

# IT & TECHNOLOGY SERVICES SEGMENT



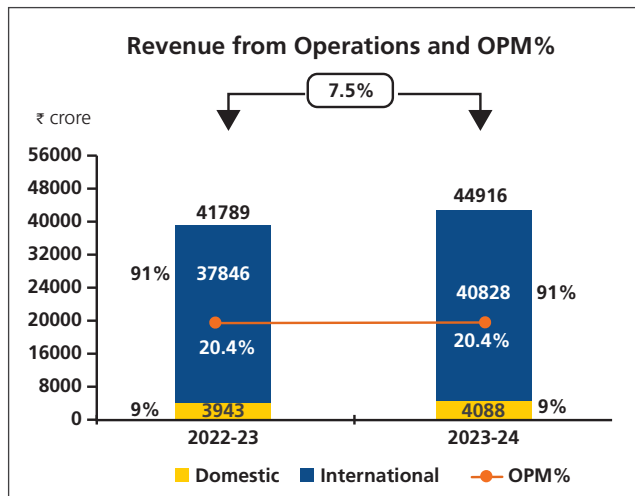
LTIMindtree campus, Bengaluru, Karnataka

## The IT & Technology Services Segment comprises:

- a) LTIMindtree Limited and its Subsidiaries
- b) L&T Technology Services Limited and its Subsidiaries
- c) E-commerce/Digital Platforms and Data Centers

The Group has forayed into fabless semiconductor chip design during FY 2023-24 by incorporating L&T Semiconductor Technologies Limited (LTST), a wholly-owned subsidiary. A fabless semiconductor company specialises in the design and creation of semiconductor chips without owning or operating semiconductor manufacturing facilities.

## Financial performance of the segment



The segment recorded revenue of ₹ 44,916 crore for the year ended March 31, 2024, registering a growth of 7.5% over the previous year, largely reflecting the overall challenging macro environment in the sector. International revenue continues to be at 91% of the total revenue of the segment.

The segment's operating margin, at 20.4%, is in line with the previous year.

The funds employed by the segment as on March 31, 2024, at ₹ 33,034 crore, increased by 12.4% compared to March 31, 2023, largely due to higher Cash & Cash equivalents on the Balance Sheet.

## LTIMindtree

### Overview

LTIMindtree (LTIM) is a global technology consulting and digital solutions company that enables enterprises across industries to reimagine business models, accelerate innovation, and maximise growth by harnessing digital technologies. As a digital transformation partner to more than 700 clients, LTIMindtree brings extensive domain and technology expertise to help drive superior competitive differentiation, customer experiences, and business outcomes in a converging world. Powered by nearly 81,000 talented professionals across more than 30 countries, the Company helps in solving the most complex business challenges and delivering transformation at scale.



*LTIMindtree's state-of-the-art campus at Mahape, Navi Mumbai, Maharashtra*

The business has a strong presence in each of the following business verticals:

### **Banking and Financial Services (BFS)**

LTIM's strong domain and technology capabilities, focussed sub-industry offerings, and a strong partner ecosystem across banking, financial services as well as enterprise partners enable true end-to-end transformation, helping BFS clients modernise their core, reimagine their go-to-market models, achieve their sustainability goals, enable cyber-resilience, transform using AI, data and insights, and better engage with their end consumers.

### **Insurance**

LTIM has been at the forefront of transforming leading Property & Casualty (P&C) insurers, life and annuity insurers, insurance brokers, employee benefits, and reinsurers, helping them lower costs, scale operations, personalise products, and thereby shape the future of insurance, faster. Using deep expertise with leading-edge technologies, including gen AI, ML, drones, digital twins, IoT, cloud, and advanced data analytics, LTIM has partnered with customers to develop unique solutions to some of the most complex industry issues, such as claim/fraud management, digital transformation, underwriting profitability, and distribution effectiveness.

### **Hi-Tech & Services**

LTIM powers innovation to leading Hi-Tech and Services enterprises across various sub-segments: semiconductors, software and platforms, hardware and OEMs, and professional services. LTIM combines domain, customer experience, and digital engineering prowess to deliver next-

generation technology solutions and products catering to the industry's needs.

### **Communications, Media, and Entertainment**

LTIM works with the world's leading broadcasters, studios, OTT/streaming, publishers, information services, education, music, gaming, AdTech, telcos, and multiple-system operators. LTIM is enabling them with product innovation to drive new revenue streams, modernise content supply chains, and personalise viewer/audience experiences.

### **Manufacturing and Resources**

LTIM is geared to address customers' priorities across the manufacturing value chain – across the front office (sales, marketing, commerce, commercial) & back office (procurement, manufacturing & supply chain). The Resources sub-vertical enables the domain-led digital transformation of manufacturing, mining, metals, building materials, utilities, oil & gas, oilfield, and renewable energy giants with technology solutions and services that help them achieve their goals of safety, reliability, efficiency, profitability, sustainability, and value chain transformation.

### **Energy**

LTIM delivers a comprehensive set of next-generation solutions that are designed for the complete energy value chain across upstream, midstream, and downstream oilfield services, as well as renewables segments. LTIM also helps monitor, track, account for, and report carbon footprint and assists in trading carbon credits through holistic emissions management, decarbonisation of operations, and expansion into renewables.



*LTIMindtree Headquarters, Powai, Mumbai, Maharashtra*

## Utilities

LTIM has experience in helping electric, gas and water utility firms reinvent themselves by delivering solutions and methodologies required to connect the physical and digital worlds through end-to-end IT/OT capabilities. LTIM's vision is aimed at addressing transformational challenges such as Distributed Energy Resources, Grid Modernisation, Production Asset Management, Transmission & Distribution Network Ops., expansion of EV Infrastructure, Customer Experience, and last but not least, Decarbonisation.

## Retail and Consumer Packaged Goods (CPG)

LTIM delivers hyper-personalised experiences at scale to the world's largest CPG and brands. The Company also helps CPG and retail clients to navigate increased competition and margin pressures from online retailers, ever-changing consumer behaviour, rising costs, supply chain disruptions, and ESG issues. With deep industry expertise, the Company's 6,500+ global associates lead by designing new 'Phygital' experiences, modernising legacy applications and infrastructure leveraging the cloud, helping automate, and reducing the time from data to decision.

## Travel, Transport, and Hospitality

LTIM is propelling its clients from 'post-pandemic recovery' to 'fast-track growth' with innovative technology solutions, which have been successfully implemented by some of the world's largest and fastest-growing airline, hotel, car rental, travel technology, travel management, logistics and real estate companies, to accelerate revenue growth and optimise costs. The Company develops modern mobile and web applications, enables digital marketing and

sales, provides actionable insights to enhance customer experience and loyalty as well as to improve employee productivity, modernises legacy infrastructure and applications by leveraging Hyperscale Clouds, and helps accelerate Sustainability initiatives.

## Healthcare

LTIM has delivered transformative consulting services and technology solutions to global healthcare giants across the payer, provider, healthcare product manufacturer, pharmacy, health insurance, and benefits manager landscape. The Company brings a unique healthcare platform operation approach to help clients adopt new processes and technologies quickly and easily.

## Life Sciences

LTIM is driving collaboration in the life sciences industry, making healthcare more affordable and accessible while accelerating personalised medicine and patient-centric treatment journeys. The Company's digital and technology-enabled solutions focus on faster drug discovery, lower R&D costs, diverse & comprehensive trials, adaptive manufacturing, a transparent supply chain, and meeting regulatory stipulations.

## Public Services

LTIM's Public Services sub-vertical enables federal, state, local, provincial, municipal, defence, and government healthcare organisations to unlock the true potential of technology and digital, helping them to transform their service delivery to meet citizens' evolving needs.





*LTIMindtree's state-of-the-art Delivery Center in Johannesburg, South Africa*

LTIM has offerings across the following service lines:

- ▣ Interactive
- ▣ Data and Analytics
- ▣ Enterprise AI
- ▣ Cloud and Digital Infrastructure
- ▣ Cybersecurity
- ▣ Digital Engineering
- ▣ iNXT
- ▣ Platform Operations
- ▣ iNXT Geospatial Engineering
- ▣ Enterprise Cloud Applications
- ▣ Salesforce
- ▣ SAP
- ▣ Oracle
- ▣ Consulting Services
- ▣ Hyper Automation
- ▣ Quality Engineering Services – Testing

## Alliances & Partnerships

The Business has built a strong ecosystem of partners that enables it to drive significant value for its clients in an ever-changing technology landscape. The Company's partner ecosystem comprises global tech majors in Cloud, Data & AI, Interactive, Digital Engineering, Low code and Integration, Enterprise Applications, Quality Engineering, Automation, Infrastructure and Security domains serving across multiple industry groups.

In the current year, LTIM has been able to deepen relationships with its partners and create combined value through the execution of joint Go-to-Market (GTM)

strategies, co-innovation, co-selling and global demand generation activities. It implemented multiple co-branding and co-marketing initiatives and signed up exclusive partner programmes with its key strategic partners. This helped the Company to augment its GTM strategy and co-investments across key priority areas.

## Business Environment

Despite the macroeconomic challenges throughout the year, the technology/IT Services industry demonstrated resilience as large-scale cost optimisation and automation deals helped maintain demand for enterprise software and IT services.

In the midst of significant business caution towards investments and delayed decision-making, India's technology industry revenue (including hardware) is still expected to hit USD 254 billion.

The Nasscom Annual Enterprise & Tech Services CXO Survey 2024 indicated an expectation of stronger growth momentum for the calendar year 2024, with the understressed sectors of BFSI, Telecom, Media & Entertainment and Hi-tech leading the digital spending. Generative AI remains a key priority for over 95% of the surveyed organisations over the next 6-12 months. Technology providers are also optimistic about growth expectations for FY 2024-25, with 79% expecting higher growth compared to last year. Hiring growth is also expected to improve, with 80% of the providers planning a higher level of hiring compared to FY 2023-24.



*LTIMindtree, Kalinga Campus, Bhubaneswar, Odisha*

## Key Deal Wins

- A global leader in the design, engineering, and delivery of customised facilities for high-tech industries has selected LTIM as their preferred strategic partner for their Digital Transformation journey over the next five years
- A US-based premier oil and gas producer selected LTIM as their strategic partner for end-to-end technology services
- A diversified multinational mass media corporation has chosen LTIM as its preferred ServiceNow transformation partner
- A global financial services technology company has chosen LTIM for its Product Development initiatives
- A utility company in the Middle East continues to strengthen its relationship with LTIM by signing another 3-year agreement where the Company will support their transformation journey by identifying areas of expansion and optimising the technology landscape
- One of the largest semiconductor manufacturers in the world has chosen LTIM as their key digital transformation partner to modernise its SAP application landscape, enrich user experience, streamline business processes, and deliver contemporary digital operations across both SAP S/4HANA and SAP Cloud Solutions
- One of the largest property & casualty insurance companies in the United States has chosen LTIM as a strategic partner for a multi-year application development and maintenance deal
- A prestigious regulatory body has chosen LTIM for its Next-Generation Data Warehouse implementation

## Significant Initiatives

At the forefront of Research & Development (R&D) efforts, the Company has curated a platform called LTIM Crystal that scouts 'Beyond-the-Horizon' technologies and empowers us with future-driven growth strategies and opportunities for research and incubation consideration.

Using the above approach, LTIM has evangelised emerging technologies like Generative AI, Explainable AI, Zero Trust Architecture, Platforms at Scale, and Quantum technologies to establish capabilities and their offerings.

As a part of incubating new technologies and demonstrating delivery success, LTIM is doing first-of-a-kind (FOAK) engagements that set up the capability for industrialisation. Additionally, the Company has a Technology Architecture Office with Unit Chief Technology Officers (CTOs) and Cluster CTOs, driven by the Global Technology Office (GTO), leading to forward-looking innovation and solution excellence in delivery with industries.

## Outlook

In this environment of restrained client spending, the Company continues to expand its value proposition to become a partner of choice for the clients. By focussing on cross-selling to existing accounts and prioritising Focus 100 clients, the Company is observing multiple deal conversations and wins.

With the completion of the merger integration, the Company is strategically placed to take advantage of the market recovery and further improve its position in the industry leaders' quadrant. A strong order



*L&T Technology Services - Module X Design Centre, Mysuru, Karnataka*

inflow and healthy deal pipeline have set the stage for medium-term growth.

As the Company continues to negotiate the dynamic terrain of shifting market priorities, rapid technological advancements, and evolving customer expectations, it remains confident of its ability to align clients' operational strategies with their technological ambitions and help them reach a future without limit.

The positive outcomes of LTIM's positioning as an organisation with scale-expanded capabilities and stronger partnerships continue to reflect in the order inflow and pipeline. Through the year, the Company has pivoted its portfolio to align with the current spending areas and is positioned well to capture the discretionary spend wave when it returns.

LTIM is stepping into the new financial year with renewed vigour and a stronger foundation to drive revenue synergies. As it reflects on its achievements and looks toward the future, the Company is confident that the insights gained and strategies implemented will enable it to execute better going forward. Finally, the Company is excited to see what the future holds and is committed to making the most of every opportunity that comes its way.

## **L&T TECHNOLOGY SERVICES**

### **Overview**

L&T Technology Services Limited (LTTS) is a leading global Engineering Research and Development (ER&D) services provider. LTTS specialises in delivering a comprehensive range of consultancy, design, development, and testing

services throughout the product and process development lifecycle. LTTS leverages its deep multi-domain expertise across software and digital engineering, embedded systems, engineering analytics, and plant engineering to create transformative value propositions for clients globally.

Headquartered in India, LTTS has over 23,800 employees spread across 22 global design centres, 28 global sales offices, and 104 innovation labs as of March 31, 2024. The Company's global footprint covers 20+ countries across all key geographies, catering to a global clientele of 69 Fortune 500 companies and 57 of the top ER&D firms.

LTTS offers its services to customers across five key segments. The Company delivers specialised **Transportation Engineering** services to global OEMs and Tier 1s, helping accelerate market entry, foster cutting-edge innovation, and drive sustained business excellence. For **Industrial Products**, LTTS capitalises on its extensive multi-domain expertise across software, hardware, and mechanical engineering to cater to an expanding global customer base. The Company's **Telecom & Hi-Tech** offerings include services across Telecom, Consumer Electronics, Semiconductors, Independent Software Vendors (ISVs), and Media & Entertainment (M&E). Leveraging its comprehensive chip-to-cloud capabilities – from design and engineering to project management – LTTS helps drive delivery, maintenance, and sustenance of bespoke solutions for a global **Plant Engineering** clientele. Leveraging over three decades of **Medical Device** industry presence in combination with cross-vertical engineering expertise, LTTS also works closely with the Top 10 global healthcare providers and device manufacturers.





*Wire Harness Center – Peoria, USA*

LTTs continues to be at the forefront of cutting-edge innovation, partnering with leading technology majors and hyperscalers to enable next-gen solutions and offerings across emerging domains, including AI, Software Defined Everything (SDx), and Cyber Security. These collaborations focus on streamlining new product development, enhancing remote asset management, enabling robust sustenance paradigms, and advancing virtual product design as well as prototyping.

With its cutting-edge technology capabilities, multi-geography presence, and customer-first approach, LTTs continues to reaffirm its leadership of the growing ER&D services segment.

At the start of the fiscal year, LTTs successfully closed the acquisition of the Smart World and Communication Business Unit from its parent L&T. The new capabilities unlocked from the merger, including industry-leading expertise in Sustainable Smart Spaces, NexGen Comms, and Cyber Security, have already registered considerable traction amongst LTTs' global customer base. The success was evident in the recent marquee USD 100 million deal win for the delivery of cutting-edge cyber security services.

## Business Environment

The rise in the intensity of Engineering Research and Development (ER&D) across sectors is driving new growth opportunities. Nasscom estimates that total global ER&D spending could well exceed USD 3 trillion by 2030. With the Automotive, Software, and Healthcare & Medical Devices sectors set to account for about half of this spending, high growth areas like Telecom, Semiconductors, and Software will continue to register double-digit CAGR

from 2023 to 2030 and drive the next frontiers of growth.

Stickier ER&D spending, led by continued investments in future products and a sustained rise in demand for digital engineering and offshoring services, is expected to drive the growth of the Indian ER&D sector as well. While current Nasscom estimates indicate the US to be the largest ER&D spender at about USD 550 billion, trends suggest a sustained rise of markets across the EU and Asia-Pacific regions.

Further, estimates from Zinnov corroborate this trend and predict a 2X rise in Digital Engineering spending by 2026, at over USD 1.6 trillion.

As the dynamics of the global ER&D landscape evolve, LTTs will continue to reassess its key drivers, including the availability of talent, new partnerships and alliances, and revitalised compliance with laws and regulations. This would help ensure continued business success in a dynamic ecosystem.

Driven by its key differentiators around multi-vertical domain expertise, value-maximising customer-centric innovations across major industry segments, and a robust network of alliances across emerging technologies, including AI and SDx, LTTs continues to be well-poised to navigate the evolving landscape.

## Major Achievements

During the year, LTTs had multiple major deal wins across all its verticals. Large deal bookings were led by a marquee USD 100 million win, a USD 50 million, and USD 40 million engagement, and more than twenty USD 10 million projects (including several in the range of over USD 15



*Engineering in action at LTTS, Mysuru, Karnataka*

million and USD 20 million).

## Competitive Positioning

During the fiscal year, LTTS demonstrated a robust competitive positioning within the global dynamics of the engineering and technology services sector. The Company's financial performance and strategic initiatives underscored its resilience, a scenario that was further reflected across the ratings by leading analysts and industry bodies and a growing patents portfolio.

- ▣ LTTS was rated as a Leader in Manufacturing Smart Industry Services 2023 RadarView by Avasant and was positioned as Leaders in Everest Group's ACES Automotive Engineering Services PEAK Matrix® Assessment 2023 – Electric
- ▣ ISG rated LTTS as Leaders in Manufacturing Industry Services and Solutions 2023 - Digital Factory/ Manufacturing Solutions, North America and Agile Product Development and Design Services
- ▣ Zinnov rated LTTS in the leadership zone across 14 Engineering domains as leaders in Overall 2023 ER&D Services and in the leadership zone across Automotive, Aerospace, Electrification, Industrial, Telecom, Semiconductors, and Telehealth

As of March 31, 2024, LTTS boasted an impressive patent portfolio comprising 1,296 patents, reflecting the Company's focus and commitment towards innovation and collaborative development. The scenario was complemented by a growing alliance ecosystem with leading technology majors and hyperscalers, especially in emerging areas like AI and Gen AI.

By continuing to cater to diverse industries and maintaining a steady growth trajectory, LTTS solidified its competitive edge in FY 2023-24, showcasing resilience, innovation, and a customer-at-the-core mindset in navigating the challenges and opportunities of the evolving market landscape.

## Significant Initiatives

LTTS has continued to invest considerable time and effort in strategic initiatives that will propel its technology footprint, engineering infrastructure, and human resources, with the objective of providing a differentiated experience to its customers. These include:

- ▣ Expanding presence with delivery centres across India, including Vadodara, Chennai, and Bengaluru (new campus inaugurated with a capacity to host 4,000 engineers)
- ▣ Becoming a Palo Alto Networks Managed Security Services Partner (MSSP) for delivering a suite of security services to end customers across industrial verticals
- ▣ Strategic partnership with Bharat Sanchar Nigam Limited (BSNL) to drive and enable global enterprises in their private 5G network deployments
- ▣ Collaboration with NVIDIA to unveil Gen AI and advanced Software-Defined Architecture for Medical Devices
- ▣ Partnership with Google Cloud to harness the power of its Gen AI technologies and tools for the development of DevX, LTTS' Developer Experience Platform
- ▣ Alliance with Amazon Web Services (AWS) to help global automotive manufacturers accelerate the transition towards SDV, leveraging Gen AI





*LTTS office, Airoli, Navi Mumbai, Maharashtra*

- Collaboration with the Nasscom Gen AI Foundry to stimulate the growth of Gen AI startups

## Outlook

During the year, LTTS has continued to strengthen its position as the nation's largest pure-play ER&D services provider. Having crossed the USD 1 billion mark annual run rate in the previous year, the Company has now set its sights on the next milestone of USD 1.5 billion.

The Company's journey ahead is being enabled by a focussed realignment with new opportunities around AI, SDx, and Cyber Security. The emerging paradigm is supported by subsuming new capabilities from the Smart World and Communication acquisition, which closed successfully at the start of the fiscal year. By leveraging the new synergies, LTTS has registered several multi-million deal wins across segments, with a marquee USD 100 million engagement reaffirming the positive impact of the decision on the Company's digital-focussed growth trajectory. The Company expects that this trend of scaling new capabilities across markets will continue to strengthen over the coming years.

As emerging technologies reshape the world, LTTS believes that the future will be defined by a twin-track approach to growth. This involves leveraging new partnerships and alliances while focussing on up-skilling and cross-skilling our talent pool to unlock new growth avenues. The Company is also working closely with leading global hyper scalers, including AWS, Google Cloud, Intel, Microsoft Azure, and NVIDIA, to develop new-age and future-proof technology solutions and offerings.

The forward momentum is further strengthened by the growing collaboration of the LTTS Global Engineering Academy (GEA) with leading centres of Learning and R&D, thereby driving depth and sustainability in its approach towards enabling a deep, reliable, and resilient talent paradigm. Its commitment to growth is further illustrated by an industry-leading portfolio of over 1300 patents across sectors and the focussed reskilling and upskilling of over 3000 engineers in AI and allied technologies during the year.

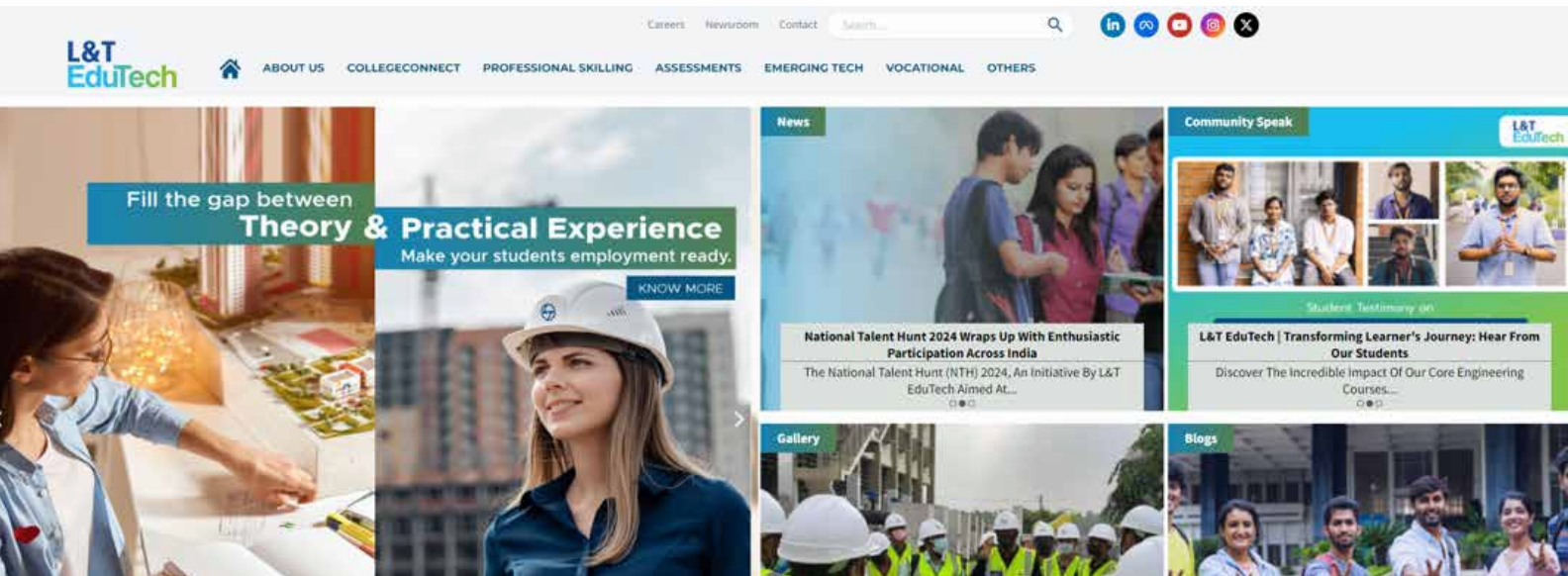
LTTS remains a committed enabler of deep transformative journeys for our global customer base through engineering new frontiers of business success and sustainable excellence across domains.

## Digital Platforms and Data Centers

This business mainly includes new-age businesses incubated by the Company namely L&T EduTech, L&T-SuFin and Data Centers. These ventures are a part of L&T's plan to leverage digital technologies in some of its core domains in order to future-proof them and tap future growth opportunities.

### L&T EduTech

L&T EduTech is an EdTech initiative of the Company, providing high-quality hybrid education for higher education students and working professionals. The Company partners with colleges, universities, corporations, channel partners, and government agencies to facilitate skills in niche core engineering and IT domains.



*L&T EduTech, building value for learners, academia and industry*

L&T EduTech has developed a robust Learning Management System, Assessment Engine, Recruitment Automation, and Skill Exchange platform with a wide bouquet of learning & assessment solutions with its learning programmes, assessments & certifications, virtual & hands-on labs, industry capstone projects, instructor-led training, and industry immersion.

L&T EduTech also provides a discussion forum, the National Engineers Ensemble Forum for Knowledge Sharing, and the Microlearning Platform (supported by the All India Council for Technical Education [AICTE]), with free courses for its learners. The forum optimises students' educational efforts and further enhances their continuous learning journey.

The two major verticals of L&T EduTech are as follows:

**College Connect:** This vertical aims to narrow the gap between academic learning and practical industrial experience. It offers courses in core engineering, information technology, arts, and science with industry-specific application-oriented knowledge. Aligning to the National Education Policy (NEP) 2020, College Connect offers multidisciplinary programmes which can be integrated into the college curriculum to replace/add on to the credits required for degree programmes. Further, this business vertical organises career guidance sessions, conducts regular faculty development programmes, and offers industry immersion programmes to deliver superior learning experiences to both teachers and students.

**Enterprise:** This vertical offers upskilling and reskilling opportunities for corporate employees with several

product packages, including .Net, Java, Data Analytics, Cybersecurity, and more. Along with industry-relevant courses, this vertical also focusses on assessments. Further, the robust auto-proctored assessment platform helps organisations in their recruitment process for fresh talent and workforce development. It measures workplace competency in multiple stages of a learner's life.

### Major Achievements

- Successfully onboarded over 40,000 students and faculty members in FY 2023-24, along with 9,600 working professionals, onto our platforms
- Conducted over 5,90,000 assessments, reflecting the efficacy and scalability of our educational offerings
- Secured major accounts, both domestically and internationally, including prominent institutions such as Manipal Group, University of Petroleum and Engineering Studies, Oman Education and Training Investments, Wolters Kluwer and work scope enhancements from Chitkara University
- Formed strategic partnerships with 17 institutions for integrated programmes, with over 20 more in the pipeline
- Witnessed rapid traction in enrollments in our Employability Skilling Programme
- Secured significant orders through government channels, with Naan Mudhalvan (Tamil Nadu Skill Development Corporation) and Additional Skills Acquisition Programme (Kerala), with further prospects being created in UP and Gujarat as well





*L&T-SuFin, India's first online business platform for industrial and construction products, integrated with finance and logistics options*

- Successfully facilitated the physical delivery of education to 15K+ students through the Naan Mudhalvan initiative
- Launched channel business initiatives with CADD Center (Chennai) and IITM Pravartak Technologies Foundation (Chennai). Similarly, the pilot course launched in Coursera has yielded positive feedback from global learners
- Initiated export order business for Enterprise business, with the first signup achieved with Vulcan Green Steel in Oman
- Integrated Gen AI into our assessment engine, enhancing the effectiveness and efficiency of our educational assessments

Over the past few years, India has emerged as the world's second-largest EdTech market. The dearth of industry-based education and the acute need for a skill upgrade among students and professionals in India will result in more industry-led curricula and cross-functional credits. Additionally, digitalisation has made it easier for people to learn at their own pace, anytime and anywhere. Such factors provide a positive outlook for the scalability of L&T EduTech in the medium-term.

## **L&T-SuFin**

L&T-SuFin is a B2B digital marketplace platform which was launched in March 2022 for buyers and sellers dealing in industrial and construction goods to connect in an efficient & transparent manner. The platform enables sellers to expand their sales reach and buyers to find the right products at an optimal cost and quality. The platform offers a wide product range in industrial supplies & consumables,

building & construction materials, electrical & electronics equipment, machinery tools & mechanical equipment, packaging, printing & office supplies, etc.

In 2023, B2B e-commerce GMV (Gross Merchandise Value) was USD 15 billion in India and is expected to reach USD 55 billion by 2027. Similarly, the total transaction value in the Digital Payments segment in India is projected to reach USD 150-200 billion in the next 3-4 years from the current USD 65 billion. L&T is playing a pioneering role by foraying into digital B2B e-commerce through this platform with the objective of bringing about scale and speed in supply chains, procurement processes, trade financing, and logistics, thereby helping the Indian MSME sector, which is expected to benefit through this transformation.

### **Major features offered by L&T-SuFin include:**

- Discovery of Industrial Products and Sellers through an efficient digital process
- Getting competitive prices through the Request for Quotation (RFQ) mechanism and online transaction fulfilment
- Financing support from partner banks and NBFCs
- Logistical support, including free transit insurance

The business has catalogued 5 lakh+ Stock Keeping Units (SKUs) in 49 categories. Further, the business has onboarded 42,000+ sellers on the platform and has crossed a Gross Merchandise Value (GMV) of ₹ 2,700 crore since inception.





*Hyperscale Data Center, Kancheepuram, Tamil Nadu*

The business has taken several new initiatives to catalyse growth and scale up further, such as:

- Launched the SuFin App for buyers, leading to greater ease of usage & convenience
- Original Equipment Manufacturers (OEMs)-led supply chain strategy for inducting reliable sellers with a good track record in business and ensuring the quality of goods
- Formulated a central RFQ team to aid the buyers
- Enabled WhatsApp-based RFQs to improve the response rate by Sellers
- Providing finance to the Buyer and/or Seller for doing transactions on the platform through Partner Banks or NBFCs. This has helped the MSMEs on the platform in getting liquidity to overcome the working capital gap and has increased their loyalty to the platform for repeat transactions
- Initiated steps to achieve ISO 27001 Compliance

In FY 2024-25, the business plans to scale up its GMV and revenue with a focus on subscription, market partnership, higher margin product offerings, and expanding financing solutions.

## Data Center & Cloud Services Business

### Overview

L&T's Data Center is a new business unit of L&T that will offer Colocation Services (space, power, CCTV monitoring, etc.), to MSME and other enterprises. In addition, it shall also offer Cloud Services in Infrastructure as a Service - IaaS (viz. application integration services) and Platform as a Service - PaaS (viz. operating systems and database management) models. The necessary ecosystems are in place to offer an integrated offering to customers, including Network and Monitoring services through the NOC. Specialised Colocation for AI/ML/GPU-based workloads for enterprises based on diverse cooling technologies will also be offered. The business, branded L&T-Cloudfiniti, has been launched to provide these services. The Company has committed investments to set up modern state-of-the-art Data Centers at multiple locations in India, starting with Mumbai and Chennai regions.

### Business Environment

India is witnessing a rapid adoption of digital technologies in the overall Governance and Business environment, thereby necessitating the need for a larger number of data centers. The country is experiencing exponential growth in Internet traffic fuelled by 5G, digital commerce, digital entertainment, and the use of social media. India

has over a billion mobile phones and more than 800 million internet subscribers. This is further fuelled by the demand for AI/ML, which requires high computational capability, such as GPUs.

Today, India is one of the fastest-growing data center markets globally, with about 130+ data centers and capacity of ~1000 MW by the end of FY 2023-24. Further, new data centers with 1200+ MW capacity are expected to come up by the end of 2026.

With the aim to achieve USD 1 trillion Digital Economy by 2025-26, the Government of India and the various state governments have come out with many schemes to support the ecosystem of the Telecommunication and Information Technology industries, thereby creating a conducive environment for data center business growth in India.

There are a few concerns, like the lack of a unified single window clearance across the country, rising input costs, unavailability of redundant infra such as network and power connectivity from utility providers, and scarcity of skilled manpower resources. Challenges also exist across states for sourcing renewables through Third-Party Open Access (TPOA) as, besides inadequate surplus capacity, it also comes with certain added charges from the States, while third-party group captives (TPGC) require substantial investments in SPV format with developers.

## Competitive Positioning

The Company is in a position to offer a complete range of IT, ITES, and Managed Services to its customers, including the hosting environment/colocation services.

Further, L&T will leverage the expertise of its group companies, such as LTTS and LTIM, in providing value-added services. The Company has the capability to create the complete value chain of Build, Operate, and Manage Data Centers with initial offerings in the form of providing Colocation and Managed services to customers.

## Strategic Business Plan

The Panvel Data Center of 2 MW is currently operational. The first Hyperscale Data Center at Sriperumbudur, Chennai, will be built in stages with a total capacity of 30 MW. Further investments in new Data Centers at Mahape, Navi Mumbai and Bengaluru, Karnataka, of 20 MW each, will be made over time. With these, a total of 72 MW of DC capacity is being built. Various specialised Colocation services for enterprises are also being explored as an offering through these Data Centers by adopting resilient hybrid Data Center designs catering to medium to high-density compute workloads.

## Outlook

The data center industry continues to grow at a fast pace due to technological advancements and market trends. Growing demand for computing and storage from enterprise customers, enhanced cloud adoption, rising rack densities (power consumption in KW), and competitive pricing dynamics present several challenges and opportunities as well. The emergence of use cases based on Generative AI and its applications across various business processes requires the setting up of next-gen Data Centers with resilient high compute workloads, enhanced power usage effectiveness, and blending renewable power in consumption. Such factors augur well for L&T to position itself as a reliable Data Center Service Provider with sustainable practices embedded across the entire life cycle of Data Centers from build to steady-state operations.