'About 40% of deals we won have an element of AI & automation'

bl. interview

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L&T Technology Services (LTTS) reported ₹2,866 crore in revenue for Q1 FY26, reflecting a 3.9 per cent sequential decline but a 16.4 per cent year-on-year increase.

Net profit for the quarter came in at ₹375.7 crore, up 1.5 per cent q-o-q and 0.7 per cent y-o-y, with a net income margin of 11.0 per cent. During the quarter, the company's sustainability segment grew 4 per cent sequentially and 16 per cent annually to cross the $100 million milestone. It is now a $400 million-plus annual business on a run-rate basis.

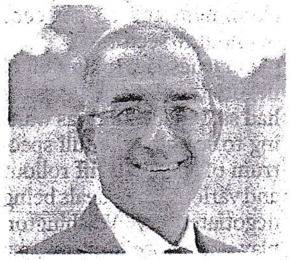
Amit Chadha, CEO and Managing Director of LTTS, attributed the revenue dip to specific challenges but remains optimistic of the second half of the fiscal year.

Edited excerpts:

Could you share some key highlights of Q1?

LTTS kept up its strong deal momentum in Q1, marking the third straight quarter with large deal TCV (total contract value) topping $200 million. A large deal is anything above $10 million.

This included a $50 million win, three deals in the $20–30 million range, and six more worth over $10 million each. We also launched our own AI framework for the product development lifecycle called PLxAI. Overall, we have 206 patents in AI.



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>
> **AMIT CHADHA**
> CEO & Managing Director, LTTS

We also launched our design centre in Plano, Texas, to deal with client investments.

The deal pipeline has grown year-on-year. Of the $200 million we closed this fiscal year, about 40 per cent of the deals we won have an element of AI and automation baked in.

LTTS' revenue has declined sequentially. Do macro headwinds persist?

In the last quarter, we had guided that Q1 revenue would decline. The first quarter has historically declined because of the seasonalities brought forth by the Smart World business, a company we acquired.

Excluding that, we have grown quarter-on-quarter and year-on-year without and with Intelliswift, a recent acquisition, everywhere else. Our growth has been secular across the board. Our sustainability segment has contributed to our results with a 16.4 per cent y-o-y growth.

Are you seeing any early signs of recovery or a potential uptick in discretionary spending?

Clients are prioritising spending in a few key areas — enterprise-wide efficiency, asset-light and digital transformation, AI and generative AI, and software-defined solutions. There is also increased investment in reshaping and localising supply chains. As long as you are aligned with these focus areas, spending momentum is likely to continue.

The sustainability segment has seen strong growth. Is it a key differentiator?

Our offerings in this space are timely and performing well. The segment is attracting significant compute investments for data and AI, while also benefiting from trends like decarbonisation, developments in oil and gas, and advancements in energy and automation.

What are your hiring targets for FY26?

While we are confident of growth in each of the next three quarters, we are not planning to add headcount in the immediate term, as we can leverage AI.

We intend to hire about 1,200 freshers in the year. A reality is that there will be a change in the profiles of people required.