MIRAE ASSET Sharekhan

Stock Update

Company Update

LTIMindtree Ltd

Strong order inflow to aid growth

IT & ITES	Sharekhan code: LTIM

Reco/View: Buy	↔	CMP: Rs. 5,410	Price Target: Rs. 6,200	↑

↑ Upgrade ↔ Maintain ↓ Downgrade

Summary

- We maintain Buy rating with revised PT of Rs 6,200 (31xFY27E EPS). At the CMP, the stock trades at 31.4/27.1x FY6/27E EPS.
- For Q1FY26, LTIMindtree expects order inflows to stay strong, augmented by the landmark $450 million, seven-year deal.
- Bolstered by order win in the agri-business and absence of headwinds in the TTH portfolio, the consumer business, which lagged in FY25 is expected to contribute materially in FY26, aiding broad-based revenue growth.
- "Fit for Future" program, focusing on cost optimization, workforce efficiency, pyramid correction, and AI-driven productivity gains, to drive margin improvements with visible gains expected from Q1FY26.

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		↔	

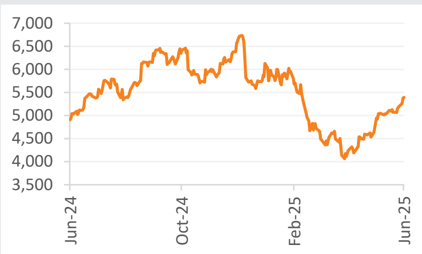
Company details

Market cap:	Rs. 1,60,290 cr
52-week high/low:	Rs. 6,765/3,841
NSE volume: (No of shares)	3.9 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	9.6	20.7	-18.8	9.4
Relative to Sensex	10.5	10.3	-19.3	2.7

Source: Mirae Asset Sharekhan Research, Bloomberg

We interacted with LTIMindtree's management to understand the company's business strategy and growth prospects. For Q1FY26, LTIMindtree expects strong order inflow to continue, bolstered by a landmark $450 million, seven-year deal, following robust order inflows of $1.68 billion in Q3FY25 and $1.6 billion in Q4FY25. The strategic $450 million agreement with a global agribusiness leader is expected to boost the Consumer business, along with no anticipated continuation of client-specific slowdowns in the TTH portfolio. The consumer business, which lagged in FY25 is expected to contribute materially in FY26, aiding broad based revenue growth. The "Fit for Future" program, focusing on cost optimization, workforce efficiency, pyramid correction, and AI-driven productivity gains, to drive margin improvement with visible gains expected from Q1FY26. Although sentiments have improved to some extent following the de-escalation of tariff war, uncertainty continues to persist. Demand environment continues to remains the same with slower and delayed decision making. Strong order inflow ($6 billion in FY25, up 6.1% y-o-y), new deal wins, robust deal pipeline is expected to support revenue stability, aiding margin recovery. Despite the headwinds, the strong order wins and the robust deal pipeline coupled with strong domain expertise and execution capabilities is expected to aid growth momentum while fit for future programs is likely to drive up margins. We maintain a Buy on LTIMindtree, with revised price target (PT) of Rs. 6,200 (31xFY27E EPS). At the CMP, the stock trades at 31.4/27.1x FY26/27E EPS.

Strong order inflow: Strong order inflow is expected to continue in Q1FY26 aided by the largest deal for the company. The deal valued at $450 million for seven years marks a pivotal milestone as the company transforms to an AI driven business model. The deal win is likely to take order inflow above $1.5 billion for Q1FY26. This comes on the back of $1.68 billion and $1.6 billion order inflow in Q3FY25 and Q4FY25, thus improving the revenue visibility. Management expects getting back to growth in Q1FY26 with visible margin improvements.

Growth in FY26 to be broader based: In FY25, the Technology, Media & Communications vertical contributed 24.5% to revenues with an 8.7% y-o-y growth, while BFSI, the largest vertical at 36.1%, grew 4.6%, driven by regulatory and data transformation deals. Manufacturing & resources segments grew 7.2% with 19% revenue contribution, Consumer business remained flat due to mixed performance in Retail/CPG and TTH, and Health, Life Sciences & Public Services declined 3%, primarily in healthcare. The $450 million strategic arrangement with a leader in the global agribusiness sector is likely to strengthen the contribution from consumer business. Further, the management does not expect client-specific slowdown in TTH portfolio which had impacted FY25, to continue in the near future.

Margin improvement: For FY25, company reported EBIT margin of 14.5% compared to 15.7% in FY24. The company aims to gradually achieve EBIT margin of 17-18% in the medium term. Margin improvement is expected to start in Q1FY26, driven by the "Fit for Future" program, which focuses on cost optimisation (direct and indirect costs), workforce efficiency, and AI-driven productivity gains. Continued focus on pyramid correction, workforce management efficiencies, and AI adoption is expected to enhance productivity.

Our Call

Valuation – Maintain BUY with revised PT of Rs. 6,200: LTIM is expected to report strong order inflows in Q1FY26 following the strong order inflow in Q3&Q4FY25 on the back of a strategic deal win among others. Further, along with strong traction in key verticals and bolstered by the strategic agribusiness deal win, consumer business is likely aid growth. Despite the headwinds, the strong order wins and the robust deal pipeline coupled with strong domain expertise and execution capabilities is expected to aid growth momentum while fit for future program is likely to drive margin improvement. We expect a Sales/PAT CAGR of ~9%/13% over FY25-27E. We maintain Buy on LTIMindtree with revised PT of Rs. 6,200 (31x FY27E EPS). At the CMP, the stock trades at 31.4/27.1x FY26/27E EPS.

Key Risks

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

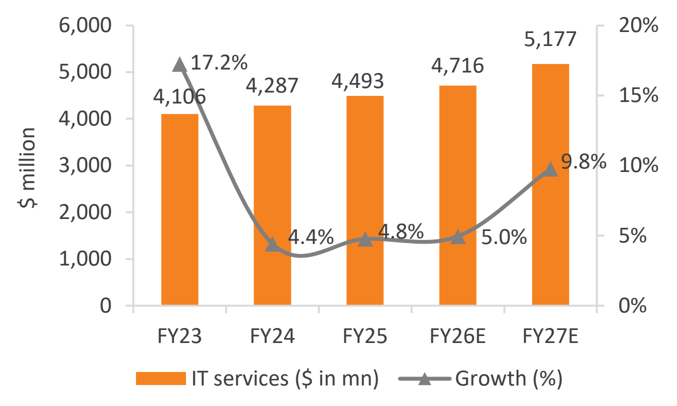
Valuation (Consolidated) Rs cr

Particulars	FY24	FY25	FY26E	FY27E
Total Revenue	35,517	38,008	40,555	44,782
EBITDA margin %	18.0%	17.1%	17.4%	17.9%
Adjusted Net Profit	4,582	4,599	5,109	5,923.3
% YoY growth	3.9	0.4	11.1	15.9
EPS (Rs)	154.4	155.0	172.2	199.6
PER (x)	35.0	34.9	31.4	27.1
P/BV (x)	8.0	7.1	6.7	5.8
EV/EBITDA	20.8	19.2	17.7	13.3
ROE (%)	25.0	21.5	21.9	23.0
ROCE (%)	27.8	23.7	23.7	24.5

Source: Company; Mirae Asset Sharekhan estimates

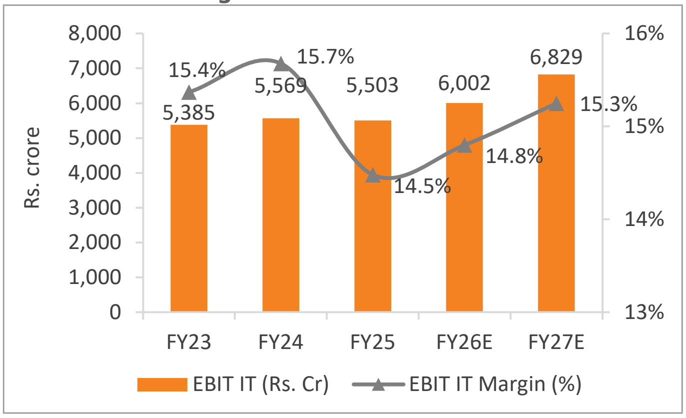
Financials in charts

Revenue (USD mn)



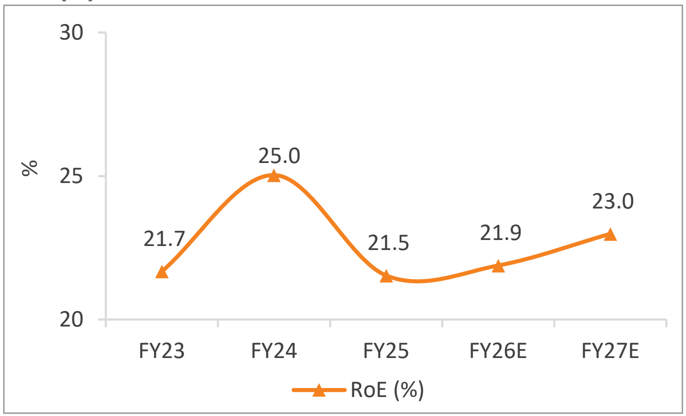
Source: Company; Mirae Asset Sharekhan Research

EBIT and EBIT Margin



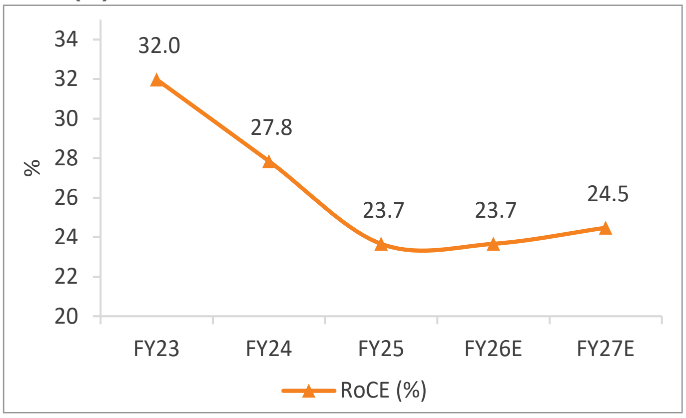
Source: Company; Mirae Asset Sharekhan Research

RoE (%)



Source: Company; Mirae Asset Sharekhan Research

RoCE (%)



Source: Company; Mirae Asset Sharekhan Research

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 – Gradual recovery ahead**

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 is confident of getting back to growth in Q1FY26 with visible margin improvements expected from the same quarter.

■ **Valuation – Maintain Buy with revised PT of Rs 6,200**

LTIM is expected to report strong order inflows in Q1FY26 following the strong order inflow in Q3&Q4FY25 on the back of a strategic deal win among others. Further, along with strong traction in key verticals and bolstered by the strategic agribusiness deal win, consumer business is likely aid growth. Despite the headwinds, the strong order wins and the robust deal pipeline coupled with strong domain expertise and execution capabilities is expected to aid growth momentum while fit for future program is likely to drive margin improvement. We expect a Sales/PAT CAGR of ~9%/13% over FY25-27E. We maintain a Buy on LTIMindtree with a revised PT of Rs. 6,200 (31x FY27E EPS). At CMP, the stock trades at 31.4/27.1x 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
Venu Lambu	MD & CEO
Nachiket Deshpande	WTD & COO
Vinit Teredesai	CFO

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Life Insurance Corp of India	7.8
2	Vanguard Group Inc	1.3
3	UTI Asset Management Co Ltd	1.2
4	ICICI Prudential Asset Management	1.0
5	Blackrock Inc	1.0
6	SBI Funds Management Ltd	0.9
7	Norges Bank	0.5
8	Nippon Life India Asset Management	0.4
9	Tata Asset Management Pvt Ltd	0.4
10	Aditya Birla Sun Life Asset Manage	0.3

Source: Bloomberg

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 detoriating 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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Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai – 400708. Tel: 022 61169000 / 61150000.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

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Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: complianceofficer@sharekhan.com

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