

CMP: ₹ 5,986

Target: ₹ 7400 (24%)

Target Period: 12 months

BUY

February 2, 2026

Healthy overall performance...

About the stock: LTIMindtree (LTIM) is the merged entity formed after the merger of erstwhile Mindtree with LTI. It caters to BFSI, retail, health, media & hi-tech.

Q3FY26 Performance: Revenue at US\$ 1,208 mn, up 2.4% QoQ/6.1% YoY (up 2.4% QoQ CC/ 5.2% YoY CC). In rupee terms, revenue stood at ₹10,781 crore, up 3.7% QoQ and 11.6% YoY. Reported EBIT margin declined ~520 bps QoQ to 10.6% while adjusted EBIT margin (ex-one off from new labour code) expanded by ~20 bps QoQ to 16.1%. Reported PAT stood at ₹959.6 crore, down 31% QoQ/ 12% YoY while adjusted PAT (ex-one off from new labour code) stood at ₹1,401.3 crore, up 1.5% QoQ/ 29% YoY.

Investment Rationale

- Healthy growth momentum with improving revenue visibility:** LTIM delivered a steady growth quarter, driven by strong sequential performance in Healthcare (+9.9% QoQ) and Manufacturing (+9.4% QoQ). Geographic growth was broad-based, led by RoW (+14.1% QoQ) and Europe (+3.4% QoQ). Deal momentum too remained healthy with TCV of US\$1.69 bn (+6.3% QoQ), including a US\$155 mn multi-year AI-led BFSI deal, improving medium-term revenue visibility along with ramp up of previously won deals. **Management reiterated confidence in approaching double-digit revenue growth by year-end. We expect US\$ revenue to grow at CAGR of 9.9% over FY26-28E.**
- Underlying margin strength despite one-off labour code impact:** Reported EBIT margin declined to 10.6% due to a one-time labour code charge (~₹590 crore). Excluding this, adjusted EBIT margin expanded ~20 bps QoQ to 16.1%, supported by operational efficiencies, favourable project mix, cost discipline under the "fit for future" initiative and forex. **While lower working days & phased wage hikes could create near-term margin headwinds (~1% impact each in Q4 and Q1), management expects to offset this through productivity gains and close FY26 with better margins than FY25. We bake in EBIT margins of 15.5%/16.1%/16.3% in FY26E/FY27E/FY28E.**
- Strategic reset positions LTIM for higher quality growth:** LTIM's **New Horizons** program represents a strategic pivot toward AI Ops, integrated transformation and industry-aligned AI factories, strengthening long-term competitiveness. The company is scaling AI-led platforms, launching agent-driven IT operations and deepening ecosystem partnerships, with over 70% of the workforce now trained in domain-tech skills. This strategic reset enhances LTIM's ability to deliver sustainable, higher-quality growth.

Rating and Target Price

- Given improving quality of growth, strong deal momentum and a clear strategic pivot toward AI-led, integrated transformation, **we maintain our BUY rating on LTIM at a target price of ₹7400 (vs ₹7350 earlier); at 30x P/E on FY28E EPS.**

Key Financial Summary

(₹ Crore)	FY23	FY24	FY25	5 Year CAGR (FY20-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Net Sales	33,183	35,517	38,008	NC	42,025	46,876	51,943	11.0
EBITDA	6,108	6,387	6,495	NC	7,586	8,672	9,713	14.4
EBITDA Margins (%)	18.4	18.0	17.1		18.1	18.5	18.7	
Net Profit	4,410	4,585	4,602	NC	5,621	6,451	7,299	16.6
EPS (₹)	148.8	154.5	155.0		189.3	217.3	245.8	
P/E (x)	40.2	38.7	38.6		31.6	27.5	24.3	
RoE (%)	26.6	22.9	20.3		21.8	22.2	22.2	
RoCE (%)	32.4	28.7	25.8		27.3	27.6	27.7	

Source: Company, ICICI Direct Research * LTI and Mindtree merged w.e.f. November, 2022. Number prior to FY23 are not comparable (NC)



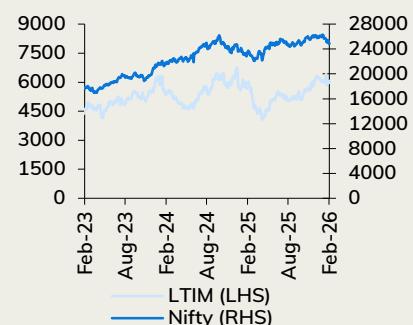
Particulars

Particular	Amount
Market Cap (₹ crore)	1,77,726
Total Debt (₹ crore)	1,901
Cash and Investment (₹ crore)	10,962
EV (₹ crore)	1,68,665
52 week H/L	6429 / 3802
Equity Capital (₹ crore)	29.6
Face Value (in ₹)	1

Shareholding pattern

	Mar-25	Jun-25	Sep-25	Dec-25
Promoter	68.6	68.6	68.5	68.5
FII	7.0	6.6	6.4	6.5
DII	15.6	16.2	16.7	16.9
Public	8.8	8.6	8.4	8.1

Price Chart



Key risks

- Lower than expected revenue and margin expansion;
- Slower than expected ramp up of large deal wins

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Performance highlights and outlook

- **Revenue Performance:** LTIM reported revenue of US\$ 1,208 mn, up 2.4% QoQ/6.1% YoY. In CC terms, revenue was up 2.4% QoQ CC and 5.2% YoY CC. In rupee terms, revenue stood at ₹10,781 crore, up 3.7% QoQ and 11.6% YoY.
- **Margin performance:** Reported EBIT margin declined ~520 bps QoQ to 10.6% while adjusted EBIT margin (ex-one off from new labour code) expanded by ~20 bps QoQ to 16.1% aided by operational efficiencies and a better project mix. Reported PAT stood at ₹959.6 crore, down 31% QoQ/ 12% YoY while adjusted PAT (ex-one off from new labour code) stood at ₹1,401.3 crore, up 1.5% QoQ/ 29% YoY.
- **Geography performance:** Geography wise, on a QoQ basis in US\$ terms all goes too grew with RoW (12.4% of the mix), Europe (14.8% of the mix) and North America (72.8% of the mix) reporting growth of 14.1%, 3.4% and 0.4%.
- **Segment performance:** Segment wise on a QoQ basis in US\$ terms, growth was led by Healthcare (6.5% of the mix), Manufacturing (21% of the mix) and Retail (15.4% of the mix) which grew by 9.9%, 9.4% and 1.2% while Hi-Tech (22% of the mix) was flat and BFSI (35% of the mix) de-grew by 0.7%.
 - **BFSI:** Headwinds in top BFSI client are expected to bottom out in Q4FY26.
 - **Hi-tech:** Top Hi-tech account grew QoQ in Q3, as productivity benefit sharing headwind is behind.
- **Deal Wins:** The company won a **TCV of US\$ 1.69 bn, up 6.3% QoQ/ 0.6% YoY, including a US\$155 mn multi-year AI-led BFSI deal**, improving medium-term revenue visibility along with ramp up of previously won deals.
- **Attrition & Employee addition:** The company's net employees during the quarter increased by 1,511 to 87,958 while attrition stood at 13.8%, down ~40 bps QoQ. On the talent front, LTIM has significantly deepened its AI-focused learning initiatives, with over **50% of employees now certified in advanced AI skills and more than 70% of the workforce covered under industry-domain and technology skilling across multiple proficiency levels**.
- **AI/GenAI:** LTIM is **gaining momentum with its Blueverse platform**, a next-generation agentic IT service management solution that enables autonomous handling and resolution of complex IT operations. In parallel, the company is **scaling industry-specific AI factories** to accelerate enterprise adoption of agentic AI. LTIM has also entered into a **partnership with Armada, an edge-computing hyperscaler**, under which LTIM will take Armada's offerings to its strong enterprise client base and aid its expansion into emerging markets where Armada currently lacks presence.

Quarter Performance

	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Comments
Revenue (US\$ mn)	1,208	1,139	6.1	1,180	2.4	In CC terms revenue was up 2.4% QoQ CC/ 5.2% YoY CC
Revenue (₹ crore)	10,781	9,661	11.6	10,394	3.7	
Employee expenses	7,610	6,879	10.6	7,244	5.1	
Gross Margin	3,171	2,782	14.0	3,150	0.7	
Gross margin (%)	29.4	28.8	61 bps	30.3	-89 bps	
Other expenses	1,169	1,189	-1.7	1,220	-4.2	
EBITDA	2,003	1,593	25.7	1,930	3.8	
EBITDA Margin (%)	18.6	16.5	208 bps	18.6	1 bps	
Dep. & Amort.	266	264	0.5	282	-5.8	
EBIT	1,147	1,329	-13.7	1,648	-30.4	
EBIT Margin (%)	10.6	13.8	-312 bps	15.9	-522 bps	Adjusted EBIT margin (ex-one off from new labour code) expanded by ~20 bps QoQ to 16.1% aided by operational efficiencies and a better project mix.
Other Income	158	144	10.0	231	-31.7	
PBT	1,305	1,473	-11.4	1,879	-30.6	
Tax paid	345	386	-10.5	498	-30.7	
PAT	960	1,087	-11.7	1,381	-30.5	Adjusted PAT (ex-one off from new labour code) stood at ₹1,401.3 crore, up 1.5% QoQ/ 29% YoY.

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

₹ crore	FY26E			FY27E			FY28E		
	Old	New	% Change	Old	New	% Change	Old	New	% Change
Revenue (USD mn)	4,771	4,778	0.2	5,238	5,237	0.0	5,746	5,771	0.4
Revenue	41,818	42,025	0.5	46,616	46,876	0.6	51,717	51,943	0.4
EBIT	6,422	6,520	1.5	7,459	7,524	0.9	8,326	8,441	1.4
EBIT Margin (%)	15.4	15.5	16 bps	16.0	16.1	5 bps	16.1	16.3	15 bps
PAT	5,465	5,621	2.8	6,480	6,451	-0.4	7,278	7,299	0.3
EPS	184.1	189.3	2.8	218.3	217.3	-0.4	245.1	245.8	0.3

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 1: Profit and loss statement				₹ crore
(Year-end March)	FY25	FY26E	FY27E	FY28E
Total Revenues	38,008	42,025	46,876	51,943
Growth (%)	7.0	10.6	11.5	10.8
Employee costs	26,822	29,574	32,813	36,308
Total Operating Expenditure	31,513	34,439	38,204	42,230
EBITDA	6,495	7,586	8,672	9,713
Growth (%)	1.7	16.8	14.3	12.0
Depreciation & Amortization	992	1,066	1,148	1,273
Other Income	865	1,053	1,043	1,222
Interest	279	268	228	209
PBT before Exceptional Items	6,214	7,419	8,452	9,568
Growth (%)	2.7	19.4	13.9	13.2
Tax	1,612	1,798	2,001	2,269
PAT before Exceptional Items	4,602	5,621	6,451	7,299
Exceptional items	-	-	-	-
Minority Int & Pft. from associ	-	-	-	-
PAT	4,602	5,621	6,451	7,299
Growth (%)	0.4	22.1	14.8	13.1
Diluted EPS	155.0	189.3	217.3	245.8
EPS (Growth %)	0.3	22.1	14.8	13.1

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement				₹ crore
(Year-end March)	FY25	FY26E	FY27E	FY28E
PBT	6,214	7,419	8,452	9,568
Add: Depreciation	992	1,066	1,148	1,273
(Inc)/Dec in current assets	(462)	(620)	(749)	(782)
Inc/(Dec) in current liabilities	-	2	3	3
CF from operations	4,546	5,266	6,041	6,786
(Inc)/dec in other investments	(1,155)	-	-	-
(Inc)/dec in Fixed Assets	(934)	(998)	(1,113)	(1,233)
Other investing cash flow	358	1,167	1,157	1,336
CF from investing Activities	(1,738)	169	44	103
Issue of equity	4	-	-	-
Inc/(dec) in loan funds	(40)	(0)	(0)	(0)
Dividend paid & dividend tax	(1,925)	(2,558)	(3,097)	(3,504)
Others	(305)	(268)	(228)	(209)
CF from Financial Activities	(2,574)	(2,826)	(3,325)	(3,713)
Net cash flow	233	2,610	2,760	3,177
Effect of exchange rate changes	9	-	-	-
Opening cash	2,816	3,588	6,198	8,958
Closing cash	3,588	6,198	8,958	12,135

Source: Company, ICICI Direct Research

Exhibit 3: Balance Sheet				₹ crore
(Year-end March)	FY25	FY26E	FY27E	FY28E
Liabilities				
Equity	29.6	29.6	29.6	29.6
Reserves & Surplus	22,669	25,732	29,087	32,882
Networth	22,698	25,762	29,116	32,912
Minority Interest	13	13	13	13
Long term Liabilities & prov	52	54	56	59
Total Debt	1,901	1,901	1,901	1,901
Source of funds	24,664	27,730	31,087	34,885
Assets				
Net fixed assets	4,545	4,514	4,498	4,481
Net intangible assets	218	181	161	140
Goodwill	1,204	1,204	1,204	1,204
Other non current assets	3,725	3,825	3,946	4,073
Unbilled revenue	1,821	2,013	2,245	2,488
Debtors	5,868	6,488	7,237	8,019
Current Investments	7,374	7,374	7,374	7,374
Cash & Cash equivalents	3,588	6,198	8,958	12,135
Other current assets	2,288	2,529	2,821	3,126
Trade payables	1,550	1,714	1,912	2,118
Current liabilities	4,416	4,883	5,446	6,035
Application of funds	24,664	27,730	31,087	34,885

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios				
(Year-end March)	FY25	FY26E	FY27E	FY28E
Per share data (₹)				
EPS	155.0	189.3	217.3	245.8
Cash Per Share	121.1	209.1	302.3	409.5
BV	765	868	981	1,109
DPS	65	86	104	118
Operating Ratios (%)				
EBITDA Margin	17.1	18.1	18.5	18.7
PBT Margin	16.3	17.7	18.0	18.4
PAT Margin	12.1	13.4	13.8	14.1
Turnover Ratios				
Debtor days	56	56	56	56
Creditor days	15	15	15	15
Return Ratios (%)				
RoE	20.3	21.8	22.2	22.2
RoCE	25.8	27.3	27.6	27.7
RoIC	40.2	46.1	51.0	54.9
Valuation Ratios (x)				
P/E	38.6	31.6	27.5	24.3
EV / EBITDA	26.0	21.9	18.8	16.5
Market Cap / Sales	4.7	4.2	3.8	3.4
Solvency Ratios				
Debt/EBITDA	0.3	0.3	0.2	0.2
Debt/Equity	0.1	0.1	0.1	0.1
Current Ratio	1.7	1.7	1.7	1.7
Quick Ratio	1.4	1.4	1.4	1.4

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

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