industry at this point of time is that while deals are being awarded, I mean, you yourselves had two large deals announcements very recently, lot of the competitors are also announcing large deals. So, the concern that is there is that many of these deals are being awarded, but their execution timeline is not very certain. The client is not yet giving a certainty as to when to start execution on this deal, this might get delayed. So, are we also facing that in deal flows at that deals that we have won? And is that what is adding to the uncertainty in FY '24? And a related question is that we've always talked about size helping us win large deals. We've announced a couple of large deals in the past month or so. So, I mean any more color on that as to how the progress on that front is happening in terms of our increased size helping us win more large deals.

Debashis Chatterjee: Yes. See, first of all, let me just give you a color of what is happening in the marketplace. If you look at large deals, many of the deals that we are pursuing right now are more efficiency play, which is, in other words, cost takeout. And many of these cost takeout deals as Sudhir articulated has as a transition, and when you do the transition you kind of ramp it up, ramp up the deals, and then the real billings take a little bit of time to start. And what you're seeing right now in certain situations is, everything is decided, but the start date is a little delayed, and we are very hopeful that will ease off over a period of time. So that's the situation. It's more cost takeout deals, which in a way, is good because these deals tend to be multi-year and which is exactly what we're doing with onsemi, but it's more of a delayed start rather than anything else. So that's what the scenario is which probably is very similar across the market, across the industries. And in terms of size, we are very confident that the size and scale and the capabilities that we have, it's not just the size, it's the capabilities that we have as an integrated organization is something that will help us in terms of getting a seat on the table, and whenever there is a large deal, we should be able to compete within any kind of situation. I think that's what we mean. We are already seeing some results and we are very confident that as we go along, we will be seeing more of these scenarios. Sudhir, Nachiket, you want to add anything?

Sudhir Chaturvedi: No. I think you've covered it.

Vibhor Singhal: Sure. Just one small follow-up question to either Nachiket or Vinit if I can. With the increased size of the integrated workforce, do we expect the sub-con expense to come down? I know it's not basically exceptionally high as compared to the industry for both the individual companies that we had, but do you think that with the integrated workforce we could see that coming down as a percentage of revenue over the next couple of years?

Nachiket Deshpande: Vibhor, as you indicated, it is already relatively low for us as compared to some of our peers and we continue to remain focused on trying to reduce that. And some bit of bench availability will hopefully also help that, so that is an ongoing program for us. We are not targeting a particular percentage or a reduction, but we continue to look for opportunities where we can reduce.

Nitin Mohta: We will take the next question from the line of Sulabh Govila.

Sulabh Govila: So, my first question is regarding the revenue growth this quarter. I'm just trying to understand given that the furloughs have reversed, which were there last quarter and there were no major cancellations and deferments that you mentioned earlier, so what's the reason for sequential soft revenue growth this quarter? I mean you mentioned there is some freeze in BFSI, but could you elaborate on the nature of softness that we've seen in Hi-Tech vertical? I mean this is within which service lines within Hi-Tech, and is that concentrated to few clients or it's more broad-based?

Sudhir Chaturvedi: Yes. So, I think if we look at this quarter, right, you will see that the things that we talked about, the delayed decision making and the slower pace of some of these ramp-ups as well as the freezes, that's the reason why there are some hiring freezes in place as clients are going through their own cycles. Certain clients have some hiring freezes in place, so that's what's reflected in this quarter. And we've been focused on making sure that our order intake remains strong and that our book of business across the board, right, including our existing book of business remains intact as well as we grow it with the new order intake. So that's been the focus. As the macro environment improves and we see clients start to release budgets, which we expect in the coming quarters, that's when we'll start to see some of that, which is what gives us the confidence for the full year growth as well.

Sulabh Govila: Sure. And with respect to Hi-Tech, any comments on the Hi-Tech vertical?

Sudhir Chaturvedi: See, I think if you look at Hi-Tech, right, they're also going through a cycle of efficiency as DC said. So, we are focused on the deals activity that we're seeing in the Hi-Tech space, and frankly, we're seeing some good deal activity. So that's the nature. I think, see, quarterly phenomenon there'll be some ups and downs, but as DC said, on a Y-o-Y basis, Hi-Tech grew 14.5%. We are seeing some good deal activity, so on a full year FY '24 basis, we still think there is good potential for us to grow Hi-Tech. It's a US$1 billion-plus business for us and we have really strong presence and strong capabilities, so we will continue to leverage that.

Sulabh Govila: And just a quick follow-up on the outlook. One is that this outlook that you provided for the full year, do you think that is going to be more broad-based across verticals or it's specific to one vertical versus the other? Plus, on the 1Q softness that we talked about, is it going to be relative to 4Q performance or versus the historical 1Q trend that we've seen?

Debashis Chatterjee: I think as far as the first quarter performance is concerned, I think some of the behaviors that we have seen, as Sudhir articulated, some of the freeze and all those things, that is that kind of continuing and we are hoping that all those things will ease off by the end of Q1, so that's where we feel that there could be some softness. And I think at this point of time, it is fair to assume that we are just talking with respect to the economic conditions that's existing in Q4 kind of extending into Q1.

Sudhir Chaturvedi: DC, just one build on it that we do have a license component that exists in Q4, which we will not have in Q1. So, what we are focused on is the like-for-like services growth in Q1.

Nitin Mohta: Next question we will take from the line of Manik Taneja.

Manik Taneja: I just had a question with regards to the way our headcount metrics have been trending. In FY '23 you were adding freshers across both the heritage Mindtree and heritage LTI organization, and this quarter we've seen headcount decline. So how do you think about our delivery going into FY '24 given the best that we have? And if you could also talk about any plans for fresher additions for the next year.

Nachiket Deshpande: So, Manik, as I said I think we had paused our fresher intake in Q3 and Q4 as well as reduced our lateral hiring in those two quarters as we were consolidating bench from both the organizations and getting better visibility into the skill sets that are available as a consolidated company, which we have done over this quarter. So, as I said previously, we are now going back to our usual campus onboarding plan. So going into FY '24, we will continue our FY '24 onboarding plan as earlier set out. We typically onboard most of our freshers in the first three quarters of the year and that's what would be our plan in FY '24 as well.

Manik Taneja: And one last question for Vinit. I was just looking at your segment profitability. If you could help us understand what drove the sequential increase in terms of our margins on the Manufacturing and Resources side, and simultaneously the increase on the Health, Life Sciences and Public Services side?

Vinit Teredesai: There is no specific seasonality or anything or change in the trend. As new people get added, the average cost keeps on moving. Sometimes the onsite-offshore ratio changes. That also sort of changes the overall margins, but no structural changes into any of these profiles.

Nitin Mohta: We will take the last question from the line of Surendra Goyal.

Surendra Goyal: Yes. So just a couple of questions. Firstly, what is the services growth in 4Q because, if I heard it correct, Sudhir did allude to some license component as well?

Vinit Teredesai: We don't call that number out specifically.

Surendra Goyal: And secondly Sudhir, a question for you. The pipeline has been consistently strong, and you guys have obviously done a terrific job there. But even the recent slowdown was not preceded by any slowdown in the pipeline. So, what gives you comfort that the growth beyond 1Q will be strong to enable you to get to double-digit growth? Is it more hope that things improve or is it based on any data points that we should be aware of?

Sudhir Chaturvedi: See, there are three reasons why we feel that - large deal pipeline is up, conversions are up, order intake is up, and I think what's holding us back is, as I said, the delayed decision-making and some of the freezes. That's really what we're seeing. It's actually a reflection of how they want to manage their calendar year '23 budget. We expect that to start to ease off towards the end of this quarter. And the reason is that clients still have a book of business to do. We've been very close to our clients; we've been meeting them and there is work to do except that budgets are being right now held back but we expect that to come back. And then, obviously, our deal ramp-ups that we expect to see ramping up from Q2 onwards as part of this and because we're currently starting these transitions, right. We've announced two publicly as you know. There's onsemi and Curry's that we've announced publicly in addition to these, there are several other deals that we have won and that's why we feel that we will start to see this pickup from Q2 onwards. As you've seen traditionally, Q2, Q3 have been our stronger quarters and that's what we're focused.

Nitin Mohta: We'll just take one question from the Q&A bridge that we have got. Nitin Padmanabhan from Investec has asked, when is the wage hike expected?

Vinit Teredesai: We are planning to do the wage hike in the second quarter of the financial year, and it's expected to be, obviously, as per what the market demands, but if I want to call it out from a Y-o-Y perspective, it will be on percentage terms significantly lower than what it was in the past two years.

Nitin Mohta: Well, thank you all for joining this call. You may now disconnect your lines.

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