AXIS DIRECT

**Result Update**
17th October, 2025

# LTI Mindtree Ltd.
IT Services Sector

**BUY**
Target Price
**6,400**

## Beat Across All Fronts; Growth Momentum to Continue

**Est. Vs. Actual for Q2FY26: Revenue – INLINE; EBIT Margin – BEAT; PAT – BEAT**

**Change in Estimates YoY post Q2FY26:**

**FY26E/FY27E:** Revenue: 3%/4%; EBIT: 4%/5%, PAT: 4%/5%

**Recommendation Rationale**

- **Encouraging Macro Outlook:** The company has shown growth despite a challenging operating macro environment. The BFSI and Hi-Tech sectors remained flattish sequentially due to macroeconomic conditions in selective client accounts. However, management continues to focus on business efficiency and cost optimisation strategy.
- **Robust Deal Wins/Pipeline**: The order book in Q2FY26 was at $1.6 Bn, up 23% YoY. The management expects the large deal momentum to continue in H2FY26 as well. The company stated that deal wins are centred around vendor consolidation deals, AI transformation programs
- **AI Implementation:** The Key initiatives adopted by LTIMIndtree are launching "Blueverse Studios" in Mumbai and London as AI collaboration hubs for clients. The company has completed the GenAI Foundation training program for 80,000 employees and has won multiple AI-specific deals, including developing agentic solutions and GenAI-based platforms for global clients.

**Sector Outlook: Cautiously Optimistic**

**Company Outlook & Guidance:** LTIMindtree sees strong focus from enterprises on scaling AI adoption across applications, workflows, and data platforms. It aspires to achieve its long-term $10 Bn revenue target by FY30.

**Current Valuation: 33x FY27E P/E (Earlier Valuation: 30x FY27E P/E)**

**Current TP: Rs 6,400/share (Earlier TP: 5,585/share)**

**Recommendation: We recommend a BUY rating on the stock.**

### Financial Performance

In Q2FY26, LTI Mindtree reported revenue of Rs 10,394 Cr vs Rs 9,443 Cr (Q2FY25), up 10.2% YoY and 5.6% QoQ. EBIT stood at Rs 1,648 Cr vs Rs 1,458 Cr (Q2FY25), up 13% YoY and 17.2% QoQ. Net Income came in at Rs 1,381 Cr vs Rs 1,252 Cr (Q2FY25), up 10.5% YoY and 10.1% QoQ, despite lower other income sequentially. However, in CC terms, revenue grew by 4.4% YoY and 2.4% QoQ. Attrition levels remained at similar levels to 14.2% vs 14.4% QoQ. Utilisation levels for the quarter stood at 88.1% vs 87.7% YoY.

### Valuation & Recommendation

The management remains optimistic for growth for FY26, led by execution and deal pipelines. LTI Mindtree anticipates seeing further improvement in YoY growth through H2FY26, aided by large deal wins, achieving its near double-digit growth YoY target. We are constructive on the long-term outlook of the company and value it at 33x of FY27E EPS and **revise our rating from HOLD to BUY** on the stock, with a TP of Rs 6,400/share, implying an upside of 14% from the CMP.

### Key Financials (Consolidated)

| (Rs Cr) | Q2FY26 | QoQ (%) | YoY (%) | Axis Est. | Variance (%) |
|---|---|---|---|---|---|
| Net Sales | 10,394 | 5.6 | 10.2 | 10,169 | 2.2 |
| EBIT | 1648 | 17.18 | 13.0 | 1527 | 7.9 |
| EBIT Margin | 15.9 | 156bps | 40bps | 15.0 | 84bps |
| Net Profit | 1,381 | 10.1 | 10.4 | 1,296 | 6.5 |
| EPS (Rs) | 46.6 | 10.1 | 10.3 | 43.8 | 6.5 |

Source: Company, Axis Research

(CMP as of 16th October, 2025)

| | |
|---|---|
| CMP (Rs) | 5,622 |
| Upside /Downside (%) | 14% |
| High/Low (Rs) | 6,768/3,802 |
| Market cap (Cr) | 1,66,349 |
| Avg. daily vol. (6m) Shrs. | 3,07,210 |
| No. of shares (Cr) | 30 |

### Shareholding (%)

| | Sep-24 | Dec-24 | Jun-25 |
|---|---|---|---|
| Promoter | 68.6 | 68.6 | 68.6 |
| FIIs | 7.5 | 7.0 | 6.6 |
| MFs/UTI | 5.4 | 5.3 | 5.4 |
| Banks/FIs | 0.1 | 0.1 | 0.0 |
| Others | 18.5 | 19.1 | 19.4 |

### Financial & Valuations

| Y/E Mar (Rs Cr) | FY25 | FY26E | FY27E |
|---|---|---|---|
| Net Sales | 38,008 | 41,611 | 45,461 |
| EBIT | 5,503 | 6,232 | 7,072 |
| Net Profit | 4,602 | 5,257 | 5,718 |
| EPS (Rs) | 156 | 178 | 193 |
| PER (x) | 36 | 31 | 29 |
| P/BV (x) | 7.3 | 6.3 | 5.4 |
| EV/EBITDA (x) | 25.1 | 21.6 | 18.6 |
| ROE (%) | 22 | 21 | 20 |

### Change in Estimates (%)

| Y/E Mar | FY26E | FY27E |
|---|---|---|
| Sales | 3% | 4% |
| EBIT | 4% | 5% |
| PAT | 4% | 5% |

### Relative Performance


Source: Ace Equity, Axis Securities

**Results Gallery**

Q1FY26

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### Outlook

From a long-term perspective, we believe LTIMindtree is well-placed to deliver and encourage growth, given its multiple long-term contracts with the world's leading brands. Enhanced revenue visibility strengthens our confidence in sustained business growth going forward. However, rising concerns over the prospects of large economies, along with prevailing supply-side constraints, pose uncertainties over the company's short-term growth rates.

### Key Highlights

- **Geography-wise and Segment-wise Performance:** In USD terms, geographically, North America witnessed a growth of 3.6% YoY and 2.1% QoQ, and Continental Europe grew by 7.1% YoY and 2.4% QoQ. The Rest of the World (RoW) saw a growth of 9.3% YoY and 3.7% QoQ. While on segmental front, BFSI was up by 6.5% YoY and 0.2% QoQ; Manufacturing grew by 12.7% YoY and 1.7% QoQ; Consumer Business grew by 12.4% YoY and 9.1% QoQ; Life Sciences & Healthcare fell marginallly by 0.9% YoY but grew by 10.2% QoQ; and Communication & Media continued to decline by 6.3% YoY while it remained flat at 0.1% growth QoQ.
- **Q2 Deal Wins at $1.6B, Momentum to Continue:** Deal wins stood at $1.6 bn in Q2FY26 vs $1.3 bn in Q2FY25. The management expects the large deal momentum to continue in H2FY26 as well. The company stated that deal wins are around vendor consolidation deals, AI transformation programs.
- **EBIT Margin Improves on Cost Savings and Currency Tailwinds:** During the quarter, EBIT margin expanded by ~160 bps QoQ to 15.9%, led by the Fit4Future initiative that led to ~80 bps improvement, along with non-recurrence of visa costs and favourable currency tailwinds, i.e ~80 bps improvement. The management remains confident to expand it in subsequent quarters.
- **Utilisation Stable; Management Targets Mid-80s Range:** Utilisation came in flat in Q2FY26 at 88.1%. The management aims to maintain it in the range of 86-87% depending upon the demand environment, deals ramp-ups and subcontracting staff.
- **AI-Centric Strategy Drives New Hubs and GenAI Deals:** Coming to AI-Centric Strategy, the company's focus is on becoming an "AI-centric organisation". The Key initiatives adopted by LTIMIndtree are launching "Blueverse Studios" in Mumbai and London as AI collaboration hubs for clients. The company has completed the GenAI Foundation training program for 80,000 employees and has won multiple AI-specific deals, including developing agentic solutions and GenAI-based platforms for global clients.
- **Phased Wage Hikes Planned Amid Talent Market Shift:** The management highlighted that the industry is going through an inflexion point in terms of talent management. Therefore, it will be taking wage hikes in a phased manner, spread across two quarters. The first phase is to be rolled out from 1$^{st}$ January, and the second phase is to be rolled out effective 1$^{st}$ April.

### Key Risks to our Estimates and TP

- The demand environment is uncertain because of the potential threat of recession from the world's largest economies.
- The rising subcontracting cost and cross-currency headwinds may impact operating margins negatively.

## Change in Estimates

(Rs Cr)

| | New | | Old | | % Change | |
|---|---|---|---|---|---|---|
| | FY26E | FY27E | FY26E | FY27E | FY26E | FY27E |
| Sales | 41,611 | 45,461 | 40,491 | 43,558 | 3% | 4% |
| EBIT | 6,232 | 7,072 | 5,994 | 6,723 | 4% | 5% |
| PAT | 5,257 | 5,718 | 5,077 | 5,428 | 4% | 5% |

Source: Company, Axis Securities

## Results Review

(Rs Cr)

| Y/E March | Q2FY26 | Q1FY26 | QoQ (%) | Q2FY25 | YoY (%) |
|---|---|---|---|---|---|
| **Net sales** | **10,394** | **9,841** | **5.6** | **9,433** | **10.2** |
| Total Expenditure | 8,464 | 8,191 | 3.3 | 7,734 | 9.4 |
| **EBITDA** | **1,930** | **1,649** | **17.0** | **1,699** | **13.6** |
| *EBITDA margin (%)* | *18.6* | *16.8* | *181bps* | *18.0* | *55bps* |
| Depreciation | 282 | 243 | 16.1 | 241 | 17.0 |
| **EBIT** | 1,648 | 1,407 | 17.2 | 1,458 | 13.0 |
| *EBIT margin (%)* | *15.9* | *14.3* | *156bps* | *15.5* | *40bps* |
| Interest cost | 69 | 72 | (4.3) | 70 | (1.4) |
| Other income | 300 | 392 | (23.4) | 299 | 0.5 |
| Exceptional item | 0 | 0 | NA | 0 | NA |
| **PBT** | **1,879** | **1,726** | **8.9** | **1,687** | **11.4** |
| Tax | 498 | 472 | 5.6 | 435 | 14.4 |
| **Profit after tax** | **1,381** | **1,255** | **10.1** | **1,252** | **10.4** |
| **Reported EPS** | **47** | **42** | **10.1** | **42** | **10.3** |
| **Adj. PAT** | **1,381** | **1,255** | **10.1** | **1,252** | **10.4** |
| **Adj. EPS** | **46.6** | **42.3** | **10.1** | **42** | **10.4** |

Source: Company, Axis Securities

# Financials (Consolidated)

**Profit & Loss** **(Rs Cr)**

| Y/E March | FY23 | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|---|
| **Net sales** | **33,183** | **35,517** | **38,008** | **41,611** | **45,461** |
| Change (YoY, %) | 27.1 | 7.0 | 7.0 | 9.5 | 9.3 |
| Operating expenses | 27,075 | 29,130 | 31,513 | 34,248 | 37,133 |
| **EBITDA** | **6,108** | **6,387** | **6,495** | **7,363** | **8,328** |
| Change (YoY, %) | *16.4* | *4.6* | *1.7* | *13.4* | *13.1* |
| Margin (%) | *18.4* | *18.0* | *17.1* | *17.7* | *18.3* |
| Depreciation | 723 | 819 | 992 | 1,131 | 1,256 |
| **EBIT** | **5,385** | **5,569** | **5,503** | **6,232** | **7,072** |
| Interest paid | 150 | 222 | 279 | 307 | 347 |
| Other income | 557 | 702 | 990 | 1,291 | 1,046 |
| **Pre-tax profit** | **5,792** | **6,049** | **6,214** | **7,216** | **7,771** |
| Tax | 1,381 | 1,464 | 1,612 | 1,959 | 2,053 |
| Effective tax rate (%) | 24 | 24 | 26 | 27 | 26 |
| **Net profit** | **4,410** | **4,585** | **4,602** | **5,257** | **5,718** |
| Exceptional items | - | - | - | - | - |
| **Adjusted net profit** | **4,410** | **4,585** | **4,602** | **5,257** | **5,718** |
| Change (YoY, %) | 11.7 | 4.0 | 0.4 | 14.2 | 8.8 |
| **Adj.EPS** | **149** | **155** | **156** | **178** | **193** |
| Dividend per share | 42 | 39 | 39 | 44 | 48 |
| Dividend Payout (%) | 27 | 25 | 25 | 25 | 25 |

Source: Company, Axis Securities

**Balance Sheet** **(Rs Cr)**

| Y/E March | FY23 | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|---|
| Share capital | **30** | **30** | **30** | **30** | **30** |
| Reserves & surplus | 16,563 | 19,988 | 22,669 | 26,501 | 30,789 |
| Shareholders funds | 16,592 | 20,017 | 22,698 | 26,530 | 30,819 |
| Total Debt | 0 | 0 | 0 | 0 | 0 |
| Other liabilities | 1,414 | 1,793 | 1,953 | 1,953 | 1,953 |
| **Current Liabilities & Provisions** | **5,483** | **5,743** | **5,966** | **6,150** | **6,310** |
| Current liabilities | 4,669 | 4,895 | 4,997 | 5,181 | 5,341 |
| Provisions | 813 | 849 | 969 | 969 | 969 |
| Total liabilities | 6,897 | 7,537 | 7,919 | 8,102 | 8,263 |
| **Total equity & liabilities** | **23,496** | **27,563** | **30,630** | **34,646** | **39,095** |
| | | | | | |
| Net fixed assets | 1,236 | 1,887 | 1,959 | 1,828 | 1,572 |
| Investments | 717 | 1,990 | 2,470 | 2,470 | 2,470 |
| Other non-current assets | 4,358 | 4,840 | 5,263 | 5,321 | 5,385 |
| **Current assets** | 17,186 | 18,846 | 20,938 | 25,027 | 29,668 |
| Inventories | 3 | 3 | 3 | 3 | 3 |
| Sundry Debtors | 5,623 | 5,706 | 5,868 | 6,357 | 6,945 |
| Cash & Liquid | 2,932 | 2,816 | 3,588 | 7,188 | 11,240 |
| Other Current Assets | 8,627 | 10,321 | 11,479 | 11,479 | 11,479 |
| **Total assets** | **23,496** | **27,563** | **30,630** | **34,646** | **39,095** |

Source: Company, Axis Securities

**Cash Flow** **(Rs Cr)**

| Y/E March | FY23 | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|---|
| **Pre tax** | 4,410 | 4,585 | 4,602 | 5,257 | 5,718 |
| Depreciation | 723 | 819 | 992 | 1,131 | 1,256 |
| Change in working capital | (762) | (1,516) | (1,097) | (306) | (428) |
| Other operating activities | (407) | (480) | (711) | (984) | (699) |
| **Cash flow from operations (a)** | **3,964** | **3,407** | **3,786** | 5,099 | 5,847 |
| Capital expenditure | (443) | (1,031) | (1,064) | (1,000) | (1,000) |
| Chg in investments | (26) | (4) | (11) | - | - |
| Other investing activities | (45) | (1,050) | 98 | 1,233 | 982 |
| **Cash flow from investing (b)** | **(514)** | **(2,085)** | **(977)** | 233 | (18) |
| Equity raised/(repaid) | - | - | - | - | - |
| Debt raised/(repaid) | 217 | 379 | 159 | - | - |
| Dividend (incl. tax) | (1,183) | (1,146) | (1,151) | (1,314) | (1,430) |
| Chg in monorities | 1 | 2 | 4 | - | - |
| Other financing activities | (1,390) | (674) | (1,049) | (418) | (347) |
| **Cash flow from financing (c)** | **(2,355)** | **(1,439)** | **(2,037)** | (1,732) | (1,776) |
| Net change in cash (a+b+c) | 1,095 | (116) | 773 | 3,599 | 4,053 |
| Opening cash balance | 1,837 | 2,932 | 2,816 | 3,588 | 7,188 |
| Closing cash balance | 2,932 | 2,816 | 3,589 | 7,188 | 11,240 |

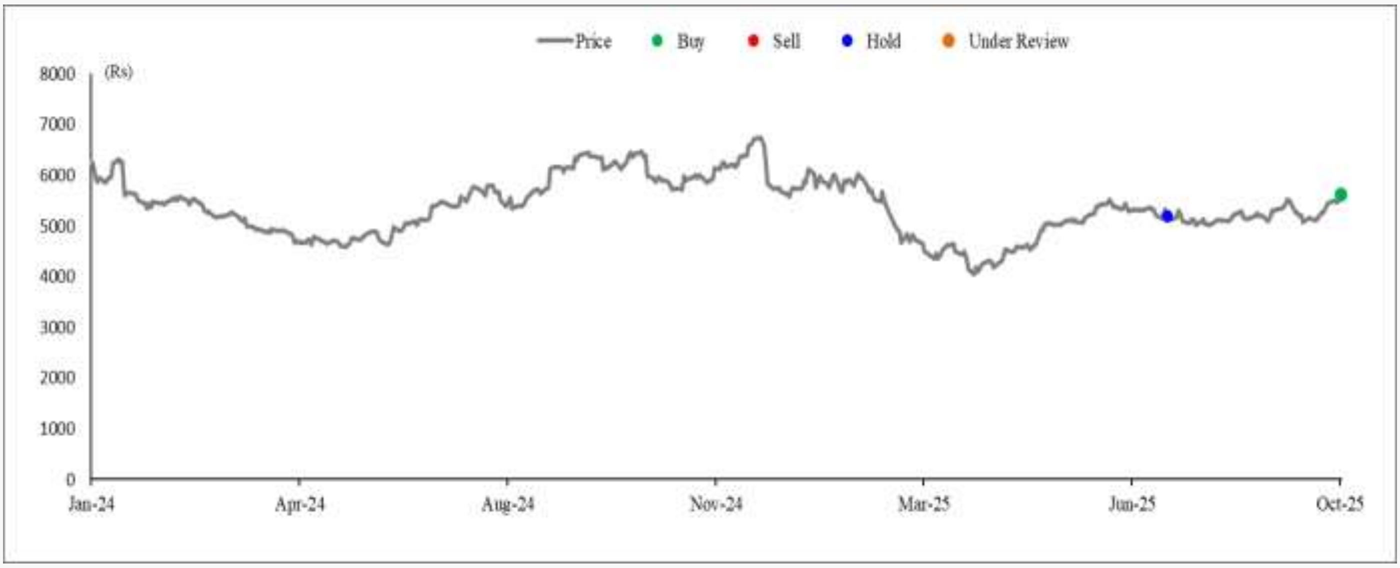
Source: Company, Axis Securities

**Ratio Analysis** **(%)**

| Y/E March | FY23 | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|---|
| Book Value (Rs) | **561** | **677** | **767** | **897** | **1,042** |
| Adj EPS (Rs) | 149 | 155 | 156 | 178 | 193 |
| Adj EPS growth (%) | 12 | 4 | 0 | 14 | 9 |
| EBITDA margin (%) | 18.4 | 18.0 | 17.1 | 17.7 | 18.3 |
| Pre-tax margin (%) | 17.5 | 17.0 | 16.3 | 17.3 | 17.1 |
| Debt/Equity (x) | - | - | - | - | - |
| ROCE (%) | 27 | 24 | 21 | 21 | 19 |
| ROE (%) | 29 | 25 | 22 | 21 | 20 |
| **Financial leverage ratios** | | | | | |
| Debt / Equity (x) | **-** | **-** | **-** | **-** | **-** |
| Interest Coverage (x) | 41 | 29 | 23 | 24 | 24 |
| Interest / Debt (%) | - | - | - | - | - |
| **Working Capital & Liquidity Ratio** | | | | | |
| Inventory days | 4 | 3 | 3 | 0 | 0 |
| Receivable days | 61 | 58 | 56 | 55 | 55 |
| Payable days | 14 | 15 | 15 | 15 | 15 |
| **Valuation ratio** | | | | | |
| PER (x) | 35 | 34 | 34 | 32 | 29 |
| Adjusted PER (x) | 35 | 34 | 34 | 32 | 29 |
| P/BV (x) | 9 | 8 | 7 | 6 | 5 |
| EV/EBITDA (x) | 25 | 24 | 23 | 22 | 19 |
| Market Cap. / Sales (x) | 5 | 4 | 4 | 4 | 4 |

Source: Company, Axis Securities

## LTIMindtree Price Chart and Recommendation History




| Date | Reco | TP | Research |
|---|---|---|---|
| 18-Jul-25 | HOLD | 5,585 | Result Update |
| 17-Oct-25 | BUY | 6,400 | Result Update |

*Source: Axis Securities Research*

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| **Ratings** | **Expected absolute returns over 12 – 18 months** |
|---|---|
| BUY | More than 10% |
| HOLD | Between 10% and -10% |
| SELL | Less than -10% |
| NOT RATED | We have forward-looking estimates for the stock, but we refrain from assigning a valuation and recommendation. |
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