

17 October 2025

India | Equity Research | Results Update

LTIMindtree

Technology

In-line growth; margin uptick impressive

LTIM's revenue growth saw acceleration (2.3% QoQ USD) led by retail and healthcare verticals. BFSI continued to be weak with a 6-quarter weak print of 0.1%, contrary to the broad sectoral trends. TCV, at USD 1.59bn, included the media vertical mega deal. 160bps QoQ margin uptick was sharp, led by -Fit for Future initiatives and cuts in SG&A spending. Company's outlook is positive for H2FY26 on both revenue and margin fronts. However, top-5 client weakness arising from AI-led gain sharing is an overhang and has been ongoing since Q3FY25. H2 is especially weak for LTIM, given its heightened sensitivity to furloughs (59% exposure to BFSI + hitech verticals). We maintain **REDUCE** with a one-year forward TP of INR 4,820 on an unchanged target P/E of 22x. We have factored in H2FY26 YoY growth of 7.5% (vs. 5% growth in H2FY25) given the ramp-up from PAN 2.0 and media vertical mega deal and revised FY26 EPS by 3.3%.

Retail and HLS drive growth

Company reported revenue growth of 2.3% QoQ USD vs. I-Sec/ consensus estimate of 2.5%/ flat growth. BFSI / Hitech and media/ manufacturing and resources/ retail & CPG/ HLS and public services grew 0.1% / 0.1%/ 1.8%/ 9.3%/9.6%, QoQ USD, respectively. Hitech vertical growth was subdued with continued weakness in top account as AI-led gain sharing continued for 4th quarter. Retail has performed exceptionally well (USD 450mn ADM deal, Shopify), on similar lines of HCLT and TECHM. North America/ Europe/ RoW grew 2%/ 2.3%/ 3.3% QoQ USD. North America growth has been robust across the sector, despite macro volatility.

Margin uptick led by- Fit for Future initiative

EBIT margin was at 15.9%, up 160 bps QoQ vs. I-sec/ consensus estimate of 14.5%/ 14.9%. Company reduced SG&A sharply by ~60bps and increased its gross margin by 125bps. Utilisation at 88.1% was flat QoQ. Headcount was up by 2,588 QoQ. As per Q2FY26 result of IT pack so far, all companies have added QoQ headcount/ or kept it flat, except TCS, TELX. Company aims to expand EBIT margin in H2 which is difficult in our view given LTIM's heightened furlough seasonality and impact from deal ramp-ups.

Healthy deal TCV

TCV stood at USD 1.59bn (including large media deal), down 2.5% QoQ, coming off from large USD 450mn business deal from Q1FY26 with an agri-business leader. Book to bill was 1.35x vs. 1.41x in Q1FY26. Company signed large deals in all five verticals. PAN 2.0 deal is expected to ramp-up up in Q3FY26 while media deal may take time for ramp-up as vendor consolidation could take a couple of quarters.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	3,80,081	4,16,759	4,53,628	5,02,754
EBITDA	64,949	75,469	84,558	94,322
EBITDA Margin (%)	17.1	18.1	18.6	18.8
Net Profit	46,020	54,637	60,866	68,911
EPS (INR)	155.4	184.4	205.5	232.6
EPS % Chg YoY	0.3	18.7	11.4	13.2
P/E (x)	36.2	30.5	27.4	24.2
EV/EBITDA (x)	24.2	20.4	17.9	15.7
RoCE (%)	19.1	19.9	20.3	19.9
RoE (%)	21.5	23.0	23.0	22.8

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Market Data

Market Cap (INR)	1,667bn
Market Cap (USD)	18,958mn
Bloomberg Code	LTIM IN
Reuters Code	LTIM BO
52-week Range (INR)	6,768 /3,802
Free Float (%)	31.0
ADTV-3M (mn) (USD)	16.3

Price Performance (%)	3m	6m	12m
Absolute	5.5	31.5	(11.6)
Relative to Sensex	4.5	23.1	(14.0)

ESG Score	2023	2024	Change
ESG score	79.3	77.0	(2.3)
Environment	66.6	64.4	(2.2)
Social	79.3	78.9	(0.4)
Governance	83.8	83.0	(0.8)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E	FY28E
USD Revenue	(0.2)	(0.2)	(0.2)
EBIT	2.9	(0.9)	(0.2)
EPS	3.3	0.7	1.2

Previous Reports

03-10-2025: [Q2FY26 Mid-Cap Preview](#)

18-07-2025: [Q1FY26 results review](#)

Other highlights

- **Outlook:** Company is focused on maintaining sustained profitable growth and aims to expand EBIT margin going forward despite furlough seasonality. LTIM has plans to hike wages spread equally over Q4FY26 (starting Jan'26) and Q1FY27 (starting Apr'26).
- **AI impact:** Blueverse AI framework has been successful with clients. 80,000 employees have been trained in foundational genAI. Mega deals are seeing more deflationary impact from AI and some renewal deals are getting recalibrated with lower prices on increased AI-led productivity.
- 80bps gain was observed under - Fit for Future initiative and absence of visa costs and forex gains added another 80bps. Q1 had higher marketing spend by enterprises, which saw normalisation in Q2, resulting in lower SG&A. Company aims to push more levers under - Fit for Future program.
- Top-5/ (6-10) clients grew by -5.2%/8.9%, impacted by recalibration and AI-led productivity gain sharing which is ongoing since last four quarters. 50-60 accounts have already adopted AI.
- TCV stood at USD 1.59bn, down 2.5% QoQ. Book to bill was 1.35x vs. 1.41x in Q1FY26.
- Number of active clients was up by 8 QoQ.
- Attrition stood at 14.2%, down 20 bps QoQ. Company is trying to bring down the utilisation.

Key downside risks: 1) AI-led gain sharing deflating revenue for IT services industry. 2) Prolonged macro weakness.

Key upside risks: 1) Pick-up in TCV conversion to revenue. 2) Improved large deal wins.

Exhibit 1: Q2FY26 performance review

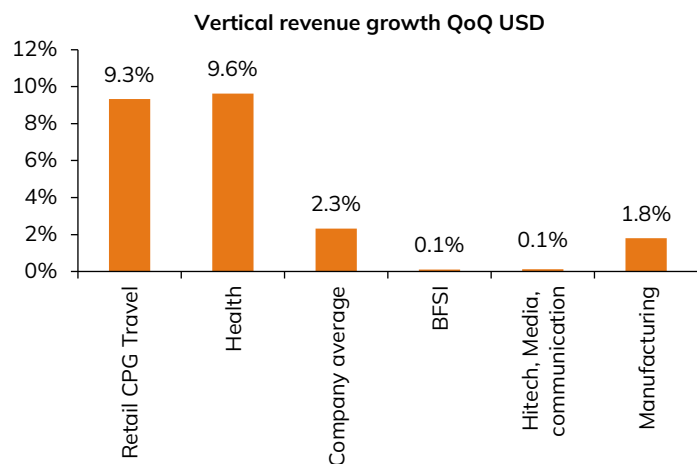
	Q2FY26	Q1FY26	QoQ	Q2FY25	YoY
Revenue QoQ CC	2.4%	0.8%		2.3%	
Revenue (US\$ mn)	1,180	1,153	2.3%	1,127	4.7%
USD/INR	87.9	85.3	3.0%	83.7	5.0%
Revenues (INR mn)	1,03,943	98,406	5.6%	94,329	10.2%
EBIT (INR mn)	16,481	14,065	17.2%	14,582	13.0%
EBIT margin (%)	15.9%	14.3%	156 bps	15.5%	40 bps
Adjusted net profit (INR mn)	13,812	12,546	10.1%	12,516	10.4%
EPS (INR/share)	46.6	42.3	10.1%	42.2	10.3%

Source: I-Sec research, Company data

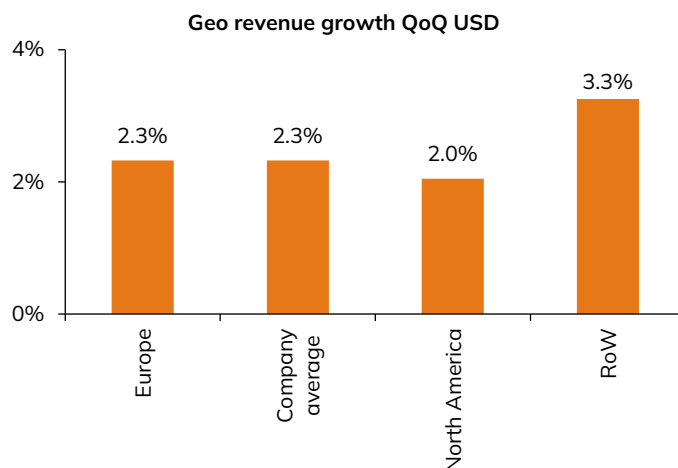
Exhibit 2: Change in estimates

	Revised			Old			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenues (USD mn)	4,773	5,214	5,713	4,780	5,224	5,722	-0.2%	-0.2%	-0.2%
Revenue growth YoY CC	5.4%	9.3%	9.6%	5.5%	9.3%	9.5%	-10bps	0bps	0bps
Revenue growth YoY US\$	6.2%	9.2%	9.6%	6.4%	9.3%	9.5%	-20bps	0bps	0bps
USD/INR	87.3	87.0	88.0	87.3	87.0	88.0	0.0%	0.0%	0.0%
INR mn									
Revenues	4,16,759	4,53,628	5,02,754	4,17,227	4,54,480	5,03,579	-0.1%	-0.2%	-0.2%
EBIT	64,403	73,218	81,754	62,559	73,904	81,888	2.9%	-0.9%	-0.2%
EBIT margin	15.5%	16.1%	16.3%	15.0%	16.3%	16.3%	50bps	-10bps	0bps
EPS (INR/share)	184.2	205.2	232.3	178.2	203.7	229.6	3.3%	0.7%	1.2%

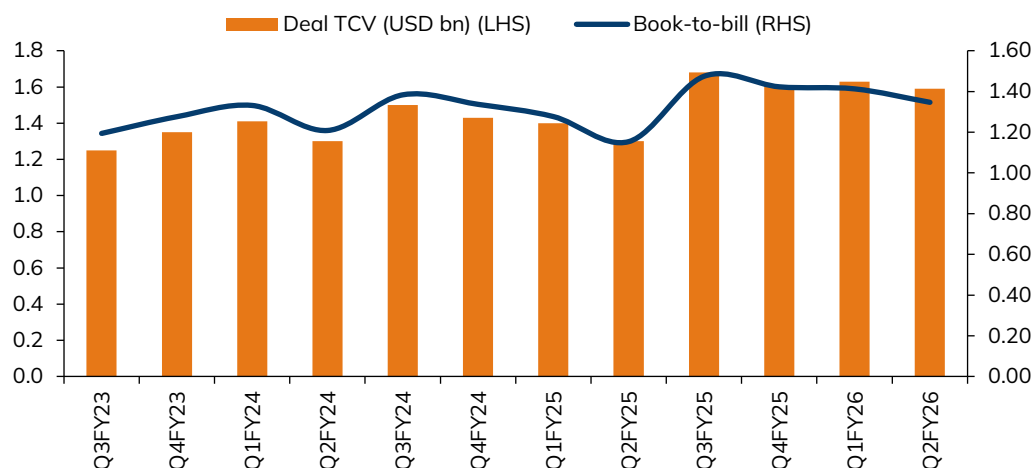
Source: I-Sec research, Company data

Exhibit 3: Revenue growth led by retail & CPG and HLS


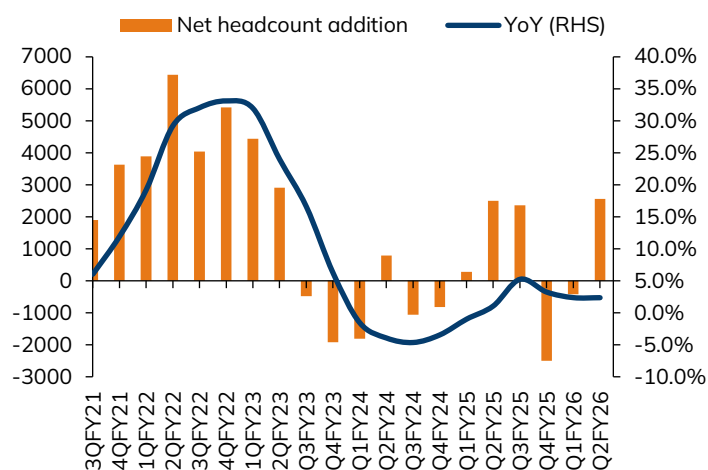
Source: I-Sec research, Company data

Exhibit 4: Growth led by RoW, Europe


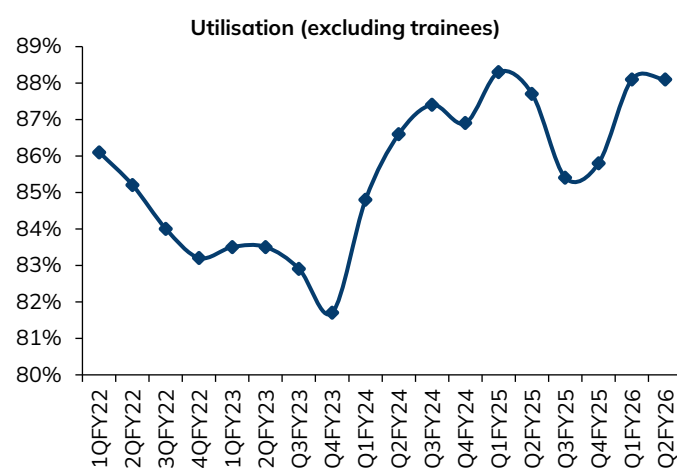
Source: I-Sec research, Company data

Exhibit 5: Deal TCV was robust at USD 1.59bn, down 2.5% QoQ/ up 22.3% YoY


Source: I-Sec research, Company data

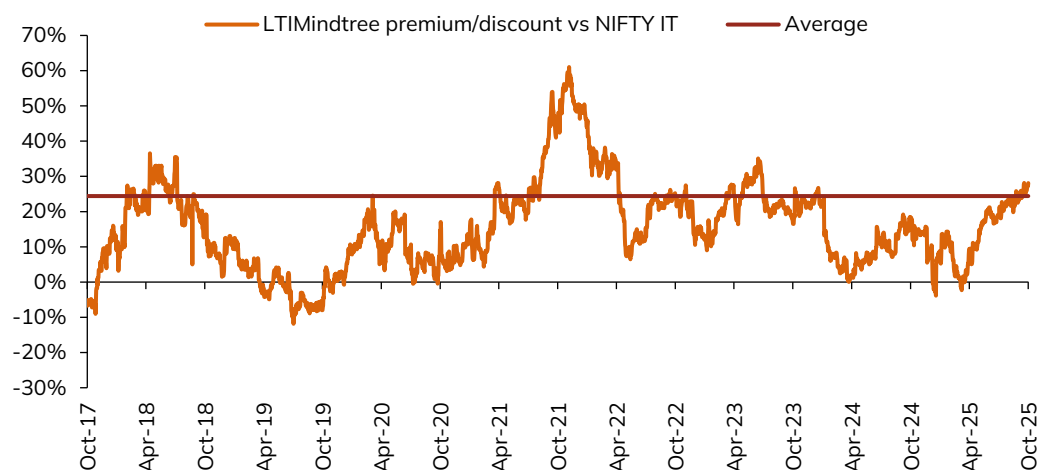
Exhibit 6: Total headcount up 2.4% YoY


Source: I-Sec research, Company data

Exhibit 7: Utilisation was flat QoQ


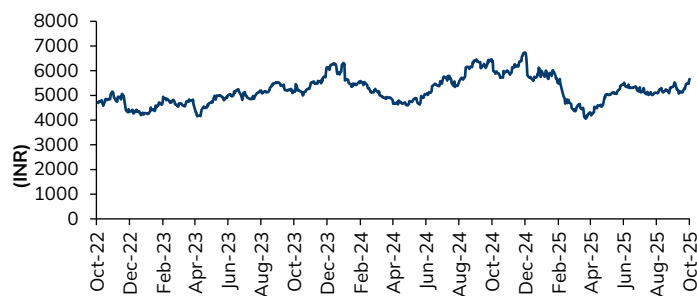
Source: I-Sec research, Company data

Exhibit 8: LTIM is trading at 29x (1-yr forward P/E) close to 5-yr avg of ~30x

Exhibit 9: LTIM is trading at 28% premium to NIFTY IT vs. 5-yr avg premium of 24%

Exhibit 10: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	68.6	68.6	68.6
Institutional investors	22.5	22.7	21.9
MFs and others	6.1	6.0	5.4
FIs/Banks	0.1	0.1	0.2
Insurance	8.7	9.4	9.7
FIIIs	7.6	7.2	6.6
Others	8.9	8.7	9.5

Source: Bloomberg

Exhibit 11: Price chart


Financial Summary

Exhibit 12: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales (USD mn)	4,493	4,773	5,214	5,713
Net Sales (INR. mn)	3,80,081	4,16,759	4,53,628	5,02,754
Operating Expense	3,15,132	3,41,290	3,69,070	4,08,432
EBITDA	64,949	75,469	84,558	94,322
EBITDA Margin (%)	17.1	18.1	18.6	18.8
Depreciation & Amortization	9,915	11,066	11,341	12,569
EBIT	55,034	64,403	73,218	81,754
Interest expenditure	2,789	2,490	2,225	2,225
Other Non-operating Income	9,897	12,617	11,819	14,228
Recurring PBT	62,142	74,530	82,812	93,757
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	16,122	19,892	21,946	24,846
PAT	46,020	54,637	60,866	68,911
Less: Minority Interest	-	-	-	-
Net Income (Reported)	46,020	54,637	60,866	68,911
Extraordinaries (Net)	-	-	-	-
Recurring Net Income	46,020	54,637	60,866	68,911

Source Company data, I-Sec research

Exhibit 13: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	1,35,639	1,51,575	1,88,517	2,31,635
of which cash & cash eqv.	20,623	31,982	59,899	90,487
Total Current Liabilities & Provisions	59,636	67,402	70,219	74,127
Net Current Assets	76,003	84,172	1,18,299	1,57,507
Investments	73,740	92,614	92,614	92,614
Net Fixed Assets	25,406	27,360	27,440	27,520
ROU Assets	20,043	21,815	21,815	21,815
Capital Work-in-Progress	-	-	-	-
Goodwill	12,036	12,650	12,650	12,650
Other assets	37,260	32,399	32,399	32,399
Deferred Tax Assets	-	-	-	-
Total Assets	2,46,664	2,72,874	3,07,081	3,46,369
Liabilities				
Borrowings	23	-	-	-
Deferred Tax Liability	319	417	417	417
provisions	197	218	218	218
other Liabilities	554	4,489	4,489	4,489
Minority Interest	132	386	386	386
Equity Share Capital	296	296	296	296
Reserves & Surplus*	2,26,687	2,47,203	2,81,410	3,20,698
Total Net Worth	2,26,983	2,47,499	2,81,706	3,20,994
Total Liabilities	2,46,664	2,72,874	3,07,081	3,46,369

Source Company data, I-Sec research

Exhibit 14: Quarterly trend

(INR mn, year ending March)

	Dec-24	Mar-25	Jun-25	Sep-25
Net Sales	96,609	97,717	98,406	1,03,943
% growth (YOY)	7.1%	9.9%	7.6%	10.2%
EBITDA	13,289	13,454	14,065	16,481
Margin %	13.8	13.8	14.3	15.9
Extraordinaries	-	-	-	-
Adjusted Net Profit	10,867	11,286	12,546	13,812

Source Company data, I-Sec research

Exhibit 15: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
CFO before WC changes	63,409	74,922	82,334	92,098
CFO after WC changes	61,832	78,089	76,124	83,477
Tax Paid	(16,374)	(19,892)	(21,946)	(24,846)
Cashflow from Operations	45,458	58,197	54,178	58,630
Capital Commitments	9,577	15,094	11,421	12,649
Free Cashflow	35,881	43,103	42,758	45,982
Other investing cashflow	(7,805)	(3,339)	11,819	14,228
Cashflow from Investing Activities	(17,382)	(18,433)	398	1,579
Dividend and Buyback	-	-	-	-
Inc (Dec) in Borrowings	(3,827)	3,935	-	-
Others	-	-	-	-
Cash flow from Financing Activities	(25,744)	(28,404)	(26,660)	(29,622)
Chg. in Cash & Bank balance	2,332	11,359	27,917	30,588
Closing cash & balance	20,623	31,982	59,899	90,487

Source Company data, I-Sec research

Exhibit 16: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	155.4	184.4	205.5	232.6
Diluted EPS	155.1	184.2	205.2	232.3
Cash EPS	189.0	222.0	244.0	275.3
Dividend per share (DPS)	65.0	72.1	90.1	100.1
Book Value per share (BV)	767.0	836.3	951.9	1,084.7
Dividend Payout (%)	41.8	39.1	43.8	43.0
Growth (%)				
Net Sales	7.0	9.7	8.8	10.8
EBITDA	1.7	16.2	12.0	11.5
EPS	0.3	18.7	11.4	13.2
Valuation Ratios (x)				
P/E	36.2	30.5	27.4	24.2
P/CEPS	29.7	25.3	23.0	20.4
P/BV	7.3	6.7	5.9	5.2
EV / EBITDA	24.2	20.4	17.9	15.7
P/S	4.4	4.0	3.7	3.3
Dividend Yield (%)	1.2	1.3	1.6	1.8
Operating Ratios				
EBITDA Margins (%)	17.1	18.1	18.6	18.8
EBIT Margins (%)	14.5	15.5	16.1	16.3
Effective Tax Rate (%)	25.9	26.7	26.5	26.5
Net Profit Margins (%)	12.1	13.1	13.4	13.7
Inventory Turnover Days	-	-	-	-
Fixed Asset Turnover (x)	16.3	15.8	16.6	18.3
Receivables Days	71	71	71	71
Payables Days	15	13	13	13
Working Capital Days	49	47	44	46
Net Debt / EBITDA (x)	(9.5)	(11.3)	(13.4)	(14.6)
Profitability Ratios				
RoCE (%)	19.1	19.9	20.3	19.9
RoIC (%)	42.9	50.2	53.6	55.1
RoNW (%)	21.5	23.0	23.0	22.8

Source Company data, I-Sec research

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