

On track for a stronger H2...

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.

Q2FY26 Performance: Revenue at US\$ 1180.1 mn, was up 2.3% QoQ/4.7% YoY (up 2.4% QoQ CC/ 4.4% YoY CC). In rupee terms, revenue stood at ₹10,394 crore, up 5.6% QoQ and 10.2% YoY. EBIT margin expanded by ~160 bps QoQ to 15.9%. PAT stood at ₹1,381 crore, up 10% QoQ.

Investment Rationale

- **Broad-based growth led by Healthcare and Retail; confident on H2 acceleration:** LTIMindtree delivered a steady Q2FY26 performance driven by robust growth in Healthcare (+9.6% QoQ) and Retail (+9.3% QoQ). BFSI and Hi-tech remained flat, impacted by ongoing AI-led productivity gain sharing across top accounts. **Management remains confident of improved momentum in H2, supported by ramp-ups in the PAN 2.0 and media segment mega deal, and targets to exit FY26 with double-digit USD revenue growth. We expect US\$ revenue to grow at CAGR of 8% over FY25-27E.**
- **Margin expansion aided by operational rigour and Fit-for-Future initiatives:** EBIT margin expanded sharply by ~160 bps QoQ to 15.9%, aided by 80 bps benefit from the Fit-for-Future margin expansion program, lower SG&A spend, and 80 bps forex gains. Despite planned staggered wage hikes (in January'26 and April'26) and seasonality from furloughs, management expects continued margin improvement supported by productivity gains, pyramid optimization, and disciplined cost control. Sustained focus on operational efficiency and AI-led delivery enhancements should help drive profitable growth through FY26-27. **We bake in EBIT margins of 15.4%/16.1% in FY26E/FY27E.**
- **Healthy deal pipeline; strong execution & AI pivot support medium-term outlook:** LTIM secured TCV of US\$1.59 bn in Q2, including a large media deal, with broad-based wins across all verticals. The company's AI-led transformation framework, **BlueVerse**, continues to gain traction with **80,000 employees trained in GenAI and over 50 accounts actively leveraging AI for productivity gains.** Management's focus on embedding AI across delivery, improving non-linearity, and driving digital modernization positions LTIM favorably for sustained growth and margin expansion.

Rating and Target Price

- With management confident of delivering double-digit USD revenue growth by end-FY26 and further margin improvement trajectory, we expect LTIM to outperform peers on earnings momentum, justifying a premium valuation; **we maintain our BUY rating on LTIM at a target price of ₹6,500 (vs 5,850 earlier); at 30x P/E on FY27E EPS.**



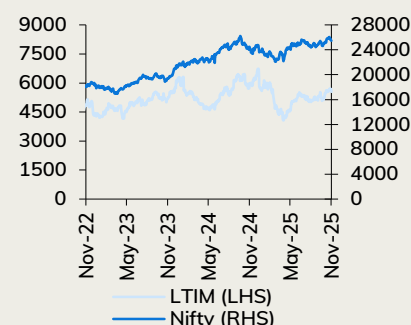
Particulars

Particular	Amount
Market Cap (₹ crore)	1,64,692
Total Debt (₹ crore)	1,901
Cash and Investment (₹ crore)	10,962
EV (₹ crore)	1,55,631
52 week H/L	6767/ 3802
Equity Capital (₹ crore)	29.6
Face Value (in ₹)	1

Shareholding pattern

	Dec-24	Mar-25	Jun-25	Sep-25
Promoter	68.6	68.6	68.6	68.5
FII	7.5	7.0	6.6	6.4
DII	15.0	15.6	16.2	16.7
Public	9.0	8.8	8.6	8.4

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	41,704	46,092	10.1
EBITDA	6,108	6,387	6,495	NC	7,487	8,551	14.7
EBITDA Margins (%)	18.4	18.0	17.1		18.0	18.6	
Net Profit	4,410	4,585	4,602	NC	5,452	6,435	18.2
EPS (₹)	148.8	154.5	155.0		183.6	216.7	
P/E (x)	37.3	35.9	35.8		30.2	25.6	
RoE (%)	26.6	22.9	20.3		21.2	22.2	
RoCE (%)	32.4	28.7	25.8		26.7	27.2	

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:** LTIM reported revenue of US\$ 1180.1 mn, up 2.3% QoQ/4.7% YoY. In CC terms, revenue was up 2.4% QoQ CC and 4.4% YoY CC. In rupee terms, revenue stood at ₹10,394 crore, up 5.6% QoQ and 10.2% YoY.
- **Margin performance:** EBIT margin expanded by ~160 bps QoQ to 15.9%, aided primarily by gains of 80 bps from margin improvement program and non-recurrence of visa programs and +80 bps from forex. PAT for the quarter stood at ₹1,381 crore, up 10% QoQ. Going ahead, management expects more levers to play under its Fit4Future margin expansion program.
- **Geography performance:** Geography wise, on a QoQ basis in US\$ terms all goes too grew with RoW (11.1% of the mix), Europe (14.7% of the mix) and North America (74.2% of the mix) reporting growth of 3.3%, 2.3% and 2%.
- **Segment performance:** Segment wise on a QoQ basis in US\$ terms, all segments grew with Healthcare (6% of the mix), Retail (15.6% of the mix), Manufacturing (19.5% of the mix), BFSI (36.2% of the mix) and Hi-Tech (22.7% of the mix) with growth of 9.6%, 9.3%, 1.8%, 0.1% and 0.1%.
- **Deal Wins:** LTIM during the quarter won a TCV of US\$ 1.59 bn, down 2.5% QoQ/ up 22.3% YoY. **PAN 2.0 deal** is expected to ramp-up up in Q3FY26 while **media deal** may take time for ramp-up and could take a couple of quarters.
- **Attrition & Employee addition:** The company's net employees during the quarter increased by 2,558 (including 2,604 freshers) to 86,447 while attrition stood at 14.2%, down ~20 bps QoQ.
- **Wage hike:** LTIM has announced a staggered wage hike, spread equally over Q4FY26 (starting Jan'26) and Q1FY27 (starting Apr'26) which shall be the new normal going ahead.
- **AI/GenAI:** The company's AI-led transformation framework, **BlueVerse**, continues to gain traction with **80,000 employees trained in GenAI and over 50 accounts actively leveraging AI for productivity gains**. As per management, mega deals are seeing more deflationary impact from AI and some renewal deals are getting closed with lower prices on increased AI-led productivity.
- **Dividend:** The company declared an interim dividend of ₹22 per share.

Quarter Performance

	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Comments
Revenue (US\$ mn)	1,180	1,127	4.7	1,153	2.3	In CC terms revenue was up 2.4% QoQ CC/ 4.4% YoY CC
Revenue (₹ crore)	10,394	9,433	10.2	9,841	5.6	
Employee expenses	7,244	6,528	11.0	6,981	3.8	
Gross Margin	3,150	2,905	8.4	2,860	10.2	
Gross margin (%)	30.3	30.8	-49 bps	29.1	125 bps	
Other expenses	1,220	1,206	1.2	1,211	0.8	
EBITDA	1,930	1,699	13.6	1,649	17.0	
EBITDA Margin (%)	18.6	18.0	55 bps	16.8	181 bps	
Dep. & Amort.	282	241	17.0	243	16.1	
EBIT	1,648	1,458	13.0	1,407	17.2	
EBIT Margin (%)	15.9	15.5	40 bps	14.3	156 bps	EBIT margin expanded by ~160 bps QoQ aided by aided primarily by gains of 80 bps from margin improvement program and non-recurrence of visa programs and 80 bps from forex
Other Income	231	229	1.1	320	-27.7	
PBT	1,879	1,687	11.4	1,726	8.9	
Tax paid	498	435	14.4	472	5.6	
PAT	1,381	1,252	10.4	1,255	10.1	

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	41,704	46,092
Growth (%)	7.0	7.0	9.7	10.5
Employee costs	24,621	26,822	29,318	32,241
Total Operating Expenditure	29,130	31,513	34,217	37,542
EBITDA	6,387	6,495	7,487	8,551
Growth (%)	4.6	1.7	15.3	14.2
Depreciation & Amortization	819	992	1,083	1,152
Other Income	690	865	969	1,041
Interest	222	279	256	228
PBT before Exceptional Items	6,049	6,214	7,311	8,406
Growth (%)	4.4	2.7	17.6	15.0
Tax	1,464	1,612	1,859	1,971
PAT before Exceptional Items	4,585	4,602	5,452	6,435
Exceptional items	-	-	-	-
Minority Int & Pft. from associ	-	-	-	-
PAT	4,585	4,602	5,452	6,435
Growth (%)	4.0	0.4	18.5	18.0
Diluted EPS	154.5	155.0	183.6	216.7
EPS (Growth %)	3.8	0.3	18.5	18.0

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
PBT	6,049	6,214	7,311	8,406
Add: Depreciation	819	992	1,083	1,152
(Inc)/Dec in current assets	505	(462)	(571)	(677)
Inc/(Dec) in current liabilities	-	-	2	2
CF from operations	5,670	4,546	5,148	6,010
(Inc)/dec in other investments	(3,331)	(1,155)	-	-
(Inc)/dec in Fixed Assets	(833)	(934)	(990)	(1,094)
Other investing cash flow	257	358	1,163	1,235
CF from investing Activities	(3,912)	(1,738)	173	141
Issue of equity	1	4	-	-
Inc/(dec) in loan funds	(87)	(40)	(0)	0
Dividend paid & dividend tax	(1,775)	(1,925)	(2,481)	(3,089)
Others	(160)	(305)	(256)	(228)
CF from Financial Activities	(2,269)	(2,574)	(2,736)	(3,317)
Net cash flow	(511)	233	2,584	2,834
Effect of exchange rate changes	(8)	9	-	-
Opening cash	2,932	2,816	3,588	6,172
Closing cash	2,816	3,588	6,172	9,007

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	25,640	28,986
Networth	20,017	22,698	25,670	29,016
Minority Interest	9	13	13	13
Long term Liabilities & prov	34	52	54	56
Total Debt	1,759	1,901	1,901	1,901
Source of funds	21,820	24,664	27,637	30,986
Assets				
Net fixed assets	4,024	4,545	4,503	4,477
Net intangible assets	315	218	167	135
Goodwill	1,193	1,204	1,204	1,204
Other non current assets	3,185	3,725	3,818	3,927
Unbilled revenue	1,326	1,821	1,998	2,208
Debtors	5,706	5,868	6,438	7,116
Current Investments	6,753	7,374	7,374	7,374
Cash & Cash equivalents	2,816	3,588	6,172	9,007
Other current assets	2,245	2,288	2,510	2,774
Trade payables	1,494	1,550	1,701	1,880
Current liabilities	4,249	4,416	4,845	5,355
Application of funds	21,820	24,664	27,637	30,986

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
Per share data (₹)				
EPS	154.5	155.0	183.6	216.7
Cash Per Share	95.1	121.1	208.3	303.9
BV	674	765	865	977
DPS	65	65	84	104
Operating Ratios (%)				
EBITDA Margin	18.0	17.1	18.0	18.6
PBT Margin	17.0	16.3	17.5	18.2
PAT Margin	12.9	12.1	13.1	14.0
Turnover Ratios				
Debtor days	59	56	56	56
Creditor days	15	15	15	15
Return Ratios (%)				
RoE	22.9	20.3	21.2	22.2
RoCE	28.7	25.8	26.7	27.2
RoIC	45.5	40.2	45.4	50.7
Valuation Ratios (x)				
P/E	35.9	35.8	30.2	25.6
EV / EBITDA	24.6	24.0	20.4	17.6
Market Cap / Sales	4.6	4.3	3.9	3.6
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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Reduce: -15% to -5%;

Sell: <-15%



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