

Earnings Release & Fact Sheet Third Quarter, Fiscal 2018

January 24, 2018



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Safe Harbour

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause our actual results to differ materially from those in such forward-looking statements. LTI does not undertake to update any forward-looking statement that may be made from time to time by us or on our behalf.

Recent Deal Wins, Business Highlights and Awards and Recognitions section in this release include relevant disclosures between our last earnings release and this release.

Earnings Release –Q3 FY18 Results

USD Revenue growth up 8.5% QoQ and 19.7% YoY; Digital revenues at 33%;

Mumbai, India: January 24, 2018: Larsen & Toubro Infotech (BSE code: 540005, NSE: LTI), a global technology consulting and digital solutions company, announced its Q3 FY18 results today.

In US Dollars:

- Revenue at **USD 293.5 million**; growth of **8.5% QoQ** and **19.7% YoY**
- **Constant Currency Revenue growth of 8.3% QoQ and 16.4% YoY**

In Indian Rupees:

- Revenue at **Rs 18,837 million**; growth of **7.6% QoQ** and **13.0% YoY**
- Net Income at **Rs 2,828 million**; growth of **3.6% QoQ** and **14.0% YoY**

“Our focus remains on amplifying outcomes for our clients and establish LTI as a next generation IT services company. Large deal win momentum over the last 18 months has helped us deliver an outstanding 8.5% sequential growth in USD revenues in Q3. This superior performance has been driven by contribution from all key verticals and service offerings. Digital now contributes one-third of our overall revenues. The synergies from Syncordis acquisition are helping us initiate new conversations in Europe.”

- Sanjay Jalona, Chief Executive Officer & Managing Director

Recent Deal Wins

- SAP Systems Integration for a large US based Specialty vehicles manufacturer
- A Canada based development capital fund selected LTI's proprietary record keeping platform, Unitrax for its wealth management requirements
- Digital transformation of sales channels for a multi-national diversified conglomerate leading in Automotive parts & HVAC systems
- Engineer-to-Order Applications portfolio engagement with a US based, Global leader in Industrial Automation
- Fortune 100 Global Pharmaceutical corporation selected LTI for a SAP Analytics engagement
- Robotic Process Automation engagement with one of largest mutual Life Insurers in the US
- Digital Consulting for Applications Portfolio Rationalization and creation of AI based Chatbot for User support for a Saudi Arabia based Petrochemical company
- Engagement with a large US based Property & Casualty Insurer to help them in their enterprise wide transformation journey to modernize core IT System by implementing Insurity

Client Testimonial

"At MPPMCL, we strive to be ahead of the curve by adopting new-age technologies. This initiative will maximise efficient power portfolio management through a technology-led decision support system. We chose LTI for this strategic engagement because of its global experience with digital transformation initiatives in the utility sector."

- Sanjay Shukla, Managing Director, Madhya Pradesh Power Management Company Limited (MPPMCL)

Awards and Recognitions

- Positioned as a 'Leader' for Digital Focus in NelsonHall's NEAT for Digital Testing
- Featured as High Performers in HfS Blueprint Report: Enterprise Blockchain Services 2017
- Named Major Contender and Star Performer in Everest Group PEAK Matrix for IoT Services 2017
- Named as one of the Breakthrough 15 Sourcing Standouts in the Americas and EMEA regions by ISG in its 4Q17 Global ISG Index™
- Rated highly as an Innovator for S/4 HANA Focus in NelsonHall SAP NEAT 2017
- Recognized as a Representative Vendor in Gartner's Market Guide for Data Science and Machine Learning Service Providers 2017.*

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Other Business Highlights

LTI completed the acquisition of Syncordis

LTI won the Express IT Award in the Best Analytics Solution category

LTI won Cloudera's 'Partner of the Year' Award for India

LTI rated among the Top 50 companies for Talent Development in the People Capital Index (PCI) survey

LTI CEO, Sanjay Jalona has been named as Businessworld's Exemplary CEO of the year, 2017

About LTI

LTI (NSE: LTI, BSE: 540005) is a global technology consulting and digital solutions company helping more than 250 clients succeed in a converging world. With operations in 27 countries, we go the extra mile for our clients and accelerate their digital transformation with LTI's Mosaic platform enabling their mobile, social, analytics, IoT and cloud journeys. Founded 20 years ago as a subsidiary of the Larsen & Toubro group, our unique heritage gives us unrivaled real-world expertise to solve the most complex challenges of enterprises across all industries. Each day, our team of more than 20,000 LTites enable our clients to improve the effectiveness of their business and technology operations, and deliver value to their customers, employees and shareholders. Find more at <https://www.lintinfotech.com> or follow us at @LTI_Global

Earnings Conference Call

January 25th, 2018 (11:00 AM IST)

Please dial the below number at least 5-10 minutes prior to the conference schedule to ensure that you are connected to your call in time.

Primary Number	+91 22 3938 1006
Local Access Number	3940 3977 Available in - Ahmedabad, Bangalore, Chandigarh, Chennai, NCR, Hyderabad, Jaipur, Kochi, Kolkata, Lucknow, Pune. Accessible from all carriers.
International Toll Number	USA – Los Angeles: 13233868721 UK - London: 442034785524 Singapore: 6531575746 Hong Kong: 85230186877
<p align="center">Click here for your DiamondPass™</p> <p>DiamondPass™ is a Premium Service that enables you to connect to your conference call without having to wait for an operator.</p> <p>If you have a DiamondPass™, click the above link to associate your pin and receive the access details for this conference. If you do not have a DiamondPass™, please register through the link and you will receive your DiamondPass™ for this conference.</p>	

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Performance Highlights – Q3 FY18

Financial Highlights

Amount in USD million

	Q3FY17	Q2FY18	Q3FY18	QoQ Growth	YoY Growth
Revenue (USD million)	245.1	270.6	293.5	8.5%	19.7%
Revenue Constant Currency				8.3%	16.4%

Amount in INR million

	Q3FY17	Q2FY18	Q3FY18	QoQ Growth	YoY Growth
Revenue	16,667	17,509	18,837	7.6%	13.0%
EBITDA Margin	18.1%	16.8%	17.1%		
EBIT Margin	15.3%	14.5%	14.9%		
Revenue Related Foreign Exchange Gains/(loss)	514	836	772		
Net Income	2,480	2,730	2,828	3.6%	14.0%
Net Income Margin	14.9%	15.6%	15.0%		
DSO	64	76	69		

Revenue by Vertical

	Q3FY17	Q2FY18	Q3FY18	QoQ Growth	YoY Growth
BFS	26.0%	27.3%	27.1%	7.9%	24.8%
Insurance	20.8%	20.6%	19.4%	2.1%	12.1%
Manufacturing	17.8%	16.0%	17.2%	16.6%	16.1%
Energy & Utilities	11.3%	12.0%	11.8%	6.3%	25.1%
CPG, Retail & Pharma	8.0%	9.0%	9.2%	10.8%	37.4%
High-Tech, Media & Entertainment	10.5%	11.1%	10.6%	4.3%	21.7%
Others	5.7%	4.0%	4.6%	25.3%	-3.0%
Total	100%	100%	100%		

Revenue by Service Offering

	Q3FY17	Q2FY18	Q3FY18	QoQ Growth	YoY Growth
Application Development Maintenance	36.3%	34.6%	33.5%	5.1%	10.7%
Enterprise Solutions	23.2%	24.1%	26.4%	18.9%	36.4%
Infrastructure Management Services	11.4%	10.9%	10.8%	7.9%	13.6%
Testing	9.0%	8.9%	8.3%	1.0%	10.0%
Analytics, AI & Cognitive	9.6%	10.9%	10.8%	7.3%	35.5%
Enterprise Integration & Mobility	6.6%	6.8%	6.7%	5.9%	21.4%
Platform Based Solutions	4.0%	3.8%	3.5%	0.2%	4.8%
Total	100%	100%	100%		

Revenue by Geography

	Q3FY17	Q2FY18	Q3FY18	QoQ Growth	YoY Growth
North America	68.4%	70.4%	67.3%	3.7%	17.7%
Europe	18.3%	17.5%	18.0%	11.6%	17.8%
RoW	5.3%	6.7%	6.4%	3.2%	43.1%
India	8.0%	5.5%	8.4%	65.6%	25.9%
Total	100%	100%	100%		

Client Contribution to Revenue

	Q3FY17	Q2FY18	Q3FY18	QoQ Growth	YoY Growth
Top 5 clients	38.3%	38.0%	36.4%	3.9%	13.8%
Top 10 clients	52.1%	50.9%	50.8%	8.1%	16.7%
Top 20 clients	68.3%	66.0%	66.1%	8.6%	15.8%

Client Profile

	Q3FY17	Q2FY18	Q3FY18
Number of Active Clients*	264	256	289
New Clients Added	14	13	17
100 Million dollar +	1	1	1
50 Million dollar +	4	4	4
20 Million dollar +	10	12	13
10 Million dollar +	22	23	22
5 Million dollar +	35	39	43
1 Million dollar +	95	99	102

* Post completion of acquisition the number of Active Clients include Syncordis clients.

Effort Mix

	Q3FY17	Q2FY18	Q3FY18
Onsite	24.3%	23.3%	23.5%
Offshore	75.7%	76.7%	76.5%

Revenue Mix

	Q3FY17	Q2FY18	Q3FY18
Onsite	47.7%	46.6%	46.2%
Offshore	52.3%	53.4%	53.8%

Billed Person Months

	Q3FY17	Q2FY18	Q3FY18
Onsite	10,608	11,470	12,070
Offshore	33,031	37,777	39,276

Utilization

	Q3FY17	Q2FY18	Q3FY18
Including Trainees	78.1%	79.6%	80.3%
Excluding Trainees	80.5%	80.7%	81.5%

Headcount Details

	Q3FY17	Q2FY18	Q3FY18
Total Headcount	20,605	22,554	23,394
Development	19,234	21,147	21,979
Sales & Support	1,371	1,407	1,415
Attrition % (LTM)	18.1%	15.0%	14.6%

Constant Currency Reporting

		QoQ Growth	YoY Growth
Company		8.3%	16.4%
Vertical	BFS	8.4%	21.4%
	Insurance	2.3%	10.4%
	Manufacturing	17.1%	11.5%
	Energy & Utilities	6.4%	22.0%
	CPG, Retail & Pharma	11.2%	35.2%
	High-Tech, Media & Entertainment	4.4%	20.8%
	Others	12.9%	-15.2%
Service Offering	Application Development Maintenance	5.3%	8.4%
	Enterprise Solutions	18.9%	31.7%
	Infrastructure Management Services	5.1%	8.9%
	Testing	1.3%	7.2%
	Analytics, AI & Cognitive	6.8%	32.5%
	Enterprise Integration & Mobility	6.3%	18.4%
	Platform Based Solutions	1.6%	-0.3%
Geography	North America	3.9%	17.4%
	Europe	12.5%	7.4%
	RoW	5.9%	41.0%
	India	53.1%	11.9%

Financial Statements – Q3 FY18

Income Statement

Amount in INR million

	Q3FY17	Q2FY18	Q3FY18	QoQ Growth	YoY Growth
Revenue	16,667	17,509	18,837	7.6%	13.0%
Direct Costs	10,944	11,573	12,568	8.6%	14.8%
Gross Profit	5,723	5,935	6,269	5.6%	9.5%
Selling, General & Administration Expenses	2,704	2,993	3,054	2.0%	13.0%
EBITDA	3,020	2,942	3,215	9.3%	6.5%
Depreciation & Amortization	469	407	403	(0.8%)	(14.0%)
EBIT	2,550	2,536	2,812	10.9%	10.2%
Revenue Related Foreign Exchange Gains/(loss)	514	836	772		
Other Income, net	85	181	111		
Provision for Tax	667	823	866	5.2%	29.8%
Net Income	2,480	2,730	2,828	3.6%	14.0%
Margins (%)					
EBITDA Margin	18.1%	16.8%	17.1%		
EBIT Margin	15.3%	14.5%	14.9%		
Net Income Margin	14.9%	15.6%	15.0%		
Earnings Per Share					
Basic	14.57	15.95	16.49		
Diluted	14.24	15.60	16.16		

Exchange Rate (USD:INR)

	Q3FY17	Q2FY18	Q3FY18
Period closing rate	67.93	65.29	63.88
Period average rate	68.00	64.70	64.18

Balance Sheet*Amount in INR million*

	As at 31 March, 2017	As at 31 Dec, 2017
ASSETS		
Non-current assets		
(a) Property, Plant and Equipment	2,587	2,449
(b) Goodwill	993	2,765
(c) Intangible assets	1,852	1,665
(d) Non-current Financial Assets	2,178	2,053
(e) Deferred tax assets (Net) & Tax Assets	2,156	2,246
(g) Other assets	1,292	1,108
Total Non-Current Assets	11,057	12,287
Current assets		
(a) Investments	9,406	10,644
(b) Trade Receivables and Unbilled Revenue	16,420	20,472
(c) Cash and cash equivalents	3,795	4,386
(d) Other Financial assets	2,677	2,929
(e) Others assets	988	1,223
Total Current Assets	33,287	39,655
TOTAL ASSETS	44,344	51,942
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share capital	171	172
(b) Other Equity	31,273	36,443
(c) Non- Controlling interests	8	14
Total Equity	31,451	36,628
Liabilities		
Non-current liabilities		
(d) Financial liabilities	-	774
(e) Deferred tax liabilities	171	156
(f) Non-current provisions	285	296
Total Non-Current Liabilities	456	1,226
Current liabilities		
(a) Financial Liabilities	9,207	10,194
(b) Other Liabilities	1,158	1,503
(c) Provisions	1,771	2,083
(d) Current Tax Liabilities (Net)	301	308
Total Current Liabilities	12,437	14,088
TOTAL EQUITY AND LIABILITIES	44,344	51,942

Cash Flow

Amount in INR million

	Q3FY17	Q2FY18	Q3FY18
Cash flow from operating activities			
Net profit after tax	2,480	2,730	2,828
Adjustments for:			
Depreciation and amortization	469	407	403
Others	129	(446)	(557)
Changes in working capital (net)	2,524	(2,365)	1,489
Net cash from operating activities [A]	5,603	327	4,164
Cash flow from investing activities			
(Purchase)/ Sale of assets and investments	(4,267)	1,895	(2,669)
Investment income	71	215	134
Net cash from investing activities [B]	(4,196)	2,110	(2,534)
Cash flow from financing activities			
Issue of share capital	3	0	3
Proceeds from/(repayment of borrowings)	(54)		
Credit Support Agreement Deposit (including interest)	156	(522)	426
Dividend paid (including DDT)	(1,388)	(1,879)	(1,654)
Net cash from financing activities [C]	(1,283)	(2,401)	(1,224)
Effect of exchange rate on cash and cash equivalents [D]	17	10	(9)
Net increase in cash and cash equivalents [A+B+C+D]	141	36	405
Cash and cash equivalents at beginning of the period	3,043	3,945	3,991
Cash and cash equivalents at end of the period	3,184	3,991	4,387

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