



Celebrating 20 Years

Earnings Release & Fact Sheet Second Quarter, Fiscal 2018

November 6, 2017



Contents

<u>1. Earnings Release – Q2 FY18</u>	<u>3</u>
<u>2. Performance Highlights – Q2 FY18.....</u>	<u>7</u>
<u>3. Financial Statements – Q2 FY18.....</u>	<u>11</u>
<u>4. Contact Information.....</u>	<u>14</u>

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 FY18 Results

USD Revenue growth up 4.4% QoQ and 12.9% YoY; Net Profit jumps 17.4% YoY; Declares interim dividend of Rs 8 per share

Mumbai, India: November 6, 2017: Larsen & Toubro Infotech (BSE code: 540005, NSE: LTI), a global technology consulting and digital solutions company, announced its Q2 FY18 results today.

In US Dollars:

- Revenue at **USD 270.6 million**; growth of **4.4% QoQ** and **12.9% YoY**
- Constant Currency Revenue growth of **3.5% QoQ** and **11.7% YoY**

In Indian Rupees:

- Revenue at **Rs 17,508 million**; growth of **4.8% QoQ** and **9.3% YoY**
- Net Income at **Rs 2,730 million**; Net Income growth of **2.2% QoQ** and **17.4% YoY**

“We are extremely pleased with our performance in Q2 with an industry leading 4.4% sequential growth in USD revenues. Intense client focus and disciplined execution of our strategy has helped us deliver broad based revenue growth led by Digital, which now represents 32% of our revenues.

We are also delighted to announce two large deals this quarter. These wins, combined with on-track execution of large deals won earlier make us optimistic about the future.”

- Sanjay Jalona, Chief Executive Officer & Managing Director

Recent Deal Wins

- Leading African Bank selected LTI as a strategic partner for a multi-year deal to provide applications development and support services
- Won a new client logo in Europe, a world leader in Fashion & Cosmetics, with a multi-year engagement for automation-led SAP Application Management Services
- Implementing a SaaS based Business Process management and Enterprise content management solutions for Canada's leading Asset Servicing company
- Multi-year engagement to develop an Enterprise Data Grid for a US based Global Pharmaceutical & Life Sciences company
- Multiple projects underway for customers in BFS, CPG and High-Tech solving for global supply chain traceability, supply chain finance, trade finance and micropayments leveraging Blockchain
- Multi-year Managed SAP Services engagement with one of the largest US based Oil Refineries
- Managed service contract for Infrastructure transformation and support for a US based Global media conglomerate
- One of the largest commercial mortgage lenders in Canada on-boarded onto 'Unitrax', LTI's SaaS-based, proprietary transfer agency record keeping platform
- Application and Infrastructure engagement with a US based Global Healthcare Research service corporation
- Managed Services engagement with a US based Global Pharmaceutical & Life Sciences corporation for managing and transforming their JD Edwards platform
- Multi-year engagement with niche Digital firm in Australia to provide Customer Experience solutions
- US based Global Insurer selected 'Mosaic Decisions', LTI's Analytics platform, to improve customer experience

Client Testimonial

"Our partnership with LTI has matured and grown significantly over last seven years. LTI has a great understanding of our business and has transformed several business-critical applications by leveraging cost-effective testing models. Their extraordinary domain expertise and use of IP's like DiCE, Ladybug and DTF have accelerated & improved overall quality assurance outcomes. Our synergistic efforts such as joint exercises, workshops, and constant sharing of best practices helps us stay relevant and current in terms of the technologies we use. We see significant merit in this relationship and have also chosen LTI as the strategic testing partner for our general insurance arm that will be launched shortly."

- Gerhard Mulder, HOD, Group Shared Resource Management, Liberty Group, South Africa

Awards and Recognitions

- LTI recognized by Microsoft as “Azure Emerging Partner of the Year”
- Named by ISG as an Americas Sourcing Standout and one of the Top Service Providers in the Breakthrough 15 list of the Q3 FY17 Global ISG Index™
- Positioned as a ‘Major Contender’ in Everest Group’s 2017 Automation in Application Services PEAK MAtrix™, 2017
- Positioned as a Leader in Zinnov Zones 2017 for Digital Services
- One of the leading players in Zinnov Zones 2017 IoT Technology Services For System Integration, Managed Services, Big Data Management, and Analytics
- Positioned as a Major Player in the IDC MarketScape for Worldwide Mobile Application Development and Testing Services 2017 Vendor Assessment (Doc #US42775917, June 2017)

Other Business Highlights

- LTI introduced - **LTI REDaxis** - an Accounts Receivable Analytics suite for CPG and Retail enterprises, deployable both on-premise as well as on Cloud.
- LTI announced a partnership with Flexagon. As part of this partnership, LTI’s clients using Oracle Suite of products will have access to Flexagon’s market leading platform FlexDeploy to deliver DevOps solutions that support strategic digital transformation.
- Signed strategic implementation partnership with US based Quote-to-Cash software company Apptus. The partnership will focus on enabling digital transformation initiatives of global customers through jointly developed industry focused offerings.
- Collaboration with Enov8, a leading IT and Test Environment management company, to drive breakthrough innovation in Automation of various stages of IT Projects.
- eVidyaloka, (a not-for-profit organization based in Bengaluru) with LTI’s support and close involvement, inaugurated its 100th education center in Karnataka. This is a technology enabled remote education program for children in rural Karnataka.
- LTI received a humanitarian award from Honorable Vice President of India, Sri Venkaiah Naidu for reconstruction of historical Gandhian institution that was demolished during the floods at Chennai in December 2015.

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 LTIites 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

November 7th, 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, NCR, Hyderabad, Jaipur, 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
Click here for your DiamondPass™	
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Contact

Media Relations: Neelian Homem, PR and Media Relations
Tel: +91-22-6776 8200
Email: neelian.homem@lintinfotech.com

Performance Highlights – Q2 FY18

Financial Highlights

Amount in USD million

	Q2FY17	Q1FY18	Q2FY18	QoQ Growth	YoY Growth
Revenue (USD million)	239.7	259.2	270.6	4.4%	12.9%
Revenue Constant Currency				3.5%	11.7%

Amount in INR million

	Q2FY17	Q1FY18	Q2FY18	QoQ Growth	YoY Growth
Revenue	16,020	16,707	17,508	4.8%	9.3%
EBITDA Margin	19.0%	16.8%	16.8%		
EBIT Margin	16.1%	14.4%	14.5%		
Revenue Related Foreign Exchange Gains/(loss)	293	874	836		
Net Income	2,326	2,672	2,730	2.2%	17.4%
Net Income Margin	14.5%	16.0%	15.6%		
DSO	74	67	76		

Revenue by Vertical

	Q2FY17	Q1FY18	Q2FY18	QoQ Growth	YoY Growth
BFS	26.0%	26.8%	27.3%	6.3%	18.7%
Insurance	21.4%	20.6%	20.6%	4.5%	8.7%
Manufacturing	18.0%	16.6%	16.0%	1.0%	0.4%
Energy & Utilities	10.8%	11.7%	12.0%	7.2%	25.2%
CPG, Retail & Pharma	7.8%	8.5%	9.0%	10.4%	30.4%
High-Tech, Media & Entertainment	10.7%	10.5%	11.1%	9.7%	16.6%
Others	5.3%	5.3%	4.0%	-21.5%	-14.7%
Total	100%	100%	100%		

Earnings Release & Fact Sheet Second Quarter, Fiscal 2018

Revenue by Service Offering

	Q2FY17	Q1FY18	Q2FY18	QoQ Growth	YoY Growth
Application Development Maintenance	38.2%	36.2%	34.6%	-0.1%	2.3%
Enterprise Solutions	23.0%	22.9%	24.1%	9.8%	18.2%
Infrastructure Management Services	10.4%	12.3%	10.9%	-7.6%	18.1%
Testing	9.5%	9.0%	8.9%	3.5%	5.5%
Analytics, AI & Cognitive	8.7%	9.7%	10.9%	17.8%	41.5%
Enterprise Integration & Mobility	6.2%	6.4%	6.8%	12.5%	25.5%
Platform Based Solutions	4.0%	3.6%	3.8%	8.9%	5.9%
Total	100%	100%	100%		

Revenue by Geography

	Q2FY17	Q1FY18	Q2FY18	QoQ Growth	YoY Growth
North America	68.9%	68.7%	70.4%	6.9%	15.3%
Europe	18.4%	17.8%	17.5%	2.5%	6.9%
RoW	6.8%	6.3%	6.7%	10.2%	10.8%
India	5.9%	7.1%	5.5%	-19.6%	5.8%
Total	100%	100%	100%		

Client Contribution to Revenue

	Q2FY17	Q1FY18	Q2FY18	QoQ Growth	YoY Growth
Top 5 clients	37.1%	38.1%	38.0%	4.1%	15.6%
Top 10 clients	51.8%	50.9%	50.9%	4.6%	11.0%
Top 20 clients	67.6%	66.3%	66.0%	4.1%	10.3%

Client Profile

	Q2FY17	Q1FY18	Q2FY18
Number of Active Clients	259	256	256
New Clients Added (gross)	16	12	13
100 Million dollar +	1	1	1
50 Million dollar +	4	4	4
20 Million dollar +	10	12	12
10 Million dollar +	20	24	23
5 Million dollar +	34	35	39
1 Million dollar +	91	97	99

Effort Mix

	Q2FY17	Q1FY18	Q2FY18
Onsite	24.2%	23.8%	23.3%
Offshore	75.8%	76.2%	76.7%

Revenue Mix

	Q2FY17	Q1FY18	Q2FY18
Onsite	48.8%	46.8%	46.6%
Offshore	51.2%	53.2%	53.4%

Billed Person Months

	Q2FY17	Q1FY18	Q2FY18
Onsite	10,160	10,995	11,470
Offshore	31,774	35,216	37,777

Utilization

	Q2FY17	Q1FY18	Q2FY18
Including Trainees	78.7%	77.7%	79.6%
Excluding Trainees	80.6%	78.2%	80.7%

Headcount Details

	Q2FY17	Q1FY18	Q2FY18
Total Headcount	19,751	22,321	22,554
Development	18,428	20,899	21,147
Sales & Support	1,323	1,422	1,407
Attrition % (LTM)	18.5%	14.7%	15.0%

Constant Currency Reporting

		QoQ Growth	YoY Growth
Company		3.5%	11.7%
Vertical	BFS	4.8%	16.7%
	Insurance	3.7%	7.8%
	Manufacturing	-0.4%	-1.1%
	Energy & Utilities	6.0%	23.8%
	CPG, Retail & Pharma	9.1%	28.9%
	High-Tech, Media & Entertainment	9.4%	16.2%
	Others	-18.2%	-12.7%
Service Offering	Application Development Maintenance	-1.1%	1.2%
	Enterprise Solutions	8.8%	16.7%
	Infrastructure Management Services	-7.3%	18.9%
	Testing	2.7%	4.2%
	Analytics, AI & Cognitive	17.7%	40.4%
	Enterprise Integration & Mobility	11.7%	24.2%
	Platform Based Solutions	1.4%	1.7%
Geography	North America	6.4%	15.0%
	Europe	-2.0%	1.9%
	RoW	10.3%	8.9%
	India	-16.6%	7.5%

Financial Statements – Q2 FY18

Income Statement

Amount in INR million

	Q2FY17	Q1FY18	Q2FY18	QoQ growth	YoY growth
Revenue	16,020	16,707	17,508	4.8%	9.3%
Direct Costs	10,348	11,063	11,573	4.6%	11.8%
Gross Profit	5,671	5,643	5,935	5.2%	4.7%
Selling, General & Administration Expenses	2,627	2,844	2,993	5.2%	13.9%
EBITDA	3,044	2,799	2,942	5.1%	(3.4%)
Depreciation & Amortization	465	393	407	3.6%	(12.5%)
EBIT	2,580	2,407	2,536	5.4%	(1.7%)
Revenue Related Foreign Exchange Gains/(loss)	293	874	836		
Other Income, net	71	210	181		
Provision for Tax	618	818	823	0.6%	33.3%
Net Income	2,326	2,672	2,730	2.2%	17.4%
Margins (%)					
EBITDA Margin	19.0%	16.8%	16.8%		
EBIT Margin	16.1%	14.4%	14.5%		
Net Income Margin	14.5%	16.0%	15.6%		
Earnings Per Share					
Basic	13.69	15.66	15.95		
Diluted	13.37	15.29	15.60		

Exchange Rate (USD:INR)

	Q2FY17	Q1FY18	Q2FY18
Period closing rate	66.62	64.58	65.29
Period average rate	66.84	64.46	64.70

Balance Sheet

Amount in INR million

	As at 31 March, 2017	As at 30 Sept, 2017
ASSETS		
Non-current assets		
(a) Property, Plant and Equipment	2,587	2,452
(b) Goodwill	993	1,020
(c) Intangible assets	1,852	1,657
(d) Non-current Financial Assets	2,178	1,723
(e) Deferred tax assets (Net) & Tax Assets	2,156	2,522
(g) Other assets	1,292	1,220
Total Non-Current Assets	11,057	10,594
Current assets		
(a) Investments	9,406	9,377
(b) Trade Receivables and Unbilled Revenue	16,421	20,535
(c) Cash and cash equivalents	3,795	3,991
(d) Other Financial assets	2,677	2,012
(e) Others assets	988	833
Total Current Assets	33,287	36,748
TOTAL ASSETS	44,344	47,341
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share capital	171	171
(b) Other Equity	31,273	34,665
(c) Non- Controlling interests	8	11
Total Equity	31,451	34,848
Liabilities		
Non-current liabilities		
(d) Deferred tax liabilities	171	117
(e) Non-current provisions	285	307
Total Non-Current Liabilities	456	424
Current liabilities		
(a) Financial Liabilities	9,207	8,118
(b) Other Liabilities	1,158	1,308
(c) Provisions	1,771	2,125
(d) Current Tax Liabilities (Net)	301	517
Total Current Liabilities	12,437	12,069
TOTAL EQUITY AND LIABILITIES	44,344	47,341

Cash Flow

Amount in INR million

	Quarter Ended Sept 30, 2016	Quarter Ended June 30, 2017	Quarter Ended Sept 30, 2017
Cash flow from operating activities			
Net profit after tax	2,326	2,672	2,730
Adjustments for:			
Depreciation and amortization	465	393	407
Others	(344)	551	(446)
Changes in working capital (net)	(1,325)	(1,712)	(2,365)
Net cash from operating activities [A]	1,122	1,904	326
Cash flow from investing activities			
(Purchase)/ Sale of assets and investments	(1,617)	(2,231)	1,896
Investment income	37	191	215
Net cash from investing activities [B]	(1,580)	(2,040)	2,111
Cash flow from financing activities			
Issue of share capital		0.2	0.2
Credit Support Agreement Deposit (including interest)	635	274	(522)
Dividend paid (including DDT)	-	-	(1,879)
Net cash from financing activities [C]	635	274	(2,401)
Effect of exchange rate on cash and cash equivalents [D]	(19)	12	10
Net increase in cash and cash equivalents [A+B+C+D]	177	137	36
Cash and cash equivalents at beginning of the period	2,885	3,795	3,944
Cash and cash equivalents at end of the period	3,043	3,944	3,991

Contact Information

Investor Relations: Nitin Mohta, Head – Investor Relations
Tel: +91 22 6776 8146
Email: nitin.mohta@Lntinfotech.com

Registered Office:
L&T House, Ballard Estate,
Mumbai 400001, India

CIN: L72900MH1996PLC104693

<http://www.lntinfotech.com>
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