

HOLD
 TP: Rs 4,367 | ▼ 4%

LTIMINDTREE

| IT Services

| 24 April 2026

Soft 4Q exit. 5-year growth goals seem aggressive

- 4QFY26 softer than expected on both revenue and margins. No clarity on FY27 revenue growth while enunciating ~15% CAGR 5-year goal
- A bigger pick up in TCV required for double digit growth. Mining of its excellent client list (~100 Fortune 500) is pending execution
- Stock underperformance drove upgrade to HOLD in early April 2026. Maintain that while raising estimates a tad. Maintain Target PE

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4Q was softer than indicated: CEO had in media interactions stated that LTM would exit FY26 with close to double digit growth rate and that the momentum of 2% plus QoQ CC growth in the first three quarters of FY26 would be maintained. Just like we had seen in peers (both large and small), the growth has been weaker than expected/indicated. Unsure where the shortfall came from.

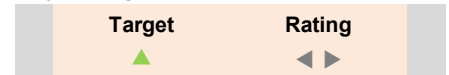
5-year Lakshya goals seem aggressive: LTM indicated that it had set itself the goal of doubling its revenue in 5 years. That translates to ~15% CAGR in USD terms. This does seem aggressive under the current demand environment hit by both macro factors and AI disruption. While the medium-term picture is quite hazy considering the AI disruption that is on the anvil, we believe its excellent client list of ~100 Fortune 500 clients lends itself, at least theoretically, for deeper mining and accelerated growth from the mid -single digit level seen in FY23-FY26. A step up TCV from the US\$1.4bn average to US\$1.6-1.7bn level has driven the modest revenue acceleration in FY26. A sharper pick up is required for double digit growth.

Margin upsides may be difficult to come by, going forward: The margin upsides QoQ seen in the first three quarters of FY26 have been a function of its 'Fit for future program', SGA leverage and Currency gain (which we believe was largish in FY26). On the latter two we believe there may not be much more room going forward. That along with salary hikes, the competitive intensity in the market, we believe, will mean EBIT margins may not see a material upside from FY26 levels.

Raise estimates a tad, maintain Target PE multiple and retain HOLD rating:

Post 4QFY26 we raise estimates based on management commentary though we are not taking them entirely at face value. We believe LTIM's growth over the next 2-3 years will likely be above the mid-single digit territory and hence give it a 5% premium to the Target PE of TCS to arrive at a Target PE of 17.6x on FY28EPS. We recommend an underweight stance on the sector as it is undergoing disruption due to AI (see our view inside). The uncertainty surrounding likely winners and losers of this disruption makes us cautious on individual stocks.

Key changes



Ticker/Price	LTIM IN/Rs 4,532
Market cap	US\$ 14.1bn
Free float	31%
3M ADV	US\$ 17.3mn
52wk high/low	Rs 6,430/Rs 4,000
Promoter/FPI/DII	69%/7%/16%

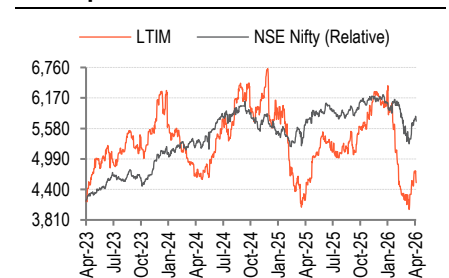
Source: NSE | Price as of 23 Apr 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	423,076	478,719	518,581
EBITDA (Rs mn)	75,552	89,751	96,271
Adj. net profit (Rs mn)	52,434	66,191	73,178
Adj. EPS (Rs)	169.2	223.9	247.6
Consensus EPS (Rs)	169.2	211.8	239.6
Adj. ROAE (%)	22.4	25.5	24.4
Adj. P/E (x)	26.8	20.2	18.3
EV/EBITDA (x)	17.8	15.2	14.6
Adj. EPS growth (%)	10.3	32.4	10.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Key Points from the quarter and the earnings call

4QFY26

- Revenue stood at US\$1,222mn, growing 1.2% QoQ (against our estimate of 2.5%) and 7.0% YoY in CC terms. Our bullish estimate was driven by CEO commentary that LTM would exit FY26 with close to double digit growth rate and that the momentum of 2% plus QoQ CC growth in the previous three quarters of FY26 would be maintained.
- EBIT Margin stood at 15.1% (against our estimate of 15.6%), decline of 100 bps QoQ and growth of 137 bps YoY
 - Sequential EBIT margin decline was driven by partial wage hikes implemented from 1 January and productivity commitments in key accounts, partly offset by forex benefit
- Order Inflow at US\$1.69 bn, decline of 0.2% QoQ and growing 5.2% YoY
- Employees stood at 87,950; TTM attrition at 13.3%

FY26

- Revenue stood at US\$4,764mn, growth of 5.3% YoY in CC terms
- EBIT Margin stood at 15.4%, 90 bps YoY expansion
- Order Inflow at US\$6.60 bn, growing 10.3% YoY
- Vertical-wise FY26 growth (USD terms) BFSI grew 3.7%; Manufacturing and Resources grew 12.7%; Tech, Media and Communication declined 0.7%; Consumer business grew 13.2%; Healthcare, Life Sciences and Public Services grew 9.6%
- Geography-wise FY26 growth (USD terms): Americas grew 4%; Europe grew 12.4%; Rest of world grew 11.6%

Other Points

- FY27 outlook indicates continued demand for AI-led transformation
- Growth momentum expected to sustain supported by strong pipeline and differentiated capabilities
- FY26 described as a year of steady growth and strong execution with broad-based growth and sustained customer value delivery
- Three strategic programs executed during FY26 included Fit for Future for cost optimization, creation of a dedicated large deals organization, and pivot to become an AI-centric enterprise
- Lakshya '31 positioned as five-year strategy framework
 - Lakshya '31 is anchored on AI-led foundation comprising future-ready talent, reimaged delivery and structurally improved productivity

- Key enabler for this foundation is transition underway from traditional delivery pyramid to skill-based role-driven workforce model to strengthen innovation while maintaining contextual relevance at scale
- Market strategy includes deeper US presence, scaled Europe presence and focused bets in select emerging markets
- Portfolio strategy includes balancing mega verticals and diversifying into high-potential micro verticals
- New Horizons program launched from FY27 to govern strategy execution
- New Horizons will operate across four tracks covering growth, competency and capabilities, operational efficiency and AI pivot scaling
- Client contract structures continue to differ by nature of spend and service category
 - Core IT services contracts covering build and run engagements with predictable scope continue to be signed as long-term contracts, typically spanning three to five years
 - Modernization-related contracts covering data, infrastructure and application modernization remain funded through discretionary budgets and continue to be structured for the duration of the specific project only
 - AI adoption and business process reimagination represent a third and newer spend category, currently beginning as project-based engagements. AI-led spend is expected to transition over time from project-based work into long-term operational constructs as deployment scale increases and client maturity (customers currently at different stages of readiness). FY27 is expected to see acceleration in AI-related spend, particularly in business operations
- No trend of contracts being renegotiated earlier than scheduled versus historical pattern. Contract restructuring is typically triggered at renewal or when technology modernization changes scope
- Clients are asking for higher productivity, stronger innovation and AI infusion within existing contracts. These productivity and AI requirements are already being delivered
- Win rate in competitive renewals remains favourable, with more contracts won from competitors than contracts lost. Most large deals announced during FY26 were competitor takeovers
- FY27 growth is expected to maintain momentum built during FY26. Quarterly growth may see intermittent softness due to macro factors or quarter-specific developments
- BFSI decline was driven by previously indicated productivity-led correction in the top account, with management intentionally pushing for the account to bottom out in 4Q
 - Decline in the top BFSI account was slightly steeper than earlier anticipated as productivity benefits were accelerated

- From 1QFY27 onward, the top BFSI account is expected to return to growth. Recovery in the top BFSI account is expected to be gradual, with growth pace slower than the earlier decline
- BFSI business outside the top account remains healthy
- FY26 BFSI grew 3.7% despite decline in the top account, indicating strong performance in the rest of the vertical. Without the productivity impact in the top account, BFSI growth would have been higher
- BFSI and technology remain core verticals where management intends to accelerate growth
- Management aspires to grow Europe faster than Americas
- Tech, Media and Communication growth in 4Q was driven by faster than expected ramp-up of a few statements of work (SOWs). Cloud acceleration programs in top accounts saw stronger uptick than earlier anticipated. Short-term momentum in Tech, Media and Communication is expected to continue
- Five-year strategic aspiration is to double revenue over the next five years (~14-15% CAGR)
 - Five-year revenue doubling plan includes an inorganic growth component
 - One acquisition priority is capability-led targets that provide faster access to new technologies or competencies
 - Second acquisition priority is area where there is still a lot of white space in the market which may take a longer period to build things organically
 - Third acquisition priority is acquiring access to white-space client segments where current presence is limited (eg: aerospace, defence and automotive in Europe)
- Growth confidence is based on both 4Q exit momentum and one year of strategy execution already underway. Lakshya execution over the first year was described as successful and forms the basis for navigating external challenges
- Top two large clients continue to have significant business potential given scale of transformation programs and AI adoption plans. Management intends to increase wallet share in these mega accounts rather than treat them as growth constraints. Both top accounts were described as deep strategic relationships with large AI-led transformation opportunities. Concentration risk is expected to reduce through faster growth in other verticals and white-space accounts rather than through lower exposure to top clients
- FY26 Deal ramp-up progress: Three to four large deals signed in 1H FY26 and early 3Q have largely completed transition, with some still in final transition stages. Two large deals announced earlier in the year are already ramping up and are near completion of transition. CBDT deal in India will see a longer transition period before ramp-up. CBDT transition timeline depends on hardware delivery, with current hardware supply timelines remaining extended

- AI revenue opportunity is framed around three pillars: context, cost and change management
- AI deployment is described as non-plug-and-play and requiring organisational mindset change within client enterprises
- Traditional service lines have been reorganised under I-Run, I-Transform and Business AI to support AI-led growth
- Work executed for the top BFSI client is positioned as complementary to the client's GCC

We have an Underweight stance on Indian IT Services

We reinitiated coverage on the Indian IT Services with an Underweight stance through a report on 1 January 2025 (**Slow is the (new/old) normal**) and reiterated our view with updates on 12th March 2025 (**FY26 unlikely to be better than FY25**), 10th July 2025 (**Uncertainty stays and 'eating the tariff' may impact even FY27**) and 12 January 2026 (**A fourth slow year?**).

While both earnings and PE multiples have corrected since 1 Jan 2025, the industry's structural organic revenue growth from here on will be much lower vs ~7% CAGR seen during FY15-FY20; possibly ~3-5% CAGR over FY25-FY30 in constant currency (CC) terms. We also believe that release of advanced AI models will cause significant disruption to the industry rendering the sector to be a 'value trap'. We wrote about this in our 17 February 2026 report (**Existential threat, value trap or Temporary blip**) and through our 6 April 2026 report (**Narrative of FY27 being modestly better, set for its first test**).

Multiple speed breakers drive our Underweight stance

Trump policies raise uncertainty: While tariffs drove uncertainty in 2025, Trump's multiple proposals to address affordability crisis in the US ahead of the mid-terms in Nov'26 will be the key monitorable in 2026 (eg: freezing credit card interest rate at 10%, controlling prices of products and services, cash payments to citizens, buying of US\$200bn MBSs, etc.). There will be winners/ losers due to this in USA Inc and that could reflect in the IT spending outcomes.

Higher for longer interest rate environment: Lately, based on inflation prints and fears of a higher fiscal deficit, US 10Y yields have remained firm. There are fears of sustained high interest rates potentially reducing IT outsourcing demand; particularly in BFSI and Telecom, and dampen US demand in areas like housing, autos and retail.

Gen AI and GCCs are going to disrupt growth: We believe that AI/Gen AI will lead to compression of revenue for the industry in the next 24-36 months, as companies self-cannibalize to hold on to their existing clients. Rapid growth of the GCCs is a threat to outsourcing. While there seems to be collaboration between outsourcers and their clients in setting up these GCCs, there will be growth discontinuity when the business is insourced at some point.

Massive hyper scaler AI capex should accentuate re-alignment in IT spend:

Software players, including hyper scalers, are increasing capex on AI-related data centres. This will drive higher pricing, forcing enterprises to allocate more IT spend to Cloud/SaaS and move it away from the ones with lower bargaining power – global IT Services players.

Higher competition: Indian Tier-1 companies now face higher competition from Accenture, Tier-2 players and Cognizant, likely slowing their growth vs FY15-FY20. This is besides the fact that by FY25, Tier-1 revenue has reached US\$ 85bn, double that in FY15. Due to the higher base now, growth may not be as rapid.

How we are valuing companies: We are using PE methodology, as also TCS, as our industry benchmark. Target PE for TCS is 16.8x, which is the average PE multiple of TCS over the last 10 years less 1.5SD. We have been giving subjective premium/discount to the benchmark target PE to arrive at target PE multiples for the rest of our coverage.

Our target PE multiples are lower than those used by consensus/competitors. Through our choice of the benchmark target PE multiple, we seek to capture the mortality and relevance risk that players face in this era of advanced AI models.

Tier- 2 valuation reflects growth gap with Tier-1

Tier-2 set has been taking away market share from the Tier-1 set, due to better execution as well as their smaller size. And, unlike previous cycles, they have performed better than the Tier-1 set, largely on better management teams.

However, current PE premium to Tier-1s is excessive for certain stocks, because to deliver on the high consensus revenue growth expectations, they may be taking on more cost take-out projects that are likely to impact margins adversely.

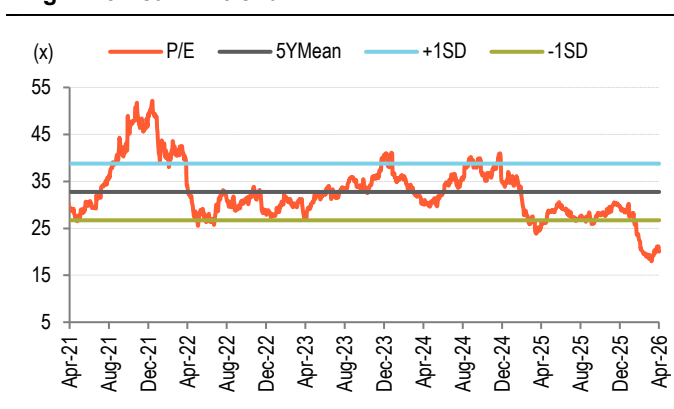
Also, some of the Tier-2s have been underperforming on the growth front, being discretionary project-oriented businesses struggling to pivot to a cost-take-out-driven demand environment.

Fig 1 – Quarterly results: Comparison of actuals with estimates

Y/E Mar (Rsmn)	4QFY25	3QFY26	4QFY26	YoY(%)	QoQ (%)	4QFY26E	Dev (%)
Net Sales (USD mn)	1,131	1,208	1,222	8.0	1.2	1,243	(1.7)
Net Sales	97,717	107,810	112,917	15.6	4.7	113,748	(0.7)
Software Expenses (Direct Costs)	70,440	76,098	81,565	15.8	7.2	80,340	1.5
% of Sales	72.1	70.6	72.2			70.6	
Gross Margin	27,277	31,712	31,352	14.9	(1.1)	33,408	(6.2)
% of Sales	27.9	29.4	27.8			29.4	
Operating Expenses (Selling, General & Administration Expenses)	11,315	11,685	11,622	2.7	(0.5)	11,919.9	(2.5)
% of Sales	11.6	10.8	10.3			10.5	
EBIT	13,454	17,371	17,094	27.1	(1.6)	17,768	(3.8)
EBIT Margin (%)	13.8	16.1	15.1			15.6	
Other Income	1,839	1,579	1,094	(40.5)	(30.7)	3,031	(63.9)
PBT	15,293	18,950	18,188	18.9	(4.0)	20,799	(12.6)
Provision for Tax	4,007	4,937	4,781	19.3	(3.2)	5,501	(13.1)
Effective Tax Rate	26.2	26.1	26.3			26.5	
Minority share in Profit / Loss	0	0	0			0	
Adjusted PAT	11,286	14,013	13,407	18.8	(4.3)	15,297	(12.4)
Margin (%)	11.5	13.0	11.9			13.4	
Changes in labour code impact adjusted for taxes	-	4,417	-466			-	
PAT (Reported)	11,286	9,596	13,873	22.9	44.6	15,297	(9.3)

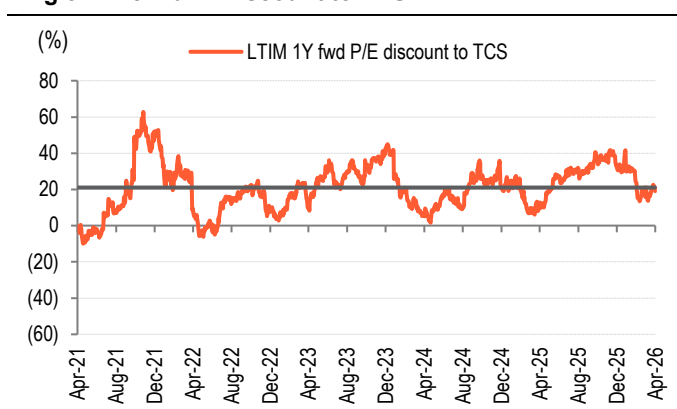
Source: Company, BOBCAPS Research

Fig 2 – 5 Year PE trend



Source: Bloomberg, BOBCAPS Research

Fig 3 – Premium/ Discount to TCS



Source: Bloomberg, BOBCAPS Research

Fig 4 – Revised Estimates

LTM	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Change in estimates									
INR/USD	93.9	94.9	95.9	93.9	94.9	95.9	0.0	0.0	0.0
USD Revenue (USD mn)	5,099	5,466	5,815	5,078	5,403	5,748	0.4	1.2	1.2
USD Revenue Growth (%)	7.1	7.2	6.4	6.1	6.4	6.4			
Revenue (Rsmn)	478,719	518,581	557,508	476,700	512,665	551,149	0.4	1.2	1.2
EBIT (Rsmn)	73,892	80,412	87,008	73,632	78,893	85,753	0.4	1.9	1.5
EBIT Margin (%)	15.4	15.5	15.6	15.4	15.4	15.6			
PAT (Rsmn)	66,191	73,178	80,003	64,975	70,314	77,004	1.9	4.1	3.9
EPS (Rs)	223.9	247.6	270.6	221.5	239.7	262.5	1.1	3.3	3.1
Adjusted PAT	66,191	73,178	80,003	64,975	70,314	77,004	1.9	4.1	3.9
Adjusted EPS (Rs)	223.9	247.6	270.6	221.5	239.7	262.5	1.1	3.3	3.1

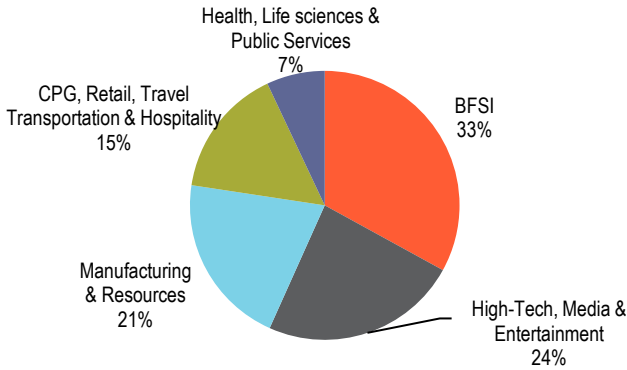
Source: BOBCAPS Research

Fig 5 – P&L at a glance

(YE March)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Average INR/USD	61.2	65.9	67.0	64.5	70.0	71.4	74.2	75.0	80.7	82.8	84.6	88.8	93.9	94.9	95.9
Net Sales (USD mn)	813	887	970	1,132	1,349	1,525	1,670	3,502	4,106	4,287	4,493	4,763	5,099	5,466	5,815
-Growth (%)	0.5	9.1	9.3	16.7	19.1	13.0	9.5	109.7	17.2	4.4	4.8	6.0	7.1	7.2	6.4
Net Sales	49,780	58,463	65,009	73,065	94,458	108,786	123,698	261,086	331,830	355,170	380,081	423,076	478,719	518,581	557,508
-Growth (%)	1.2	17.4	11.2	12.4	29.3	15.2	13.7	111.1	27.1	7.0	7.0	11.3	13.2	8.3	7.5
Cost of Sales & Services	34,128	38,230	42,122	49,124	61,643	73,589	82,193	178,271	232,037	246,214	268,217	299,909	335,775	365,114	389,214
Gross Margin	15,652	20,233	22,887	23,941	32,815	35,197	41,505	82,815	99,793	108,956	111,864	123,167	142,944	153,466	168,295
% of sales	31.4	34.6	35.2	32.8	34.7	32.4	33.6	31.7	30.1	30.7	29.4	29.1	29.9	29.6	30.2
SG& A	5,607	10,000	10,583	12,065	13,980	14,905	14,254	30,330	38,715	45,082	46,915	47,615	53,192	57,195	65,427
% of sales	11.3	17.1	16.3	16.5	14.8	13.7	11.5	11.6	11.7	12.7	12.3	11.3	11.1	11.0	11.7
EBITDA	10,044	10,233	12,304	11,876	18,835	20,292	27,251	52,485	61,078	63,874	64,949	75,552	89,751	96,271	102,868
% of sales	20.2	17.5	18.9	16.3	19.9	18.7	22.0	20.1	18.4	18.0	17.1	17.9	18.7	18.6	18.5
Depreciation and Amortisation	1,579	1,738	1,780	1,563	1,471	2,731	3,325	5,971	7,227	8,189	9,915	10,541	15,860	15,860	15,860
% of sales	3.2	3.0	2.7	2.1	1.6	2.5	2.7	2.3	2.2	2.3	2.6	2.5	3.3	3.1	2.8
EBIT	8,465	8,495	10,524	10,313	17,364	17,561	23,926	46,514	53,851	55,685	55,034	65,011	73,892	80,412	87,008
EBIT Margin (%)	17.0	14.5	16.2	14.1	18.4	16.1	19.3	17.8	16.2	15.7	14.5	15.4	15.4	15.5	15.6
Gross other income (incl Forex gains/(loss))	915	1,914	1,855	4,225	3,021	3,291	2,743	8,892	7,073	9,236	12,686	13,707	18,579	21,696	24,513
Interest cost	104	59	17	123	106	826	788	1,233	1,504	2,217	2,789	2,763	2,723	2,887	3,047
PBT	9,276	10,350	12,362	14,415	20,279	20,026	25,881	54,173	59,420	62,704	64,931	75,955	89,747	99,221	108,474
-PBT margin (%)	18.6	17.7	19.0	19.7	21.5	18.4	20.9	20.7	17.9	17.7	17.1	18.0	18.7	19.1	19.5
Provision for tax	1,666	1,983	2,649	3,290	5,122	4,825	6,500	13,439	13,812	14,641	16,122	19,570	23,556	26,042	28,471
Effective tax rate (%)	18.0	19.2	21.4	22.8	25.3	24.1	25.1	24.8	23.2	23.3	24.8	25.8	26.2	26.2	26.2
Net profit	7,609	8,367	9,713	11,125	15,157	15,201	19,381	40,734	45,608	48,063	48,809	52,434	66,191	73,178	80,003
-Growth (%)	7.3	10.0	16.1	14.5	36.2	0.3	27.5	110.2	12.0	5.4	1.6	7.4	26.2	10.6	9.3
-Net profit margin (%)	15.3	14.3	14.9	15.2	16.0	14.0	15.7	15.6	13.7	13.5	12.8	12.4	13.8	14.1	14.4

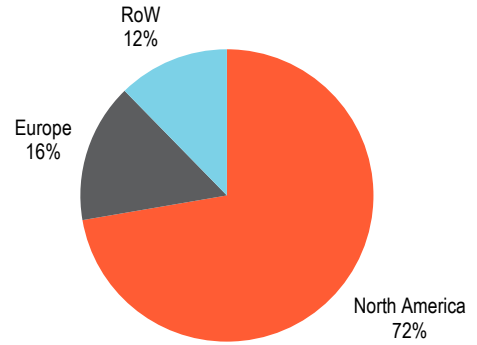
Source: Company, BOBCAPS Research

Fig 6 – Revenue by Vertical (%)



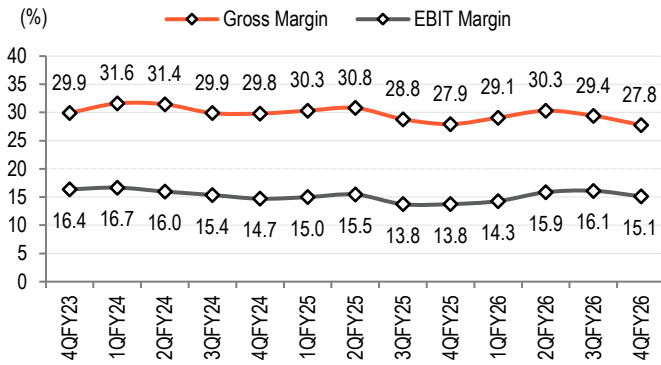
Source: Company, BOBCAPS Research

Fig 7 – Revenue by Geography (%)



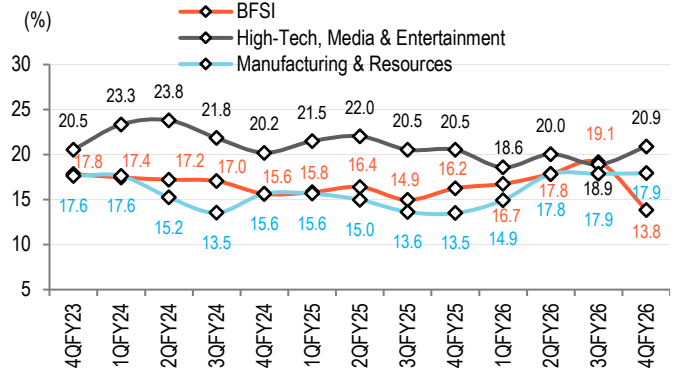
Source: Company, BOBCAPS Research

Fig 8 – Gross Margin and EBIT Margin



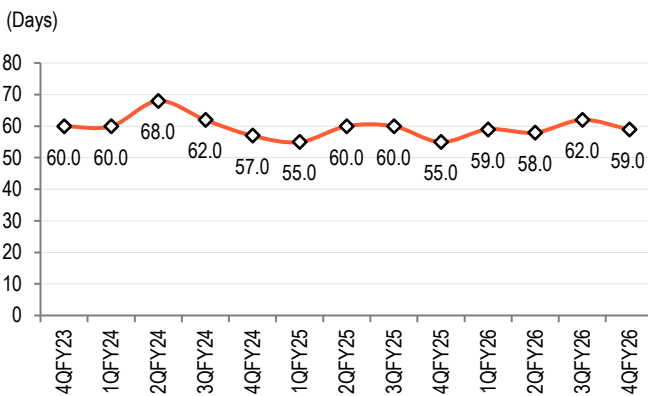
Source: Company, BOBCAPS Research

Fig 9 – EBITDA margin trends of the top 3 revenue segments



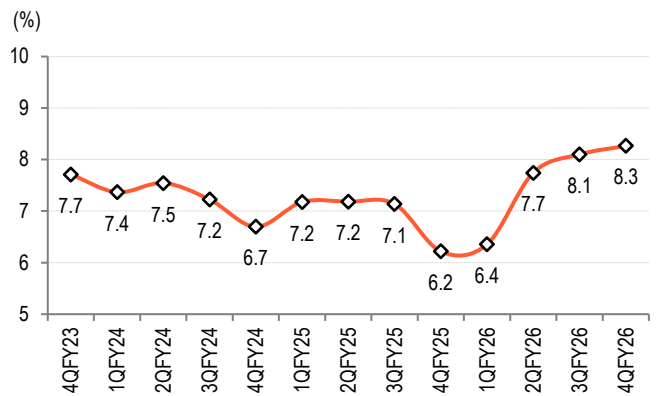
Source: Company, BOBCAPS Research

Fig 10 – DSO (Billed) trend



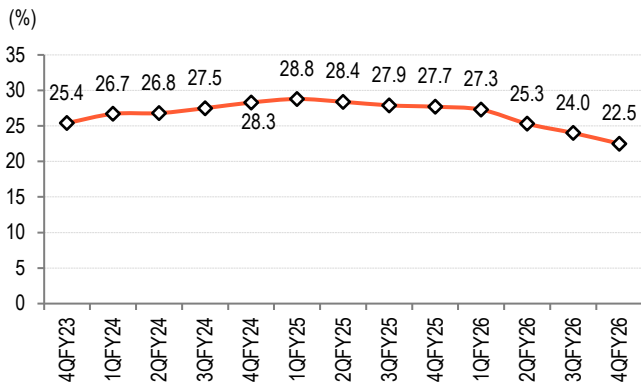
Source: Company, BOBCAPS Research

Fig 11 – Sub-contracting charges



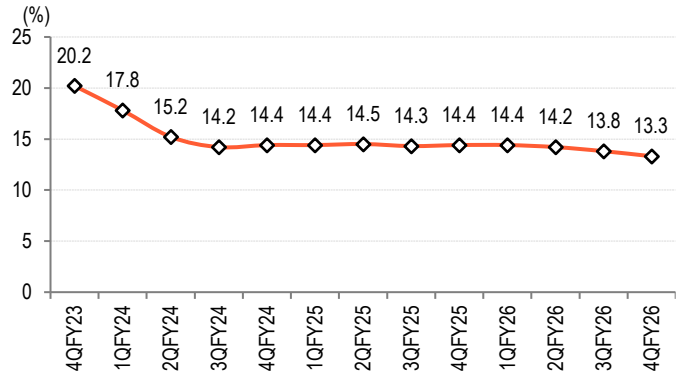
Source: Company, BOBCAPS Research

Fig 12 – Top 5 client concentration (%)



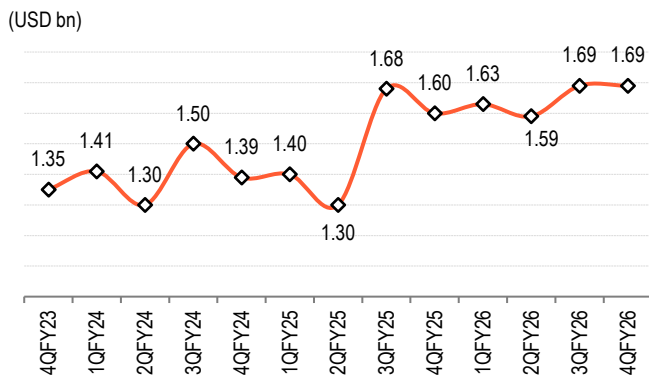
Source: Company, BOBCAPS Research

Fig 13 – Attrition trend on a QoQ basis (%)



Source: Company, BOBCAPS Research

Fig 14 – Order Inflow (USD bn)



Source: Company, BOBCAPS Research

Fig 15 – Quarterly Snapshot

Year to 31 March (Rsmn)	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
INR/USD	82.2	82.2	82.8	83.2	83.2	83.4	83.7	84.8	86.4	85.3	88.1	89.3	92.4
Revenue (in USDmn)	1,058	1,059	1,076	1,084	1,069	1,096	1,127	1,139	1,131	1,153	1,180	1,208	1,222
Revenue	86910	87021	89054	90166	88929	91426	94329	96609	97717	98406	103943	107810	112917
Gross margin	25987	27502	28006	26942	26506	27711	29052	27824	27277	28599	31504	31712	31352
SGA	9950	11147	11693	11093	11149	11650	12059	11891	11315	12105	12203	11685	11622
Depreciation and Amortisation	1823	1847	2082	1990	2270	2352	2411	2644	2508	2429	2820	2656	2636
EBIT	14214	14508	14231	13859	13087	13709	14582	13289	13454	14065	16481	17371	17094
Revenue Related Forex gain/loss	(523)	(123)	(21)	426	(164)	134	751	132	232	1291	652	(501)	(786)
Other income	1,187	1,439	1,453	1,769	2,240	2,137	2,238	1,993	2,280	2,630	2,352	2,773	2,533
Interest	436	460	470	607	680	724	703	689	673	724	693	693	653
PBT	14442	15364	15193	15447	14483	15256	16868	14725	15293	17262	18792	13047	18810
Tax	3301	3841	3570	3754	3476	3905	4352	3858	4007	4716	4980	3451	4937
PAT	11141	11523	11623	11693	11007	11351	12516	10867	11286	12546	13812	9596	13873
EPS	37.6	38.9	39.2	39.4	37.1	38.2	42.2	36.6	36.4	42.3	47.2	32.7	46.9
YoY Growth													
USD Revenue	11.9	8.1	5.2	3.5	1.1	3.5	4.8	5.1	5.8	5.2	4.7	6.1	8.0
INR Revenues	21.9	13.8	8.2	4.6	2.3	5.1	5.9	7.1	9.9	7.6	10.2	11.6	15.6
Gross profit	16.1	15.6	10.4	9.3	2.0	0.8	3.7	3.3	2.9	3.2	8.4	14.0	14.9
EBIT	10.2	9.3	(1.2)	15.8	(7.9)	(5.5)	2.5	(4.1)	2.8	2.6	13.0	30.7	27.1
Net profit	0.5	4.1	(2.2)	16.8	(1.2)	(1.5)	7.7	(7.1)	2.5	10.5	10.4	(11.7)	22.9
QoQ Growth													
USD Revenues	1.0	0.1	1.6	0.8	(1.3)	2.5	2.8	1.1	(0.7)	2.0	2.3	2.4	1.2
INR Revenues	0.8	0.1	2.3	1.2	(1.4)	2.8	3.2	2.4	1.1	0.7	5.6	3.7	4.7
EBIT	18.8	2.1	(1.9)	(2.6)	(5.6)	4.8	6.4	(8.9)	1.2	4.5	17.2	5.4	(1.6)
Net profit	11.3	3.4	0.9	0.6	(5.9)	3.1	10.3	(13.2)	3.9	11.2	10.1	(30.5)	44.6
Margins (%)													
Gross margin	29.9	31.6	31.4	29.9	29.8	30.3	30.8	28.8	27.9	29.1	30.3	29.4	27.8
EBIT	16.4	16.7	16.0	15.4	14.7	15.0	15.5	13.8	13.8	14.3	15.9	16.1	15.1
PAT	12.8	13.2	13.1	13.0	12.4	12.4	13.3	11.2	11.5	12.7	13.3	8.9	12.3
SGA	11.4	12.8	13.1	12.3	12.5	12.7	12.8	12.3	11.6	12.3	11.7	10.8	10.3

Source: Company, BOBCAPS Research

Fig 16 – Segmental Information

Rs mn	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
Revenues													
BFSI	32,992	32,604	32,517	32,067	31,218	32,195	33,573	35,308	36,242	36,344	37,628	37,837	37,169
High-Tech, Media & Entertainment	19,988	20,611	21,143	20,605	21,628	23,410	23,955	22,808	22,952	22,850	23,679	23,887	26,791
Manufacturing & Resources	15,231	15,057	15,948	18,336	16,534	16,889	17,083	18,679	19,486	19,304	20,265	22,470	23,439
CPG, Retail, Travel Transportation & Hospitality	13,346	13,181	13,669	13,283	13,427	13,281	13,700	13,734	13,705	14,392	16,199	16,625	17,659
Health, Life sciences & Public Services	5,353	5,568	5,777	5,875	6,122	5,651	6,018	6,080	5,332	5,516	6,172	6,991	7,859
Total	86,910	87,021	89,054	90,166	88,929	91,426	94,329	96,609	97,717	98,406	103,943	107,810	112,917
QoQ Revenue Growth %													
BFSI	2.7	(1.2)	(0.3)	(1.4)	(2.6)	3.1	4.3	5.2	2.6	0.3	3.5	0.6	(1.8)
High-Tech, Media & Entertainment	(2.0)	3.1	2.6	(2.5)	5.0	8.2	2.3	(4.8)	0.6	(0.4)	3.6	0.9	12.2
Manufacturing & Resources	0.8	(1.1)	5.9	15.0	(9.8)	2.1	1.1	9.3	4.3	(0.9)	5.0	10.9	4.3
CPG, Retail, Travel Transportation & Hospitality	1.9	(1.2)	3.7	(2.8)	1.1	(1.1)	3.2	0.2	(0.2)	5.0	12.6	2.6	6.2
Health, Life sciences & Public Services	(2.3)	4.0	3.8	1.7	4.2	(7.7)	6.5	1.0	(12.3)	3.5	11.9	13.3	12.4
Total	0.8	0.1	2.3	1.2	(1.4)	2.8	3.2	2.4	1.1	0.7	5.6	3.7	4.7
YoY Revenue Growth %													
BFSI	30.9	18.6	40.5	(0.2)	(5.4)	(1.3)	3.2	10.1	16.1	12.9	12.1	7.2	2.6
High-Tech, Media & Entertainment	12.0	5.8	206.4	1.1	8.2	13.6	13.3	10.7	6.1	(2.4)	(1.2)	4.7	16.7
Manufacturing & Resources	22.5	21.1	242.5	21.4	8.6	12.2	7.1	1.9	17.9	14.3	18.6	20.3	20.3
CPG, Retail, Travel Transportation & Hospitality	19.2	10.0	164.2	1.5	0.6	0.8	0.2	3.4	2.1	8.4	18.2	21.0	28.9
Health, Life sciences & Public Services	16.5	10.3	(32.0)	7.2	14.4	1.5	4.2	3.5	(12.9)	(2.4)	2.6	15.0	47.4
Total	21.9	13.8	84.1	4.6	2.3	5.1	5.9	7.1	9.9	7.6	10.2	11.6	15.6
Segment Profit													
BFSI	5,880	5,687	5,592	5,465	4,877	5,085	5,503	5,275	5,889	6,080	6,710	7,239	5,139
High-Tech, Media & Entertainment	4,103	4,808	5,031	4,497	4,367	5,028	5,275	4,682	4,709	4,241	4,744	4,514	5,597
Manufacturing & Resources	2,685	2,655	2,431	2,482	2,586	2,643	2,557	2,545	2,628	2,881	3,613	4,013	4,201
CPG, Retail, Travel Transportation & Hospitality	2,608	2,473	2,674	2,458	2,426	2,350	2,581	2,458	2,379	2,850	3,481	3,195	3,751
Health, Life sciences & Public Services	761	732	585	947	1,101	955	1,077	973	357	442	753	1,066	1,042
Total	16,037	16,355	16,313	15,849	15,357	16,061	16,993	15,933	15,962	16,494	19,301	20,027	19,730
Segment Profit Margin													
BFSI	17.8	17.4	17.2	17.0	15.6	15.8	16.4	14.9	16.2	16.7	17.8	19.1	13.8
High-Tech, Media & Entertainment	20.5	23.3	23.8	21.8	20.2	21.5	22.0	20.5	20.5	18.6	20.0	18.9	20.9
Manufacturing & Resources	17.6	17.6	15.2	13.5	15.6	15.6	15.0	13.6	13.5	14.9	17.8	17.9	17.9
CPG, Retail, Travel Transportation & Hospitality	19.5	18.8	19.6	18.5	18.1	17.7	18.8	17.9	17.4	19.8	21.5	19.2	21.2
Health, Life sciences & Public Services	14.2	13.1	10.1	16.1	18.0	16.9	17.9	16.0	6.7	8.0	12.2	15.2	13.3
Total	18.5	18.8	18.3	17.6	17.3	17.6	18.0	16.5	16.3	16.8	18.6	18.6	17.5

Source: Company, BOBCAPS Research

Fig 17 – Key Metrics

Key Metrics	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
P and L (Rs mn)													
Revenue	86,910	87,021	89,054	90,166	88,929	91,426	94,329	96,609	97,717	98,406	103,943	107,810	112,917
EBIT	14,214	14,508	14,231	13,859	13,087	13,709	14,582	13,289	13,454	14,065	16,481	17,371	17,094
PAT	11,141	11,523	11,623	11,693	11,007	11,351	12,516	10,867	11,286	12,546	13,812	9,596	13,873
Vertical Mix (%)													
BFSI	38.0	37.5	36.5	35.6	35.1	35.2	35.6	36.4	37.1	37.0	36.2	35.1	33.0
High-Tech, Media & Entertainment	23.0	23.7	23.8	22.9	24.3	25.6	25.4	23.7	23.4	23.2	22.7	22.2	23.7
Manufacturing & Resources	17.5	17.3	17.9	20.3	18.6	18.5	18.1	19.3	19.9	19.6	19.5	20.8	20.7
CPG, Retail, Travel Transportation & Hospitality	15.4	15.1	15.3	14.7	15.1	14.5	14.5	14.3	14.1	14.6	15.6	15.4	15.6
Health, Life sciences & Public Services	6.1	6.4	6.5	6.5	6.9	6.2	6.4	6.3	5.5	5.6	6.0	6.5	7.0
Geographic Mix (%)													
North America	71.9	73.1	73.4	72.7	73.8	75.1	75.0	74.7	74.5	74.4	74.2	72.8	72.3
Europe	15.4	15.2	15.3	14.5	14.6	14.4	14.4	13.8	13.6	14.7	14.7	14.8	15.4
RoW	12.7	11.7	11.3	12.8	11.6	10.5	10.6	11.5	11.9	11.0	11.1	12.4	12.3
Effort mix (%)													
Onsite	14.9	14.8	14.8	15.0	15.1	15.4	15.5	15.4	15.1	15.1	14.8	14.5	14.2
Off shore	85.1	85.2	85.2	85.0	84.9	84.6	84.5	84.6	84.9	84.9	85.2	85.5	85.8
Utilization (%) (including Trainees)	81.70	84.80	86.60	87.40	86.90	88.30	87.70	85.40	85.80	88.10	88.10	86.90	85.70
Clients Concentration (%)													
Top 5 Clients	25.4	26.7	26.8	27.5	28.3	28.8	28.4	27.9	27.7	27.3	25.3	24.0	22.5
Top 10 Clients	32.9	34.1	34.3	35.3	35.5	35.7	35.0	34.5	34.3	34.3	32.8	31.7	30.7
Top 20 Clients	44.0	44.9	45.2	45.9	45.9	46.2	45.8	45.5	44.8	44.5	43.5	43.3	41.6
Top 40 Clients	56.8	57.2	57.6	58.5	58.0	58.9	58.2	58.1	57.2	56.8	56.1	56.8	55.3
Client Profile													
Number of Active Clients*	728	723	737	739	738	748	742	742	741	741	749	746	751
New Clients Added	31	19	30	23	30	27	22	23	26	17	23	26	13
100 Million dollar +	2	2	2	2	2	2	2	2	2	2	2	2	2
50 Million dollar +	13	13	14	12	13	12	12	13	14	14	14	12	14
20 Million dollar +	38	40	41	40	40	43	42	39	40	41	45	47	48
10 Million dollar +	81	88	90	89	91	87	88	90	89	90	93	97	101
5 Million dollar +	146	148	146	149	153	148	154	152	154	159	158	162	164
1 Million dollar +	383	388	391	388	394	390	392	401	410	404	402	399	411
Employee Number	84,546	82,738	83,532	82,471	81,650	81,934	84,438	86,800	84,307	83,889	86,447	87,958	87,950
Net employee addition	(1,916)	(1,808)	794	(1,061)	(821)	284	2,504	2,362	(2,493)	(418)	2,558	1,511	(8)
Attrition LTM (%)	20.2	17.8	15.2	14.2	14.4	14.4	14.5	14.3	14.4	14.4	14.2	13.8	13.3
(USD mn)													
Revenue	1,057.5	1,058.7	1,075.5	1,083.7	1,069.4	1,096.2	1,126.6	1,138.7	1,131.0	1,153.3	1,180.1	1,208.0	1,222.0
USD-INR	82.18	82.20	82.80	83.20	83.16	83.40	83.73	84.84	86.40	85.33	88.08	89.25	92.37
TCV (US\$m)	1350	1410	1300	1500	1390	1400	1300	1680	1600	1630	1590	1690	1690

Source: Company, BOBCAPS Research

Fig 18 – QoQ and YoY growth of various parameter

	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
QoQ Growth (%)													
Geographical Data													
North America	0.5	1.8	2.0	(0.2)	0.2	4.3	2.6	0.7	(0.9)	1.8	2.0	0.4	0.5
Europe	4.4	(1.2)	2.3	(4.5)	(0.6)	1.1	2.8	(3.1)	(2.1)	10.2	2.3	3.1	5.3
RoW	0.2	(7.8)	(1.9)	14.1	(10.6)	(7.2)	3.8	9.7	2.8	(5.7)	3.3	14.4	0.3
Verticals													
BFSI	2.7	(1.2)	(1.1)	(1.7)	(2.7)	2.8	3.9	3.3	1.2	1.7	0.1	(0.7)	(4.9)
High-Tech, Media & Entertainment	(1.5)	3.2	2.0	(3.0)	4.7	8.0	2.0	(5.7)	(1.9)	1.1	0.1	0.1	8.0
Manufacturing & Resources	1.0	(1.0)	5.1	14.3	(9.6)	2.0	0.6	7.8	2.4	0.4	1.8	9.2	0.7
CPG, Retail, Travel Transportation & Hospitality	2.4	(1.8)	2.9	(3.2)	1.4	(1.6)	2.8	(0.3)	(2.1)	5.6	9.3	1.1	2.5
Health, Life sciences & Public Services	(2.2)	5.0	3.2	0.8	4.8	(7.9)	6.1	(0.5)	(13.3)	3.8	9.6	10.9	8.9
Client Metrics													
Top 5 Clients	(2.4)	5.2	2.0	3.4	1.6	4.3	1.3	(0.7)	(1.4)	0.5	(5.2)	(2.9)	(5.2)
Top 10 Clients	(1.7)	3.8	2.2	3.7	(0.8)	3.1	0.8	(0.4)	(1.3)	2.0	(2.2)	(1.1)	(2.0)
Top 20 Clients	(1.9)	2.2	2.3	2.3	(1.3)	3.2	1.9	0.4	(2.2)	1.3	0.0	1.9	(2.8)
Top 40 clients	(0.4)	0.8	2.3	2.3	(2.2)	4.1	1.6	0.9	(2.2)	1.3	1.1	3.6	(1.5)
YoY Growth (%)													
Geographical Data													
North America	15.8	10.2	6.0	4.1	3.8	6.4	7.0	8.0	6.8	4.2	3.6	3.4	4.9
Europe	1.4	7.4	10.3	0.8	(4.1)	(1.9)	(1.4)	0.0	(1.5)	7.4	6.9	13.8	22.3
RoW	5.3	(2.7)	(4.9)	3.5	(7.6)	(7.1)	(1.7)	(5.6)	8.5	10.2	9.7	14.4	11.7
Verticals													
BFSI	19.8	12.3	6.1	(1.4)	(6.6)	(2.8)	2.2	7.4	11.8	10.6	6.5	2.3	(3.9)
High-Tech, Media & Entertainment	3.0	0.9	(1.0)	0.5	6.8	11.8	11.8	8.7	1.8	(4.7)	(6.4)	(0.6)	9.4
Manufacturing & Resources	12.6	14.7	16.3	20.1	7.5	10.7	5.9	(0.1)	13.2	11.5	12.9	14.3	12.4
CPG, Retail, Travel Transportation & Hospitality	9.8	4.0	4.6	0.1	(0.8)	(0.6)	(0.7)	2.2	(1.2)	5.9	12.7	14.2	19.5
Health, Life sciences & Public Services	6.7	4.8	0.6	6.8	14.4	0.3	3.1	1.8	(15.7)	(5.0)	(1.8)	9.5	37.5
Client Metrics													
Top 5 Clients	11.5	7.7	5.6	8.3	12.7	11.7	11.0	6.6	3.5	(0.3)	(6.7)	(8.7)	(12.2)
Top 10 Clients	9.9	6.8	5.2	8.1	9.1	8.4	6.9	2.7	2.2	1.1	(1.8)	(2.5)	(3.3)
Top 20 Clients	9.9	6.7	5.5	4.9	5.5	6.5	6.1	4.2	3.2	1.3	(0.5)	1.0	0.3
Top 40 clients	8.9	5.3	5.6	5.2	3.3	6.6	5.8	4.4	4.3	1.5	1.0	3.7	4.5

Source: Company, BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	380,081	423,076	478,719	518,581	557,508
EBITDA	64,949	75,552	89,751	96,271	102,868
Depreciation	9,915	10,541	15,860	15,860	15,860
EBIT	55,034	65,011	73,892	80,412	87,008
Net interest inc./(exp.)	(2,789)	(2,763)	(2,723)	(2,887)	(3,047)
Other inc./(exp.)	12,686	13,707	18,579	21,696	24,513
Exceptional items	0	0	0	0	0
EBT	64,931	75,955	89,747	99,221	108,474
Income taxes	16,122	19,570	23,556	26,042	28,471
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	48,809	52,434	66,191	73,178	80,003
Adjustments	0	0	0	0	0
Adjusted net profit	48,809	52,434	66,191	73,178	80,003

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	0	0	0	0	0
Other current liabilities	31,075	61,345	97,856	103,636	108,411
Provisions	9,691	11,741	11,741	11,741	11,741
Debt funds	554	13,397	13,397	13,397	13,397
Other liabilities	37,997	45,227	45,688	46,154	46,609
Equity capital	296	296	296	296	296
Reserves & surplus	226,687	239,954	278,086	321,729	366,289
Shareholders' fund	226,983	240,250	278,382	322,025	366,585
Total liab. and equities	306,300	371,960	447,064	496,953	546,743
Cash and cash eq.	20,623	23,311	80,469	107,656	137,120
Accounts receivables	76,882	94,717	103,041	112,165	119,703
Inventories	28	33	33	33	33
Other current assets	38,106	38,556	41,550	44,833	47,544
Investments	111,515	146,055	154,055	162,055	170,055
Net fixed assets	15,946	13,431	10,119	10,363	10,607
CWIP	5,818	9,171	9,171	9,171	9,171
Intangible assets	12,036	12,923	12,923	12,923	12,923
Deferred tax assets, net	5,303	12,980	14,121	15,371	16,404
Other assets	20,043	20,783	21,583	22,383	23,183
Total assets	306,300	371,960	447,064	496,953	546,743

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	54,672	51,800	109,967	85,298	93,435
Capital expenditures	(3,825)	(6,000)	(6,000)	(6,000)	(6,000)
Change in investments	(12,747)	(34,540)	(8,000)	(8,000)	(8,000)
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(16,572)	(40,540)	(14,000)	(14,000)	(14,000)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	236	12,843	0	0	0
Interest expenses	(2,789)	(2,763)	(2,723)	(2,887)	(3,047)
Dividends paid	(19,261)	(22,081)	(28,059)	(29,536)	(35,443)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(21,814)	(12,001)	(30,782)	(32,423)	(38,490)
Chg in cash & cash eq.	2,423	23,311	80,469	107,656	137,120
Closing cash & cash eq.	20,623	23,311	80,469	107,656	137,120

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	153.7	169.3	224.1	247.8	270.9
Adjusted EPS	153.4	169.2	223.9	247.6	270.6
Dividend per share	65.0	75.0	95.0	100.0	120.0
Book value per share	766.0	816.2	945.3	1,093.1	1,244.0

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	3.5	3.2	2.9	2.7	2.6
EV/EBITDA	20.7	17.8	15.2	14.6	14.0
Adjusted P/E	29.6	26.8	20.2	18.3	16.7
P/BV	5.9	5.6	4.8	4.1	3.6

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	75.2	74.4	73.8	73.8	0.0
Interest burden (PBT/EBIT)	118.0	108.7	121.5	123.4	0.0
EBIT margin (EBIT/Revenue)	14.5	15.4	15.4	15.5	0.0
Asset turnover (Rev./Avg TA)	130.6	124.8	116.9	109.9	0.0
Leverage (Avg TA/Avg Equity)	1.4	1.4	1.6	1.6	0.0
Adjusted ROAE	22.8	22.5	25.4	24.3	0.0

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	7.0	11.3	13.2	8.3	7.5
EBITDA	1.7	16.3	18.8	7.3	6.9
Adjusted EPS	(0.8)	10.3	32.4	10.6	9.3
Profitability & Return ratios (%)					
EBITDA margin	17.1	17.9	18.7	18.6	18.5
EBIT margin	14.5	15.4	15.4	15.5	15.6
Adjusted profit margin	12.8	12.4	13.8	14.1	14.4
Adjusted ROAE	22.9	22.4	25.5	24.4	23.2
ROCE	18.4	18.0	17.1	16.5	15.9
Working capital days (days)					
Receivables	74	82	79	79	78
Inventory	NA	NA	NA	NA	NA
Payables	NA	NA	NA	NA	NA
Ratios (x)					
Gross asset turnover	23.8	31.5	47.3	50.0	52.6
Current ratio	3.3	2.1	2.1	2.3	2.5
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	(0.1)	0.0	(0.2)	(0.3)	(0.3)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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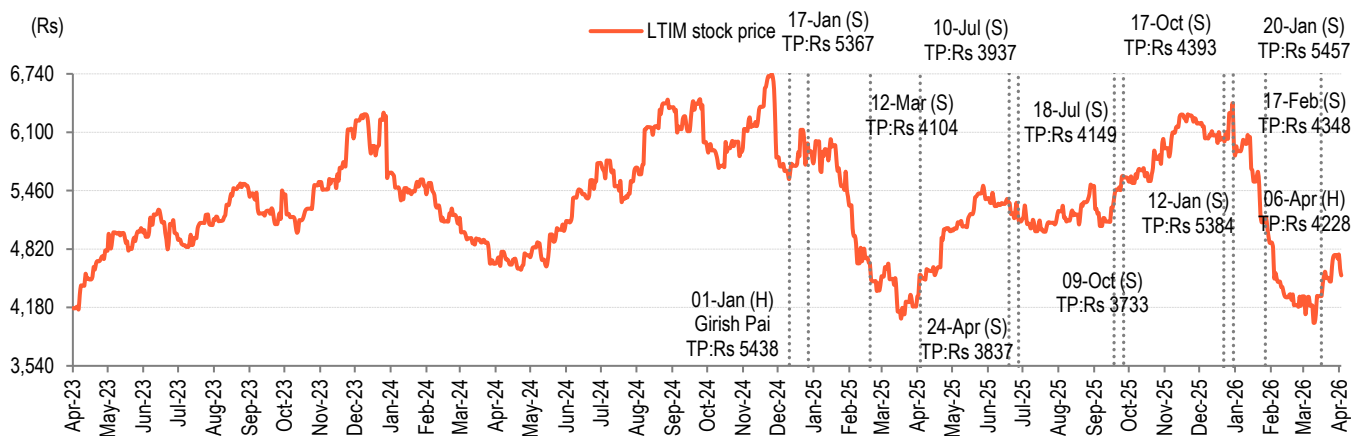
Recommendation scale: Recommendations and Absolute returns (%) over 12 months

- BUY** – Expected return >+15%
- HOLD** – Expected return from -6% to +15%
- SELL** – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): LTIMINDTREE (LTIM IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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