LTIMindtree Ltd (LTINFO)

CMP: ₹ 5,060 | Target: ₹ 5,850 (16%) | Target Period: 12 months | BUY

July 29, 2025

Steady performance; broad based growth...

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.

Q1FY26 Performance: Revenue at US$ 1153.3 mn, was up 2% QoQ/5.2% YoY. In CC terms, revenue was up 0.8% QoQ CC and 4.4% YoY CC. In rupee terms, revenue stood at ₹9,841 crore, up 0.7% QoQ and 7.6% YoY. EBIT margin expanded by ~50 bps QoQ to 14.3%. PAT for the quarter stood at ₹1,255 crore, up 11% QoQ.

Investment Rationale

- **Broad-based recovery and strong deal momentum:** LTIM delivered in-line revenue growth in Q1, supported by a broad-based recovery across verticals such as Retail (+5.6% QoQ) and Healthcare (+3.8% QoQ), & continued momentum in BFSI (+1.7% QoQ). **Healthy TCV of US$1.63 bn (up 2% QoQ/ 16.4% YoY) provides improved revenue visibility ahead, aided by ramp-up of large wins including the US$450 mn multi-service deal with a global agri-business major.** Management continues to prioritise disciplined execution, with a sharper focus on strengthening its large deal pipeline & enhancing win rates. **While revenue momentum is expected to sustain into Q2, management maintains a cautious stance on the broader macro through rest of the year. We expect US$ revenue to grow at CAGR of 6.4% over FY25-27E.**
- **Margin expansion driven by cost rationalisation program:** EBIT margin expanded by 50bps QoQ to 14.3%, led by savings from the Fit4Future program (+100 bps) which were partly offset by elevated visa and travel cost. The company expects further benefit from Fit4Future levers including process simplification, tighter cost controls, & more balanced resource planning to support margin stability ahead. **Management remains committed to achieving a margin target of 16.5% by Q4FY27. We bake in EBIT margins of 14.8%/16.1% in FY26E/FY27E.**
- **Strategic pivot to AI and long-term structural drivers:** LTIM is accelerating its AI-led transformation with the launch of **BlueVerse**, an enterprise-grade AI ecosystem, and multiple GenAI-led productivity programs. LTIM has also launched **GCC-as-a-service.** Moreover, key transformation initiatives such as **focused sales transformation** to improve large deal-win rates are driving the growth momentum. These initiatives coupled with its execution discipline, position it well to capture medium-term growth opportunities despite prevailing macro uncertainties.

Rating and Target Price

- Given its strong deal pipeline/TCV, margin improvement levers, and strategic pivot towards AI-led transformation, **we maintain our BUY rating on LTIM at a target price of ₹5,850; at 28x P/E on FY27E EPS (vs ₹5,200 earlier).**

LTIMindtree

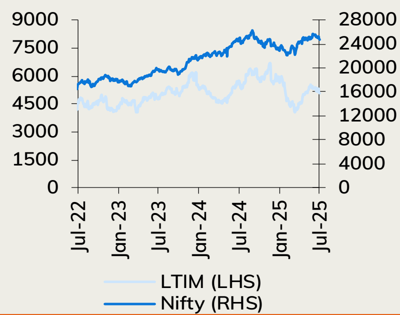
Particulars

Particular	Amount
Market Cap (₹ crore)	1,50,169
Total Debt (₹ crore)	1,901
Cash and Investment (₹ crore)	10,962
EV (₹ crore)	1,41,108
52 week H/L	6767/ 3802
Equity Capital (₹ crore)	29.6
Face Value (in ₹)	1

Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoter	68.6	68.6	68.6	68.6
FII	7.4	7.5	7.0	6.6
DII	14.9	15.0	15.6	16.2
Public	9.1	9.0	8.8	8.6

Price Chart



Key risks

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

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Key Financial Summary

(₹ Crore)	FY23	FY24	FY25	5 Year CAGR (FY20-25)	FY26E	FY27E	2 year CAGR (FY25-27E)
Net Sales	33,183	35,517	38,008	NC	40,453	44,273	7.9
EBITDA	6,108	6,387	6,495	NC	7,037	8,213	12.5
EBITDA Margins (%)	18.4	18.0	17.1		17.4	18.6	
Net Profit	4,410	4,585	4,602	NC	5,232	6,225	16.3
EPS (₹)	148.8	154.5	155.0		176.2	209.6	
P/E (x)	33.9	32.6	32.5		28.6	24.0	
RoE (%)	26.6	22.9	20.3		20.5	21.6	
RoCE (%)	32.4	28.7	25.8		25.6	26.8	

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

Performance highlights and outlook

- **Revenue Performance:** The LTIM reported revenue of US$ 1153.3 mn, up 2% QoQ/5.2% YoY. In CC terms, revenue was up 0.8% QoQ CC and 4.4% YoY CC. In rupee terms, revenue stood at ₹9,841 crore, up 0.7% QoQ and 7.6% YoY.

- **Margin performance:** EBIT margin expanded by ~50 bps QoQ to 14.3%, led by savings from the Fit4Future program (+100 bps) which were partly offset by elevated visa and travel cost. The company expects further benefit from Fit4Future levers including process simplification, tighter cost controls, and more balanced resource planning to support margin stability ahead. PAT for the quarter stood at ₹1,255 crore, up 11% QoQ.

- **Geography performance:** Geography wise, on a QoQ basis in US$ terms, Europe (14.7% of the mix) and North America (74.4% of the mix) grew by 10.2% and 1.8% while RoW (11% of the mix) declined by 5.7%.

- **Segment performance:** Segment wise on a QoQ basis, all segments grew with Retail (14.6% of the mix), Health (5.6% of the mix), BFSI (37% of the mix), Hi-Tech (23.2% of the mix) and Manufacturing (20% of the mix), reporting growth of 5.6%,3.8%, 1.7%, 1.1% and 0.4% respectively.

  - **BFSI segment:** The company indicated that clients are still cautious in terms of spends, due to the uncertain macro environment.

  - **Retail:** Growth in the retail vertical was driven by large-deal ramp ups including the 7-year US$450mn mega deal won with an agri-business leader.

- **Deal Wins**: LTIM during the quarter won a TCV of US$ 1.63 bn, up 2% QoQ/1.6% YoY. Management is focussing on building a large deal pipeline and improving win rates.

- **Attrition & Employee addition**: The company's net employees during the quarter decreased by 418 to 83,889 while attrition stood at 14.4%, flat QoQ and YoY. LTIM onboarded ~1,600 freshers in Q1.

- **Demand Outlook:** The management continues to prioritise disciplined execution, with a sharper focus on strengthening its large deal pipeline and enhancing win rates, particularly in light of the ongoing macroeconomic challenges. **While revenue momentum is expected to sustain into Q2FY26, management maintains a cautious stance on the broader macro environment through the rest of the year. It also reiterated its commitment to achieving the aspirational EBIT margin target of 16.5% by Q4FY27.**

Quarter Performance

	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Comments
Revenue (US$ mn)	1,153	1,096	5.2	1,131	2.0	In CC terms revenue was up 0.8% QoQ CC/ 4.4% YoY CC
Revenue (₹ crore)	9,841	9,143	7.6	9,772	0.7	
Employee expenses	6,981	6,372	9.6	7,044	-0.9	
Gross Margin	2,860	2,771	3.2	2,728	4.8	
Gross margin (%)	29.1	30.3	-125 bps	27.9	115 bps	
Other expenses	1,211	1,165	3.9	1,132	7.0	
EBITDA	1,649	1,606	2.7	1,596	3.3	
EBITDA Margin (%)	16.8	17.6	-81 bps	16.3	43 bps	
Dep. & Amort.	243	235	3.3	251	-3.1	
EBIT	1,407	1,371	2.6	1,345	4.5	
EBIT Margin (%)	14.3	15.0	-70 bps	13.8	52 bps	EBIT margin expanded by ~50 bps QoQ to 14.3%, aided by operational efficiencies under the Fit4Future program (+100 bps), partially offset by elevated visa and travel costs.
Other Income	320	155	106.7	184	73.8	
PBT	1,726	1,526	13.1	1,529	12.9	
Tax paid	472	391	20.8	401	17.7	
PAT	1,255	1,135	10.5	1,129	11.2	

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Total Revenues	**35,517**	**38,008**	**40,453**	**44,273**
Growth (%)	7.0	7.0	6.4	9.4
Employee costs	24,621	26,822	28,685	30,969
Total Operating Expenditure	29,130	31,513	33,416	36,060
EBITDA	**6,387**	**6,495**	**7,037**	**8,213**
Growth (%)	4.6	1.7	8.3	16.7
Depreciation & Amortization	819	992	1,039	1,107
Other Income	690	865	1,052	1,123
Interest	222	279	220	209
PBT before Exceptional Items	6,049	6,214	6,960	8,149
Growth (%)	4.4	2.7	12.0	17.1
Tax	1,464	1,612	1,728	1,925
PAT before Exceptional Items	4,585	4,602	5,232	6,225
Exceptional items	-	-	-	-
Minority Int & Pft. from associ	-	-	-	-
PAT	**4,585**	**4,602**	**5,232**	**6,225**
Growth (%)	4.0	0.4	13.7	19.0
Diluted EPS	154.5	155.0	176.2	209.6
EPS (Growth %)	3.8	0.3	13.7	19.0

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
PBT	6,049	6,214	6,960	8,149
Add: Depreciation	819	992	1,039	1,107
(Inc)/Dec in current assets	505	(462)	(377)	(590)
Inc/(Dec) in current liabilities	-	-	1	2
CF from operations	**5,670**	**4,546**	**4,992**	**5,792**
(Inc)/dec in other investments	(3,331)	(1,155)	-	-
(Inc)/dec in Fixed Assets	(833)	(934)	(960)	(1,051)
Other investing cash flow	257	358	1,181	1,252
CF from investing Activities	**(3,912)**	**(1,738)**	**221**	**201**
Issue of equity	1	4	-	-
Inc/(dec) in loan funds	(87)	(40)	0	(0)
Dividend paid & dividend tax	(1,775)	(1,925)	(2,381)	(2,988)
Others	(160)	(305)	(220)	(209)
CF from Financial Activities	**(2,269)**	**(2,574)**	**(2,600)**	**(3,197)**
Net cash flow	(511)	233	2,612	2,796
Effect of exchange rate changes	(8)	9	-	-
Opening cash	2,932	2,816	3,588	6,201
Closing cash	**2,816**	**3,588**	**6,201**	**8,997**

Source: Company, ICICI Direct Research

Exhibit 3: Balance Sheet ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Liabilities				
Equity	29.6	29.6	29.6	29.6
Reserves & Surplus	19,988	22,669	25,520	28,757
Networth	20,017	22,698	25,550	28,787
Minority Interest	9	13	13	13
Long term Liabilties & prov	34	52	53	55
Total Debt	1,759	1,901	1,901	1,901
Source of funds	**21,820**	**24,664**	**27,517**	**30,756**
Assets				
Net fixed assets	4,024	4,545	4,510	4,485
Net intangible assets	315	218	175	144
Goodwill	1,193	1,204	1,204	1,204
Other non current assets	3,185	3,725	3,786	3,882
Unbilled revenue	1,326	1,821	1,938	2,121
Debtors	5,706	5,868	6,245	6,835
Current Investments	6,753	7,374	7,374	7,374
Cash & Cash equivalents	2,816	3,588	6,201	8,997
Other current assets	2,245	2,288	2,435	2,665
Trade payables	1,494	1,550	1,650	1,805
Current liabilities	4,249	4,416	4,700	5,144
Application of funds	**21,820**	**24,664**	**27,517**	**30,756**

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
Per share data (₹)				
EPS	154.5	155.0	176.2	209.6
Cash Per Share	95.1	121.1	209.2	303.6
BV	674	765	861	970
DPS	65	65	80	101
Operating Ratios (%)				
EBITDA Margin	18.0	17.1	17.4	18.6
PBT Margin	17.0	16.3	17.2	18.4
PAT Margin	12.9	12.1	12.9	14.1
Turnover Ratios				
Debtor days	59	56	56	56
Creditor days	15	15	15	15
Return Ratios (%)				
RoE	22.9	20.3	20.5	21.6
RoCE	28.7	25.8	25.6	26.8
RoIC	45.5	40.2	43.0	49.4
Valuation Ratios (x)				
P/E	32.6	32.5	28.6	24.0
EV / EBITDA	22.2	21.6	19.6	16.5
Market Cap / Sales	4.2	3.9	3.7	3.4
Solvency Ratios				
Debt/EBITDA	0.3	0.3	0.3	0.2
Debt/Equity	0.1	0.1	0.1	0.1
Current Ratio	1.6	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%;

Sell: <-15%

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