

13 May 2025

Large deal wins materializing

LTIMindtree (LTIM IN) today announced that it has won a multi-year deal (worth USD 450mn) from a leader in the global agribusiness sector. The deal tenure spans seven years. This deal is the largest in size for LTIM, yet and will likely add USD 60-65mn in incremental revenues in FY26E/FY27E. We view: i) the deal to be at similar margin as that of LTIM's, ii) the deal's quintessence is mainly vendor consolidation – LTIM is replacing a large peer and iii) the client is a large agriculture player based in the US. LTIM, in its Q4FY25 earnings call, had mentioned its focus on sales transformation and a new GTM structure aimed at winning large deals, which seems to be yielding results. LTIM is contemplating another large deal that should be announced in due course. We reiterate **Accumulate**.

Deal, the largest yet for LTIM: About USD 450mn in worth, seven-years in span and a leading global agribusiness player as the client, this deal is the largest yet for LTIM and a milestone in its strategic pivot towards AI-led service delivery. Per the agreement, LTIM will implement an AI-powered operating model to manage the client's applications, infrastructure, and cybersecurity, leveraging platforms such as SAP S/4HANA, Microsoft Azure, ServiceNow, and proprietary AI frameworks. This win marks a major break-through for LTIM's consumer business.

Simplified structure likely yielding results: LTIM, in its Q4FY25 earnings call, had indicated three initiatives to be implemented under the new CEO, to spur revenue growth and improve profitability – Sales transformation, new GTM (go to market) team (under the leadership of Mr. Nachiket Deshpande) and Fit4Future. The first two initiatives are focused on revenue growth and the third on improving profitability. LTIM expects these initiatives to yield results immediately. 'Sales transformation' is aimed at simplifying the sales structure from an effective standpoint (LTIM is not implementing any major change). The company is also contemplating another large deal.

Maintain Accumulate; TP raised to INR 5,360: LTIM corrected from its peak in December 2024. This is mainly due to: i) uncertain leadership (the exit of Mr. Sudhir Chaturvedi, Head of Sales), and ii) uncertainty over the succession of Mr. Debashish Chatterjee, who is set to retire at the end of the calendar year. However, with the appointment of Mr. Venu Lambu as the CEO designate and of Mr. Nachiket Deshpande (erstwhile COO, LTIM) as Head – Global AI Services, Strategic Deals & Partnership, this uncertainty on leadership is likely behind now and foundation for a revival in revenue growth seems set. The company's order book continues to be strong at USD 1.5 bn+ for last 2 quarters and is likely sustainable in the near term in our view.

We increase our FY26E/27E revenue estimates within 1.5-3% to factor in this large deal win. Accordingly, we also increase earnings estimates by 1.5-3.5% for FY26E/27E, So we raise our TP to INR 5,360 (from INR 5,180) with an unchanged P/E of 28x. Key risks to our estimates are lower-than-expected revenue and margin growth.

Key Financials

YE March	FY24	FY25	FY26E	FY27E	FY28E
Revenue (INR mn)	355,170	380,081	409,386	441,757	473,080
YoY (%)	7.0	7.0	7.7	7.9	7.1
EBITDA (INR mn)	63,874	64,949	71,734	79,779	86,368
EBITDA margin (%)	18.0	17.1	17.5	18.1	18.3
Adj PAT (INR mn)	45,821	45,987	51,392	56,672	61,143
YoY (%)	3.9	0.4	11.8	10.3	7.9
Fully DEPS (INR)	154.5	155.0	173.2	191.0	206.1
RoE (%)	22.9	20.2	20.1	19.8	19.1
RoCE (%)	30.3	25.7	25.2	25.1	24.2
P/E (x)	31.9	31.8	28.5	25.8	23.9
EV/EBITDA (x)	21.5	21.2	19.2	17.3	15.9

Note: Pricing as on 12 May 2025; Source: Company, Elara Securities Estimate

Rating: **Accumulate**
Target Price: **INR 5,360**
Upside: **9%**
CMP: **INR 4,940**
As on 12 May 2025

Key data

Bloomberg	LTIM IN
Reuters Code	LTIM.NS
Shares outstanding (mn)	296
Market cap (INR bn/USD mn)	1,464/17,134
EV (INR bn/USD mn)	1,376/16,116
ADTV 3M (INR mn/USD mn)	2,250/26
52 week high/low	6,768/3,802
Free float (%)	31

Note: as on 12 May 2025; Source: Bloomberg

Price chart



Source: Bloomberg

	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25
Shareholding (%)				
Promoter	68.6	68.6	68.6	68.6
% Pledge	0.0	0.0	0.0	0.0
FII	7.3	7.4	7.5	7.0
DII	14.4	15.0	15.0	15.7
Others	9.7	9.0	8.9	8.7

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	8.2	4.4	13.0
LTIMindtree	(13.4)	(17.7)	7.2
NSE Mid-cap	4.2	(2.8)	6.7
NSE Small-cap	4.2	(8.8)	3.8

Source: Bloomberg

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Financials (YE March)

Income Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Total Revenue	355,170	380,081	409,386	441,757	473,080
Gross Profit	108,956	111,864	117,350	128,118	137,187
EBITDA	63,874	64,949	71,734	79,779	86,368
EBIT	55,685	55,034	60,883	68,071	73,595
Interest expense	2,217	2,789	2,692	2,692	2,692
Other income	7,019	9,897	11,312	11,259	11,778
PBT	60,487	62,142	69,503	76,638	82,680
Tax	14,641	16,122	18,071	19,926	21,497
Minority interest/Associates income	(25)	(33)	(40)	(40)	(40)
Reported PAT	45,821	45,987	51,392	56,672	61,143
Adjusted PAT	45,821	45,987	51,392	56,672	61,143
Balance Sheet (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Shareholders' Equity	200,171	226,983	255,325	286,575	320,287
Minority Interest	93	132	132	132	132
Trade Payables	14,939	15,499	16,376	17,671	18,924
Provisions & Other Current Liabilities	42,493	44,160	47,563	51,322	54,959
Total Borrowings	407	23	23	23	23
Other long term liabilities	17,527	19,503	19,503	19,503	19,503
Total liabilities & equity	275,630	306,300	338,922	375,226	413,829
Net Fixed Assets	40,237	45,449	46,880	48,424	49,843
Goodwill	11,927	12,036	12,036	12,036	12,036
Intangible assets	3,151	2,182	2,182	2,182	2,182
Business Investments / other NC assets	31,851	37,254	37,254	37,254	37,254
Cash, Bank Balances & treasury investments	28,160	35,882	61,146	89,358	120,205
Sundry Debtors	57,060	58,676	63,200	68,197	73,033
Other Current Assets	103,244	114,821	116,225	117,775	119,276
Total Assets	275,630	306,300	338,922	375,226	413,829
Cash Flow Statement	FY24	FY25	FY26E	FY27E	FY28E
Cashflow from Operations	56,695	45,458	60,635	66,927	72,511
Capital expenditure	(8,432)	(9,496)	(12,282)	(13,253)	(14,192)
Other Business cashflow	(30,689)	(7,886)	-	-	-
Free Cash Flow	17,574	28,076	48,354	53,674	58,319
Cashflow from Financing	(22,688)	(25,744)	(23,090)	(25,462)	(27,471)
Net Change in Cash / treasury investments	(5,114)	2,332	25,264	28,212	30,847
Key assumptions & Ratios	FY24	FY25	FY26E	FY27E	FY28E
Dividend per share	65.0	65.0	78.0	86.0	92.7
Book value per share	674.9	765.1	860.7	966.0	1,079.6
RoCE (Pre-tax)	30.3	25.7	25.2	25.1	24.2
ROIC (Pre-tax)	35.9	30.3	31.6	34.8	37.0
ROE%	22.9	20.2	20.1	19.8	19.1
Asset Turnover	10.1	8.9	8.9	9.3	9.6
Net Debt to Equity (x)	(0.1)	(0.2)	(0.2)	(0.3)	(0.4)
Net Debt to EBITDA (x)	(0.4)	(0.6)	(0.9)	(1.1)	(1.4)
Interest cover (x) (Ebitda/ int exp)	28.8	23.3	26.6	29.6	32.1
Total Working capital days (WC/rev)	41.2	39.6	40.1	40.1	39.8
Valuation	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	31.9	31.8	28.5	25.8	23.9
P/Sales (x)	4.1	3.9	3.6	3.3	3.1
EV/ EBITDA (x)	21.5	21.2	19.2	17.3	15.9
EV/ OCF (x)	24.3	30.3	22.7	20.6	19.0
FCF Yield	1.3	2.0	3.5	3.9	4.2
Price to BV (x)	7.3	6.5	5.7	5.1	4.6
Dividend yield (%)	1.3	1.3	1.6	1.7	1.9

Note: Pricing as on 12 May 2025; Source: Company, Elara Securities Estimate

Exhibit 1: Valuation

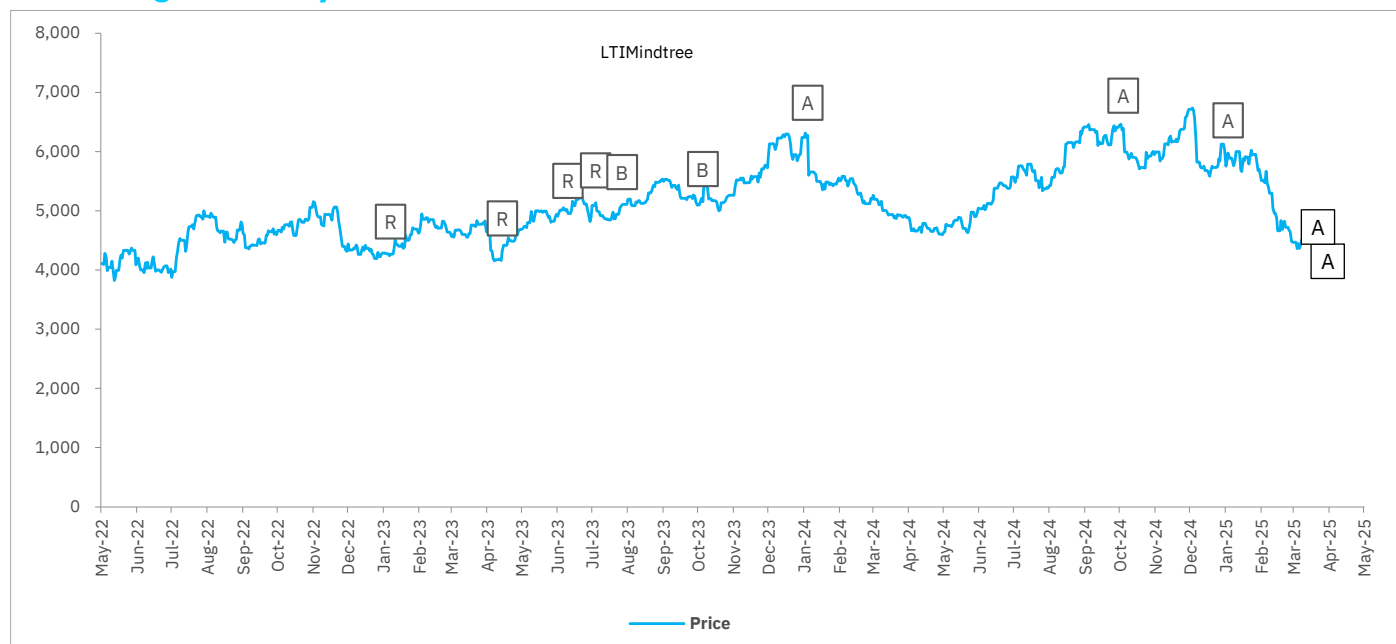
(INR)	
TTM EPS (INR)	155
Current market price (CMP)	4,940
Target EPS (INR)	191
Target multiple (x)	28.0
Target price (per share)	5,360
Upside (%)	9
Source: Elara Securities Estimate	

Exhibit 2: Change in estimates

(INR mn)	Earlier			Revised			% change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue (USD mn)	4,695	4,992	5,286	4,760	5,137	5,501	1.4	2.9	4.1
Revenue (INR mn)	4,03,787	4,29,303	4,54,553	409,386	441,757	473,080	1.4	2.9	4.1
EBIT	59,882	65,595	73,839	60,883	68,071	73,595	1.7	3.8	(0.3)
EBIT margin (%)	14.8	15.3	16.2	14.9	15.4	15.6			
PAT	50,651	54,833	61,132	51,392	56,672	61,143	1.5	3.4	0.0
EPS (INR)	171	185	206	173	191	206	1.5	3.4	0.0
TP (INR)	5,180			5,360			3.5		

Source: Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
20-Jan-2023	Reduce	4,220	4,268
27-Apr-2023	Reduce	4,400	4,320
23-Jun-2023	Reduce	4,600	4,957
17-Jul-2023	Reduce	4,860	5,135
09-Aug-2023	Buy	6,190	5,104
18-Oct-2023	Buy	6,220	5,155
17-Jan-2024	Accumulate	6,570	6,276
17-Oct-2024	Accumulate	6,820	6,394
16-Jan-2025	Accumulate	6,430	5,979
23-Apr-2025	Accumulate	5,180	4,537
12-May-2025	Accumulate	5,360	4,940

Guide to Research Rating

BUY (B)	Absolute Return >+20%
ACCUMULATE (A)	Absolute Return +5% to +20%
REDUCE (R)	Absolute Return -5% to +5%
SELL (S)	Absolute Return < -5%

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