

18 July 2025

India | Equity Research | Results Update

LTIMindtree

Technology

Focussing on execution amidst challenging macro

LTIM reported in-line revenue growth led by a recovery in consumer and healthcare segments, and healthy momentum in BFSI. EBIT margin improvement of ~50bps QoQ was on expected lines, enabled largely by LTIM's focused margin improvement program. TCV wins have been healthy with TCV up 13.6% YoY over the last three quarters. But this is yet to translate into revenue growth (5.3% YoY USD over same period). Management is focussing on execution i.e. improving its large deal pipeline and win rates amidst a challenging macro environment and expects revenue growth momentum to improve from here on. We continue to value LTIM at 22x on Q3FY27E to Q2FY28E EPS of INR 215 to arrive at a revised TP of INR 4,740. Maintain **REDUCE**. LTIM has higher exposure to its discretionary portfolio, constraining its growth in the current weak macro.

Revenue driven by consistent momentum in BFSI and recovery in consumer

LTIM reported revenue growth of 0.8% QoQ CC (I-Sec: 0.6%). CC tailwinds of 117bps led to 2% QoQ USD growth (I-Sec:1.5%, Cons: 2.2%). Revenue growth was led by recovery in the consumer vertical (+6.2% QoQ USD), which was helped by the ramp-up of a large USD 450mn deal with global agri-business leader and broad-based growth across sub-segments. Growth momentum in BFSI (+1.6% QoQ USD) continued, though management called out a cautious spending outlook among its top BFSI accounts. TMC (+0.8% QoQ USD) and manufacturing (+0.3% QoQ) reported soft growth. Healthcare recovered with 3.8% QoQ USD growth. Growth was healthy across North America (1.8% QoQ USD) and Europe (~3% QoQ CC). Weakness in RoW (-5.7% QoQ USD) was led by seasonality.

Healthy deal TCV

Deal TCV was healthy, at USD 1,630mn and up 16.4% YoY/1.2% QoQ. TTM book-to-bill is healthy at 1.37x and should translate into better revenue growth led by strong execution. We note that excluding the large USD 450mn deal, TCV is soft on YoY basis. Management is focussing on building a large deal pipeline and improving win rates. LTIM won its largest-ever deal – multi-service line vendor consolidation deal with global agri business leader with TCV USD 450mn over seven years. The deal is expected to ramp-up to steady state across Q1 and Q2.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	3,80,081	4,07,692	4,53,259	5,02,212
EBITDA	64,949	70,668	85,037	94,221
EBITDA Margin (%)	17.1	17.3	18.8	18.8
Net Profit	46,020	51,196	60,235	67,846
EPS (INR)	155.4	172.8	203.3	229.0
EPS % Chg YoY	0.3	11.2	17.7	12.6
P/E (x)	33.4	30.1	25.5	22.7
EV/EBITDA (x)	22.2	20.4	16.6	14.7
RoCE (%)	19.1	19.0	21.0	20.4
RoE (%)	21.5	21.8	23.2	22.9

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Market Data

Market Cap (INR)	1,539bn
Market Cap (USD)	17,881mn
Bloomberg Code	LTIM IN
Reuters Code	LTIM BO
52-week Range (INR)	6,768 /3,802
Free Float (%)	31.0
ADTV-3M (mn) (USD)	19.2

Price Performance (%)	3m	6m	12m
Absolute	23.9 (11.8)	(6.6)	
Relative to Sensex	19.2 (19.2)	(8.5)	

ESG Score	2023	2024	Change
ESG score	79.3	77.0	(2.3)
Environment	66.6	64.4	(2.2)
Social	79.3	78.9	(0.4)
Governance	83.8	83.0	(0.8)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E	FY28E
USD Revenue	0.5	0.5	0.5
EBIT	0.5	0.5	0.5
EPS	(0.4)	(1.2)	(1.1)

Previous Reports

01-07-2025: [Technology Q1FY26 Preview](#)

24-04-2025: [Q4FY25 results review](#)

In-line margins, supported by 'fit for future initiatives'

EBIT margin came in at 14.3%, up 52bps QoQ (I-Sec: 14.2%, Cons: 14.4%). Tailwinds of 100bps from 'fit for future initiatives' were offset by 50bps headwinds from visa and travel costs. The company has not decided on timelines and quantum of wage hikes. Management reiterated its aspiration to improve margins to 16.5% levels by Q4FY27.

Utilisation improved by 230bps QoQ to 88.1% led by ramp-up of large deals, while hiring was done towards the later part of the quarter. Management aspires to maintain utilisation around 87-88% levels and stronger hiring in-line with a healthy order book ramp-up. LTIM onboarded 1,600 freshers in Q1FY26 and plans to onboard more throughout the year.

AI initiatives and impact of AI

LTIM continues to expand its AI capabilities and has launched BlueVerse – an AI ecosystem that currently has over 300 industry and function-specific agents and ensures seamless interoperability and a growing connector ecosystem. BlueVerse shall offer pre-built solutions for marketing services and Contact Center as a Service (CCaaS).

Clients are asking for AI-led productivity improvement but at the same time LTIM is ensuring more volume of work so that net impact is neutral to positive. Headcount addition has been lagging revenue growth for two years now, implying higher AI-led productivity. But nature of contracts has not significantly changed from time and material construct to managed services and would happen gradually over time, as per management.

Key downside risks: 1) AI-led gain sharing deflating revenue for IT services industry. 2) Prolonged macro weakness.

Key upside risk: 1) Pick-up in TCV conversion to revenue. 2) Improved large deal wins.

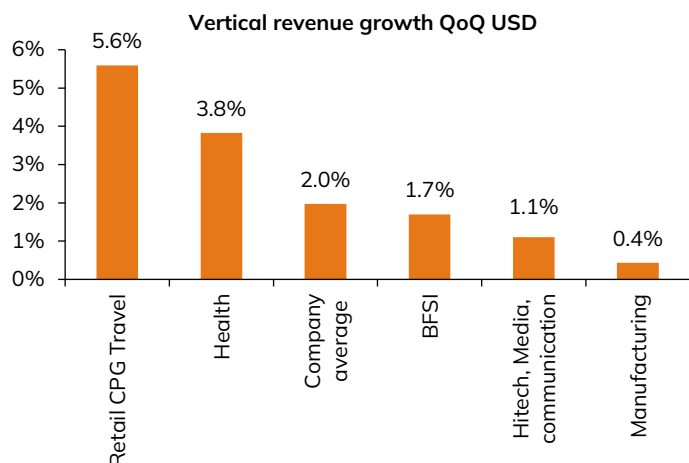
Exhibit 1: Q1FY26 review

	Q1FY26	Q4FY25	QoQ	Q1FY25	YoY	Q1FY26 ISEC estimates	vs our estimates	Bloomberg consensus	vs bloomberg consensus estimates
Revenue QoQ CC	0.8%	-0.6%		2.6%		0.6%			
Revenues (US\$m)	1,153	1,131	2.0%	1,096	5.2%	1,148	0.5%	1,156	-0.2%
USD/INR	85.3	86.4	-1.2%	83.4	2.3%	85.4	-0.1%	85.3	0.0%
Revenues (INR mn)	98,406	97,717	0.7%	91,426	7.6%	98,028	0.4%	98,643	-0.2%
EBIT (INR mn)	14,065	13,454	4.5%	13,709	2.6%	13,953	0.8%	14,163	-0.7%
EBIT margin (%)	14.3%	13.8%	52 bps	15.0%	-70 bps	14.2%	6 bps	14.4%	-10 bps
Adjusted net profit (INR mn)	12,546	11,286	11.2%	11,351	10.5%	12,043	4.2%	11,958	4.9%
EPS (INR/share)	42.3	38.0	11.2%	38.2	10.7%	40.6	4.2%	40.5	4.4%

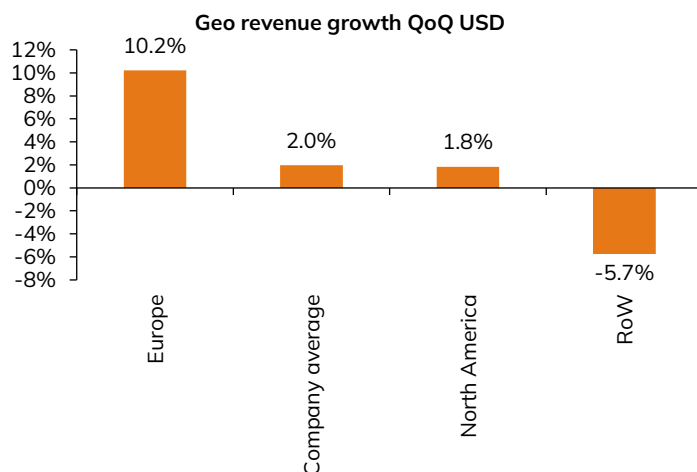
Source: Company data, I-Sec research

	Revised			Old			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenues (USD mn)	4,771	5,210	5,707	4,747	5,184	5,678	0.5%	0.5%	0.5%
Revenue growth YoY CC	5.3%	9.2%	9.5%	5.0%	9.2%	9.5%	20bps	0bps	0bps
Revenue growth YoY USD	6.2%	9.2%	9.5%	5.7%	9.2%	9.5%	50bps	0bps	0bps
USD/INR	85.5	87.0	88.0	86.0	87.0	88.0	-0.6%	0.0%	0.0%
INR mn									
Revenues	4,07,692	4,53,259	5,02,212	4,08,035	4,51,021	4,99,704	-0.1%	0.5%	0.5%
EBIT	60,605	73,705	81,665	60,296	73,341	81,258	0.5%	0.5%	0.5%
EBIT margin	14.9%	16.3%	16.3%	14.8%	16.3%	16.3%	10bps	0bps	0bps
EPS (Rs/share)	172.6	203.0	228.7	173.2	205.6	231.1	-0.4%	-1.2%	-1.1%

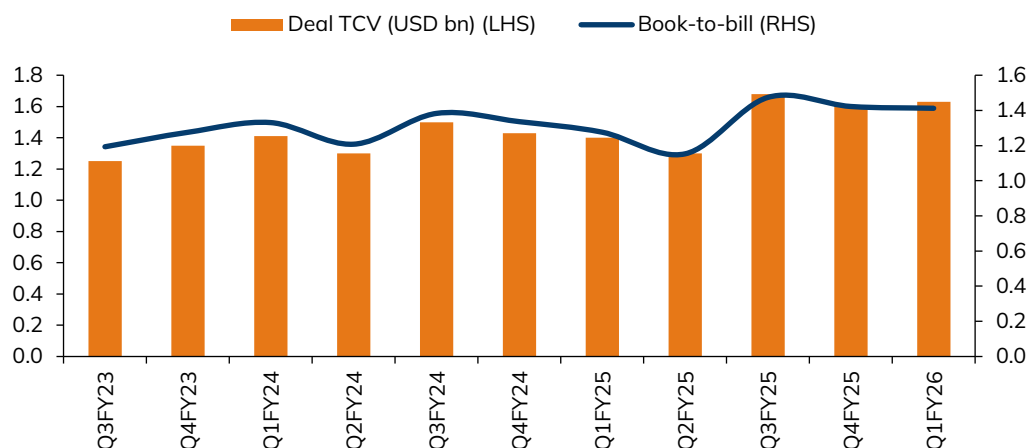
Source: Company data, I-Sec research

Exhibit 2: Revenue growth led by retail & CPG and BFSI


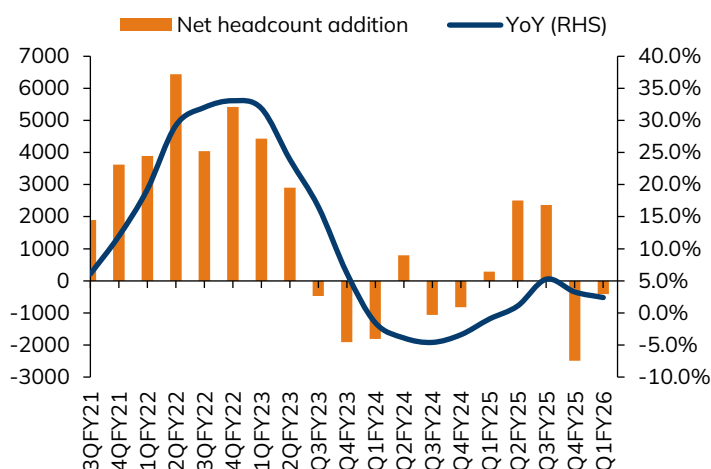
Source: I-Sec research, Company data

Exhibit 3: Growth led by Europe


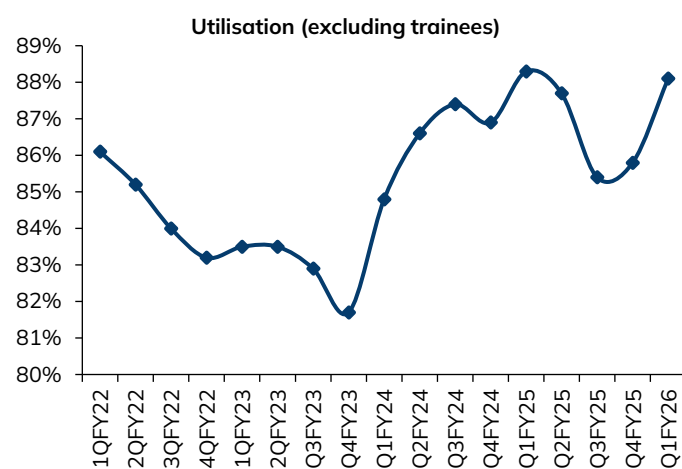
Source: I-Sec research, Company data

Exhibit 4: Deal TCV is robust at USD 1.63bn, up 1.2% QoQ/ up 16.4% YoY


Source: I-Sec research, Company data

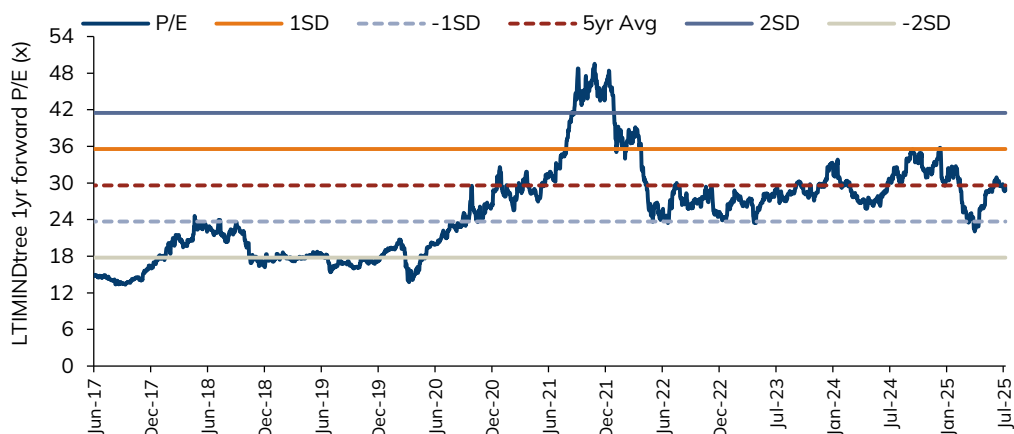
Exhibit 5: Total headcount up 2.4% YoY


Source: I-Sec research, Company data

Exhibit 6: Utilisation improved sharply, near peak levels


Source: I-Sec research, Company data

Exhibit 7: LTIM is trading at 29x (1-year forward P/E) close to 5-year average-1 SD of 29.6x



Source: I-Sec research, Company data

Exhibit 8: LTIM is trading at 29% premium to NIFTY IT vs. 5-year average premium of 12%



Source: I-Sec research, Company data

Exhibit 9: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
Promoters	68.0	68.6	68.6
Institutional investors	21.6	22.5	22.7
MFs and others	5.4	6.1	6.0
FIs/Banks	0.2	0.1	0.1
Insurance	8.6	8.7	9.4
FIIIs	7.4	7.6	7.2
Others	10.4	8.9	8.7

Source: Bloomberg

Exhibit 10: Price chart



Source: Bloomberg

Financial Summary

Exhibit 11: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales (USD mn)	4,493	4,771	5,210	5,707
Net Sales (INR. mn)	3,80,081	4,07,692	4,53,259	5,02,212
Operating Expense	3,15,132	3,37,024	3,68,223	4,07,992
EBITDA	64,949	70,668	85,037	94,221
EBITDA Margin (%)	17.1	17.3	18.8	18.8
Depreciation & Amortization	9,915	10,063	11,331	12,555
EBIT	55,034	60,605	73,705	81,665
Interest expenditure	2,789	2,235	2,090	2,090
Other Non-operating Income	9,897	11,122	9,783	12,108
Recurring PBT	62,142	69,492	81,399	91,683
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	16,122	18,296	21,164	23,838
PAT	46,020	51,196	60,235	67,846
Less: Minority Interest	-	-	-	-
Net Income (Reported)	46,020	51,196	60,235	67,846
Extraordinaries (Net)	-	-	-	-
Recurring Net Income	46,020	51,196	60,235	67,846

Source Company data, I-Sec research

Exhibit 12: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	1,35,639	1,53,041	1,90,316	2,32,425
of which cash & cash eqv.	20,623	29,250	54,550	84,097
Total Current Liabilities & Provisions	59,636	62,637	66,418	70,383
Net Current Assets	76,003	90,403	1,23,898	1,62,042
Investments	73,740	68,113	68,113	68,113
Net Fixed Assets	25,406	26,398	26,478	26,558
ROU Assets	20,043	20,437	20,437	20,437
Capital Work-in-Progress	-	-	-	-
Goodwill	12,036	12,456	12,456	12,456
Other assets	37,260	43,723	43,723	43,723
Deferred Tax Assets	-	-	-	-
Total Assets	2,46,664	2,63,642	2,97,217	3,35,441
Liabilities				
Borrowings	23	12	12	12
Deferred Tax Liability	319	364	364	364
provisions	197	225	225	225
other Liabilities	554	997	997	997
Minority Interest	132	140	140	140
Equity Share Capital	296	296	296	296
Reserves & Surplus*	2,26,687	2,42,963	2,76,538	3,14,762
Total Net Worth	2,26,983	2,43,259	2,76,834	3,15,058
Total Liabilities	2,46,664	2,63,642	2,97,217	3,35,441

Source Company data, I-Sec research

Exhibit 13: Quarterly trend

(INR mn, year ending March)

s	Sep-24	Dec-24	Mar-25	Jun-25
Net Sales	94,329	96,609	97,717	98,406
% growth (YOY)	3.2%	2.4%	1.1%	0.7%
EBITDA	14,582	13,289	13,454	14,065
Margin %	15.5	13.8	13.8	14.3
Extraordinaries	-	-	1	2
Adjusted Net Profit	12,516	10,867	11,286	12,546

Source Company data, I-Sec research

Exhibit 14: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
CFO before WC changes	63,409	69,724	82,947	92,131
CFO after WC changes	61,832	63,939	74,751	83,535
Tax Paid	(16,374)	(18,296)	(21,164)	(23,838)
Cashflow from Operations	45,458	45,644	53,588	59,697
Capital Commitments	9,577	11,805	11,411	12,635
Free Cashflow	35,881	33,838	42,176	47,062
Other investing cashflow	(7,805)	8,995	9,783	12,108
Cashflow from Investing Activities	(17,382)	(2,810)	(1,628)	(528)
Dividend and Buyback	-	-	-	-
Inc (Dec) in Borrowings	(3,827)	443	-	-
Others	-	-	-	-
Cash flow from Financing Activities	(25,744)	(34,207)	(26,660)	(29,622)
Chg. in Cash & Bank balance	2,332	8,627	25,300	29,548
Closing cash & balance	20,623	29,250	54,550	84,097

Source Company data, I-Sec research

Exhibit 15: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	155.4	172.8	203.3	229.0
Diluted EPS	155.1	172.6	203.0	228.7
Cash EPS	189.0	207.0	241.8	271.7
Dividend per share (DPS)	65.0	75.1	90.1	100.1
Book Value per share (BV)	767.0	822.0	935.4	1,064.6
Dividend Payout (%)	41.8	43.4	44.3	43.7
Growth (%)				
Net Sales	7.0	7.3	11.2	10.8
EBITDA	1.7	8.8	20.3	10.8
EPS	0.3	11.2	17.7	12.6
Valuation Ratios (x)				
P/E	33.4	30.1	25.5	22.7
P/CEPS	27.5	25.1	21.5	19.1
P/BV	6.8	6.3	5.6	4.9
EV / EBITDA	22.2	20.4	16.6	14.7
P/S	4.0	3.8	3.4	3.1
Dividend Yield (%)	1.3	1.4	1.7	1.9
Operating Ratios				
EBITDA Margins (%)	17.1	17.3	18.8	18.8
EBIT Margins (%)	14.5	14.9	16.3	16.3
Effective Tax Rate (%)	25.9	26.3	26.0	26.0
Net Profit Margins (%)	12.1	12.6	13.3	13.5
Inventory Turnover Days	-	-	-	-
Fixed Asset Turnover (x)	16.3	15.7	17.1	18.9
Receivables Days	71	71	70	71
Payables Days	15	14	13	13
Working Capital Days	49	52	53	54
Net Debt / EBITDA (x)	(9.5)	(9.7)	(10.8)	(12.1)
Profitability Ratios				
RoCE (%)	19.1	19.0	21.0	20.4
RoIC (%)	42.9	43.7	49.4	50.8
RoNW (%)	21.5	21.8	23.2	22.9

Source Company data, I-Sec research

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