

LT Infotech Analysis

May 10, 2022

1 General Overview

Larsen and Toubro infotech (LT IT) is an Indian information and technology company offering software and consulting services in the multi-national domain.

NASSCOM ranked LTI as the sixth-largest Indian IT services company in terms of export revenues. It was among the top 15 IT service providers globally in 2017, according to the Everest Group's PEAK Matrix for IT service providers.

It employs standards of the Software Engineering Institute's (SEI) Capability Maturity Model Integration (CMMI) and is a Maturity Level 5 assessed organization.

LTI has operations in 33 countries, and has more than 45000 employees as part of its workforce. LTI recently had a merger with Mindtree, which was welcomed by its investors and sent the stock prices of LTI soaring.

2 Shareholding Pattern

Images below show the shareholding pattern of the company. Most of the shares, as can be seen, are owned by the promoters(75per cent) themselves, with the rest being split up between foreign institutes(10per cent) and retail investors(4 per cent).

3 Management

The board of Directors of LTI has big names from the management world, with Sanjay Jalona as the CEO and MD. The directors of LTI are highly accoladed and celebrated, and have steered the company in the right direction. Sanjay Jalona is the CEO and Managing Director of Larsen Toubro Infotech (LTI). He joined the company in 2015 and has since led a rapid and comprehensive transformation of LTI into a leading technology consulting and digital solutions company, partnering with some of the most prestigious global enterprises. Under Sanjay's leadership, LTI has built deep digital capabilities and an enviable culture of client-centric innovation. The figure below shows the complete list of the Board of directors.

4 SWOT Analysis

4.1 Strengths

- a. **Strong Team of Employees** : LTI has more than 45000 workers in its workforce who are dedicated to taking the company to new heights by providing the best human resources.
- b. **Key Milestones** : LTI has achieved enormous milestones without letting any stone unturned. Past milestones are many but recently in 2021 the company has achieved a global ranking of the fastest-growing brand in finance IT service.
- c. **Client Base**: The company has a client base of almost 475 members, and operates in 33 different countries, including Spain, USA, India.
- d. **Diversified Revenue Stream** : As LTI deals with many different IT-related sectors like consulting, IMS, MS, etc leads to diversity in the revenue stream.
- e. **High level of Client Satisfaction** : LTI has a customer focused environment which ensures that

Shareholding Pattern

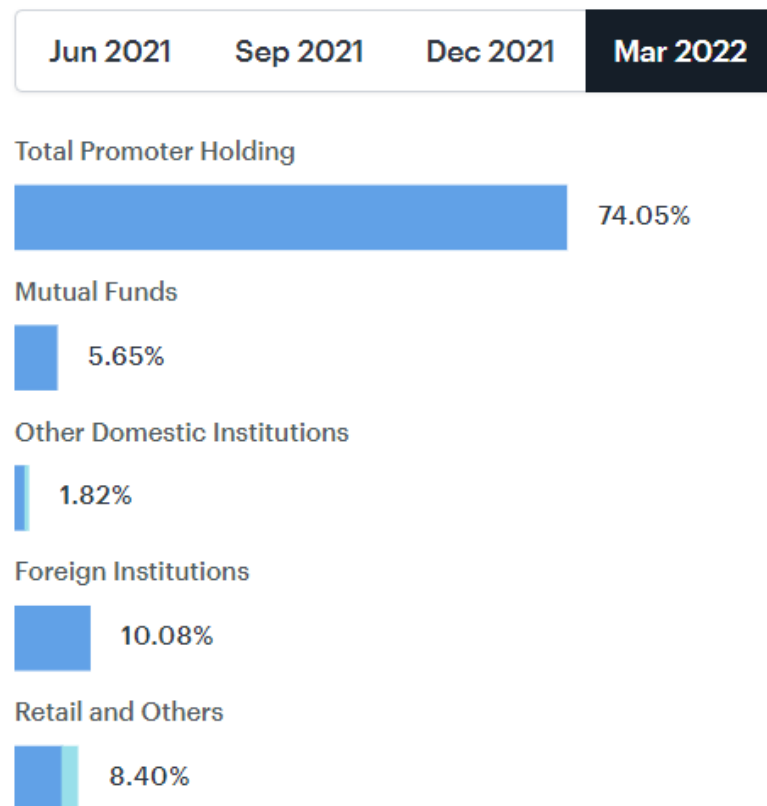


Figure 1: The Shareholders in LTI



Figure 2: The Shareholders in LTI



Figure 3: The management of LTI

its customers are loyal to the company. It has a good environment for employees which is driven by the management

4.2 Weaknesses

- Dependence on the Mature Market:** LTI majorly deals in mature markets where there is less amount of growth and lack of innovation.
- High Client Concentration:** The client concentration is high, which means a higher reward but also a higher risk in case these particular clients leave.
- Inefficient Use of Shareholders Fund:** L and T infotech has been unable to properly utilize its shareholders funds.
- Lack of Growth:** The company has been in this industry for a while and as compared to other IT sector companies like TCS, Wipro, etc, the growth is very low.
- Innovation:** LTI has been unable to compete in terms of innovation with the sector's best businesses despite spending more on research and development than the industry average.
- Lack of Visibility:** LTI is not that visible as compared to its competitors in the market, so this leads to decrease in clients reliability.

4.3 Opportunities

- Emerging Markets:** Due to the engaging global market with globalization. This brings out the greatest opportunities of managing the data like transactions, details, history, etc.
- Cloud Computing Technology:** Using cloud computing technology made it easy to manage and handle the data. This helps in accessing data in a quick and systematic manner.
- Expanding Customer Base:** LTI can gain from the acquisition of smaller consulting and financial companies by expanding its customer base.
- Constant Requirement of Services:** With regular changes in the various policies and the growing scale of businesses, the demand for audit, tax and advisory services will never be zero..

4.4 Threats

- Exposure to Foreign Markets:** Globalization brings opportunities, but at the same time, it also brings a threat of being replaced by a foreign business.
- Bigger MNCs Entering India:** Entering big size multinational companies into the domestic market will lead to grabbing the attention of the clients. Hence, it will be hard for a domestic company to sustain its standing in front of big companies.
- Strong Competitors:** There are lots of competitors in the market. When there is already competition from established players in the industry, then ultimately it will continue to diminish LTI's market share.

COMPANY	PRICE	P/E	P/B	MKT. CAP	52W L	52W H
TCS	₹3,438.75 (-0.18%)	14.14	33.24	₹12,74,360.00Cr	3,036.00	4,043.00
Infosys	₹1,553.00 (-1.10%)	8.74	29.95	₹6,58,348.80Cr	1,311.30	1,953.90
HCL Technologi...	₹1,072.55 (-0.33%)	4.72	21.66	₹2,92,017.50Cr	895.00	1,377.75
Wipro	₹477.65 (-1.14%)	4.01	21.67	₹2,64,028.20Cr	474.60	739.85
Tech Mahindra	₹1,242.30 (-1.49%)	4.43	21.70	₹1,22,577.20Cr	919.95	1,838.00

Figure 4: Peer analysis

Stock	PE Ratio	PB Ratio	Dividend Yield
Larsen & Toubro Infotech Ltd	33.06	10.39	1.27%
Tata Consultancy Services Ltd	33.19	14.16	1.24%
Infosys Ltd	29.45	8.60	2.00%
HCL Technologies Ltd	21.56	4.84	3.92%

Figure 5: Table of fundamentals

5 Competitive Analysis

Upon looking at market capitalization, profits and PE ratio, close competitors to L and T Infotech seem to be a. Accenture

- b. Tata Consultancy Services (TCS)
- c. Wipro
- d. IBM
- e. Oracle
- f. Capgemini
- g. Cognizant
- h. Deloitte

Figures below and above show the detailed and tabular comparison of the various parameters of these banks as well as some others.

6 Conclusion and way forward

From our discussions above, LTI seems to be a major player in the IT industry. It has a great potential to become a tech giant like infosys after its merger with Mindtree, and it will certainly be interesting to look into what the future has for LTI..

Price Comparison

Compare LTI with any stock or ETF

Comparing from

May 12, 2021 → May 10, 2022

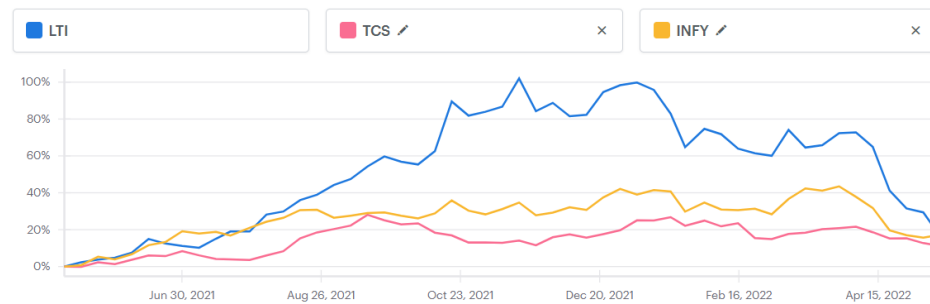


Figure 6: graph of comparison