

### 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. 1,53,802 cr
52-week high/low:	Rs. 6,765 / 3,841
NSE volume: (No of shares)	3.5 lakh
BSE code:	540005
NSE code:	LTIM
Free float: (No of shares)	9.3 cr

### Shareholding (%)

Promoters	68.6
FII	7.0
DII	15.5
Others	8.9

### Price chart



Source: NSE India, Mirae Asset Sharekhan Research

### Price performance

(%)	1m	3m	6m	12m
Absolute	-5.8	23.9	-11.9	-9.8
Relative to Sensex	-6.7	19.2	-19.2	-10.9

Source: Mirae Asset Sharekhan Research, Bloomberg

## LTIMindtree Ltd

### In-line Quarter, On steady growth path

IT & ITES	Sharekhan code: LTIM
Reco/View: Buy	CMP: Rs. 5,191 Price Target: Rs. 6,200
↑ Upgrade ↔ Maintain ↓ Downgrade	

### Summary

- Reported revenues stood at \$1,153 million, up 0.8% q-o-q in CC terms, slightly missing our estimates of 1% q-o-q.
- EBIT margin expanded ~50 bps q-o-q to 14.3% in line with our estimate. Order inflow rose 16% y-o-y at \$1.63 billion.
- Management is confident of sustaining growth momentum into Q2, driven by a robust pipeline and disciplined execution.
- We maintain Buy with an unchanged PT of Rs 6,200 (valued at 31xFY27E EPS). At CMP, the stock trades at 30.2/26x FY26/27E EPS.

Reported revenues stood at \$1,153 million, up 0.8% q-o-q/ 4.4% y-o-y in CC terms, slightly missing our estimates of 1% q-o-q growth in CC terms. Sequential growth was led by Consumer business and Healthcare, Lifesciences & Public Services verticals. Rupee revenues stood at Rs 9,841 crore, up 0.7% q-o-q/7.6% y-o-y. EBIT margins expanded ~50 bps q-o-q to 14.3% in line with our estimates driven by the Fit4Future program, though offset by seasonal visa costs and forex impacts. Adjusted PAT stood at Rs. 1,254 crore, up 11.1% q-o-q/10.6% y-o-y, beating our estimates of Rs 1,180 crore. The company reported robust order inflows of \$1.63 billion, up 2% q-o-q/16% y-o-y. Consumer business, Healthcare, Lifesciences & public services, BFSI Technology, Media & Communications, and Manufacturing, grew 6.2%/4.8%/1.6%/0.8 and 0.3% q-o-q, respectively. Net headcount declined 418 q-o-q, taking the total to 83,889. LTM attrition was flat sequentially at 14.4% while utilisation (excluding trainees) improved 230 bps q-o-q to 88.1%. The company's diversified vertical performance, robust order book, and strategic initiatives position it well to navigate macroeconomic challenges and deliver consistent growth. We expect gradual improvement in growth and margins in FY26 aided by momentum of order inflow, ramp up of deals and strong deal pipeline. We maintain Buy with an unchanged PT of Rs 6,200 (valued at 31xFY27E EPS). At CMP, the stock trades at 30.2/26x FY26/27E EPS.

### Key positives

- Robust order inflow of \$1.63 billion, up 16% y-o-y
- All verticals grew sequentially with Consumer business vertical growing at 6.8%.
- Utilisation (ex-trainees) improved 230 bps q-o-q to 88.1%

### Key negatives

- Net headcount additions declined 418 q-o-q taking the total headcount to 83,889

### Management Commentary

- Management is confident in sustaining growth momentum into Q2, driven by a robust pipeline and disciplined execution.
- Fit4Future program has enhanced operational agility, cost efficiency, and AI adoption, contributing to margin expansion.
- Sales transformation initiatives has Improved 'win' rates for large deals through the centralised global deals team
- Onboarded over 1,600 freshers, with plans for further recruitment to support growth.
- Management prefers utilisation rate of 86-87% for flexibility in meeting demand.

Revision in earnings estimates - We have revised our estimates to factor Q1FY26 performance.

### Our Call

**Valuation - Maintain Buy with an unchanged PT of Rs 6,200:** The company reported largely in line performance on revenue and margin front. Third consecutive order inflow exceeding \$1.5 billion, indicates continuity of robust demand and future revenue visibility. Diversified performance among verticals, a robust order book, and strategic initiatives position it well to navigate macro challenges and deliver consistent growth. We expect a gradual improvement in growth and margins in FY26 aided by momentum of order inflow, ramp up of deals and a strong deal pipeline. We expect a sales/PAT CAGR of ~8%/14% over FY25-27E. We maintain Buy rating with an unchanged price target (PT) of Rs 6,200 (valued at 31xFY27E EPS). At CMP, the stock trades at 30.2/26x FY26/27E EPS.

### Key Risks

Rupee appreciation and/or adverse cross-currency movements. Macro headwinds and recession in the US can moderate the pace of technology spending.

### Valuation (Consolidated)

Particulars	FY24	FY25	FY26E	FY27E
Total Revenue	35,517	38,008	40,507	44,718
EBITDA margin (%)	18.0	17.1	17.4	17.9
Adjusted Net Profit	4,582	4,599	5,103	5,931.4
% YoY growth	3.9	0.4	11.0	16.2
EPS (Rs)	154.4	155.0	172.0	199.9
PER (x)	33.6	33.5	30.2	26.0
P/BV (x)	7.7	6.8	6.4	5.6
EV/EBITDA	19.8	18.2	16.8	12.5
ROE (%)	25.0	21.5	21.9	23.0
ROCE (%)	27.8	23.7	23.6	24.5

Source: Company; Mirae Asset Sharekhan estimates

## Key result highlights

- ♦ **Revenue growth:** Reported revenues stood at \$1,153.3 million, rising 0.8% q-o-q/ 4.4% y-o-y in CC missing our estimates of 1% q-o-q growth in CC. Rupee revenues stood at Rs 9,804 crore, up 0.7% q-o-q/7.6% y-o-y.
- ♦ **Margins:** EBIT margin rose ~50 bps sequentially to 14.3%, in line with our estimate driven by the Fit4Future program, though offset by seasonal visa costs and forex impacts.
- ♦ **Order inflows:** Order inflow was robust at \$1.63 billion, up 2% q-o-q / 16% y-o-y.
- ♦ **Vertical-wise performance:** Consumer business, Healthcare, Life Science & Public Services, BFSI Technology, Media & Communications, and Manufacturing, grew 6.2%/4.8%/1.6%/0.8 and 0.3% q-o-q, respectively.
- ♦ **Geography-wise performance:** North America and Europe grew 1.8% and 9.7% q-o-q, respectively while RoW declined 6% q-o-q respectively.
- ♦ **People metrics:** LTM attrition was flat sequentially at 14.4%. Net headcount declined 418 q-o-q taking the total headcount to 83,889. Utilisation (ex-trainees) improved 230 bps q-o-q to 88.1%
- ♦ **Client metrics:** The company added 17 new clients in Q1FY26 compared to 26 in Q4FY25. Company added one client each in \$20 million+ and \$10 million+ category, five clients in \$5 million+ but lost six clients in \$1 million+ category. Revenues from Top 5, Top 10, Top 20 and Top 40 clients grew by 0.5%/2%/ 1.3% and 1.3% q-o-q, respectively.
- ♦ **Cash flows:** FCFs stood at Rs 761 crore, down 24% y-o-y. Cash and investment balances stood at Rs. 12,835 crore, up 13.2% y-o-y.

**Results (Consolidated)**

Particulars	Rs cr				
	Q1FY26	Q1FY25	Q4FY25	Y-o-Y (%)	Q-o-Q (%)
<b>Revenues In USD (mn)</b>	<b>1,153</b>	<b>1,096</b>	<b>1,131</b>	<b>5.2</b>	<b>2.0</b>
<b>Revenues In INR</b>	<b>9,841</b>	<b>9,143</b>	<b>9,772</b>	<b>7.6</b>	<b>0.7</b>
Direct Costs	6,381	5,887	6,467	8.4	-1.3
Other Expenses	1,185	993	1,101	19.3	7.6
Sub-contracting cost	625	656	608	-4.7	2.9
<b>EBITDA</b>	<b>1,649</b>	<b>1,606</b>	<b>1,596</b>	<b>2.7</b>	<b>3.3</b>
Depreciation & amortization	243	235	251	3.3	-3.1
<b>EBIT</b>	<b>1,407</b>	<b>1,371</b>	<b>1,345</b>	<b>2.6</b>	<b>4.5</b>
Finance Costs	72	72	67	0.0	7.6
Other Income	392	227	251	72.7	56.1
<b>PBT</b>	<b>1,726</b>	<b>1,526</b>	<b>1,529</b>	<b>13.1</b>	<b>12.9</b>
Tax Provision	472	391	401	20.8	17.7
<b>PAT</b>	<b>1,254.6</b>	<b>1,135</b>	<b>1,129</b>	<b>10.5</b>	<b>11.2</b>
<b>Net profit</b>	<b>1,254</b>	<b>1,134</b>	<b>1,129</b>	<b>10.6</b>	<b>11.1</b>
<b>Adjusted net profit</b>	<b>1,254</b>	<b>1,134</b>	<b>1,129</b>	<b>10.6</b>	<b>11.1</b>
EPS (Rs)	38.0	37.1	36.6	2.6	4.0
<b>Margin (%)</b>					
EBITDA	16.8	17.6	16.3	-81	43
EBIT	14.3	15.0	13.8	-70	52
NPM	12.7	12.4	11.5	34	120
Tax rate	27.3	25.6	26.2	172	112

Source: Company; Mirae Asset Sharekhan Research

**Results (Consolidated)**

Particulars	Rs cr					
	Revenues	Contribution	\$ Growth (%)		CC growth (%)	
	(\$ mn)	(%)	Q-o-Q (%)	Y-o-Y (%)	Q-o-Q (%)	Y-o-Y (%)
Revenues (\$ mn)	1,153	100	2.0	5.2	0.8	4.4
<b>Geographic mix</b>						
North America	858	74.4	1.8	4.2		
Europe	170	14.7	10.2	7.4		
ROW	127	11.0	-5.7	10.2		
<b>Industry verticals</b>						
BFSI	427	37.0	1.7	10.6		
Technology, Communications & Media	268	23.2	1.1	-4.7		
Manufacturing & Resource	226	19.6	0.4	11.5		
Retail, CPG, Travel, Transportation & Hospitality	168	14.6	5.6	5.9		
Health, Life Sciences & Public Services	65	5.6	3.8	-5.0		

Source: Company; Mirae Asset Sharekhan Research

## Outlook and Valuation

### ■ Sector View – 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 – Superior execution likely to drive outperformance

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 large 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.

### ■ Valuation – Maintain Buy with unchanged PT of Rs 6,200

The company reported largely in line performance on revenue and margin front. Third consecutive order inflow exceeding \$1.5 billion, indicates continuity of robust demand and future revenue visibility. Diversified performance among verticals, a robust order book, and strategic initiatives position it well to navigate macro challenges and deliver consistent growth. We expect a gradual improvement in growth and margins in FY26 aided by momentum of order inflow, ramp up of deals and a strong deal pipeline. We expect a sales/PAT CAGR of ~8%/14% over FY25-27E. We maintain Buy rating with an unchanged price target (PT) of Rs 6,200 (valued at 31x FY27E EPS). At CMP, the stock trades at 30.2/26x FY26/27E EPS.

## 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

A multitude of factors such as strong execution capabilities, a dynamic sales team, accelerating revenue contribution from its digital business, leverage of domain experience, solid top account mining, and healthy deal wins have been helping LTIM to outpace the average industry growth rate. Further, the gradual increase in digital deal sizes along with high volume digital deals and migration of the legacy business has helped the company grow at a rapid pace compared to its peers.

## Key Risks

1) Rupee appreciation and/or adverse cross-currency movements. 2) Macro headwinds and recession in the US can moderate the pace of technology spending

## Additional Data

### Key management personnel

Name	Designation
Venugopal Lambu	MD & CEO
Nachiket Deshpande	WTD & COO
Vipul Chandra	CFO

Source: Company Website

### Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Life Insurance Corp of India	7.78
2	Vanguard Group Inc	1.29
3	UTI Asset Management Co Ltd	1.14
4	ICICI Prudential Asset Management	1.10
5	Blackrock Inc	1.02
6	SBI Funds Management Ltd	0.86
7	Norges Bank	0.50
8	Nippon Life India Asset Management	0.38
9	Tata Asset Management Pvt Ltd	0.36
10	UTI RETIREMENT SOLUTIONS LTD	0.35

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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