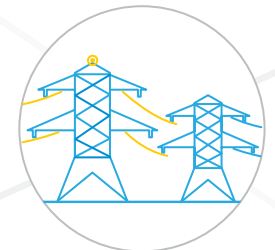
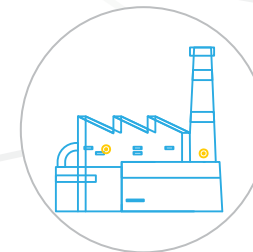
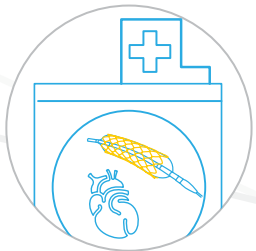


# **L&T TECHNOLOGY SERVICES LIMITED** **FOURTH QUARTER - FY 21 RESULTS**

***Investor Release***

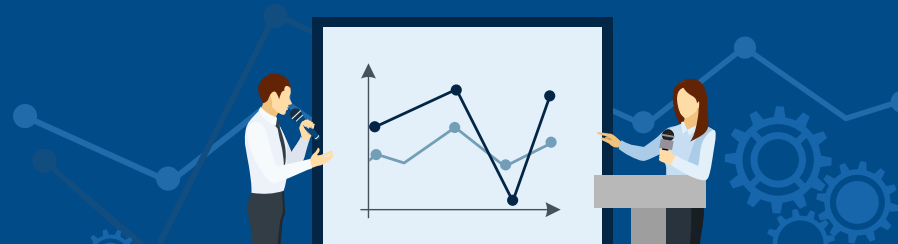
*Mumbai, India, May 3, 2021*



## SAFE HARBOUR STATEMENT

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve number of risks, and uncertainties that could cause our actual results to differ materially from those in such forward-looking statements. L&T Technology Services Limited (LTTS) does not undertake to update any forward-looking statement that may be made from time to time by us or on our behalf.

# FINANCIAL HIGHLIGHTS



## Q4 FY21

- Revenue of **₹14,405 million** for the quarter; growth of **2.8% QoQ** and decline of **0.4% YoY**
- Revenue of **\$197.5 million** for the quarter; a growth of **3.9% QoQ** and **1.1% YoY**; in constant currency a growth of **3.8% QoQ** and decline of **0.6% YoY**
- EBIT of **₹2,391 million** for the quarter; EBIT margin at **16.6%**
- Net Income of **₹1,945 million** for the quarter, growth of **4.5% QoQ** and decline of **5.0% YoY**; Net margin at **13.5%**

## FY21

- Revenue of **₹54,497 million** for the year; decline of **3.0%**
- Revenue of **\$736.6 million** for the year; decline of **6.3%**; in constant currency a decline of **6.8%**
- EBIT of **₹7,891 million** for the year; EBIT margin at **14.5%**
- Net Income of **₹6,633 million** for the year, decline of **19.0%**; Net margin at **12.2%**

## CAPITAL RETURN

- Dividend pay-out ratio <sup>(1)</sup> of **35%** for the year
- ROE <sup>(2)</sup> of **21%** for the year

1. Dividend payout ratio is calculated as total dividend payout (Interim dividend plus proposed Final dividend) divided by Net Income

2. ROE represents Return on Equity and is calculated as the Net Income divided by Average Shareholder equity

## MESSAGE FROM THE CEO & MANAGING DIRECTOR



With revenue of \$197.5mn and EBIT margin of 16.6% in Q4, we are better on both counts as compared to the same period in the previous year – which was the goal that we had set ourselves. Looking back, we had a tough Q1FY21 on account of the pandemic, but we executed well thereafter to deliver three quarters of sequential revenue and margin improvement along with strong deal wins. We closed FY21 with \$737mn in revenue which is a decline of 6.3% but better than what we guided at the start of the year. The full year free cash flow generation was at a record high of ₹12.5 billion.



In Q4, we won 6 deals with TCV of \$10 million plus, which includes 2 \$25 million plus deals. The pipeline is strong across all segments as customers are turning more optimistic about investing in new technology, which gives us the confidence of broad-based growth. Across all our five segments, we are investing in advanced engineering and technology labs to further the growth. We are optimistic about FY22 and our guidance is for a dollar revenue growth of 13-15%.

We are committed to attracting bright minds and strengthening the talent pool at LTTTS. The fourth edition of TECHgium® - a unique industry-academia initiative by LTTTS, concluded recently and saw record participation from students across universities in India. Winners were rated based on the innovation and new age technology used to solve real world challenges.

Despite an environment made difficult by Covid related uncertainties, our engineers continued their innovation journey and filed 148 patents in FY21 in a work-from-anywhere enabled model. I would like to thank our employees for their commitment and resilience that has helped us strengthen the strategic relationships we have with our customers.

### **Amit Chadha**

CEO & Managing Director  
L&T Technology Services Limited





## KEY DEAL WINS

LTTS closed several multi-million dollar projects from global customers across various verticals. The major wins are listed below:

- Under a multi-year EV program, the Electronic Powertrain unit of a European automotive components manufacturer has selected LTTS to build a real-time technology framework to simulate the controller design of the e-Powertrain systems.
- LTTS will set up a dedicated engineering analytics lab at Bangalore for one of the world's leading technology companies to provide software engineering and system validation for the next generation server platforms.
- A global telecommunications company has selected LTTS as its engineering services partner to provide end to end systems integration, 5G and engineering services.
- LTTS has been selected as an engineering partner by a multinational oil and gas company to provide digital twin services. Under the multi-year agreement LTTS will carry out data preparation, conversion & modelling activities across upstream and downstream assets.
- A leading global OEM awarded end-to-end Digital Product Management for all its automotive component design data across Chassis, Interior, Exteriors, Wire and Electrical systems.
- LTTS won an Infotainment Systems deal from a multinational electronics company. LTTS will support multiple OEM programs in a managed services engagement model.
- A leading European OEM has selected LTTS for its next generation telematics program. As part of this engagement, LTTS will set up a Telematics Lab for the customer in Germany.

# FINANCIAL PERFORMANCE

## INCOME STATEMENT (CONSOLIDATED)

Amount in ₹ million

|  | Q4 FY20       | Q3 FY21       | Q4 FY21       | QoQ          | YoY          | FY20          | FY21          | YoY           |
|--|---------------|---------------|---------------|--------------|--------------|---------------|---------------|---------------|
| <b>Revenue</b>                             | <b>14,466</b> | <b>14,007</b> | <b>14,405</b> | <b>2.8%</b>  | <b>-0.4%</b> | <b>56,191</b> | <b>54,497</b> | <b>-3.0%</b>  |
| Cost of sales                              | 9,614         | 9,696         | 9,755         |              |              | 37,708        | 38,115        |               |
| <b>Gross Profit</b>                        | <b>4,851</b>  | <b>4,312</b>  | <b>4,651</b>  | <b>7.8%</b>  | <b>-4.1%</b> | <b>18,483</b> | <b>16,382</b> | <b>-11.4%</b> |
| Selling, General & Administration Expenses | 2,169         | 1,555         | 1,719         |              |              | 7,379         | 6,308         |               |
| <b>EBITDA</b>                              | <b>2,682</b>  | <b>2,756</b>  | <b>2,931</b>  | <b>6.3%</b>  | <b>9.3%</b>  | <b>11,104</b> | <b>10,074</b> | <b>-9.3%</b>  |
| Depreciation & Amortisation                | 485           | 624           | 540           |              |              | 1,829         | 2,183         |               |
| <b>EBIT</b>                                | <b>2,198</b>  | <b>2,132</b>  | <b>2,391</b>  | <b>12.1%</b> | <b>8.8%</b>  | <b>9,276</b>  | <b>7,891</b>  | <b>-14.9%</b> |
| Other Income, net                          | 521           | 374           | 221           |              |              | 1,726         | 1,082         |               |
| Income tax expense                         | 655           | 637           | 659           |              |              | 2,778         | 2,308         |               |
| Minority Interest                          | 16            | 8             | 8             |              |              | 38            | 32            |               |
| <b>Net Income</b>                          | <b>2,048</b>  | <b>1,861</b>  | <b>1,945</b>  | <b>4.5%</b>  | <b>-5.0%</b> | <b>8,186</b>  | <b>6,633</b>  | <b>-19.0%</b> |
| <b>Margins (%)</b>                         |               |               |               |              |              |               |               |               |
| Gross Margin                               | 33.5%         | 30.8%         | 32.3%         |              |              | 32.9%         | 30.1%         |               |
| EBITDA Margin                              | 18.5%         | 19.7%         | 20.3%         |              |              | 19.8%         | 18.5%         |               |
| EBIT Margin                                | 15.2%         | 15.2%         | 16.6%         |              |              | 16.5%         | 14.5%         |               |
| Net Income Margin                          | 14.2%         | 13.3%         | 13.5%         |              |              | 14.6%         | 12.2%         |               |
| <b>Earnings Per Share (INR)</b>            |               |               |               |              |              |               |               |               |
| Basic                                      | 19.61         | 17.75         | 18.54         |              |              | 78.56         | 63.32         |               |
| Diluted                                    | 19.40         | 17.63         | 18.42         |              |              | 77.70         | 62.90         |               |

## OTHER INCOME

Amount in ₹ million

|  | Q4 FY20    | Q3 FY21    | Q4 FY21    | FY20         | FY21         |
|--|------------|------------|------------|--------------|--------------|
| Income from investments, net             | 58         | 114        | 117        | 335          | 449          |
| Foreign exchange gains/(loss)            | 231        | 223        | 194        | 739          | 409          |
| Govt. incentives                         | 323        | 97         | -          | 931          | 548          |
| Others (incl. IND AS 116 Finance charge) | -91        | -60        | -90        | -278         | -324         |
| <b>Total</b>                             | <b>521</b> | <b>374</b> | <b>221</b> | <b>1,726</b> | <b>1,082</b> |

## BALANCE SHEET (CONSOLIDATED)

Amount in ₹ million

|   | FY20          | FY21          |
|---|---------------|---------------|
| <b>Assets</b>                               |               |               |
| Property and equipment                      | 5,676         | 6,379         |
| Intangible Assets and Goodwill              | 6,146         | 6,564         |
| Accounts Receivable                         | 13,807        | 12,346        |
| Unbilled Revenues                           | 3,510         | 2,415         |
| Investments                                 | 6,420         | 15,149        |
| Cash and Cash equivalents                   | 2,439         | 2,327         |
| Other current assets                        | 3,236         | 2,789         |
| Other non-current assets                    | 1,799         | 2,760         |
| <b>Total Assets</b>                         | <b>43,033</b> | <b>50,729</b> |
| <b>Liabilities and Shareholders' Equity</b> |               |               |
| Shareholders' Funds                         | 27,686        | 34,731        |
| Short term borrowings                       | 303           | -             |
| Other current liabilities                   | 10,085        | 10,982        |
| Other non-current liabilities               | 4,890         | 4,915         |
| Minority Interest                           | 69            | 101           |
| <b>Total Liabilities</b>                    | <b>43,033</b> | <b>50,729</b> |

## CASH FLOW SUMMARY (CONSOLIDATED)

Amount in ₹ million

|   | FY20         | FY21          |
|---|--------------|---------------|
| Net cash provided by operating activities | 6,381        | 13,273        |
| Capex                                     | -1,511       | -756          |
| <b>Free Cash Flow</b>                     | <b>4,870</b> | <b>12,517</b> |
| Free Cash Flow to Net Income (%)          | 59%          | 189%          |



# OPERATIONAL PERFORMANCE



|                  | Q4 FY20 | Q3 FY21 | Q4 FY21 | QoQ Growth | YoY Growth | In Constant Currency |            |
|------------------|---------|---------|---------|------------|------------|----------------------|------------|
|                  |         |         |         |            |            |                      | YoY Growth |
| Revenue (USD Mn) | 195.4   | 190.1   | 197.5   | 3.9%       | 1.1%       | 3.8%                 | -0.6%      |

|                  | FY20  | FY21  | YoY Growth | In Constant Currency |            |
|------------------|-------|-------|------------|----------------------|------------|
|                  |       |       |            |                      | YoY Growth |
| Revenue (USD Mn) | 786.2 | 736.6 | -6.3%      |                      | -6.8%      |

## REVENUE BY VERTICAL

|                     | Q4 FY20 | Q3 FY21 | Q4 FY21 | QoQ Growth | YoY Growth | FY20  | FY21  | YoY Growth |
|---------------------|---------|---------|---------|------------|------------|-------|-------|------------|
| Transportation      | 35.7%   | 30.4%   | 31.2%   | 6.5%       | -11.7%     | 35.3% | 31.1% | -17.5%     |
| Industrial Products | 19.4%   | 19.3%   | 18.9%   | 1.5%       | -1.6%      | 19.4% | 19.3% | -6.9%      |
| Telecom & Hi-tech   | 18.7%   | 22.9%   | 22.1%   | 0.2%       | 19.7%      | 20.0% | 22.2% | 4.1%       |
| Plant Engineering   | 16.0%   | 14.7%   | 15.5%   | 9.9%       | -1.8%      | 16.2% | 14.6% | -15.1%     |
| Medical Devices     | 10.3%   | 12.7%   | 12.3%   | 0.8%       | 21.1%      | 9.1%  | 12.7% | 30.8%      |

## REVENUE SHARE BY GEOGRAPHY

|                   | Q4 FY20 | Q3 FY21 | Q4 FY21 | QoQ Growth | YoY Growth | FY20  | FY21  | YoY Growth |
|-------------------|---------|---------|---------|------------|------------|-------|-------|------------|
| North America     | 61.2%   | 61.2%   | 61.5%   | 4.4%       | 1.5%       | 61.3% | 61.0% | -6.8%      |
| Europe            | 16.7%   | 16.1%   | 16.7%   | 7.5%       | 0.8%       | 15.2% | 16.2% | 0.0%       |
| India             | 12.8%   | 13.9%   | 13.1%   | -2.3%      | 3.0%       | 13.0% | 13.4% | -3.5%      |
| Rest of the World | 9.2%    | 8.8%    | 8.8%    | 3.1%       | -4.2%      | 10.5% | 9.4%  | -16.3%     |

## REVENUE MIX

|          | Q4 FY20 | Q3 FY21 | Q4 FY21 | FY20  | FY21  |
|----------|---------|---------|---------|-------|-------|
| Onsite   | 47.1%   | 42.9%   | 42.1%   | 44.8% | 44.5% |
| Offshore | 52.9%   | 57.1%   | 57.9%   | 55.2% | 55.5% |

## REVENUE BY PROJECT TYPE

|                            | Q4 FY20 | Q3 FY21 | Q4 FY21 | FY20  | FY21  |
|----------------------------|---------|---------|---------|-------|-------|
| Fixed Price                | 38.6%   | 38.5%   | 36.1%   | 41.4% | 38.2% |
| Time and Material Contract | 61.4%   | 61.5%   | 63.9%   | 58.6% | 61.8% |

## CLIENT PROFILE

|                          | Q4 FY20 | Q3 FY21 | Q4 FY21 |
|--------------------------|---------|---------|---------|
| Number of Active Clients | 270     | 296     | 306     |
| 30 Million dollar +      | 2       | 1       | -       |
| 20 Million dollar +      | 8       | 4       | 3       |
| 10 Million dollar +      | 21      | 18      | 20      |
| 5 Million dollar +       | 43      | 41      | 39      |
| 1 Million dollar +       | 113     | 118     | 122     |

Client profile is based on LTM (Last Twelve Months) revenue

## CLIENT CONTRIBUTION TO REVENUE

|                | Q4 FY20 | Q3 FY21 | Q4 FY21 |
|----------------|---------|---------|---------|
| Top 5 Clients  | 19.2%   | 16.3%   | 16.1%   |
| Top 10 Clients | 31.8%   | 27.3%   | 26.9%   |
| Top 20 Clients | 48.5%   | 44.0%   | 43.8%   |

Client contribution is based on LTM (Last Twelve Months) revenue

## UTILISATION

|                    | Q4 FY20 | Q3 FY21 | Q4 FY21 | FY20  | FY21  |
|--------------------|---------|---------|---------|-------|-------|
| Including Trainees | 78.1%   | 77.5%   | 78.9%   | 78.6% | 75.7% |

## EMPLOYEE STATISTICS

|                             | Q4 FY20 | Q3 FY21 | Q4 FY21 |
|-----------------------------|---------|---------|---------|
| Total Headcount             | 16,883  | 16,069  | 16,452  |
| Billable                    | 15,667  | 14,975  | 15,335  |
| Sales & Support             | 1,216   | 1,094   | 1,117   |
| Voluntary Attrition % (LTM) | 13.8%   | 10.7%   | 12.2%   |

## EXCHANGE RATE (USD/INR)

|                 | Q4 FY20 | Q3 FY21 | Q4 FY21 | FY20  | FY21  |
|-----------------|---------|---------|---------|-------|-------|
| Period Realised | 74.05   | 73.69   | 72.96   | 71.47 | 73.98 |
| Period Closing  | 75.67   | 73.07   | 73.11   | 75.67 | 73.11 |

## INDUSTRY RECOGNITIONS

- LTTS has been recognized as a 'Leader' for Development and Verification & Validation services in Industry 4.0 by Everest Group
- ISG Group rated LTTS as 'Leader' in Smart Manufacturing Services for Automotive and Hi-Tech
- LTTS won the 2021 Big Innovation Awards, USA for Chest rAI™ and i-BEMS™. Chest rAI™ is LTTS' AI based chest X-Ray analysis system to assist radiologists in improving speed and accuracy of diagnosis and i-BEMS™ is LTTS' proprietary smart campus framework
- For its Solar Electrification tribal village project, LTTS was conferred with the Mahatma Award for CSR Excellence.

## PARTNERSHIPS & ALLIANCES

### AIRBUS SKYWISE PROGRAM

LTTS has been selected by Airbus to provide technology and digital engineering solutions for Airbus' Skywise platform.

With more than 130 airlines around the world already connected to Skywise, the platform is playing a very important part in enabling and accelerating digital transformation of the aviation sector as a whole. LTTS will support the airlines in the development of complex workflows, creation of new interfaces between their existing information systems and Skywise and also provide assistance in their digital transformation with Skywise.



## OTHER HIGHLIGHTS

### LTTTS inaugurates Module X, a new 1,300 seater design centre in Mysuru

In March 2021, L&T Technology Services inaugurated Module X, its newest facility in Mysore.

This facility has a seating capacity of 1,300 plus and LTTTS engineers in this centre will work on a wide spectrum of services covering multiple industries with a focus on design & development of digital products, embedded and software engineering.



### TECHgium® concludes with record-breaking academia participation

LTTTS concluded the fourth edition of its annual open innovation initiative TECHgium®, with record-breaking participation of over 22,500 engineering students from 354 reputed institutes as compared to corresponding figures of 19,000 and 272 in 2019. 11 business challenges were provided by LTTTS' global customers and the Jury encompassed renowned industry and academia personalities.

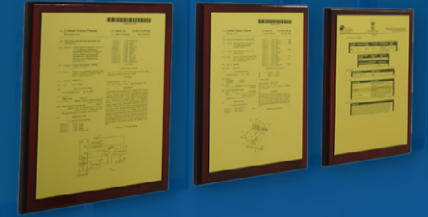
The team from Vellore Institute of Technology, Chennai were declared as winners for developing a solution that can blur personal information in vehicles.



Held for the first time in virtual mode, TECHgium®'s successful fourth edition saw 61 innovative PoCs on real life technical challenges pertaining to domains such as AI, Compute Vision, 5G, Ergonomics, and Sustainability, covering major industries including Automotive, Plant Engineering, Telecommunications & Hi-Tech and Industrial & Consumer Products.

## PATENTS

At the end of the fourth quarter, the patents portfolio of L&T Technology Services stood at **650**, out of which **485** are co-authored with its customers and the remaining **165** are filed by LTTS.



## CORPORATE SOCIAL RESPONSIBILITY

As part of its Social Responsibility mandate, LTTS undertook several CSR initiatives throughout the year, with a focus on areas such as Health, Education, Skill Development, Water, Environment and Sports. The total contribution towards CSR in FY21 was ₹161mn.



### LTTS' Classroom Studio at IIT Madras

A Studio Classroom at IIT Madras as part of the National Program on Technology Enhanced Learning (NPTEL) - one of the world's biggest higher technical education platforms, has been set up by LTTS. NPTEL courses will help thousands of Indians to upskill and cross-skill and become eligible for jobs. The state-of-the-art Studio was inaugurated virtually by Dr. Keshab Panda.

### Watershed Plus Project in Katwadi Village (Pune, Maharashtra)

As part of the Watershed Plus Project LTTS empower farmers in Pune district of Maharashtra to improve agriculture practices, promote peer learning, get new ideas for overall development of the farmers and to support members with knowledge and skills to expand their entrepreneurship ventures.



## ABOUT L&T TECHNOLOGY SERVICES

L&T Technology Services Limited (LTTS) is a listed subsidiary of Larsen & Toubro Limited focused on Engineering and R&D (ER&D) services. We offer consultancy, design, development and testing services across the product and process development life cycle. Our customer base includes 69 Fortune 500 companies and 53 of the world's top ER&D companies, across industrial products, medical devices, transportation, telecom & hi-tech, and the process industries. Headquartered in India, we have over 16,400 employees spread across 17 global design centers, 28 global sales offices and 69 innovation labs as of March 31, 2021.



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For additional information about L&T Technology Services log on to [www.LTTS.com](http://www.LTTS.com)