



Earnings Release & Fact Sheet Second Quarter, Fiscal 2021

Oct 20, 2020



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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 FY21 Results

LTI USD revenues grow 11.2% YoY; Net Profit up 26.7% YoY

Mumbai, India: Oct 20, 2020: Larsen & Toubro Infotech (BSE code: 540005, NSE: LTI), a global technology consulting and digital solutions company, announced its Q2 FY21 results today.

In US Dollars:

- Revenue at **USD 404.5 million**; increase of **3.6% QoQ and 11.2% YoY**
- Constant Currency Revenue increase of **2.3% QoQ and 10.5% YoY**

In Indian Rupees:

- Revenue at **INR 29,984 million**; increase of **1.7% QoQ and growth of 16.6% YoY**
- Net Income at **INR 4,568 million**; increase of **9.7% QoQ and growth of 26.7% YoY**

“We are pleased to report 11.2% YoY growth in revenues and 26.7% YoY growth in net profit in Q2. We are also happy to announce a large deal with net new TCV in excess of USD 40mn in analytics. Our large deal pipeline remains strong and we see increased traction in digital, cloud and analytics space.

The pandemic has made it apparent that organizations need to reimagine their target operating models embracing digital transformations to remain relevant in the marketplace. This presents tremendous opportunities for companies like us with comprehensive digital transformation capabilities”

- Sanjay Jalona, Chief Executive Officer & Managing Director

Recent Deal Wins

- LTI has been selected by a key government ministry for a large data and analytics led transformation deal. As part of the deal, applications and operations will be transformed and developed for collection and dissemination of data as information, case management and fraud management using artificial intelligence
- A leading powerhouse semiconductor company has partnered with LTI on its transformation journey to re-imagine their digital core and move away from their existing Oracle EBS on-prem version to SAP S/4HANA on cloud
- LTI has been selected to set up a digital and AI driven Security Operations Centre with an objective to completely modernize the digital security apparatus by a leading provider and manufacturer of heating and cooling solutions and equipment
- LTI has been chosen to manage all the testing services including that of 3rd party products, in-house applications, web portals and mobile applications to ensure high quality experience by end users of a U.K. based wealth management firm
- A financial services provider has selected LTI as its partner of choice to provide services for legacy modernization and enterprise integration
- A global HVAC manufacturer has selected LTI to rationalize and migrate its data application landscape to cloud
- A manufacturer of medical supplies and equipment has selected LTI for application support and maintenance activities for its COTS and custom applications to ensure flexible cost structure, better knowledge retention and better KPI management
- A multi-national manufacturer of industrial products has selected LTI as its preferred partner to implement Extended Warehouse Management systems by SAP to ensure process harmonization, efficient operations and automation across all its warehouses
- A Global Fortune 500 energy company has selected LTI for maintenance and functional support for their content server to ensure secure systems for data storage throughout its lifecycle
- A Global Fortune 500 pharmaceutical company chose LTI to migrate its on-premise commercial database system to cloud
- A drilling rig operator has selected LTI to provide enhancements, maintenance and support to its business-critical IT system on their drilling rigs to ensure safety and efficiency of rig workers

Awards and Recognitions

- LTI Recognized as a Leader and Rising Star in the ISG Provider Lens™ Next-Gen Private/Hybrid Cloud – Data Center Services & Solutions Report, Nordics 2020
- LTI's business process transformation for a Leading Manufacturer of High-performance Blenders featured in ISG's Book on Digital Excellence, Scaling Digital: 25 Stories of Innovation
- LTI featured as a Major Contender in Everest Group Cloud-Native Application Development Services PEAK Matrix® Assessment 2020
- LTI recognized as a Sample Vendor in Gartner Hype Cycle for Analytics and Business Intelligence, 2020

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Other Business Highlights

- The Board of Directors at its meeting held on October 20th, 2020 have declared an interim dividend of INR 15 per equity share (Face Value of INR 1)
- LTI launched Canvas PolarSled, an automated cloud migration and modernization framework to help enterprises accelerate their data journey to Snowflake, the cloud data platform
- LTI is now an 'Elite' (highest) level partner with ServiceNow in the Sales, Services and Managed Services category
- LTI has been recognized as a Great Place to Work-Certified™ Company in the USA
- LTI ranked #1 in the Institutional Investor's 2020 All-Asia Executive Team survey, across all sell-side categories in the Technology/IT Services & Software space. It was the only IT Services Company to be included in the 'Most-Honored' List 2020
- LTI has bagged the Platinum Award (highest category) for its Warli CSR project in the Employment Enhancing Vocational Skills category at the 7th Annual CSR Awards 2020, organized by the Greentech Foundation
- LTI released its 4th Sustainability Report with the theme of 'Partnering for a Resilient Future'. Through this report, we present to you how LTI has focused on three critical aspects to sustainable development – Education, Empowerment and Environment

About LTI

LTI (NSE: LTI) is a global technology consulting and digital solutions Company helping more than 400 clients succeed in a converging world. With operations in 31 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 unrivalled 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.Ltinfotech.com> or follow us at @LTI_Global.

Earnings Conference Call and Audio Webcast

October 21st, 2020 (05:30 PM 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.

Universal Access Number	+91 22 6280 1104 +91 22 7115 8005
Local Access Number	+91 70456 71221 Available all over India
International Toll Number	USA : 13233868721 UK : 442034785524 Singapore : 6531575746 Hong Kong : 85230186877
Replay of Conference Call	Available after 1 hour from the call end time until October 24th, 2020 Playback Code: 32350 Dial-in Number: India +91 22 7194 5757 +91 22 6663 5757 USA Toll Free 18332898317 UK Toll Free 8007563427 Singapore Toll Free 8001012510 Hong Kong Toll Free 800965553
Audio Webcast	The audio from the conference call will be available online through a webcast and can be accessed at the following link: https://links.ccwebcast.com/?EventId=LTI211020
	Click here for your DiamondPass™ 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.

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Performance Highlights – Q2 FY21

Financial Highlights

Amount in USD million

	Q2FY20	Q1FY21	Q2FY21	QoQ Growth	YoY Growth
Revenue (USD million)	363.8	390.3	404.5	3.6%	11.2%
Revenue Constant Currency				2.3%	10.5%

Amount in INR million

	Q2FY20	Q1FY21	Q2FY21	QoQ Growth	YoY Growth
Revenue	25,707	29,492	29,984	1.7%	16.6%
EBITDA Margin	18.1%	20.1%	22.9%		
EBIT Margin	15.5%	17.4%	19.9%		
Revenue Related Foreign Exchange Gains/(loss)	692	10	(212)		
Net Income	3,604	4,164	4,568	9.7%	26.7%
Net Income Margin	14.0%	14.1%	15.2%		
Billed DSO	67	70	62		
DSO (Including unbilled)	105	99	94		

Revenue by Vertical

	Q2FY20	Q1FY21	Q2FY21	QoQ Growth	YoY Growth
BFS	27.1%	27.7%	29.9%	11.7%	22.5%
Insurance	18.7%	17.2%	16.0%	(3.4%)	(4.9%)
Manufacturing	16.4%	15.8%	16.2%	6.4%	10.2%
Energy & Utilities	12.1%	10.8%	10.6%	2.1%	(2.2%)
CPG, Retail & Pharma	11.5%	11.5%	11.0%	(1.1%)	6.3%
High-Tech, Media & Entertainment	10.8%	11.6%	10.6%	(5.1%)	9.5%
Others	3.5%	5.4%	5.7%	8.7%	82.3%
Total	100%	100%	100%	3.6%	11.2%

Revenue by Service Offering

	Q2FY20	Q1FY21	Q2FY21	QoQ Growth	YoY Growth
ADM and Testing	36.1%	35.6%	36.0%	4.6%	10.6%
Enterprise Solutions	32.5%	29.7%	30.8%	7.6%	5.3%
Infrastructure Management Services	11.1%	13.6%	14.4%	9.7%	44.1%
Analytics, AI & Cognitive	11.3%	12.5%	10.6%	(12.4%)	3.3%
Enterprise Integration & Mobility	9.0%	8.6%	8.3%	(0.1%)	4.0%
Total	100%	100%	100%	3.6%	11.2%
Digital Revenue	40.3%	42.0%	42.9%	5.8%	18.4%

Revenue by Geography

	Q2FY20	Q1FY21	Q2FY21	QoQ Growth	YoY Growth
North America	68.7%	70.8%	68.7%	0.6%	11.2%
Europe	16.4%	14.4%	16.1%	16.1%	9.4%
RoW	8.9%	7.9%	8.2%	7.4%	2.6%
India	6.0%	6.9%	6.9%	4.1%	28.7%
Total	100%	100%	100%	3.6%	11.2%

Client Contribution to Revenue

	Q2FY20	Q1FY21	Q2FY21	QoQ Growth	YoY Growth
Top 5 clients	31.7%	30.5%	30.0%	1.9%	5.2%
Top 10 clients	45.5%	43.4%	42.9%	2.4%	4.8%
Top 20 clients	61.4%	58.2%	57.8%	2.9%	4.7%

Client Profile

	Q2FY20	Q1FY21	Q2FY21
Number of Active Clients	366	409	419
New Clients Added	20	16	26
1 Million dollar +	137	164	169
5 Million dollar +	48	59	61
10 Million dollar +	27	30	32
20 Million dollar +	18	16	16
50 Million dollar +	6	6	6
100 Million dollar +	1	1	1

Effort Mix

	Q2FY20	Q1FY21	Q2FY21
Onsite	22.0%	21.1%	19.4%
Offshore	78.0%	78.9%	80.6%

Revenue Mix

	Q2FY20	Q1FY21	Q2FY21
Onsite	48.6%	49.2%	46.5%
Offshore	51.4%	50.8%	53.5%

Billed Person Months

	Q2FY20	Q1FY21	Q2FY21
Onsite	14,384	14,634	13,887
Offshore	51,143	54,858	57,533

Utilization

	Q2FY20	Q1FY21	Q2FY21
Including Trainees	78.9%	79.4%	80.5%
Excluding Trainees	80.6%	79.6%	82.0%

Headcount Details

	Q2FY20	Q1FY21	Q2FY21
Total Headcount	30,979	31,477	32,455
Development	29,266	29,712	30,682
Sales & Support	1,713	1,765	1,773
Attrition % (LTM)	18.4%	15.2%	13.5%

Constant Currency Reporting

		QoQ Growth	YoY Growth
Company		2.3%	10.5%
Vertical	BFS	9.5%	21.2%
	Insurance	(4.1%)	(5.1%)
	Manufacturing	5.4%	9.2%
	Energy & Utilities	0.6%	(3.6%)
	CPG, Retail & Pharma	(2.8%)	4.7%
	High-Tech, Media & Entertainment	(5.3%)	9.6%
	Others	6.7%	87.9%
Service Offering	ADM and Testing	3.4%	10.0%
	Enterprise Solutions	5.7%	4.2%
	Infrastructure Management Services	7.9%	43.3%
	Analytics, AI & Cognitive	(12.9%)	3.6%
	Enterprise Integration & Mobility	(1.2%)	3.0%
Geography	North America	0.4%	11.2%
	Europe	9.3%	2.9%
	RoW	5.9%	3.1%
	India	2.0%	33.8%

Financial Statements – Q2 FY21

Income Statement

Amount in INR million

	Q2FY20	Q1FY21	Q2FY21	QoQ Growth	YoY Growth
Revenue	25,707	29,492	29,984	1.7%	16.6%
Direct Costs	17,525	19,916	19,537	(1.9%)	11.5%
Gross Profit	8,181	9,576	10,447	9.1%	27.7%
SG&A expenses	3,524	3,656	3,591	(1.8%)	1.9%
EBITDA	4,657	5,920	6,856	15.8%	47.2%
Depreciation & Amortization	664	781	899	15.1%	35.5%
EBIT	3,994	5,139	5,957	15.9%	49.1%
Revenue Related Foreign Exchange Gains/(loss)	692	10	(212)		
Other Income, net	47	440	386		
Provision for Tax	1,130	1,425	1,563		
Net Income	3,604	4,164	4,568	9.7%	26.7%
Margins (%)					
EBITDA Margin	18.1%	20.1%	22.9%		
EBIT Margin	15.5%	17.4%	19.9%		
Net Income Margin	14.0%	14.1%	15.2%		
Earnings Per Share					
Basic	20.73	23.92	26.13		
Diluted	20.52	23.74	25.95		

Exchange Rate (USD:INR)

	Q2FY20	Q1FY21	Q2FY21
Period closing rate	70.88	75.51	73.77
Period average rate	70.66	75.55	74.12

Balance Sheet

Amount in INR million

	As at 31 March, 2020	As at 30 Sept, 2020
ASSETS		
Non-current assets		
(a) Property, Plant and Equipment	4,412	4,364
(b) Right of Use Assets	7,692	7,084
(c) Goodwill	6,368	6,574
(d) Intangible assets	1,316	1,309
(e) Non-current Financial Assets	680	1,169
(f) Deferred tax assets (Net) & Tax Assets	3,039	2,046
(g) Other assets	1,451	1,529
Total Non-Current Assets	24,959	24,075
Current assets		
(a) Investments	22,186	29,586
(b) Trade Receivables and Unbilled Revenue	27,541	25,109
(c) Cash and cash equivalents	5,252	5,886
(d) Other Financial assets	1,742	841
(e) Other assets & Tax Assets	6,569	8,423
Total Current Assets	63,290	69,845
TOTAL ASSETS	88,249	93,920
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share capital	174	175
(b) Other Equity	53,866	63,077
(c) Non- Controlling interests	11	23
Total Equity	54,051	63,275
Liabilities		
Non-current liabilities		
(d) Financial liabilities	2,884	1,414
(e) Lease liabilities	7,571	7,098
(f) Deferred tax liabilities	101	50
(g) Non-current provisions	330	372
Total Non-Current Liabilities	10,886	8,934
Current liabilities		
(a) Borrowings	320	248
(b) Financial Liabilities	14,961	11,617
(c) Lease liabilities	1,228	1,264
(d) Other Liabilities	4,134	4,322
(e) Provisions	2,588	3,314
(f) Current Tax Liabilities (Net)	81	946
Total Current Liabilities	23,312	21,711
TOTAL EQUITY AND LIABILITIES	88,249	93,920

Cash Flow

Amount in INR million

	Q2FY20	Q1FY21	Q2FY21
Cash flow from operating activities			
Net profit after tax	3,604	4,164	4,568
Adjustments for:			
Depreciation and amortization	663	781	899
Others	(145)	596	(91)
Changes in working capital (net)	(2,211)	807	(912)
Net cash from operating activities [A]	1,911	6,347	4,464
Cash flow from investing activities			
(Purchase)/ Sale of assets and investments	798	(7,329)	(572)
Acquisitions & Earnout payments	(135)	(134)	(52)
Investment income	190	187	285
Net cash from investing activities [B]	853	(7,276)	(339)
Cash flow from financing activities			
Issue of share capital	-	-	1
Proceeds from/(repayment) of borrowings by subsidiaries	-	(74)	2
Credit Support Agreement Deposit (including interest)	(430)	1,074	(3)
Dividend paid (including DDT)	(3,155)	-	(2,700)
Payment towards lease liability	(172)	(402)	(400)
Net cash from financing activities [C]	(3,757)	598	(3,100)
Effect of exchange rate on cash and cash equivalents [D]	(9)	(4)	(54)
Net increase in cash and cash equivalents [A+B+C+D]	(1,002)	(335)	971
Cash and cash equivalents at beginning of the period	4,497	5,252	4,915
Cash and cash equivalents at end of the period	3,495	4,915	5,886

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