



Celebrating 20 Years

# Earnings Release & Fact Sheet First Quarter, Fiscal 2018

July 24, 2017



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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 FY18 Results

# Net Profit jumps 5% QoQ; USD Revenue growth up 2% QoQ and 12% YoY

**Mumbai, India: July 24, 2017:** Larsen & Toubro Infotech (BSE code: 540005, NSE: LTI), a global technology consulting and digital solutions company, announced its Q1 FY18 results today.

### In US Dollars:

- Revenue at **USD 259.2 million**; growth of **2.0% QoQ** and **12.2% YoY**
- Constant Currency Revenue growth of **1.5% QoQ** and **11.8% YoY**

### In Indian Rupees:

- Revenue at **Rs 16,707 million**; decline of **0.4% QoQ** and growth of **7.4% YoY**
- Net Income at **Rs 2,672 million**; Net Income growth of **5.0% QoQ** and **13.3% YoY**

*“We continue our growth trajectory with a 2% QoQ increase in USD revenues, reflecting the resilience of our portfolio. Digital Services and Infrastructure Management drove Q1 growth and our outlook for the year remains positive. Digital now represents over 29% of our revenues and the client adoption of Mosaic continues to grow.*

*As we mark the first anniversary of our public listing this month, I would like to thank our investors for their continued support and confidence.”*

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

### Recent Deal Wins

- Multi-year application portfolio rationalization, production support and digital transformation deal with a Fortune 500 multi-specialty Bank and Insurance company in the US
- US based Global CPG manufacturer selected LTI for digitizing its operations using SAP S/4 HANA
- Multi-year Robotic Process Automation advisory and implementation deal with a global investment banking and financial services corporation spanning more than 100 countries to achieve financial and operational efficiency
- Design and deployment of Robotics Process Automation for a Germany headquartered Re-insurance Company
- Won multi-year deal from US based Retailer to successfully migrate its SAP infrastructure to AWS
- A US based distributor of Auto and Industrial replacement parts has selected LTI for Automated Testing services
- Sales Force CRM Implementation for a France based Water resources firm
- A US based, medical devices company selected LTI for implementation and support of Cloud based Oracle ERP solution

### Client Testimonial

**Marcus Galafassi, Vice-President Information Technology and CIO, Otis Elevator Company** said, “Otis is committed to building a more agile, digital organization and LTI is a key strategic partner in our ERP transformation journey. As a long-standing technology partner, LTI is facilitating Otis’ transformation by supporting deployment of our new centrally managed, single global ERP solution across 19 sites this year and is partnering with us to accelerate the solution deployment to an additional 65+ countries in the next four years. With better visibility to all financial aspects, enhanced branch reporting, automated workflow approvals, and reduced IT complexity, together we are building a strong foundation for Otis’s transformation as a digital enterprise.”

AssuredPartners, a leading independent property and casualty and employee benefits brokerage firm has selected LTI as a strategic transformation partner for a program that is harmonizing infrastructure & migrating workloads of its 170+ agencies across the US, to the cloud.

“This initiative will transform our IT capabilities to be highly responsive, flexible and scalable - making technology a true growth enabler for our business,” said **Tony Mattioli, CIO of AssuredPartners**. “Given the importance of this program, we were looking for an IT Partner with an excellent track record in our industry and experience with executing large Infrastructure transformation programs. I am pleased to have LTI partner with us on this important initiative.”

**Other Business Highlights**

- LTI has established a subsidiary in Mexico to expand our geographical footprint.
- LTI has been elevated as an 'ELITE' partner of Microsoft Xamarin. This elevated status will help support LTI's mobile app development initiatives and strengthen our platforms like Mosaic Experience.
- LTI joined the Oracle Cloud Platform Managed Partner program. The Oracle Cloud Platform Managed Partner (CPMP) Program recognizes partners with the skills and expertise to build, deploy, run, and manage both Oracle and non-Oracle workloads on Oracle Cloud Platform for PaaS as well as IaaS applications.
- LTI and Microsoft have entered a strategic partnership to provide Blockchain-as-a-service on Azure. As a member of the Microsoft Blockchain Council, LTI is building ready to deploy Blockchain solutions across industries like finance, insurance and manufacturing. This membership is by invitation only, and will further enhance our solution offerings for Blockchain.

**Awards and Recognitions:**

- LTI won the Oracle Digital Transformation award for Optimizing JD Edwards with IaaS
- Named by ISG as an Americas Sourcing Standout and one of the Top Service Providers in the Breakthrough 15 list of the Global ISG Index™
- LTI positioned as a 'Leader' in the NelsonHall NEAT 2017 for IoT Services
- LTI is positioned as a 'Contender' in the IDC MarketScape: Worldwide Industry Collaborative Cloud Professional Services 2017 Vendor Assessment (doc #US41907917, June 2017)
- LTI in the Leadership Zone in the Overall and BFS segments of, Zinnov Zones for Robotic Automation Services 2017
- Positioned as a Major Contender and Star Performer in the Everest Group's Independent Testing Services PEAK Matrix™ Assessment 2017
- LTI's Mosaic mentioned in Gartner's Competitive Landscape of IoT Platform Vendors report for 2017, dated 26th May, 2017, Alfonso Velosa

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## 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 [www.Lntinfotech.com](http://www.Lntinfotech.com) or follow us at @LTI\_Global

## Earnings Conference Call

July 25<sup>th</sup>, 2017 (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, Gurgaon (NCR), Hyderabad, Kochi/Cochin, Kolkata, Lucknow, Pune. Accessible from all carriers.
International Toll Number	USA – Los Angeles: 13233868721 UK - London: 442034785524 Singapore: 6531575746 Hong Kong: 85230186 877
<a href="#">Click here for your DiamondPass™</a>	
<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 – Q1 FY18

### Financial Highlights

Amount in USD million

	Q1FY17	Q4FY17	Q1FY18	QoQ Growth	YoY Growth
Revenue (USD million)	231.1	254.1	259.2	2.0%	12.2%
Revenue Constant Currency				1.5%	11.8%

Amount in INR million

	Q1FY17	Q4FY17	Q1FY18	QoQ Growth	YoY Growth
Revenue	15,550	16,772	16,707	(0.4%)	7.4%
Revenue Related Foreign Exchange Gains/(loss)	339	484	839		
Total Income	15,889	17,256	17,545	1.7%	10.4%
EBITDA Margin	21.3%	21.3%	20.7%		
EBIT Margin	18.6%	18.9%	18.5%		
Net Income	2,358	2,545	2,672	5.0%	13.3%
Net Income Margin	14.8%	14.8%	15.2%		
DSO	70	66	67		

Effective Q1FY18 we have realigned our revenue classification. For ease of comparison prior period data for past eight quarters is provided on Page 14 and 15.

#### Revenue by Vertical

	Q1FY17	Q4FY17	Q1FY18	QoQ Growth	YoY Growth
BFS	25.2%	26.9%	26.8%	1.8%	19.5%
Insurance	21.9%	20.7%	20.6%	1.8%	5.7%
Manufacturing	18.1%	19.1%	16.6%	(11.3%)	2.5%
Energy & Utilities	11.3%	11.1%	11.7%	7.3%	16.3%
CPG, Retail & Pharma	8.1%	8.2%	8.5%	6.2%	18.3%
High-Tech, Media & Entertainment	11.2%	10.2%	10.5%	4.8%	5.3%
Others	4.3%	3.9%	5.3%	38.9%	38.6%
Total	100%	100%	100%		

**Revenue by Service Offering**

	Q1FY17	Q4FY17	Q1FY18	QoQ Growth	YoY Growth
Application Development Maintenance	38.5%	36.4%	36.2%	1.4%	5.5%
Enterprise Solutions	24.1%	23.6%	22.9%	(1.2%)	6.7%
Infrastructure Management Services	10.6%	11.4%	12.3%	10.0%	30.1%
Testing	9.9%	9.1%	9.0%	0.3%	1.6%
Analytics, AI & Cognitive	7.3%	9.5%	9.7%	4.3%	48.2%
Enterprise Integration & Mobility	5.6%	6.0%	6.4%	7.2%	27.3%
Platform Based Solutions	4.0%	3.9%	3.6%	(5.7%)	0.9%
Total	100%	100%	100%		

**Revenue by Geography**

	Q1FY17	Q4FY17	Q1FY18	QoQ Growth	YoY Growth
North America	69.4%	68.6%	68.7%	2.2%	11.1%
Europe	18.0%	18.1%	17.8%	0.1%	11.1%
RoW	6.9%	5.7%	6.3%	12.4%	2.3%
India	5.7%	7.5%	7.1%	(2.7%)	41.4%
Total	100%	100%	100%		

**Client Contribution to Revenue**

	Q1FY17	Q4FY17	Q1FY18	QoQ Growth	YoY Growth
Top 5 clients	36.7%	38.5%	38.1%	1.0%	16.5%
Top 10 clients	51.3%	53.1%	50.9%	(2.3)%	11.1%
Top 20 clients	67.7%	68.0%	66.3%	(0.5)%	9.7%



**Client Profile**

	Q1FY17	Q4FY17	Q1FY18
Number of Active Clients	259	261	256
New Clients Added (gross)	12	15	12
100 Million dollar +	1	1	1
50 Million dollar +	3	4	4
20 Million dollar +	10	11	12
10 Million dollar +	19	23	24
5 Million dollar +	35	35	35
1 Million dollar +	89	96	97

**Effort Mix**

	Q1FY17	Q4FY17	Q1FY18
Onsite	24.7%	24.0%	23.8%
Offshore	75.3%	76.0%	76.2%

**Revenue Mix**

	Q1FY17	Q4FY17	Q1FY18
Onsite	48.1%	48.7%	46.8%
Offshore	51.9%	51.3%	53.2%

**Billed Person Months**

	Q1FY17	Q4FY17	Q1FY18
Onsite	10,312	10,796	10,995
Offshore	31,382	34,115	35,216

**Utilization**

	Q1FY17	Q4FY17	Q1FY18
Including Trainees	77.4%	78.3%	77.7%
Excluding Trainees	78.0%	79.3%	78.2%

## Employee Statistics

	Q1FY17	Q4FY17	Q1FY18
Total Headcount	19,292	21,023	22,321
Development	17,959	19,627	20,899
Sales & Support	1,333	1,396	1,422
Attrition % (LTM)	19.5%	16.9%	14.7%

## Constant Currency Reporting

		QoQ Growth	YoY Growth
<b>Company</b>		1.5%	11.8%
<b>Vertical</b>	BFS	1.0%	19.0%
	Insurance	1.2%	6.0%
	Manufacturing	(13.3)%	2.3%
	Energy & Utilities	6.7%	15.9%
	CPG, Retail & Pharma	5.4%	18.5%
	High-Tech, Media & Entertainment	4.2%	5.4%
	Others	54.4%	32.2%
<b>Service Offering</b>	Application Development Maintenance	0.4%	5.3%
	Enterprise Solutions	(2.7)%	5.9%
	Infrastructure Management Services	12.5%	28.0%
	Testing	(0.9)%	1.3%
	Analytics, AI & Cognitive	4.5%	47.3%
	Enterprise Integration & Mobility	6.3%	26.9%
	Platform Based Solutions	(4.2)%	5.3%
<b>Geography</b>	North America	2.3%	11.4%
	Europe	(4.5)%	12.1%
	RoW	10.6%	(2.5)%
	India	1.3%	32.8%

## Financial Statements – Q1 FY18

### Income Statement

Amount in INR million

	Q1FY17	Q4FY17	Q1FY18	QoQ growth	YoY growth
Revenue	15,550	16,772	16,707	(0.4%)	7.4%
Revenue Related Foreign Exchange Gains/(loss)	339	484	839		
<b>Total Income</b>	<b>15,889</b>	<b>17,256</b>	<b>17,545</b>	<b>1.7%</b>	<b>10.4%</b>
Direct Costs	10,065	10,765	11,064	2.8%	9.9%
Gross Profit	5,824	6,491	6,482	(0.1%)	11.3%
Selling, General & Administration Expenses	2,435	2,816	2,844	1.0%	16.8%
<b>EBITDA</b>	<b>3,389</b>	<b>3,674</b>	<b>3,638</b>	<b>(1.0%)</b>	<b>7.3%</b>
Depreciation & Amortization	429	417	393	(5.9%)	(8.4%)
<b>EBIT</b>	<b>2,960</b>	<b>3,257</b>	<b>3,245</b>	<b>(0.4%)</b>	<b>9.6%</b>
Other Income, net	33	18	245		
Provision for Tax	634	730	817	11.9%	28.9%
<b>Net Income</b>	<b>2,358</b>	<b>2,545</b>	<b>2,672</b>	<b>5.0%</b>	<b>13.3%</b>
Margins (%)					
EBITDA Margin	21.3%	21.3%	20.7%		
EBIT Margin	18.6%	18.9%	18.5%		
Net Income Margin	14.8%	14.8%	15.2%		
Earnings Per Share					
Basic	13.88	14.92	15.66		
Diluted	13.85	14.60	15.29		

#### Exchange Rate (USD:INR)

	Q1FY17	Q4FY17	Q1FY18
Period closing rate	67.53	64.85	64.58
Period average rate	67.30	66.02	64.46

**Balance Sheet**

Amount in INR million

	As at Mar 31, 2017	As at Jun 30, 2017
<b>ASSETS</b>		
<b>Non-current assets</b>		
(a) Property, Plant and Equipment	2,587	2,535
(b) Goodwill	993	1,001
(c) Intangible assets	1,852	1,745
(d) Non-current Financial Assets	2,177	2,090
(e) Deferred tax assets (Net) & Tax Assets	2,156	2,122
(g) Other assets	1,292	1,332
<b>Total Non-Current Assets</b>	<b>11,057</b>	<b>10,825</b>
<b>Current assets</b>		
(a) Investments	9,406	11,434
(b) Trade Receivables and Unbilled Revenue	16,421	18,026
(c) Cash and cash equivalents	3,795	3,943
(d) Other Financial assets	2,677	2,347
(e) Others assets	988	1,184
<b>Total Current Assets</b>	<b>33,287</b>	<b>36,934</b>
<b>TOTAL ASSETS</b>	<b>44,344</b>	<b>47,759</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity Share capital	171	171
(b) Other Equity	31,273	34,011
(c) Non- Controlling interests	8	8
<b>Total Equity</b>	<b>31,451</b>	<b>34,190</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
(d) Deferred tax liabilities	171	149
(e) Non-current provisions	285	296
<b>Total Non-Current Liabilities</b>	<b>456</b>	<b>445</b>
<b>Current liabilities</b>		
(a) Financial Liabilities	9,207	9,623
(b) Other Liabilities	1,158	1,111
(c) Provisions	1,771	1,939
(d) Current Tax Liabilities (Net)	301	451
<b>Total Current Liabilities</b>	<b>12,437</b>	<b>13,124</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>44,344</b>	<b>47,759</b>

## Cash Flow

Amount in INR million

	Quarter Ended June 30, 2016	Quarter Ended March 31, 2017	Quarter Ended June 30, 2017
<b>Cash flow from operating activities</b>			
Net profit after tax	2,358	2,545	2,672
Adjustments for:			
Depreciation and amortization	429	417	393
Others	130	689	515
Changes in working capital (net)	40	(328)	(1,403)
<b>Net cash from operating activities [A]</b>	<b>2,956</b>	<b>3,323</b>	<b>2,176</b>
<b>Cash flow from investing activities</b>			
(Purchase)/ Sale of assets and investments	(1,131)	(2,703)	(2,231)
Investment income	4	96	191
<b>Net cash from investing activities [B]</b>	<b>(1,127)</b>	<b>(2,607)</b>	<b>(2,040)</b>
<b>Cash flow from financing activities</b>			
Issue of share capital	0	1	0
Loans ( including Interest)	(495)	0	(0)
Dividend paid (including DDT)	(500)	-	-
<b>Net cash from financing activities [C]</b>	<b>(994)</b>	<b>1</b>	<b>0</b>
<b>Effect of exchange rate on cash and cash equivalents [D]</b>	<b>14</b>	<b>(108)</b>	<b>12</b>
<b>Net increase in cash and cash equivalents [A+B+C+D]</b>	<b>849</b>	<b>609</b>	<b>148</b>
Cash and cash equivalents at beginning of the period	2,035	3,184	3,795
<b>Cash and cash equivalents at end of the period</b>	<b>2,885</b>	<b>3,795</b>	<b>3,943</b>

## FY16 and FY17 revenue mix per new classification

### Revenue by Vertical

	Q1FY16	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17
BFS	26.5%	26.6%	27.2%	24.9%	25.2%	26.0%	26.0%	26.9%
Insurance	20.8%	20.2%	20.0%	21.1%	21.9%	21.4%	20.8%	20.7%
Manufacturing	16.7%	17.9%	19.2%	19.9%	18.1%	18.0%	17.8%	19.1%
Energy & Utilities	13.9%	12.9%	12.3%	11.5%	11.3%	10.8%	11.3%	11.1%
CPG, Retail & Pharma	8.9%	8.7%	8.2%	7.5%	8.1%	7.8%	8.0%	8.2%
High-Tech, Media & Entertainment	11.5%	11.0%	10.4%	10.9%	11.2%	10.7%	10.5%	10.2%
Others	1.5%	2.8%	2.7%	4.3%	4.3%	5.3%	5.7%	3.9%
Total	100%	100%	100%	100%	100%	100%	100%	100%

### Revenue by service offering

	Q1FY16	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17
Application Development Maintenance	41.5%	40.2%	39.0%	38.0%	38.5%	38.2%	36.3%	36.4%
Enterprise Solutions	24.3%	25.3%	24.2%	24.1%	24.1%	23.0%	23.2%	23.6%
Infrastructure Management Services	8.0%	8.2%	10.0%	12.0%	10.6%	10.4%	11.4%	11.4%
Testing	10.3%	9.8%	9.6%	9.2%	9.9%	9.5%	9.0%	9.1%
Analytics, AI & Cognitive	7.6%	7.5%	7.8%	6.9%	7.3%	8.7%	9.6%	9.5%
Enterprise Integration & Mobility	4.6%	5.1%	5.3%	5.7%	5.6%	6.2%	6.6%	6.0%
Platform Based Solutions	3.8%	3.8%	4.1%	4.2%	4.0%	4.0%	4.0%	3.9%
Total	100%	100%	100%	100%	100%	100%	100%	100%

## Revenue by Geography

	Q1FY16	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17
North America	71.0%	69.5%	67.8%	68.2%	69.4%	68.9%	68.4%	68.6%
Europe	17.3%	17.3%	16.9%	17.8%	18.0%	18.4%	18.3%	18.1%
RoW	8.5%	8.4%	8.2%	6.2%	6.9%	6.8%	5.3%	5.7%
India	3.2%	4.7%	7.0%	7.8%	5.7%	5.9%	8.0%	7.5%
Total	100%	100%	100%	100%	100%	100%	100%	100%

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