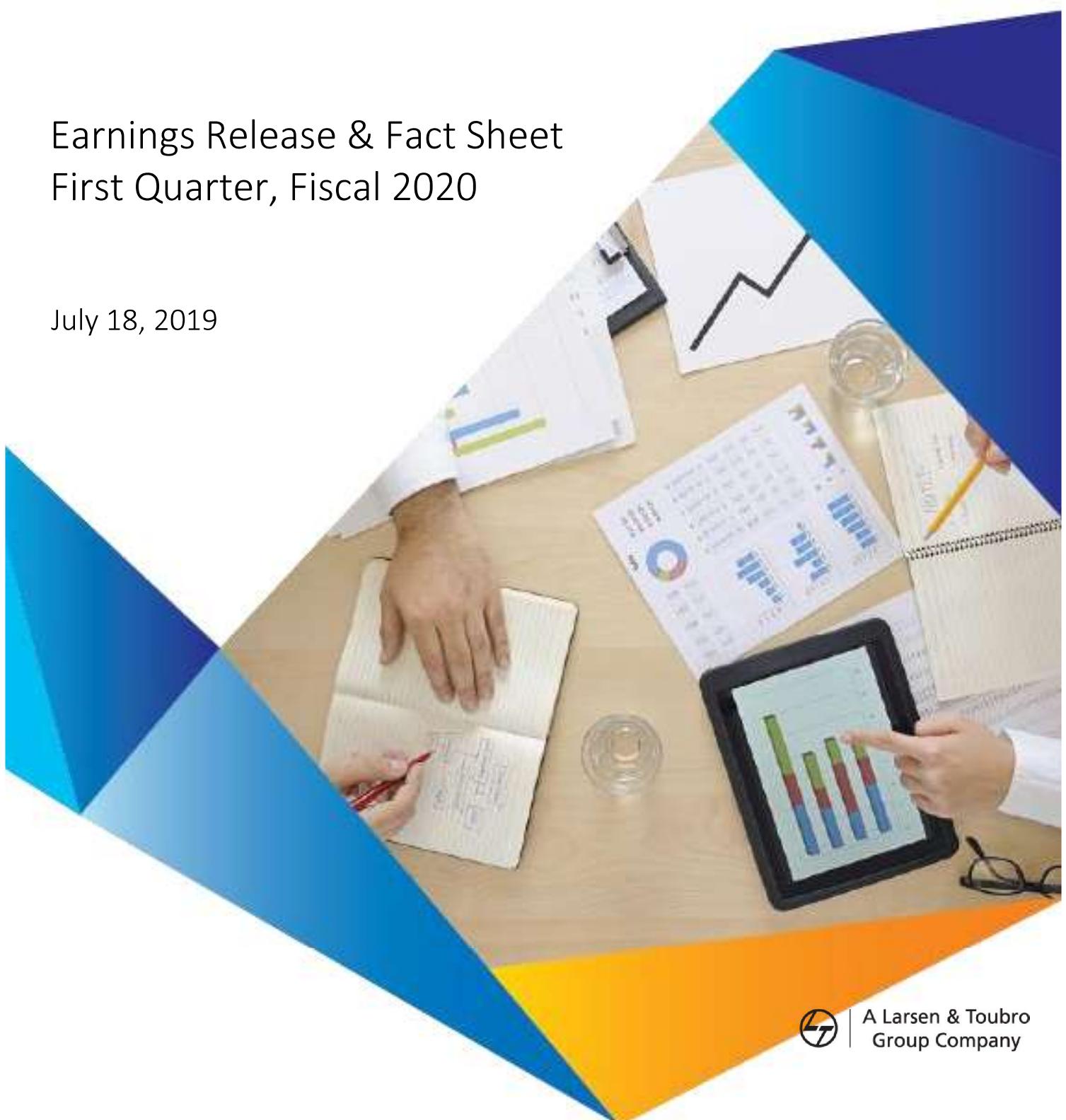


# Earnings Release & Fact Sheet First Quarter, Fiscal 2020

July 18, 2019



A Larsen & Toubro  
Group Company

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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 –Q1 FY20 Results

# LTI USD Revenue growth up 11.5% YoY; Digital revenues at 39%

**Mumbai, India: July 18, 2019:** Larsen & Toubro Infotech (BSE code: 540005, NSE: LTI), a global technology consulting and digital solutions company, announced its Q1 FY20 results today.

### In US Dollars:

- Revenue at **USD 356.5 million**; growth of **0.8% QoQ** and **11.5% YoY**
- Constant Currency Revenue growth of **1.0% QoQ** and **12.9% YoY**

### In Indian Rupees:

- Revenue at **Rs 24,849 million**; growth was flat **QoQ** and **15.3% YoY**
- Net Income at **Rs 3,557 million**; growth of **(6.1%) QoQ** and **(1.5%) YoY**

*"We delivered 12.9% YoY revenue growth in constant currency driven by Digital Services that now make up 39% of our revenues. We also won a large deal by opening a new client logo in Insurance vertical with net-new TCV of US\$44m.*

*We are also pleased to welcome Lymbyc to LTI family. Lymbyc is a specialist AI, machine learning, and advanced analytics company. The acquisition further strengthens LTI's Mosaic platform and our fast-growing digital and analytics offerings."*

*- Sanjay Jalona, Chief Executive Officer & Managing Director*

### Recent Deal Wins

- A US based insurance company, a new logo has selected LTI for a multi-year, multi-million dollar managed services deal for its IT infrastructure and IT security operations
- Selected as the strategic partner by Deutsche Telekom for their strategic Microsoft Cloud Acceleration Centre initiative in Central and Eastern Europe
- A world leader in medical products chose LTI for a managed services deal covering 100+ applications across its global operations to make its IT landscape lean, cloud first and digital ready
- Selected as the exclusive strategic partner by a leading investment management Company for its AI and automation driven digital transformation journey
- A leading Japanese electrical and software company selected LTI for SAP Application Management Services engagement
- A global bank selected LTI for cloud based digital transformation of its wealth management applications
- Selected by a leading security services firm for implementing financial analytics and reporting tool

### Client Testimonial

“Deutsche Telekom has selected LTI as their trusted partner for the joint Microsoft Cloud initiative in Central Eastern Europe. We are convinced that LTI’s experience with cloud migration will further empower the digital transformation in the region. We are looking forward to pave the customers’ digital journey together with LTI.”

- Ralf Nejedl, Senior Vice President B2B Growth Europe, Deutsche Telekom AG

“LTI has been a strategic partner to Velliv and continuously strives to deliver business benefits. In the past 4 years, LTI has been instrumental in strategic transformation of our core business applications. LTI has also been proactive in setting up the critical test automation processes across Velliv application domains.”

- Jakob Andersen, CIO, Velliv

### Awards and Recognitions

- LTI ranked as a Leader in AI Based Automation Capability in Software Testing Services: AI and Digital Next-Gen Testing NelsonHall NEAT report 2019
- LTI’s Digital Transformative Agribusiness case study recognized in ISG’s Global Digital Excellence: 25 Winning Partnerships Book
- LTI ranked number 5 in HFS Top 10 Energy Service Providers 2019
- LTI named in Honorable Mentions in the Gartner, Magic Quadrant for Data and Analytics Service Providers, Worldwide, 2019

*\*Gartner, Magic Quadrant for Data and Analytics Service Providers, Worldwide, 2019, Jorgen Heizenberg et al., 12 February 2019*

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**Other Business Highlights**

- LTI signed a definitive agreement to acquire Lymbyc, a specialist AI, machine learning, and advanced analytics company. The acquisition further strengthens LTI's fast-growing digital and analytics offerings.
- Guidewire Software announced LTI as new consulting alliance partner
- LTI is now a constituent of the FTSE4Good Index Series following the June 2019 index review.

*\*Larsen and Toubro Infotech satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index and data provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.*

## About LTI

LTI (NSE: LTI) is a global technology consulting and digital solutions Company helping more than 350 clients succeed in a converging world. With operations in 30 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 in 1997 as a subsidiary of Larsen & Toubro Limited, 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 28,000 LTIers 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 <http://www.Lntinfotech.com> or follow us at @LTI\_Global

## Earnings Conference Call

**July 19<sup>th</sup>, 2019 (11:00 AM IST)**

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

<b>Universal Access Number</b>	+91 22 6280 1104
	+91 22 7115 8005
<b>Local Access Number</b>	+91 70456 71221 Available all over India
<b>International Toll Number</b>	<b>USA:</b> 13233868721 <b>UK:</b> 442034785524 <b>Singapore:</b> 6531575746 <b>Hong Kong:</b> 85230186877
<b>Replay of Conference Call</b>	Available 3 hours after the call until 24 <sup>th</sup> July 2019 <b>Playback Code:</b> 80248 <b>Dial-in Number:</b> India +91 22 71945757 +91 22 66635757
<a href="#">Click here for your DiamondPass™</a>	
DiamondPass™ is a Premium Service that enables you to connect to your conference call without having to wait for an operator.	
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.	

## Contact

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## Performance Highlights – Q1 FY20

### Financial Highlights

Amount in USD million

	Q1FY19	Q4FY19	Q1FY20	QoQ Growth	YoY Growth
Revenue (USD million)	319.9	353.8	356.5	0.8%	11.5%
Revenue Constant Currency				1.0%	12.9%

Amount in INR million

	Q1FY19	Q4FY19	Q1FY20	QoQ Growth	YoY Growth
Revenue	21,557	24,860	24,849	-	15.3%
EBITDA Margin	19.4%	19.2%	18.4%		
EBIT Margin	17.7%	17.7%	16.0%		
Revenue Related Foreign Exchange Gains/(loss)	841	334	680	103.5%	(19.1%)
Net Income	3,612	3,785	3,557	(6.1%)	(1.5%)
Net Income Margin	16.8%	15.2%	14.3%		
Billed DSO	80	70	70		
DSO (Including unbilled)	124	103	104		

Note: Effective Q1FY20, DSO has been computed on per days sales derived on LTM basis vs. the YTD methodology followed earlier. Figures for previous periods have been restated to facilitate comparison.

### Revenue by Vertical

	Q1FY19	Q4FY19	Q1FY20	QoQ Growth	YoY Growth
BFS	30.9%	27.7%	27.7%	0.9%	-
Insurance	18.2%	17.8%	18.1%	2.5%	10.6%
Manufacturing	15.7%	16.6%	15.2%	(7.8%)	7.7%
Energy & Utilities	10.1%	11.0%	10.7%	(1.9%)	18.1%
CPG, Retail & Pharma	9.1%	10.6%	11.1%	6.2%	35.9%
High-Tech, Media & Entertainment	11.3%	12.4%	12.5%	1.6%	22.9%
Others	4.5%	3.9%	4.6%	19.1%	13.5%
Total	100%	100%	100%	0.8%	11.5%

**Revenue by Service Offering**

	Q1FY19	Q4FY19	Q1FY20	QoQ Growth	YoY Growth
ADM and Testing	42.1%	37.9%	38.1%	1.3%	0.8%
Enterprise Solutions	26.3%	29.2%	28.4%	(2.0%)	20.2%
Infrastructure Management Services	11.5%	11.0%	10.9%	(0.4%)	5.0%
Analytics, AI & Cognitive	10.3%	10.7%	11.2%	6.4%	21.1%
Enterprise Integration & Mobility	6.5%	8.0%	8.2%	3.5%	40.5%
Platform Based Solutions	3.1%	3.2%	3.1%	(1.9%)	12.3%
Total	100%	100%	100%	0.8%	11.5%
Digital Revenue	34.0%	37.9%	38.9%	3.6%	27.5%

*Note: ADM and Testing service lines have been grouped together to reflect the integrated nature of next-gen ADM that is powered by emerging technologies and methodologies like Agile and DevOps.*

**Revenue by Geography**

	Q1FY19	Q4FY19	Q1FY20	QoQ Growth	YoY Growth
North America	66.6%	66.4%	68.7%	4.3%	15.0%
Europe	17.9%	16.4%	16.0%	(1.7%)	(0.2%)
RoW	9.1%	9.1%	8.5%	(5.9%)	3.5%
India	6.4%	8.2%	6.9%	(15.7%)	19.0%
Total	100%	100%	100%	0.8%	11.5%

**Client Contribution to Revenue**

	Q1FY19	Q4FY19	Q1FY20	QoQ Growth	YoY Growth
Top 5 clients	36.6%	32.2%	31.3%	(1.9%)	(4.7%)
Top 10 clients	50.3%	47.0%	45.0%	(3.5%)	(0.3%)
Top 20 clients	66.0%	63.4%	62.5%	(0.6%)	5.5%

**Client Profile**

	Q1FY19	Q4FY19	Q1FY20
Number of Active Clients	301	343	354
New Clients Added	19	14	20
1 Million dollar +	114	123	124
5 Million dollar +	42	49	49
10 Million dollar +	25	26	26
20 Million dollar +	13	17	19
50 Million dollar +	4	5	5
100 Million dollar +	1	1	1

**Effort Mix**

	Q1FY19	Q4FY19	Q1FY20
Onsite	23.0%	21.9%	22.0%
Offshore	77.0%	78.1%	78.0%

**Revenue Mix**

	Q1FY19	Q4FY19	Q1FY20
Onsite	46.8%	47.8%	49.5%
Offshore	53.2%	52.2%	50.5%

**Billed Person Months**

	Q1FY19	Q4FY19	Q1FY20
Onsite	12,463	13,681	14,143
Offshore	41,713	48,923	50,042

**Utilization**

	Q1FY19	Q4FY19	Q1FY20
Including Trainees	79.7%	80.1%	80.5%
Excluding Trainees	81.2%	81.1%	81.3%

## Headcount Details

	Q1FY19	Q4FY19	Q1FY20
Total Headcount	25,150	28,169	29,347
Development	23,656	26,572	27,665
Sales & Support	1,494	1,597	1,682
Attrition % (LTM)	15.1%	17.5%	18.3%

## Constant Currency Reporting

		QoQ Growth	YoY Growth
Company		1.0%	12.9%
Vertical	BFS	1.4%	2.0%
	Insurance	2.7%	11.4%
	Manufacturing	(7.4%)	9.4%
	Energy & Utilities	(1.6%)	19.7%
	CPG, Retail & Pharma	6.5%	37.5%
	High-Tech, Media & Entertainment	1.7%	23.2%
	Others	17.7%	14.6%
Service Offering	ADM and Testing	1.6%	1.9%
	Enterprise Solutions	(1.6%)	16.8%
	Infrastructure Management Services	(0.4%)	6.3%
	Analytics, AI & Cognitive	6.4%	22.3%
	Enterprise Integration & Mobility	4.0%	34.8%
	Platform Based Solutions	(1.0%)	15.4%
Geography	North America	4.4%	15.1%
	Europe	(0.6%)	4.7%
	RoW	(4.8%)	6.6%
	India	(16.3%)	21.9%

*Note: ADM and Testing service lines have been grouped together to reflect the integrated nature of next-gen ADM that is powered by emerging technologies and methodologies like Agile and DevOps*

## Financial Statements – Q1 FY20

## Income Statement

Amount in INR million

	Q1FY19	Q4FY19	Q1FY20	QoQ Growth	YoY Growth
Revenue	21,557	24,860	24,849	-	15.3%
Direct Costs	13,977	16,417	16,625	1.3%	18.9%
Gross Profit	7,580	8,442	8,225	(2.6%)	8.5%
Selling, General & Administration Expenses	3,390	3,678	3,645	(0.9%)	7.5%
<b>EBITDA</b>	<b>4,190</b>	<b>4,764</b>	<b>4,580</b>	<b>(3.9%)</b>	<b>9.3%</b>
Depreciation & Amortization	378	371	611	64.4%	61.2%
<b>EBIT</b>	<b>3,811</b>	<b>4,393</b>	<b>3,968</b>	<b>(9.6%)</b>	<b>4.2%</b>
Revenue Related Foreign Exchange Gains/(loss)	841	334	680	103.5%	(19.1%)
Other Income, net	195	314	132		
Provision for Tax	1,236	1,255	1,225	(2.4%)	(0.9%)
<b>Net Income</b>	<b>3,612</b>	<b>3,785</b>	<b>3,557</b>	<b>(6.1%)</b>	<b>(1.5%)</b>
Margins (%)					
EBITDA Margin	19.4%	19.2%	18.4%		
EBIT Margin	17.7%	17.7%	16.0%		
Net Income Margin	16.8%	15.2%	14.3%		
Earnings Per Share					
Basic	21.00	21.86	20.51		
Diluted	20.60	21.60	20.29		

## Exchange Rate (USD:INR)

	Q1FY19	Q4FY19	Q1FY20
Period closing rate	68.47	69.16	69.02
Period average rate	67.39	70.26	69.70

**Balance Sheet***Amount in INR million*

	As at 31 March, 2019	As at 30 June, 2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
(a) Property, Plant and Equipment	3,084	3,138
(b) Right of Use Assets	-	7,176
(c) Goodwill	4,947	4,986
(c) Intangible assets	1,383	1,323
(e) Non-current Financial Assets	2,080	1,842
(f) Deferred tax assets (Net) & Tax Assets	2,385	2,543
(g) Other assets	1,111	1,102
<b>Total Non-Current Assets</b>	<b>14,991</b>	<b>22,110</b>
<b>Current assets</b>		
(a) Investments	17,402	19,299
(b) Trade Receivables and Unbilled Revenue	23,845	24,938
(c) Cash and cash equivalents	4,150	4,497
(d) Other Financial assets	1,774	1,750
(e) Others assets	4,530	4,887
<b>Total Current Assets</b>	<b>51,701</b>	<b>55,730</b>
<b>TOTAL ASSETS</b>	<b>66,692</b>	<b>77,480</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity Share capital	174	174
(b) Other Equity	48,765	51,723
(c) Non- Controlling interests	8	7
<b>Total Equity</b>	<b>48,946</b>	<b>51,903</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
(d) Financial liabilities	936	625
(e) Lease liabilities	-	6,554
(e) Deferred tax liabilities	56	100
(f) Non-current provisions	291	281
<b>Total Non-Current Liabilities</b>	<b>1,283</b>	<b>7,560</b>
<b>Current liabilities</b>		
(a) Financial Liabilities	11,400	11,271
(b) Lease liabilities	-	1,396
(c) Other Liabilities	2,582	2,488
(d) Provisions	2,108	2,117
(e) Current Tax Liabilities (Net)	374	745
<b>Total Current Liabilities</b>	<b>16,463</b>	<b>18,017</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>66,692</b>	<b>77,480</b>

## Cash Flow

*Amount in INR million*

	Q1FY19	Q4FY19	Q1FY20
<b>Cash flow from operating activities</b>			
Net profit after tax	3,612	3,786	3,557
Adjustments for:			
Depreciation and amortization	378	371	611
Others	318	484	529
Changes in working capital (net)	(2,720)	(1,514)	(1,362)
<b>Net cash from operating activities [A]</b>	<b>1,588</b>	<b>3,127</b>	<b>3,335</b>
<b>Cash flow from investing activities</b>			
(Purchase)/ Sale of assets and investments	1,574	(4,306)	(1,950)
Investment income	251	283	82
<b>Net cash from investing activities [B]</b>	<b>1,825</b>	<b>(4,022)</b>	<b>(1,868)</b>
<b>Cash flow from financing activities</b>			
Credit Support Agreement Deposit (including interest)	(1,308)	637	(619)
Dividend paid (including DDT)	-	(1)	-
Payment towards lease liability	-	-	(455)
<b>Net cash from financing activities [C]</b>	<b>(1308)</b>	<b>637</b>	<b>(1,074)</b>
<b>Effect of exchange rate on cash and cash equivalents [D]</b>	<b>29</b>	<b>(63)</b>	<b>(46)</b>
<b>Net increase in cash and cash equivalents [A+B+C+D]</b>	<b>2,134</b>	<b>(322)</b>	<b>347</b>
Cash and cash equivalents at beginning of the period	3,633	4,472	4,150
<b>Cash and cash equivalents at end of the period</b>	<b>5,767</b>	<b>4,150</b>	<b>4,497</b>

## Contact Information

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