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July 31, 2018

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Exchange Plaza, Bandra-Kurla Complex
Bandra (E), Mumbai- 400 051
NSE Symbol: LTI

The BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400 001
BSE Scrip Code: 540005

Dear Sirs,

Subject: **Transcripts of Earning Conference call for Larsen & Toubro Infotech Limited ('LTI') for quarter ended on June 30, 2018.**

Please find attached the transcripts of Earnings Conference Call organised by the Company on July 24, 2018 for the quarter ended on June 30, 2018 for your information and records.

Thanking You,

Yours sincerely,

For Larsen & Toubro Infotech Limited

Manoj Koul

Manoj Koul
Company Secretary & Compliance Officer

LARSEN & TOUBRO INFOTECH LIMITED MUMBAI INDIA

Encl: As above

"Larsen & Toubro Infotech Q1 FY'19 Earnings Conference Call"

July 24, 2018

MANAGEMENT: **MR. SANJAY JALONA – CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR**
MR. SUDHIR CHATURVEDI – PRESIDENT (SALES)
MR. AFTAB ULLAH – CHIEF OPERATING OFFICER
MR. ASHOK SONTHALIA – CHIEF FINANCIAL OFFICER
MR. NITIN MOHTA – HEAD-INVESTOR RELATIONS

Moderator: Ladies and Gentlemen, Good day and welcome to LTI Q1 FY19 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing "*" then "0" on your touchtone telephone. Please note that this conference is being recorded. I would now hand the conference over to Mr. Nitin Mohta – Head of Investor Relations. Thank you and over to you, Mr. Nitin Mohta.

Nitin Mohta: Thanks Janis, hello everyone. Thanks for joining us today to discuss LTI Financial Results for the First Quarter of Fiscal 2019. The financial statements, press release and quarterly factsheet are available in our filings to the stock exchanges and at the investor section of our website.

On the call, we have Mr. Sanjay Jalona – CEO & Managing Director; Mr. Sudhir Chaturvedi – President (Sales); Mr. Aftab Ullah – COO; and Mr. Ashok Sonthalia – CFO.

Sanjay and Ashok will give you a brief overview of the company's performance which will be followed by a Q&A session. As a policy we do not provide specific revenue and earnings guidance, and anything said on this call which reflects our outlook for the future or which could be construed as a forward-looking statement must be reviewed in conjunction with the risk that the Company faces.

Let me now invite Sanjay to talk about the results. Over to you, Sanjay.

Sanjay Jalona: Thank you, Nitin. Good morning friends. Thank you for dialing in to discuss our Q1 Results. Let me start with the headline numbers. Our Q1 revenues came in at $319.9 million, up 3.5% quarter-on-quarter and 23.4% year-on-year. In constant currency, this translates into sequential growth of 5.1%. Digital is now 34% of our revenues, up 43% on a year-on-year basis when you look at Q1.

The two large deals that we had won and announced in Q2 of last year have both ramped up well and have accelerated our growth momentum. I am also very pleased to announce that we have won another large deal during Q1. This is with a global fortune 100 pharmaceutical and a consumer major and represents a multiyear net new TCV in excess of $50 million.

Our near-term revenue growth is powered by effective client mining, large deal wins and targeted new account openings. Capability enhancement is a key ingredient that is propelling LTI in a multiyear growth trajectory. This is reflected in various industry analysis rankings. Out of the 11 analysts' rankings and rating announced during last quarter, we were placed in the leadership position in nearly half of them. For example, in a report released last week, Avasant has named LTI as a leader for Blockchain Services. Similarly, in two separate analyst studies, both NelsonHall and Everest recognize us as leaders in the industry for GDPR services.

In Q1 of FY19 we also won the 2018 Microsoft Partner of the Year Award for Application Innovation. The winners were chosen from a set of more than 2600 entrants from 115 countries worldwide. We won this Award for delivering an innovative solution on Microsoft Azure, focused on improving procure-to-pay processes and improved supply chain visibility leveraging blockchain. The reason why we are thrilled about these accomplishments is that they are a testimony to our thesis that in the current technology cycle, scale alone has ceased to be a differentiator. Clients need nimble and right sized partners who are vertically focused and invested in exponential technologies. These recognitions signify the power of beginner's mind and unconstrained thinking that I have talked about when I talk about SHOSHIN.

Let me now shift gears back to quarterly numbers and talk about industry verticals:

In BFS, we delivered a robust 11.4% quarter-on-quarter growth for Q1. We have consistently been optimistic on the BFS sector and we continue to feel the same way. With tax cuts and growth in the US economy, banks have shifted focus from cost to business growth. Digital transformation in banks is becoming mainstream and is gaining scale as compared to the controlled environment it was earlier carried out in.

Our experience in building for GLs, PLs and regulatory reports has given us a granular understanding of banks' data, it has helped in positioning LTI as a strong analytics partner in the digital space. Our approach of data driven AI led transformation is helping us retain and grow our digital footprint. Our pipeline in this vertical continues to be healthy.

Insurance vertical saw a growth of 3.3% sequentially in Q1. Digital is driving an unprecedented shift towards lower cost structures and greater agility in insurance in this industry. We continue to partner with our clients helping them build foundational capabilities for their digital journey. We have won multiple deals in this vertical in Q1. For example, we are assisting a large property and causalty insurance to digitize their claim process for better end-user experience. With another insurance client we won a large RPA engagement to drive enterprise level transformation.

Manufacturing vertical registered a 5.8% quarter-on-quarter decline. This decline is largely due to a high passthrough revenue for an India-based ERP program that we had in Q4. If we exclude that, Manufacturing business has seen sequential growth in this quarter. Also, you would see that year-on-year growth for the quarter in Manufacturing is strong at 17%.

Within the sector, automotive industry is going through an era of transformative changes based on confluences of destructive forces including connectivity, electrification and autonomy. Traditional OEMs are re-evaluating their spend priorities in light of this transformation. As a result, we are seeing opportunities in digital customer experience, increased spending on analytics, platform for launch of mobility services, etc.

In Q1 we won an engagement for a global auto major to build an enterprise outreach program that will cater to all its recalls. We are developing this solution using salesforce marketing cloud that would help save $25 million for the customer.

We had a sequential decline of 8.4% in Energy and Utility vertical as well. This vertical had rebounded last year for us, giving us 23% year-on-year growth. Based on the current order book and deal pipeline, we expect to have a strong momentum in Q2 itself. In addition to that, you would recall that last quarter we announced a large deal with Exxon, which will also help growth in Energy and Utility in the next quarter.

CPG, Retail and Pharma – the growth momentum in this vertical continues with 5.2% quarter-on-quarter growth. Large deal wins in the areas of ERP, data and analytics, that we have announced this quarter, also fall under this vertical; the deal that we talked about with a pharma and consumer company. As I mentioned, this multiyear deal represents incremental revenues of over $50 million for us. The customer has chosen us as its strategic partner for operations across the organization impacting their supply chain to sales and customer functions.

Our automation-led solution that focused on simultaneously transforming the client's operations while providing ERP services was a key differentiator that helped us win this deal.

Hi-Tech and Media verticals reported another strong quarter with a double-digit growth at 10% sequentially. This sector continues to grow rapidly for us. The growth is linked to investments in building strong leadership teams and focus on digital, analytics, DevOps and automation.

In summary, we are very pleased with our performance in Q1. With deep-rooted industry experience and one of the industry's most dynamic teams, we are well-positioned to establish LTI among the emerging leaders in the industry.

With that let me hand it over to Ashok to give you the financial details.

Ashok Sonthalia: Hello everyone. Happy to be back with another strong quarterly performance. Let me quickly run you through the financial high points for the quarter starting with the revenue numbers.

Our revenue is $319.9 million in Q1, which grew at 3.5% sequentially and 23.4% on YOY basis. This corresponds to a constant currency growth of 5.1% on quarter-on-quarter and 22.9% on YOY basis. Helped by INR depreciation, reported revenue in INR terms was 21,557 million, up by 7.7% quarter-on-quarter and 29% YOY.

While Sanjay provided you the vertical color of revenues let me give you flavor of geography.

North America continues to do well for us. It was up 4.5% quarter-on-quarter. Sharp movement in cross-currency hurt the reported sequential growth for Europe, however, in constant currency terms we saw Europe also delivering 4.7% quarter-on-quarter growth. Rest of the world also did extremely well and delivered 30.8% quarter-on-quarter growth on constant currency.

Now moving to Profitability:

The EBIT for the quarter was INR 3,811 million which was up by 58.4% YOY basis. Our reported Q1 operating margin stood at 17.7% versus 15.9% of adjusted margin in Q4 showing an improvement of 180 basis points. You would recall that our reported operating margin was at 12.8% for Q4 adjusted for one-time settlement impacting margin by 310 basis points. We will be comparing quarterly profit margin of Q1 with adjusted margin of Q4 for the rest of the call. Sharp depreciation of INR against US dollar during the quarter benefitted the margin by 130 basis point. Improvement in realized rate, lower passthrough and higher working days were partially offset by high visa cost for the quarter.

Reported Q1 profit after tax stood at INR 3,612 million, up by 6.9% quarter-on-quarter and 35.2% YOY. Lower other income, exchange gains, and higher effective tax rate offset some of the operating margin improvements and therefore PAT margin was stable at 16.8% versus 16.9% in Q4.

Moving on to employee side of the business:

Our utilization including trainees remains stable at 79.7% in Q1 versus 79.9% last quarter. Utilization without trainees was 81.2% in Q1 versus 81.1% of previous quarter. We continue to add resources, net addition for Q1 stood at 1,011 and attrition was at 15.1% as against 14.8% in the previous quarter.

Now moving to our FOREX and hedge book position:

We continue to execute our hedging strategy consistently. Cash flow hedges as on 30th June 2018 stood at USD 924 million versus USD 730 million as on 31st March. While the on-balance sheet hedges stood at USD 140 million versus 119 million as on 31st March.

Effective tax rate for the quarter was at 25.5% as against 22.8% for the full financial year FY18.

We have undergone a massive internal IT transformation, digitizing our opportunity to cash and associated processes migrating to S/4 HANA on AWS. We had a successful Go-Live in April but had delays in April invoicing which led to backlog in collection.

I am confident that it will recover in Q2. The DSO performance affected operating cash flow which was at INR 1,558 million, down 22.4% quarter-on-quarter and 16.6% on YOY basis. Our cash and liquid investment stood at INR 16,547 million. EPS for the quarter was Rs. 21 per share while diluted EPS stood at Rs. 20.60.

With that I would like to open the floor for questions.

Moderator: Ladies and gentlemen, we will now begin the question and answer session. We take the first question from the line of Sudhir Guntupalli from Ambit Capital. Please go ahead.

Sudhir Guntupalli: Over the last three quarters the company has been reporting very robust growth at overall revenue level, we are also talking about 40% plus kind of YOY growth in digital which is significantly superior to overall revenue growth profile. However, over the last three quarters share of revenue from digital remained almost at a third of overall revenue, I think we spoke about 33% kind of number in December 2017 and in March '18 as well and 34% kind of number in June '18, so my question is how do we reconcile this data and if at all there is some reclassification in the definition of digital and secondly our top five clients have delivered robust growth in this quarter, however, there seems to be a slight decline in top six to ten clients so can you add more color on it and should this be an area of concern?

Sanjay Jalona: On the first question on digital, many times I have talked about digital, the way the industry looks at it, the way technology evolution is happening, things are changing at a very rapid clip. I have always talked about exponential technologies rather than digital and digital being a way of working rather than just a set of technologies.

But let me just first talk about the numbers. As you would have seen, year-on-year basis from 29% in Q1FY18 we have gone to around 34%. So it is a 43% increase in digital revenues and we continue to see digital growth, but very frankly if you really look at it, when you talk about growth - any investment that the customers are making, they are making in newer technologies, how to make use of newer technology to bring transformation in their business.

I would also reckon that in due course of time, in the subsequent quarters, the entire definition of digital, probably the whole world is going to see a different reincarnation in terms of how you classify that. And you are absolutely right, the kind of work that we are doing on ADM, our ADM number has gone up significantly. Lot of that could easily be classified as digital. So, we have taken a conservative view at times, but I frankly suspect that any company that is growing, is growing on top of new businesses, new technologies. All the customers spend is on new technologies, exponential technologies is what we need to watch out for.

Sudhir Guntupalli: Six to ten clients is there an issue?

Sanjay Jalona: No there is no issue and there is a different set of customers that came in Q1 compared to Q4 and one of the earlier ones in India has a passthrough which went out from 6 to 10 buckets.

Moderator: We take the next question from the line of Kawaljeet Saluja from Kotak Securities. Please go ahead.

Kawaljeet Saluja: The first question is, Ashok can you walk us you through the reasons for increase in receivable days again?

Ashok Sonthalia: In Q1, we have gone through a major internal IT transformation program, digitizing our opportunity to cash cycle and associated processes. It was in S/4 HANA. We went live in April and we faced delays in April invoicing, which led to backlog in collection at the client end and I am pretty confident that we will recover in quarter two.

Kawaljeet Saluja: Ashok when I look at your receivable collection cycle, actually that had deteriorated in FY18 as well. So, two questions on that, first is that let's say once a system stabilizes, how much will the receivable days come down by, including I think unbilled is at 112, so how much that goes down to? And second is that if you look at, slightly longer duration in receivable days have been trending up - what could be the possible reasons for the same?

Ashok Sonthalia: So, let me give you some color on this, we definitely think that substantial part of it we will recover, but if you look at quarter-on-quarter, DSO days do fluctuate a little bit. Some large payment coming early or going late does create that. Also, there is a slight shift in the industry, but they are not still impacting our portfolio. Some of the new clients or some of the new payment terms are more towards 60 days and 60 to 90 days. They are still not part of our revenue portfolio in a meaningful manner that I attribute that as a reason. Right now, it is business as usual.

FY17 was a massive improvement in cash flow and we tightened the whole ship. FY18 was more of a stabilization, a little bit deterioration was there because of a massive fixed price program which we are doing in India. Now I think they are also peaking. We do not think unbilled revenue would go beyond this because some of the large programs have come to a situation where milestones have been achieved and we will be invoicing them. So going forward I think situation should improve from here.

Kawaljeet Saluja: Second question for you Ashok is that when I look at your FX gains in this quarter, again that was something quite impressive, but counterintuitive as well in the sense that when the rupee depreciates logically the hedging gains should go down given your hedging policy, what contributed to this remarkable hedge gains in the quarter?

Ashok Sonthalia: Two reasons Kawaljeet, one, some of the hedges which matured in this quarter and which had been taken in the last 12 quarters at certain point of time, had quite attractive rates. Second, translation gain on receivable revaluation also helped. But you are right, if the rupee stays where it is or continues to depreciate, we will see lower FX gain.

Kawaljeet Saluja: Ashok just again on hedging, what is your weighted average duration of a forward contract that you take because unless and until your average duration is 2-2.5 years, it is difficult to fathom that you can get the kind of attractive rates you have in the past few quarters or possibly years as well. So just wanted to understand a little bit of the duration at play over here?

Ashok Sonthalia: Out of three years if you look at our overall exposure hedge, it is roughly 50% to 55% for the next twelve months, which translates into weighted averaged duration of 18 to 24 months. Even so, there are also hedges which had been taken three years earlier for this quarter and they would have matured now. So, all sorts of combinations are there, but weighted average duration is 18 to 24 months.

Kawaljeet Saluja: Effectively a 6% to 7% premium would be a good number to work with? In this case for 18 to 24 month maybe 5% to 6%?

Ashok Sonthalia: Yes.

Moderator: We take the next question is from the Sandeep Agarwal from Edelweiss. Please go ahead.

Sandeep Agarwal: Sanjay, first question to you on the BFSI side, I do not know if you recall, but last quarter we spoke about this that some of the Central Eastern European companies have already started posting 40% BFSI growth and we saw that in your company as well this time. So, what is really changing? Because the incremental sense I am getting from all the results and discussions of various companies is that there is definitely a big recovery which is happening on the BFSI. Do you acknowledge that or you think it is more to do with company specific that you are winning deals versus others?

Second question is, what is happening on the digital side? Is it still a new client-based growth or is it more of existing client growth? And if it is existing client growth, do you think that the size of the deals have reached close to where they should be in ideal situations?

Sanjay Jalona: I would just request Sudhir to talk about BFS, but the only thing which I will say on BFS is we do not believe about rebound. Obviously, the companies and the banks are doing better so they are investing more. It is just the nature of the spend has changed over the last many years and that is why we have something relevant to talk and we continue to be optimistic on BFS, but let me request Sudhir to actually give you a brief on what we are seeing in BFS?

Sudhir Chaturvedi: To start with I think BFS, we have seen consistent growth over the past couple of years. So, this is a not a new phenomenon for us. Secondly, as Sanjay said, I think the areas that we are operating in BFS especially around data and compliance continue to be major spend areas for banks globally. In fact, global compliance is becoming a major part of the spend for banks across outside the US as well.

In US specifically, post some of the tax changes, we are seeing increasing spends by banks on technology initiatives. Banks are now launching new products and there is also a lot of spend that is going into changing the customer experience. I think overall, we have seen good spends and we continue to see that. We have also had large deal wins in this sector, so you can add all that together and you will see BFS performance continues to be stronger.

Sanjay Jalona: On the digital question that you asked on new versus existing - what is digital? Digital is using new technologies to do things differently. In the past, I remember as a child we used to go and get these gold tokens and I used to be very excited going with my father to an SBI branch and collecting those gold tokens. Today I do not even remember the last time I went to a branch. This is basically using new technologies to do things which were done very differently in the past. In insurance vertical, using dongle in the cars, why should we pay same insurance on a second car, which we are not using.

So basically, it is more amenable to verticals and domains that you know very well. So you can digitize those processes using new technologies that exist today that did not exist in the past. Having said that, what it automatically means that in the verticals that we are strong in our ability to take digital solutions and there are new ways to doing things to existing customers becomes a little easier to do. So with existing customers it is easier to take the digital solutions, and this is what we talked about in the past. All initiatives like ADEA which is Analytics and Digital in every account and today if you reflect back over 150 of our customers are actually using our digital service packs. But it is equally relevant to newer customers as well.

Now there tends to be a dissatisfaction in newer customers with their existing portfolio of partners because they are not bringing innovation to the customer. Let me give you a very clear example. If you look at in the last two years we opened two fortune 100 BFS customers I believe. Typically, these have a lot of strong players and are really cluttered in terms of vendor landscape and there has been consolidation going on, but we are able to open those two simply because we are very strong in data lineage and especially on financial and compliance.

In today's economy, when companies are not doing sourcing but doing business for capability, and you bring digital capabilities such as that, your ability to open new accounts is also very strong. So to summarize, easier to do with existing customers, we are seeing a lot of pipeline on that and we have initiatives like ADEA, but also they are great ways of opening new accounts.

Moderator: We take the next question from the line of Rishi Jhunjhunwala from IIFL. Please go ahead.

Rishi Jhunjhunwala: Sanjay one question on pricing, if you really look at onsite pricing on year-on-year basis it is up almost 9%. Just wanted to understand the nature of this one split into say digital versus our traditional businesses and two also whether does that differentiate from how a business is getting done onsite versus offshore?

Sanjay Jalona: We do not want to differentiate between digital and non-digital because as I said sooner than later this classification is going to disappear because there will be only one way of doing business which is new technologies, newer stuff. Overall I think it's very difficult to segregate the way of getting more money in certain part of the businesses. When you bring value to the customer in newer stuff, it is a demand and supply. So obviously you can demand a higher price point, but also at times the cost tends to be little higher. So I would just leave at portfolio levels if you create differentiation, revenues and margins will happen. Revenues and margins are lagging indicators, differentiation in capabilities is the stronger point and that automatically leads to higher price point and margins.

Rishi Jhunjhunwala: Secondly, can you give color in terms of the health of the deal pipeline at this point of time? Over the past six to twelve months you have talked about the kind of deals that you are working on without going into of course the numbers and all, but just wanted to understand how it has changed over the past six months versus what you had expected at the analyst meet as well.

Sanjay Jalona: Look we announced two large deals in the last quarter. We announced one large deal with significant net new revenue this quarter. The deal pipeline - there are lot of deals happening, the nature of deals have definitely shifted as you would have heard many analysts talk about, the deal size have shrunk, and the deal duration have shrunk and they cater very well to a company of our size. We are optimistic; across the sector if you look at it there are many deals that we are doing in the market place and as I said there are three things which are important for us. One, mining existing account. Two, opening accounts that will become significant account for us in the future. Three, closing large deals. These are the three things that we continue to work on and we are happy on all three counts.

Moderator: We take the next question from the line of Sandeep Shah from CGS CIMB. Please go ahead.

Sandeep Shah: I almost had a similar question to what Rishi had asked, so Sanjay if you look at your current scale, for growing at a rate at which we are growing, which is above or close to 20%, we have to keep adding a new business TCV worth $250 million on an ongoing basis. So with this I think even the large caps are talking about consolidation in terms of the vendors and the digital scale is going up which could be beneficial for some of the larger peers. So do you believe the opportunities are enough for you in terms of adding new business on ongoing basis, which we have done successfully in the last couple of years, going forward or there could be some new strategy rejig which we have to do for keeping this growth rate sustainable for a medium to long term?

Sanjay Jalona: Answer is yes. I think where we are, we will continue to grow and be in the leader quadrant Sandeep. On the second part, strategy is always very steady, but you always have to be very quick on your feet at any given point of time. So the answer - can we grow at the cliff that we are growing? Yes.

Sandeep Shah: And the client concentration does not bother you as of now?

Sanjay Jalona: Not at all. We spent a lot of time with our customers. This is a question I have been asked for 2.5 years. We are still winning incremental revenues. A bulk of incremental revenues are from top customers. We're very focused on what we need to do. There are places where we can definitely improve all right, it is not as if everything is just firing on all cylinders, but I think overall, we are very positive of our top customers and the customers that are invest customers which are growing very rapidly.

Sandeep Shah: Ashok I have some follow up questions. How should we look at the hedge line item with the rupee depreciation and the translation gain which may not be that big going forward, will you still believe at a current spot rate this line item could still be considerably positive though I do agree it may decline on a Q-on-Q basis?

Ashok Sonthalia: Okay let me put it like this Sandeep that if the rupee depreciates, what we have seen and we have talked about it earlier, our hedge gain would shrink, but we capture that in our revenue. We have seen that the benefit coming to operating margin is higher than what we lose as hedge gains. Overall that is why we are very comfortable in giving guidance at net income level. Our guidance always has net income irrespective of currency movement. We feel more confident about net income level and that guidance continues that we will stay at 15% band or near about that. Hedge would shrink, it completely depends on how rupee would move, whether it goes to a 69 or 70 or it goes towards 67. You are right revaluation gains will also accordingly play out. So look at P&L in totality. If at all hedge gain comes down, we will capture it in the operating margin. So we do not feel worried about that.

Sandeep Shah: Ashok is it fair to say that with the current spot rates, the current level of EBIT margins are quite achievable? I do agree there could be a Q-on-Q volatility looking at the wage inflation which can come and can you comment on the wage inflation planning for the coming quarters?

Ashok Sonthalia: Our wage cycle is effective first July and we have gone ahead with that. We expect the hit to Q2 margin of about 180 basis point because of wage inflation. We would have some advantage on the visa cost not being there. These are the two major changes compared to Q1 and we will work towards that. As you rightly said quarter-on-quarter sometimes there may be some ups and down, but overall for the year we feel very confident that we will maintain our margin guidance.

Sandeep Shah: Last thing on tax rate, how should we look at it? Is Q1 a normalize number to look at?

Ashok Sonthalia: For the full year you should look at that number. Some of the SEZ units have moved out from 100% exemption to 50%. While for all the growth, we are adding new units in SEZ, but the addition is less than what is coming out. So yes, for the full year that is the number which you should look at.

Moderator: We take the next question from the line of Vikash Ahuja from HSBC. Please go ahead.

Vikas Ahuja: So I had a question on receivables it is already been answered. Secondly you said LTI has been positioned on as a leader for GDPR services so just trying to understand what kind of work we are doing there and secondly the overall GDPR what are the upside and downside you see for the overall industry and for LTI in your view?

Sudhir Chaturvedi: GDPR regulation actually came into effect on May 25 this year in Europe and this applies to all companies that operate in Europe and European companies that operate globally. So I think the first step is that we have been helping clients to assess their GDPR related exposures.

So we have built an AI based tool to help clients actually scroll through all of the clients' systems and the data that they have, the reports they generate to understand where data that falls under the purview of GDPR resides and then to understand what the next best action to be taken on each piece of data that is there. So this is an effort that is carrying on a continuous basis.

Going forward as you know the GDPR operation will become a bigger part of the spend of the client, as they need to remain compliant at all times. There are several clients that will continue to emerge and grow. At this stage, most of our engagement is in the assessment area that I spoke about before, but over time we expect this is to grow. The only factor is that most of our clients or most companies in Europe have asked for more time to be GDPR complaint. So that is something that is being granted. So, I think this will pan out over longer period of time in terms of revenue growth.

Moderator: We take the next question from the line of Ruchi Burde from BOB Capital Market. Please go ahead.

Ruchi Burde: I have a question on Syncordis acquisition. We see a very strong growth in our BFS as well as enterprise solution, so just wanted to get an update regarding how are we progressing on our goal of cross selling for the Syncordis acquisition?

Sanjay Jalona: I am very happy with the way the acquisition has worked. It has integrated very well, we have not lost a single soul. We have actually added to the capabilities there, strengthened not only in Europe, in Luxemburg and UK, we have also further augmented their capabilities in Chennai offices of Syncordis.

In subsequent quarter you will hear us launch a few added service lines and capabilities on Temenos, which is the product that Syncordis specializes in, with the capabilities that we bring from LTI. You just wait for it in the subsequent quarters. Sudhir is the chairman of the company, the team is working very well. I did spend a few days in Luxemburg in the last quarter as well, met a few of very large customers of Syncordis. They are extremely pleased with the capabilities and the value that they bring. There are few companies which have the kind of expertise and deep knowledge that they bring and the opportunities on cross sell, etc., multiple opportunities are starting to mushroom. In summary, very excited, very happy with what we have done with Syncordis extremely delighted with the leadership team and every time I meet people and architects, I come out even more pleased than when we did the acquisition.

Ruchi Burde: My second question was similar to what some of the other participants inquired - I mean given the size and the pace at which we are growing, have we done some changes to kind of institutionalize the process where the large deal wins flow become more recurring, any new initiatives or are we thinking on that line?

Sanjay Jalona: I do not understand your question very well, but I am going to articulate it very differently and then you tell me if your asked question is the same? Are you asking us that as we grow, what we are doing for continued pipeline on large deals?

Ruchi Burde: Yes.

Sanjay Jalona: So large deals happen in fewer areas. You will have large deals happening in BPO areas and as you know we do not do BPO. We actually specialize in the kill BPO business. RPA (robotics, process and automation) and so on and so forth. So that is not really relevant for us. Lots of large deals get announced including some this week where there is a lot of BPO portion, we do not operate in that deal area at all.

Now if you look at infrastructure outsourcing, application outsourcing, analytics etc., few large deals happen in accounts where you are already working and a portion of large deals come through advisors, like ISG, Avasant, KPMG and a whole bunch of regional specialists who know these deals. We spent a lot of time building relationship with them. Three quarters back, Sudhir created another large team which specialize in creating solutions for them. These are people who are dedicated to build relationships with them. We are building multiple relationships, including myself, with these advisor companies. You want to be able to tell them that they would not be sorry to propose our name in any deal and their customers will actually get an exciting solution from us and which would position the advisor well. I think we have been successfully able to do that. Lot more work still to be done because this is still a growing opportunity for us. As you would have seen we have been able to close a significant number of large deals in the last two years, this is a journey but very happy to see where we are.

Ruchi Burde: I have a last question for Ashok could you please spell out our net margin guidance that you usually call out?

Ashok Sonthalia: So for the full year we talked about in the beginning year also net income margin 15% in a very narrow band we will be able to deliver we are quite confident about that.

Moderator: We take the next question from the line of Apurva Prasad from HDFC Securities. Please go ahead.

Apurva Prasad: Sanjay just again to sort of question you on BFSI so that has been accelerating very well, if you have to break this into winning more market share versus the pipeline going up, it is obviously not either/or, but where do you think this would actually be and if the growth in this quarter can be attributed to the top client?

Sudhir Chaturvedi: I do not know what to say yes, no. Our top clients in BFSI are growing at a faster pace. The answer to your second part of your question I think the question was on market share yes top clients are growing so that's the natural way of getting market share, but the overall size of the pie is also increasing.

Sanjay Jalona: Apurva very important he did not say top client. We still have very large clients in BFS. Please remember we announced a very large deal in Q2 in banking and ROW and that is also ramping very strongly.

Apurva Prasad: So with your earlier outlook of BFS, CPG, Retail, Pharma, Hi-Tech and MNE, would that still continue to drive growth ahead with the large deals ENU should also come back?

Sanjay Jalona: The first part - all of them would drive growth and ENU will also come back.

Moderator: We take the next question from the line of Madhubabu from Prabhudas Lilladher. Please go ahead.

Madhubabu: So the large deal we won in this quarter, which is in the pharma segment, whom did we compete against and what was the advantage for us to get this deal?

Sanjay Jalona: What I understand there were 15 odd players, came down to 6 players and finally they choose few vendors. So we won in the two clusters ERP and data analytics. You can think of whatever name and you can assume they were there. It is a fortune 100 company. So very large company which everyone wants to participate at. Why did we win? Multiple reasons.

First this is an existing customer so the quality of work that we have delivered for them over the last seven, eight years has been tremendous. If you continue to deliver value for the customer, they will find ways of rewarding you. So that is the quality of work.

Second thing our entire solution was led with the AI and automation and the solution that we provided was very strong. Number three differentiation - our Mosaic Decisions which we built with the acquisition that we did two years back of Augment IQ has brought in a very strong traction in terms of data engineering platform for our customers. So that is seen again as a big differentiator when we do vertical solutions on a data analytics side. So these are some of the reasons that I would like to call out.

Madhubabu: Secondly on the rupee depreciation - so usually what we see is the immediate one, two quarter we get a good margin bump up, but after that we have seen companies reinvest or pass on some of the discounts to the large clients' etcetera. So how do we see the margins, may be not in the immediate quarter but directionally because would we gain from this rupee depreciation or would we have to reinvest the gains?

Ashok Sonthalia: You really need to look at us as a growth company and it is not that investment requirements are not there. We have a very rigorous approach to investments, where we continue to look at newer areas. Mosaic remains an invest area, we have been investing in Security since last four quarters and there are many more areas like Blockchain. We are where we are in Blockchain today because of early investment in that technology.

So investment requirements are many more and we are a growth company which is sharply focused on margin. I would reiterate there is no one on one linkage that because INR depreciation has happened, so we will start giving discount or the conversation will start. But on some of these strategic accounts whether depreciation or not these conversations do happen and let us not shy about that. Even so, I do not think there is tendency that because now rupee is depreciating so margin bump up has happened and it would normalize by offering discounts. That is not the case, but yes, we would like to invest in our own internal capabilities at a higher pace.

Madhubabu: One of the Tier-1 vendor has been saying that now I think there is a lot of core modernization happening with digital gaining scale and that is where there are bigger opportunities - so what is our view on that?

Sanjay Jalona: I think answer is yes and we have given you sector by sector what kind of opportunities are there. Again I reiterate, I do not think even in the last three years since we have been talking to you guys, we have never talked about market not being there for technology services. The nature of the business has changed, but the strength has always been there and that continues to be the case.

Moderator: We take the next question from the line of Rahul Jain from Emkay Global. Please go ahead.

Rahul Jain: Your comments on the analyst day of achieving status of most feared competitor - so how has been the first few months in that journey? The first metric that we see a sign of it is new client addition trend. We have seen lot of them in one to five million, five to ten million kind of a zone, but if you see on the 10 million plus and the kind of upscale that could have happened to those on the mining side, I think that is where we are not seeing it, so is it constraint in terms of the scale up or it is to do with that kind of deal size and tenure that is shaping up nowadays in the area where we are contesting?

Sanjay Jalona: I think whether we are most feared or not is a question that you should probably be able to give us some feedback based on what you hear in the market place. If I look at the previous question on the large deals that we announced, what kind of people play there obviously you see that people regard us and look at us a lot more carefully, saying things are going to be done very differently. LTI is there so the status will be questioned, the solution will be very, very AI analytics, etc., driven and so on and so forth.

It also reflects in the growth when you are growing at nearly double the clip than the rest of the industry automatically means that yes you are doing something right in the market place. So, I am assuming that people have started to believe that we are someone to watch out for. Whether we have reached the status of most feared the competitors - let us hope we are moving in the right direction I believe, but only time will tell, and I am sure you guys will write about it. What is the second question that you asked?

Rahul Jain: On the same count, if we see from a metrics point of view, we see the additions in the one to five million, five to ten million kind of thing, but if we see the client matrix about 10 million, we do not see upscale on those numbers from the last four quarter prospective, so is it to do with the kind of deal sizes in the market and this is more like the effort on mining would be more incremental going forward?

Sanjay Jalona: No, it is not like that, but you please look at this data as a two-year horizon. When you look at a two-year horizon you will see a lot more change there. Obviously for a company of our size it takes a little while for some of these and it is very difficult to look at a quarter-on-quarter basis, but the kind of additions we are having on a $10 million account, $20 million account and you will see a lot more happening in subsequent quarters but look at two-year horizon and you will see a lot of the customer metrics pyramid has changed substantially.

Rahul Jain: Just very small one, so if I have to see the deal size or the deal tenure, what is the average portfolio tenure today versus year back on a like-to-like basis?

Sanjay Jalona: I do not know whether there is any substantial change in the last one year in the tenure. People are doing 5-year, 7 year, 10 year deals. We are seeing lot more three year deals. Project sizes are shrinking where we used to have 30 people, with digital technology you can do it with 5 people. That is what we mean, in the last one year I am not seeing any substantial difference.

Moderator: We take the next question from the line of Sandeep Shah from CGS CIMB. Please go ahead.

Sandeep Shah: Ashok just a follow up on the cash flow if I look at the operating cash flow on a YOY basis has actually declined despite the EBIT on absolute basis has gone up by almost 55%, 60%. So what explains this because I do agree what you have said is explaining on a QOQ basis, but even on a YOY despite the Q1 of FY18 the operating cash flow to the revenue ratio was not very high at close to around 11%, 12%?

Ashok Sonthalia: So this quarter has not been normal so I would not like to compare this quarter just wait for quarter two as I told I am confident we would recover and then maybe we can have conversation on this.

Sandeep Shah: Ashok any target ratio we want to follow in terms of the OCF to revenue or FCF to PAT?

Ashok Sonthalia: If you talk about the net income to revenue the conversion has to be in the 80% to 90% range to my mind and that is the target which we would be aiming.

Moderator: Ladies and Gentlemen that seems to be the last question for today. I would now like to hand the conference over to the management for their closing comments.

Sanjay Jalona Thank you everyone, this week also marks the completion of two years of our public listing. We are young company in the public market and are grateful to our investor and shareholders for their support and interest in us. I also want to thank you all for your coverage support and encouragement over the quarters and years. Until we talk again good bye and thank you.

Moderator: Thank you very much. Ladies and gentlemen on behalf of LTI that concludes this conference. Thank you all for joining us you may disconnect your lines now

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