

LTI/SE/STAT/2020-21/16

June 4, 2020

National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra (E), Mumbai - 400 051
NSE Symbol: LTI

The BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001
BSE Scrip Code: 540005

Dear Sirs,

**Subject: Impact of COVID-19 disclosure pursuant to
SEBI Circular No.: SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020**

With reference to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, we hereby enclose the disclosure on impact of COVID-19 required as per Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements), Regulation, 2015, which is self-explanatory.

The same is submitted for public dissemination and for your records.

Thanking You.

Yours sincerely,
For Larsen & Toubro Infotech Limited

Manoj Koul
Company Secretary & Compliance Officer
Membership No. ACS 16902

Larsen & Toubro Infotech Ltd.

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COVID-19 Pandemic – Update on operations

A. Impact on the Business

The COVID -19 pandemic is a global health crisis which is unprecedented. In these unusual times, our primary focus at LTI has been on employee safety and safeguarding the business interests of our customers. Our Business Continuity and Resilience teams were monitoring and assessing the situation globally since January 2020. In early February 2020, we internally circulated business continuity guidelines to enable work planning. Work from Home (WFH) initiatives were activated in mid-March. In accordance with the national lockdown directives, starting from March 25, 2020, all offshore facilities of the Company were closed.

Despite the above, flawless execution of our comprehensive Business Continuity Plans (BCP) helped us achieve 95% WFH, within a week of the lockdown in India. LTI took adequate measures to ensure appropriate security and confidentiality arrangements were in place. The IT teams were available 24x7 to provide tech support remotely. We are currently operating at about 99% WFH capacity on this front.

B. Ability to maintain operations including the units/office spaces functioning and closed down

Minimal disruption of our operations through WFH measures, has been well appreciated by our customers. We were able to make this transition for most of our clients except a few where regulatory requirements restricted WFH. Project Management Offices have been setup within our sales organization to coordinate client communication and share best practices across the organization. Delivery dashboards with daily stand-ups have been put in place to quickly escalate project issues and challenges. We are also measuring productivity very carefully and have noted that it has gone up in several operations.

C. Schedule, if any, for restarting the operations

While our operations have continued through WFH measures, our facilities were closed due to the lockdown. We are following a calibrated approach to opening our facilities in states where these restrictions have eased.

A custom mobile app called *I-Care* has been created inhouse for tracking employee safety. It captures health status from the Government of India's Aarogya Setu app as part of the survey which is then used for risk profiling. The interaction feature in I-Care also helps in contact tracing of employees in office and enables quick decisions.

Our Whitefield office in Bengaluru and our Hinjewadi office in Pune have opened with very minimal staffing as on May 4th and May 18th respectively. We are planning to open our facilities in Chennai and Hyderabad in the coming weeks. To start with, the scheduled staff to work from an office will not exceed 15% of the total strength of the location and will be gradually ramped up keeping employee safety in mind. Onsite staff working from client offices will follow guidelines as prescribed by the client.

D. Steps taken to ensure smooth functioning of operations

In order to build comfort level among our employees with the new way of working, we have enabled multiple channels of communication. This includes a global helpline, email channel, dedicated Intranet page, an inhouse Crisis Notification System and Workplace Facebook which are being used extensively to post regular updates and key messages from the senior leaders. A cross-functional taskforce with representatives from Business Continuity & Resilience, HR, IT, Facilities, Travel and Communications teams are closely monitoring the situation and working in accordance with guidelines provided by global agencies as well as advisories from national, state and local health authorities.

Investments made in the past have ensured success in enabling WFH as our enterprise systems have been 100% on cloud. Also, over 45 LTI enterprise apps are now accessible to our employees on their cell phones.

E. Estimation of the future impact of COVID-19 on our operations

The COVID-19 crisis is rapidly evolving and has created a significant amount of uncertainty. The extent of the impact on the Company's operations, including the duration and scale of such impact, will depend on several factors that the Company may not be able to currently estimate.

We are conscious of the demand pressures in FY2021 following the pandemic. We are in discussions with selective clients on specific time bound commercial concessions that shall enable them to continue their IT programs with us. Based on our current assessment, we expect mid-single digit decline in sequential USD revenue growth in Q1 FY21 with revenue growth recovery in H2FY21. We also expect a slight increase in our receivables for a temporary period.

With some project deferrals and softening of client spends, there is expected to be near term margin pressure which cannot be quantified currently and hence we have not issued margin guidance for FY2021.

Regarding the impact on the specific industry verticals, we have negligible exposure to specific stressed verticals which bore the maximum first order impact from this pandemic. Within industry verticals where we operate in, our Manufacturing and Energy & Utilities verticals shall see the highest negative impact for us during these times. We expect steady performance from our CPG and Pharma and Media and Hi-tech verticals as these businesses are better placed versus the broader economy during this crisis.

While in the short term we expect demand pressure, we also see growth opportunities over the longer term as enterprises accelerate their digital transformation initiatives.

F. Impact of COVID-19 on capital and financial resources, profitability, liquidity position, ability to service debt, assets and internal financial reporting and control

LTI has a comfortable liquidity position apart from having access to bank lines and overdraft facilities. On February 12, 2020, CRISIL upgraded the Company's long-term rating to AAA/Stable from AA+/Positive because of its healthy business performance supported by steadily growing deal pipeline,

diversified service offerings across multiple verticals and increasing share of digital revenues. The rating change reflects the Company's established market position in several segments in operates in as well as its strong financial risk profile marked by a debt free balance sheet, healthy cash generating ability and robust liquidity. We had cash and liquid investment of INR 27,458 million as on March 31, 2020.

The effect of COVID-19 has not been material on the financials of the Company for the year and quarter ended March 31, 2020, since we were able to quickly activate our BCP.

Given the uncertain business environment, we have implemented various cost optimization measures and are conserving cash. This includes review of all capex and operating expenses including discretionary spend and efficiencies in procurement of goods and services. We have also deferred salary hikes and annual incentive payouts for our staff. This cost management will help us minimize the impact of COVID-19 on our business.

Our active treasury management and consistent hedging strategy should help contain volatility on account of exchange rate fluctuations.

LTI has also considered the possible effect from COVID-19 on the carrying value of assets as at March 31, 2020 and estimate that the carrying amount of the assets will be recovered. However, please note that the actual impact may differ from our estimates.

There is no impact on internal financial controls due to the COVID-19 situation.

G. Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business

The Company is well positioned to fulfil its obligations and does not foresee any significant impact on the business due to non-fulfilment of the obligations by any party.