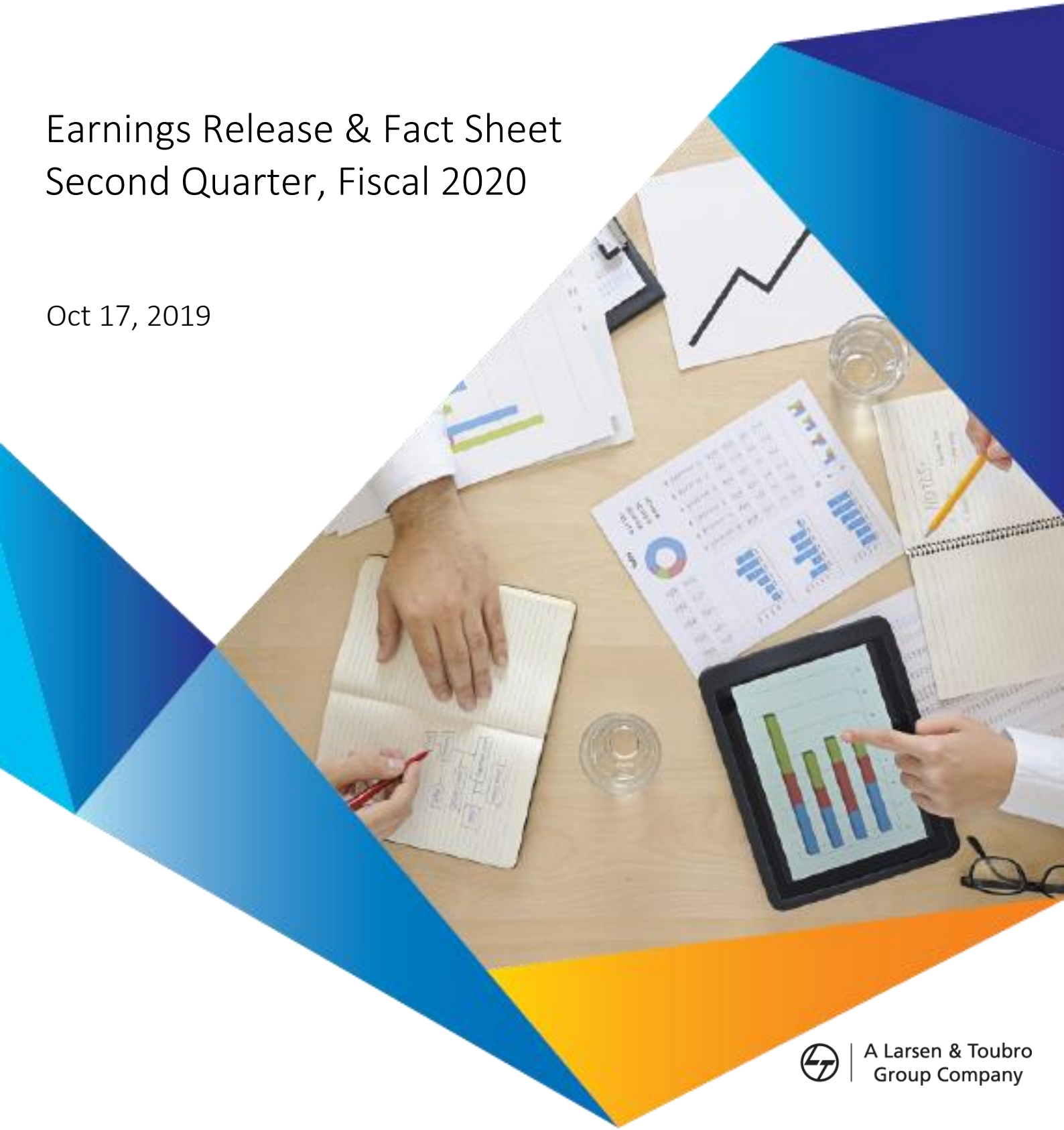




# Earnings Release & Fact Sheet Second Quarter, Fiscal 2020

Oct 17, 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 –Q2 FY20 Results

# LTI Constant Currency Revenue growth up 11.9% YoY; Digital revenues at 40%

**Mumbai, India: Oct 17, 2019:** Larsen & Toubro Infotech (BSE code: 540005, NSE: LTI), a global technology consulting and digital solutions company, announced its Q2 FY20 results today.

### In US Dollars:

- Revenue at **USD 363.8 million**; growth of **2.0% QoQ** and **10.8% YoY**
- **Constant Currency Revenue growth of 2.4% QoQ and 11.9% YoY**

### In Indian Rupees:

- Revenue at **Rs 25,707 million**; growth of **3.4% QoQ** and **10.3% YoY**
- Net Income at **Rs 3,604 million**; growth of **1.3% QoQ** and **(10.0%) YoY**

*“In Q2, we delivered a steady 11.9% YoY growth in constant currency driven by on-track ramp up of large deal wins that we announced earlier. We won three large deals in this quarter, all of them from new clients, aggregating to net-new TCV of ~US\$100 million. A healthy pipeline, continued large deal momentum and fast-growing Digital services across all verticals make us optimistic about the future.*

*We are delighted to announce the acquisition of Powerup, a born-in-Cloud company that has completed 150+ engagements in Cloud. Powerup has deep expertise in building Cloud and AI solutions and is a premier consulting partner of AWS. “*

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

### **Recent Deal Wins**

- A US based utility company, a new logo has selected LTI for multi-year, multi-million dollar deal to provide Cloud and Infrastructure Managed services
- Won multi-year, multi-million dollar managed services engagement with a European financial institution, a new logo
- Leading power generation company chose LTI as its partner for a green field and organization wide implementation of SAP S/4 HANA
- Awarded application management and transformation deal from a global leader in manufacturing space
- Global engineering giant chose LTI for AMS engagement
- A major Development Authority in the Middle East selected LTI for implementing next generation digital platform to manage its mega capital expenditure programs efficiently
- Leading manufacturing conglomerate awarded SAP S/4 HANA implementation to LTI for its co-innovative engineering, construction and operations (EC&O) solution developed along with SAP
- Global technology distributor chose LTI as its transformation partner to launch a new line of business
- A US based services firm engaged LTI to migrate its HR and workforce ERP applications to SaaS

### **Client Testimonial**

“Convo has chosen LTI to be a critical growth partner because of their deep and wide technical knowledge and commitment to innovation. We see the partnership as critical to our short and long-term success in transforming the VRS industry. From deployment automation to integrated AI, LTI is embedded into all our daily workflows. With every solution, LTI continues to exceed our expectations.”

John Steinmetz, Chief Technology Officer, Convo Communications, LLC.

### **Awards and Recognitions**

- LTI listed as one of The Breakthrough 15 Technology Provider Standouts in Americas, EMEA and Globally on the 3Q19 Global ISG Index™
- LTI's case study mentioned by Forrester as one of the meaningful IoT+Blockchain based Supply Chain use cases in their report titled: "IoT And Blockchain: A Powerful Pairing That Doesn't Yet Live Up to Its Promise"
- LTI ranked as a Major Contender and Star Performer in Everest Group Life Sciences Digital Services Peak Matrix™ Assessment 2019
- LTI recognized in the Constellation Research ShortList as a top vendor for Innovation Services and Engineering in Q3 2019
- LTI ranked as a Major Contender in Everest Group Data & Analytics Services PEAK Matrix™ Assessment 2019
- LTI named in Honorable Mentions in the Gartner, Magic Quadrant for SAP S/4HANA Application Services, Worldwide, 2019

*\*Gartner, Magic Quadrant for SAP S/4HANA Application Services, Worldwide, 2019, Fabio Di Capua et al., 20 May 2019*

*Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.*

**Other Business Highlights**

- LTI signed a definitive agreement to acquire Powerup Cloud, a Bangalore based AWS Premier Consulting partner with capabilities in Cloud Consulting, Data Lake implementation and Cloud Native Application development. The company has two AI-powered cloud platforms - CloudEnsure.io, an Autonomous Cloud Governance Platform to help with continuous audit of cloud setup, and Botzer.io, an Enterprise AI Platform that builds chatbots for customer support, employee engagement and knowledge management.
- The Board of Directors at its meeting held on October 17<sup>th</sup>, 2019 have declared an interim dividend of Rs 12.50 per equity share (Face Value of Re.1)
- LTI is now a 'Premier' partner of ServiceNow
- LTI has been felicitated with the ZEE Business National CSR Leadership Award 2019 for Innovations in CSR practices
- LTI released its 3<sup>rd</sup> Sustainability Report with the theme 'Solving for Good'. We have drawn inspiration from the United Nations' Sustainable Development Goals and the report lays down specific objectives and commitments that we have set for ourselves in our Sustainability Roadmap 2030.

## About LTI

LTI (NSE: LTI) is a global technology consulting and digital solutions Company helping more than 360 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 30,000 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 <http://www.Lntinfotech.com> or follow us at @LTI\_Global

## Earnings Conference Call

Oct 18<sup>th</sup>, 2019 (2:00 PM 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 1 hour after the call until 22 <sup>nd</sup> Oct 2019 <b>Playback Code:</b> 79531 <b>Dial-in Number:</b> India +91 22 71945757 +91 22 66635757
<p align="center"><a href="#">Click here for your DiamondPass™</a></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>	

## Contact

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## Performance Highlights – Q2 FY20

### Financial Highlights

Amount in USD million

	Q2FY19	Q1FY20	Q2FY20	QoQ Growth	YoY Growth
Revenue (USD million)	328.5	356.5	363.8	2.0%	10.8%
Revenue Constant Currency				2.4%	11.9%

Amount in INR million

	Q2FY19	Q1FY20	Q2FY20	QoQ Growth	YoY Growth
Revenue	23,312	24,849	25,707	3.4%	10.3%
EBITDA Margin	20.5%	18.4%	18.1%		
EBIT Margin	19.0%	16.0%	15.5%		
Revenue Related Foreign Exchange Gains/(loss)	711	680	692	1.8%	(2.7%)
Net Income	4,003	3,557	3,604	1.3%	(10.0%)
Net Income Margin	17.2%	14.3%	14.0%		
Billed DSO	74	70	67		
DSO (Including unbilled)	103	104	105		

### Revenue by Vertical

	Q2FY19	Q1FY20	Q2FY20	QoQ Growth	YoY Growth
BFS	29.9%	27.7%	27.1%	(0.3%)	0.5%
Insurance	17.9%	18.1%	18.7%	5.5%	16.1%
Manufacturing	15.4%	15.2%	16.4%	10.0%	17.8%
Energy & Utilities	10.7%	10.7%	12.1%	14.4%	24.7%
CPG, Retail & Pharma	10.2%	11.1%	11.5%	5.5%	24.7%
High-Tech, Media & Entertainment	11.2%	12.5%	10.8%	(12.0%)	6.3%
Others	4.7%	4.6%	3.5%	(23.0%)	(18.9%)
Total	100%	100%	100%	2.0%	10.8%

**Revenue by Service Offering**

	Q2FY19	Q1FY20	Q2FY20	QoQ Growth	YoY Growth
ADM and Testing	39.9%	38.1%	36.1%	(3.3%)	0.4%
Enterprise Solutions	25.2%	28.4%	29.5%	6.1%	29.6%
Infrastructure Management Services	11.7%	10.9%	11.1%	3.9%	5.1%
Analytics, AI & Cognitive	12.2%	11.2%	11.3%	2.7%	2.6%
Enterprise Integration & Mobility	8.0%	8.2%	9.0%	11.2%	24.6%
Platform Based Solutions	3.0%	3.1%	3.0%	(3.1%)	8.7%
Total	100%	100%	100%	2.0%	10.8%
Digital Revenue	38.7%	38.9%	40.3%	5.6%	20.5%

**Revenue by Geography**

	Q2FY19	Q1FY20	Q2FY20	QoQ Growth	YoY Growth
North America	67.4%	68.7%	68.7%	2.0%	12.9%
Europe	17.1%	16.0%	16.4%	4.8%	6.2%
RoW	9.2%	8.5%	8.9%	7.3%	7.5%
India	6.4%	6.9%	6.0%	(10.8%)	4.6%
Total	100%	100%	100%	2.0%	10.8%

**Client Contribution to Revenue**

	Q2FY19	Q1FY20	Q2FY20	QoQ Growth	YoY Growth
Top 5 clients	36.2%	31.3%	31.7%	3.4%	(3.0%)
Top 10 clients	49.9%	45.0%	45.5%	3.1%	1.0%
Top 20 clients	65.5%	62.5%	61.4%	0.3%	3.8%



**Client Profile**

	Q2FY19	Q1FY20	Q2FY20
Number of Active Clients	312	354	366
New Clients Added	22	20	20
1 Million dollar +	114	124	137
5 Million dollar +	44	49	48
10 Million dollar +	25	26	27
20 Million dollar +	14	19	18
50 Million dollar +	4	5	6
100 Million dollar +	1	1	1

**Effort Mix**

	Q2FY19	Q1FY20	Q2FY20
Onsite	22.6%	22.0%	22.0%
Offshore	77.4%	78.0%	78.0%

**Revenue Mix**

	Q2FY19	Q1FY20	Q2FY20
Onsite	47.6%	49.5%	48.6%
Offshore	52.4%	50.5%	51.4%

**Billed Person Months**

	Q2FY19	Q1FY20	Q2FY20
Onsite	13,034	14,143	14,384
Offshore	44,719	50,042	51,143

**Utilization**

	Q2FY19	Q1FY20	Q2FY20
Including Trainees	80.4%	80.5%	78.9%
Excluding Trainees	82.3%	81.3%	80.6%

## Headcount Details

	Q2FY19	Q1FY20	Q2FY20
Total Headcount	26,414	29,347	30,979
Development	24,923	27,665	29,266
Sales & Support	1,491	1,682	1,713
Attrition % (LTM)	15.3%	18.3%	18.4%

## Constant Currency Reporting

		QoQ Growth	YoY Growth
<b>Company</b>		2.4%	11.9%
<b>Vertical</b>	BFS	0.0%	1.9%
	Insurance	5.8%	16.9%
	Manufacturing	10.6%	19.4%
	Energy & Utilities	15.1%	26.2%
	CPG, Retail & Pharma	6.1%	26.4%
	High-Tech, Media & Entertainment	(11.9%)	6.2%
	Others	(22.8%)	(19.1%)
<b>Service Offering</b>	ADM and Testing	(3.0%)	1.3%
	Enterprise Solutions	6.4%	26.6%
	Infrastructure Management Services	4.5%	5.6%
	Analytics, AI & Cognitive	2.9%	3.0%
	Enterprise Integration & Mobility	11.9%	25.4%
	Platform Based Solutions	(4.2%)	10.4%
<b>Geography</b>	North America	1.9%	13.0%
	Europe	6.8%	12.1%
	RoW	7.7%	8.8%
	India	(9.7%)	3.9%

## Financial Statements – Q2 FY20

## Income Statement

Amount in INR million

	Q2FY19	Q1FY20	Q2FY20	QoQ Growth	YoY Growth
Revenue	23,312	24,849	25,707	3.4%	10.3%
Direct Costs	15,124	16,625	17,525	5.4%	15.9%
Gross Profit	8,189	8,225	8,181	(0.5%)	(0.1%)
Selling, General & Administration Expenses	3,398	3,645	3,524	(3.3%)	3.7%
<b>EBITDA</b>	<b>4,791</b>	<b>4,580</b>	<b>4,657</b>	<b>1.7%</b>	<b>(2.8%)</b>
Depreciation & Amortization	367	611	664	8.7%	80.7%
<b>EBIT</b>	<b>4,424</b>	<b>3,968</b>	<b>3,994</b>	<b>0.6%</b>	<b>(9.7%)</b>
Revenue Related Foreign Exchange Gains/(loss)	711	680	692	1.8%	(2.7%)
Other Income, net	232	132	47		
Provision for Tax	1,363	1,225	1,130	(7.8%)	(17.1%)
<b>Net Income</b>	<b>4,003</b>	<b>3,557</b>	<b>3,604</b>	<b>1.3%</b>	<b>(10.0%)</b>
Margins (%)					
EBITDA Margin	20.5%	18.4%	18.1%		
EBIT Margin	19.0%	16.0%	15.5%		
Net Income Margin	17.2%	14.3%	14.0%		
Earnings Per Share					
Basic	23.14	20.51	20.73		
Diluted	22.60	20.29	20.52		

## Exchange Rate (USD:INR)

	Q2FY19	Q1FY20	Q2FY20
Period closing rate	72.49	69.02	70.88
Period average rate	70.97	69.70	70.66

## Balance Sheet

Amount in INR million

	As at 31 March, 2019	As at 30 Sept, 2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
(a) Property, Plant and Equipment	3,084	3,302
(b) Right of Use Assets	-	7,480
(c) Goodwill	4,947	5,205
(c) Intangible assets	1,383	1,439
(e) Non-current Financial Assets	2,080	1,240
(f) Deferred tax assets (Net) & Tax Assets	2,385	2,656
(g) Other assets	1,111	1,196
<b>Total Non-Current Assets</b>	<b>14,991</b>	<b>22,518</b>
<b>Current assets</b>		
(a) Investments	17,402	18,320
(b) Trade Receivables and Unbilled Revenue	23,845	25,210
(c) Cash and cash equivalents	4,150	3,495
(d) Other Financial assets	1,774	650
(e) Other assets	4,530	5,879
<b>Total Current Assets</b>	<b>51,701</b>	<b>53,554</b>
<b>TOTAL ASSETS</b>	<b>66,692</b>	<b>76,072</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity Share capital	174	174
(b) Other Equity	48,765	51,066
(c) Non- Controlling interests	8	11
<b>Total Equity</b>	<b>48,946</b>	<b>51,251</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
(d) Financial liabilities	936	770
(e) Lease liabilities	-	7,271
(e) Deferred tax liabilities	56	130
(f) Non-current provisions	291	303
<b>Total Non-Current Liabilities</b>	<b>1,283</b>	<b>8,474</b>
<b>Current liabilities</b>		
(a) Financial Liabilities	11,400	9,784
(b) Lease liabilities	-	1,094
(c) Other Liabilities	2,582	2,888
(d) Provisions	2,108	2,332
(e) Current Tax Liabilities (Net)	374	249
<b>Total Current Liabilities</b>	<b>16,463</b>	<b>16,347</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>66,692</b>	<b>76,072</b>

## Cash Flow

Amount in INR million

	Q2FY19	Q1FY20	Q2FY20
<b>Cash flow from operating activities</b>			
Net profit after tax	4,003	3,557	3,604
Adjustments for:			
Depreciation and amortization	367	611	663
Others	(170)	529	(145)
Changes in working capital (net)	(271)	(1,362)	(2,211)
<b>Net cash from operating activities [A]</b>	<b>3,929</b>	<b>3,335</b>	<b>1,911</b>
<b>Cash flow from investing activities</b>			
(Purchase)/ Sale of assets and investments	(2,633)	(1,950)	663
Investment income	103	82	190
<b>Net cash from investing activities [B]</b>	<b>(2,530)</b>	<b>(1,868)</b>	<b>853</b>
<b>Cash flow from financing activities</b>			
Issue of share capital	1	-	-
Credit Support Agreement Deposit (including interest)	(609)	(619)	(430)
Dividend paid (including DDT)	(2,773)	-	(3,155)
Payment towards lease liability		(455)	(172)
<b>Net cash from financing activities [C]</b>	<b>(3,381)</b>	<b>(1,074)</b>	<b>(3,757)</b>
<b>Effect of exchange rate on cash and cash equivalents [D]</b>	<b>132</b>	<b>(46)</b>	<b>(9)</b>
<b>Net increase in cash and cash equivalents [A+B+C+D]</b>	<b>(1,850)</b>	<b>347</b>	<b>(1,002)</b>
Cash and cash equivalents at beginning of the period	5,767	4,150	4,497
<b>Cash and cash equivalents at end of the period</b>	<b>3,917</b>	<b>4,497</b>	<b>3,495</b>

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