



3R MATRIX

Right Sector (RS)



Right Quality (RQ)



Right Valuation (RV)



+ Positive

= Neutral

- Negative

What has changed in 3R MATRIX

	Old		New
RS		↔	
RQ		↔	
RV		↔	

Company details

Market cap:	Rs. 1,76,740 cr
52-week high/low:	Rs. 6,764/3,841
NSE volume: (No of shares)	13.4 lakh
BSE code:	540005
NSE code:	LTIM
Free float: (No of shares)	9.3 cr

Shareholding (%)

Promoters	68.5
FII	6.4
DII	16.6
Others	8.5

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	6.2	16.6	18.5	1.3
Relative to Sensex	4.8	12.3	13.4	-8.4

Source: Mirae Asset Sharekhan Research, Bloomberg

LTMindtree Ltd

Strong execution, continued traction and margin expansion to drive growth

IT & ITES	Sharekhan code: LTIM		
Reco/View: Buy	↔	CMP: Rs. 5,955	Price Target: Rs. 6,827 ↑

Summary

- Deal wins rose 22% y-o-y to \$1.59 billion, marking record highs for the fourth consecutive quarter. Revenue visibility stays strong, with ramp-up of deals likely up boost growth in H2.
- Q3FY26 deal wins indicate strong deal inflows, alignment with hyperscalers, and faster productizing of AI-led offerings.
- LTIMindtree expects double-digit USD revenue growth eyed for H2FY26. We model a revenue/EBITDA/PAT CAGR of 9.3%/14.5%/14.5% for FY25-FY28E, on multiple tailwinds.
- With a favorable risk-reward, we maintain a Buy rating with a revised PT of Rs. 6,827. At CMP, the stock trades at 28.7x and 25.6x on FY27E and FY28E EPS.

Recent deal wins indicate sustained deal momentum, deeper strategic alignment with hyperscalers, and faster productizing of the company's AI-led offerings. Coupled with the company's efforts to boost margins and the "Fit for Future" efficiency program, these factors would support a steady earnings recovery. Sectoral risks on discretionary spending are fading and macros are likely to stabilise/ improve. While a complete recovery is afar, downside risks are largely priced into LTIMindtree's valuation.

In Q2FY26, growth was broad-based, with consumer business, which was a lagged in FY25, have contributed meaningfully in H1FY26 with 12.4% growth in Q2FY26. All regions delivered sequential and y-o-y growth. The company's Fit for Future program is expected to drive margin improvement from FY26E. Strong order inflows, new deal wins, and a robust pipeline provide revenue visibility, supporting growth momentum, while ongoing efficiency initiatives underpin margin expansion.

Deal Wins: Order Inflows remain strong at \$1.59 billion, up 22%, marking the fourth consecutive quarter of order inflows of \$1.60 billion. Large deal were won across all five verticals. Management highlighted that order-to-revenue conversion is driven by deal-specific transition periods, phased ramps from multi-year vendor-consolidation renewals, and periodic price recalibrations. Recent sequential revenue growth reflects these dynamics, supporting confidence in sustained momentum into H2FY26.

Margin Expansion: In Q2FY26, margins expanded 160 bps sequentially to 15.9%, driven equally by contributions from the Fit for Future program (80 bps) and forex gains (80 bps). Despite seasonal headwinds and planned wage hikes, management expects further margin improvement in H2. Structural levers including workforce pyramid optimization, AI-driven productivity gains, span-of-control improvements, and ongoing SG&A rationalization remain key drivers. SG&A has already declined from 12.8% to 11.7% in Q2FY26 of revenue, with additional efficiency upside anticipated under the Fit for Future program.

Growth Outlook & Operational Highlights: LTIMindtree expects double-digit USD revenue growth in H2FY26, supported by strong deal wins, robust order inflows, and consistent execution. Growth is broad-based across verticals and geographies, with notable momentum outside the top five clients. The management highlighted strong execution, continued traction in large deals, and operational leverage as key drivers, with seasonal headwinds such as furloughs expected to be manageable. LTIM reported 2.4% q-o-q (CC) revenue growth, above estimates, with sequential gains across all five verticals for the second consecutive quarter. Consumer led with 9.1% QoQ growth on partial ramp-up of a \$450 million deal, followed by Healthcare & Public Services 10.2%, Manufacturing & Resources 1.7%, BFSI 0.2%, and Technology, Media & Communications 0.1%.

Our Call

LTIMindtree is well-poised to benefit from a pick-up in discretionary spending, continued large-deal traction, and margin expansion, presenting a favourable risk-to-reward profile. Management expects double-digit revenue growth in H2FY26 in USD terms, driven by strong deal wins, operational execution, and a healthy pipeline. Accordingly, we revise our price target to Rs. 6,827, rolling forward our valuation to Sep-27E and maintain a 31x P/E multiple.

Key Risks

Slower-than-anticipated recovery in discretionary spending or a further deterioration in market conditions, as well as any additional slowdown among top five clients.

Valuation (Consolidated)

Particulars	FY25	FY26E	FY27E	FY28E
Total Revenue	38,008	40,857	45,043	49,601
EBITDA margin %	17.1%	18.0%	18.5%	18.8%
Adjusted Net Profit	4,599	5,285	6,157.9	6,908.6
% Y-o-y growth	0.4	14.9	16.5	12.2
EPS (Rs)	155.0	178.1	207.6	232.9
PER (x)	33.5	33.4	28.7	25.6
P/BV (x)	6.8	6.8	6.1	5.6
EV/EBITDA	18.2	14.9	9.8	6.1
ROE (%)	21.5	21.8	22.5	22.8
ROCE (%)	23.7	24.0	24.7	25.1

Source: Company; Mirae Asset Sharekhan estimates

Outlook and Valuation

■ Sector Outlook

Robust deal pipeline, cost optimisation, and technology modernisation opportunities to aid growth The Indian IT sector is poised for modest growth in FY2026, driven by stabilisation in key markets like the US and Europe, alongside increasing demand for AI, cloud, and digital transformation services. Despite near-term challenges such as macroeconomic uncertainty, discretionary spending delays, and geopolitical volatility, the sector is expected to benefit from a robust deal pipeline and a shift toward cost optimisation and technology modernisation initiatives.

■ Company Outlook – Strong deal momentum, margin expansion to drive growth

We believe that LTIM's prudent strategies along with an efficient sales-force would lead to market share gains in large accounts and new deal wins. We expect it to deliver industry-leading revenue growth in the long term on account of consistent huge deal wins and deal pipeline, a higher digital mix, prudent account mining strategies and a marquee client base. Further, LTIM's sharp focus on bringing new-age disruptive technologies and leveraging of platforms (in-house and external) would help it transform the core business of enterprises on a large scale. Management has delivered strong sequential performance in Q2FY26 and expects double digit growth in USD terms in H2, supported by recent deal wins, strong order inflows, and steady execution.

■ Valuation

LTIMindtree is well-poised to benefit from a pickup in discretionary spending, continued large-deal traction, and margin expansion, presenting a favourable risk-to-reward profile. Management expects double-digit revenue growth in H2FY26 in USD terms, driven by strong deal wins, operational execution, and a healthy pipeline. Accordingly, we revise our price target to Rs. 6,827, rolling forward our valuation to Sep'27E and maintain 31x P/E multiple.

About company

LTIMindtree, a global technology consulting and digital solutions company was formed in November 2022 through the merger of Larsen & Toubro Infotech and Mindtree. It serves over 700 clients across industries like BFSI, technology, media, manufacturing, and healthcare, delivering AI-led digital transformation, cloud, and data solutions. With FY25 revenue of \$4.49 billion and a workforce of ~84,300 across 30+ countries, LTIMindtree leverages its engineering and experience to drive innovation.

Investment theme

LTIMindtree's strong execution capabilities, broad-based deal wins across verticals, and alignment with hyperscalers, combined with accelerated revenue contribution from AI and digital offerings, have enabled the company to outpace industry growth. Robust order inflows, strategic large deals, and top-account mining, along with gradual expansion in digital deal sizes, high-volume digital engagements, and migration of legacy business, have underpinned both revenue momentum and margin expansion. Operational levers such as workforce optimization, AI-driven productivity, and SG&A rationalization continue to support sustainable, profitable growth.

Key Risks

- ♦ Risks include slower-than-anticipated recovery in discretionary spending or a further deterioration in market conditions, as well as any additional slowdown among the company's top five clients.

Additional Data

Key management personnel

Name	Designation
Venu Lambu	MD & CEO
Vipul Chandra	CFO
Vikas Jadav	Head – Investor Relations

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Larsen & Toubro Ltd	68.53
2	Life Insurance Corp of India	9.03
3	Vanguard Group Inc/The	1.32
4	Blackrock Inc	1.01
5	UTI Asset Management Co Ltd	0.99
6	ICICI Prudential Asset Management	0.89
7	SBI Funds Management Ltd	0.87
8	Nippon Life India Asset Management	0.52
9	Norges Bank	0.49
10	UTI Retirement Solutions Ltd	0.42

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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