RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

SELL
TP: Rs 4,393 | ∀ 22%

LTIMINDTREE | IT Services | 17 October 2025

Aiming for double digit YoY revenue growth in 2HFY26

- **2QFY26 performance beats our estimates. Growth pickup despite AI driven productivity pass back to top clients as it attacks noncore areas**
- **Aims at double digit revenue growth sometime in 2HFY26 (likely 4Q). Sustainability is dependent on stepped up deal flow**
- **Raise EPS estimates by 5-7% across FY26-FY28. Remove Target PE discount of 10% to TCS and bring it at par. Yet, retain SELL**

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2Q beats our estimates: Against our estimates of 1.5% CC QoQ revenue growth and 14.6% EBIT margin, LTIM delivered positive surprises on both at 2.4% and 15.9% respectively. The bigger surprise - margin - was driven partly by an 80bps tailwind from currency movement.

Near double digit YoY growth likely some time in 2HFY26– most likely in 4Q. Margin improvement to continue in 3Q too: LTIM indicates that the revenue momentum will continue into 2HFY26, and the company is likely to hit almost double-digit revenue growth rate in USD terms YoY at some point (likely in 4Q). EBIT margin improvement of 160 bps QoQ was driven by its 'Fit4Future' program (~80 bps) and currency tailwind (80 bps). On the margin front while it stated that it expects continued expansion into 3Q, we believe it was talking about this number ex-currency impact.4Q will see impact of wage hike for 50% of its staff.

Pick up in TCV required: TCV at US$1.59bn has been largely flat in the last four quarters and needs to move up for the company to sustain a double-digit growth momentum beyond 4QFY26 into FY27.

Growth has been driven by non-top clients and by nontraditional sectors- With top clients (largely in the BFSI and Hi-Tech space, which together constitute 60% of revenue) being given AI related productivity benefits, the heavy lifting will have to be done by clients and sectors outside of these segments in the foreseeable future. The new deals will have to be vendor consolidation wins where LTIM is the challenger.

Raise estimates and Target PE multiple but retain Sell rating: The strong performance on both revenue and margin front and stronger execution leads us to raise our revenue and margin estimates. We raise EPS estimates by 5-7% across FY26-FY28. We also raise Target PE multiple to 19x (at par with that of sector benchmark TCS, by cutting the 10% discount that we were giving it due to weak revenue and margin execution previously). Despite all of this we get a TP of Rs4393 which is return of -22%. We therefore retain our 'Sell' rating.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	LTIM IN/Rs 5,605
Market cap	US$ 18.6bn
Free float	31%
3M ADV	US$ 16.4mn
52wk high/low	Rs 6,768/Rs 3,802
Promoter/FPI/DII	69%/7%/16%

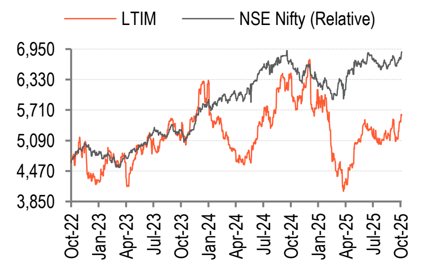
Source: NSE | Price as of 17 Oct 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	380,081	417,295	460,705
EBITDA (Rs mn)	64,949	75,395	83,207
Adj. net profit (Rs mn)	48,809	57,350	63,652
Adj. EPS (Rs)	153.4	190.7	217.7
Adj. ROAE (%)	22.9	24.2	24.0
Adj. P/E (x)	36.6	29.4	25.8
EV/EBITDA (x)	25.5	22.2	20.4
Adj. EPS growth (%)	(0.8)	24.3	14.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Key Points from the quarter and the earnings call

- Revenue stood at US$1,180mn, reflecting 2.4% QoQ (against our estimate of 1.5%) and 4.4% YoY growth in CC terms. In USD terms it grew 2.3% QoQ and 4.8% YoY.
- USD QoQ Revenue Growth:
  - Banking, Financial Services & Insurance: 0.2%; Technology, Media & Communications: 0.1%; Manufacturing & Resources: 1.7%; Consumer Business: 9.1%; Healthcare, Life Sciences & Public Services: 10.2%
  - North America: 2.1%; Europe: 2.4%; Rest of the World: 3.7%
- USD YoY Revenue Growth:
  - Banking, Financial Services & Insurance: 6.5%; Technology, Media & Communications: -6.3%; Manufacturing & Resources: 12.7%; Consumer Business: 12.4%; Healthcare, Life Sciences & Public Services: - 0.9%
  - North America: 3.6%; Europe: 7.1%; Rest of the World: 9.3%
- EBIT margin expanded by ~160 bps QoQ to 15.9% (against our estimate of 14.6%)
  - EBIT margin expansion driven by 80 bps from margin improvement program under Fit for Future initiative and non-recurrence of visa cost
  - Forex tailwind contributed additional 80 bps
- Utilization excluding trainees stood at 88.1% (flat QoQ); TTM attrition stood at 14.2%
- Order inflow stood at US$1.59bn, marking 4th consecutive quarter with inflow around US$1.6bn
  - Large deal wins secured across all five verticals
- Headcount stood at 86,447, reflecting net addition of 2,558 employees.

Other Points

- Tapering in top five accounts attributed to recalibration phase due to AI productivity benefits being realized in large engagements. Revenue additions in these accounts are partially offset by AI-driven efficiency gains during transition. No structural or material concerns observed in top five accounts
  - Current phase viewed as a natural transition driven by AI adoption; growth expected to resume post-transition
  - Renewals and ongoing engagements expected to absorb AI-related productivity impact over time
  - Management views this as a temporary phase, not indicative of long-term demand weakness

- BFSI segment entered FY26 following strong growth in FY25, considered a pre-productivity era phase
  - Current recalibration in BFSI due to productivity benefits realized during renewals, impacting near-term growth
  - No change in market outlook or demand; growth impact attributed to transition phase similar to top five clients
  - Management remains optimistic about BFSI growth recovery in 2HFY26
- Expectations for near double-digit growth sometime during 2HFY26. Likely by 4Q. It did not want to commit to a double-digit growth number in FY27.
- Wage hikes announced; approach reflects evolving industry dynamics and AI-driven transformation. Wage hikes to be implemented in two tranches: first tranche effective Jan 1 and second tranche effective Apr 1. ~50% of employee base to receive increments in Jan and remaining 50% in Apr
- In FY25, LTIM rolled out salary increments in the December quarter. In FY24 too, LTIM delayed wage cycle, which typically begins in the month of April, to September quarter.
- Fit for Future program remains a core initiative for driving margin expansion
  - Productivity gains through AI adoption cited as a key margin lever, enabling revenue growth without significant headcount increase
  - Pyramid correction underway, supported by ongoing fresher hiring program
  - Internal span of control being optimized, with further scope identified for improvement
  - Overheads reduced since beginning of FY26, but additional opportunities for rationalization remain
- PAN 2.0 deal has commenced early-stage ramp-up; full ramp-up expected in 3Q FY26
- Large media deal to undergo extended transition period due to scope recalibration and re-consolidation. Media deal ramp-up expected to span multiple quarters
- SG&A expenses reduced from 12.8% in 2QFY25 to 11.7% in 2QFY26, delivering ~100bps margin benefit. Current quarter SG&A reduction partially driven by absence of seasonal marketing events typically occurring in this period. Fit for Future program remains ongoing, with further SG&A optimization levers under execution
- ~60% of revenues currently come from two key sectors that remained flat during the quarter
  - Performance in these sectors impacted by top five client recalibration tied to AI productivity gains

- BFSI vertical experiencing recalibration due to renewal cycles, following strong FY25 growth; expected to improve over next two quarters
- Tech vertical viewed in two distinct phases: pre-productivity era (prior to AI implementation) and post-productivity era (starting 3Q FY25). AI-driven pricing changes and recalibration during renewals affected YoY comparability for tech segment
- Growth in tech and BFSI expected to resume in post-productivity era as recalibration phase stabilizes
- Healthy pipeline traction observed across both verticals

- Productivity-related impact from AI adoption is more material in larger accounts and engagements. Impact intensity varies by account size rather than sector alone
- Current impact on large customer engagements is primarily driven by AI adoption, not macroeconomic conditions. AI-driven productivity gains are being proactively encouraged and passed on to customers as part of long-term partnership strategy. Letting go of legacy scope to deliver productivity benefits positions company to win back larger, higher-value opportunities
- Seasonal furloughs, which are typical in certain sectors during the third quarter, have been factored into the company’s projections. LTIM does not anticipate any increase in the scale of furloughs compared to previous years. Despite this seasonal impact, the growth trajectory remains intact, and the outlook for the second half continues to be optimistic
- Utilization is currently high but the goal is to reduce it to around 86-87%. The fresher hiring program is ongoing, with over 2,600 freshers hired this quarter who will be trained and deployed soon. This will help balance utilization and pyramid structure

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 that view with an update on 12th March 2025 (**FY26 unlikely to be better than FY25**). We also put out a recent update (**Uncertainty stays and 'eating the tariff' may impact even FY27**) where we indicate the tariff decisions of 7 July 2025 on 14 countries, post the 90-day pause, prolongs the current phase of uncertainty.

Consequently, we see Tier-1 growth to remain at low single digit level for FY26 and 'eating the tariff' may lead to adverse impact on FY27

While both earnings and PE multiples have corrected since 1 Jan 2025, we believe the industry's structural organic revenue growth from here on will be lower than the ~7% CAGR seen during FY15-FY20, possibly ~5% CAGR over FY25-FY30 in constant currency (CC) terms.

Multiple speed breakers post FY25 drive our Underweight stance

Trump policies raise uncertainty: The tariffs, the higher fiscal deficit from the 'one big, beautiful bill' (OBBB), the crackdown on illegal and legal immigration (the latter through the major new hurdles put in for H1-B visas), etc all point to uncertainty in the coming days which may delay decision making

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

Covid-induced pull forward of demand requires a multi-year unwind. We think there were excesses during the compressed transformation phase which are yet to be fully unwound.

Gen AI and GCCs are going to disrupt growth: We also 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. We also believe that the rapid growth of the GCCs is a threat to outsourcing. While there seems to be collaboration between the 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 those who have lower bargaining power – the 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 compared to 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 and using TCS as our industry benchmark. The target PE used for TCS now is 19x, which is the average PE multiple of TCS over the last 10 years less 1SD. Through our choice of the benchmark Target PE multiple, we seek to capture the probability of downside risks to consensus EPS expectations for FY27.

Tier- 2 valuation reflects growth gap with Tier-1

The Tier-2 set have been taking away market share from the Tier-1 set due to better execution and due to their smaller size. And unlike in the past cycles, they have performed better than the Tier-1 largely due to better management teams.

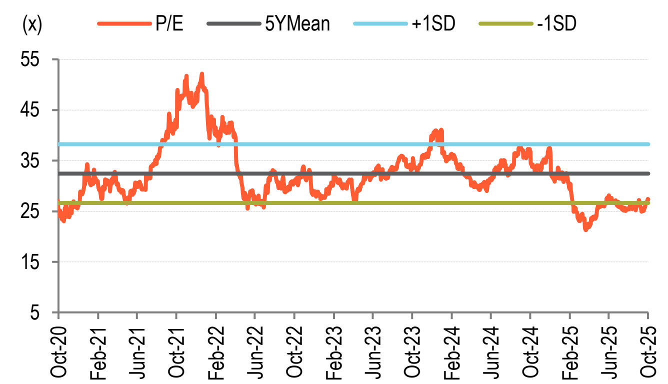
However, the current PE premium to Tier-1s is excessive as we believe that to deliver on the high consensus revenue growth expectations, they may be taking on more cost take-out projects which are likely to impact their margins adversely.

Fig 1 – Quarterly results: Comparison of actuals with estimates

Y/E Mar (Rs mn)	2QFY25	1QFY26	2QFY26	YoY(%)	QoQ (%)	2QFY26E	Dev (%)
Net Sales (USD mn)	**1,127**	**1,153**	**1,180**	**4.7**	**2.3**	**1,174**	**0.5**
Net Sales	**94,329**	**98,406**	**103,943**	**10.2**	**5.6**	**102,030**	**1.9**
Software Expenses (Direct Costs)	65,277	69,807	72,439	11.0	3.8	72,620	(0.2)
% of Sales	69.2	70.9	69.7			71.2	
Gross Margin	29,052	28,599	31,504	8.4	10.2	29,410	7.1
% of Sales	30.8	29.1	30.3			28.8	
Operating Expenses (Selling, General & Administration Expenses)	12,059	12,105	12,203	1.2	0.8	11625.6	5.0
% of Sales	12.8	12.3	11.7			11.4	
EBIT	**14,582**	**14,065**	**16,481**	**13.0**	**17.2**	**14,946**	**10.3**
EBIT Margin (%)	**15.5**	**14.3**	**15.9**			**14.6**	
Other Income	2,286	3,197	2,311	1.1	(27.7)	2,622	(11.9)
PBT	16,868	17,262	18,792	11.4	8.9	17,568	7.0
Provision for Tax	4,352	4,716	4,980	14.4	5.6	4,800	3.8
Effective Tax Rate	25.8	27.3	26.5			27.3	
Minority share in Profit / Loss	0	0	0			0	
PAT (Reported)	**12,516**	**12,546**	**13,812**	**10.4**	**10.1**	**12,768**	**8.2**
NPM (%)	**13.3**	**12.7**	**13.3**			**12.5**	

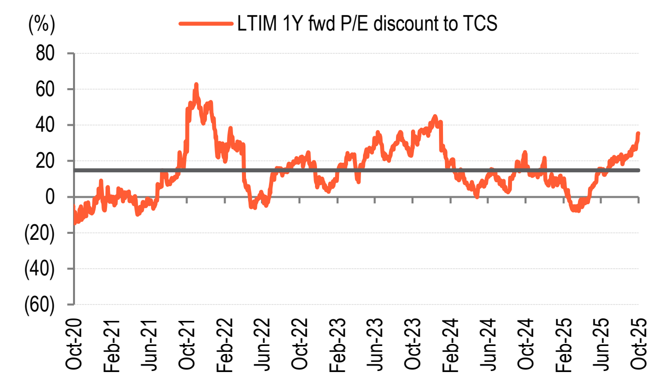
Source: Company, BOBCAPS Research

Fig 2 – 5 Year PE trend



Source: Bloomberg, BOBCAPS Research

Fig 3 – Premium/ Discount to TCS



Source: Bloomberg, BOBCAPS Research

Fig 4 – Revised Estimates

	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
INR/USD	87.2	89.3	91.1	86.9	89.3	91.1	0.3	0.0	0.0
USD Revenue (USD mn)	4,783	5,161	5,587	4,669	4,997	5,346	2.4	3.3	4.5
USD Revenue Growth (%)	6.5	7.9	8.2	3.9	7.0	7.0			
Revenue (Rsmn)	417,295	460,705	508,738	405,876	446,066	486,783	2.8	3.3	4.5
EBIT (Rsmn)	64,468	71,852	80,982	60,095	69,859	78,906	7.3	2.9	2.6
EBIT Margin (%)	15.4	15.6	15.9	14.8	15.7	16.2			
PAT (Rsmn)	57,350	63,652	71,566	53,312	61,051	68,443	7.6	4.3	4.6
EPS (Rs)	190.7	217.7	244.7	177.3	205.8	230.8	7.5	5.7	6.0

Source: Company, BOBCAPS Research

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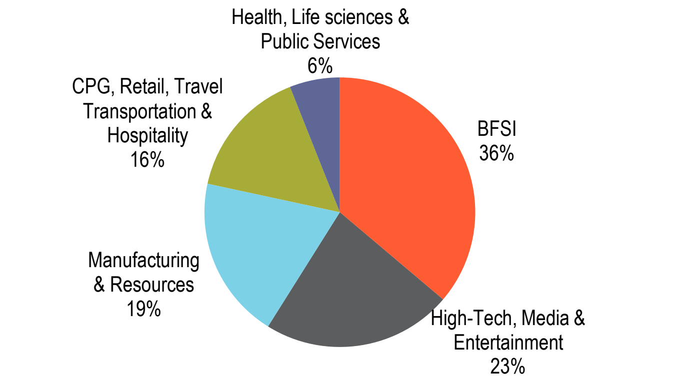
Fig 5 – P&L at a glance

(YE March)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Average INR/USD	60.8	61.2	65.9	67.0	64.5	70.0	71.4	74.2	75.0	80.7	82.8	84.6	87.2	89.3	91.1
Net Sales (USD mn)	**809**	**813**	**887**	**970**	**1,132**	**1,349**	**1,525**	**1,670**	**3,502**	**4,106**	**4,287**	**4,493**	**4,783**	**5,161**	**5,587**
-Growth (%)	**-**	**0.5**	**9.1**	**9.3**	**16.7**	**19.1**	**13.0**	**9.5**	**109.7**	**17.2**	**4.4**	**4.8**	**6.5**	**7.9**	**8.2**
Net Sales	49,205	49,780	58,463	65,009	73,065	94,458	108,786	123,698	261,086	331,830	355,170	380,081	417,295	460,705	508,738
-Growth (%)	-	1.2	17.4	11.2	12.4	29.3	15.2	13.7	111.1	27.1	7.0	7.0	9.8	10.4	10.4
Cost of Sales & Services	32,473	34,128	38,230	42,122	49,124	61,643	73,589	82,193	178,271	232,037	246,214	268,217	294,124	324,778	361,112
Gross Margin	16,732	15,652	20,233	22,887	23,941	32,815	35,197	41,505	82,815	99,793	108,956	111,864	123,171	135,927	147,626
% of sales	34.0	31.4	34.6	35.2	32.8	34.7	32.4	33.6	31.7	30.1	30.7	29.4	29.5	29.5	29.0
SG& A	5,259	5,607	10,000	10,583	12,065	13,980	14,905	14,254	30,330	38,715	45,082	46,915	47,776	52,721	55,289
% of sales	10.7	11.3	17.1	16.3	16.5	14.8	13.7	11.5	11.6	11.7	12.7	12.3	11.4	11.4	10.9
EBITDA	11,473	10,044	10,233	12,304	11,876	18,835	20,292	27,251	52,485	61,078	63,874	64,949	75,395	83,207	92,337
% of sales	23.3	20.2	17.5	18.9	16.3	19.9	18.7	22.0	20.1	18.4	18.0	17.1	18.1	18.1	18.2
Depreciation and Amortisation	1,300	1,579	1,738	1,780	1,563	1,471	2,731	3,325	5,971	7,227	8,189	9,915	10,926	11,355	11,355
% of sales	2.6	3.2	3.0	2.7	2.1	1.6	2.5	2.7	2.3	2.2	2.3	2.6	2.6	2.5	2.2
EBIT	**10,173**	**8,465**	**8,495**	**10,524**	**10,313**	**17,364**	**17,561**	**23,926**	**46,514**	**53,851**	**55,685**	**55,034**	**64,468**	**71,852**	**80,982**
EBIT Margin (%)	**20.7**	**17.0**	**14.5**	**16.2**	**14.1**	**18.4**	**16.1**	**19.3**	**17.8**	**16.2**	**15.7**	**14.5**	**15.4**	**15.6**	**15.9**
Gross other income (incl Forex gains/(loss))	(833)	915	1,914	1,855	4,225	3,021	3,291	2,743	8,892	7,073	9,236	12,686	16,416	18,460	20,400
Interest cost	305	104	59	17	123	106	826	788	1,233	1,504	2,217	2,789	3,175	3,710	4,013
PBT	9,034	9,276	10,350	12,362	14,415	20,279	20,026	25,881	54,173	59,420	62,704	64,931	77,709	86,602	97,369
-PBT margin (%)	18.4	18.6	17.7	19.0	19.7	21.5	18.4	20.9	20.7	17.9	17.7	17.1	18.6	18.8	19.1
Provision for tax	1,943	1,666	1,983	2,649	3,290	5,122	4,825	6,500	13,439	13,812	14,641	16,122	20,359	22,950	25,803
Effective tax rate (%)	21.5	18.0	19.2	21.4	22.8	25.3	24.1	25.1	24.8	23.2	23.3	24.8	26.2	26.5	26.5
Net profit	**7,091**	**7,609**	**8,367**	**9,713**	**11,125**	**15,157**	**15,201**	**19,381**	**40,734**	**45,608**	**48,063**	**48,809**	**57,350**	**63,652**	**71,566**
-Growth (%)	**-**	**7.3**	**10.0**	**16.1**	**14.5**	**36.2**	**0.3**	**27.5**	**110.2**	**12.0**	**5.4**	**1.6**	**17.5**	**11.0**	**12.4**
-Net profit margin (%)	**14.4**	**15.3**	**14.3**	**14.9**	**15.2**	**16.0**	**14.0**	**15.7**	**15.6**	**13.7**	**13.5**	**12.8**	**13.7**	**13.8**	**14.1**

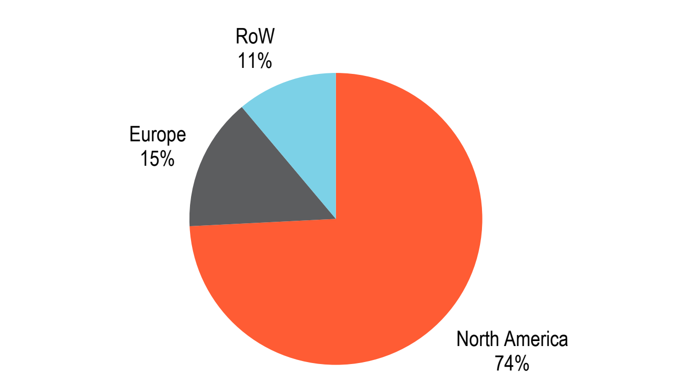
Source: Company, BOBCAPS Research

Fig 6 – Revenue by Vertical (%)



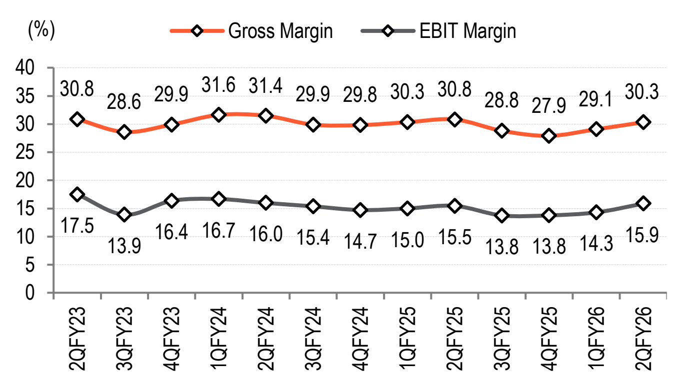
Source: Company, BOBCAPS Research

Fig 7 – Revenue by Geography (%)



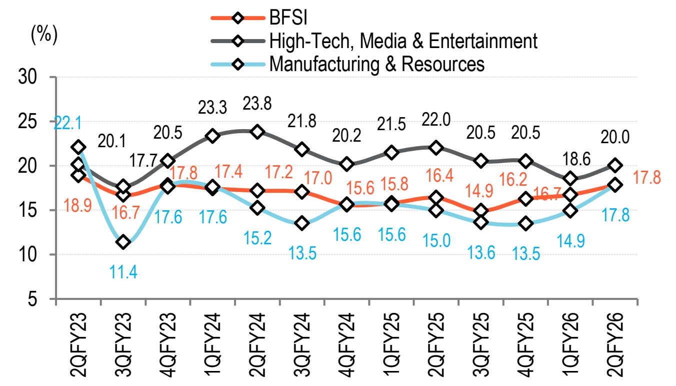
Source: Company, BOBCAPS Research

Fig 8 – Gross Margin and EBIT Margin



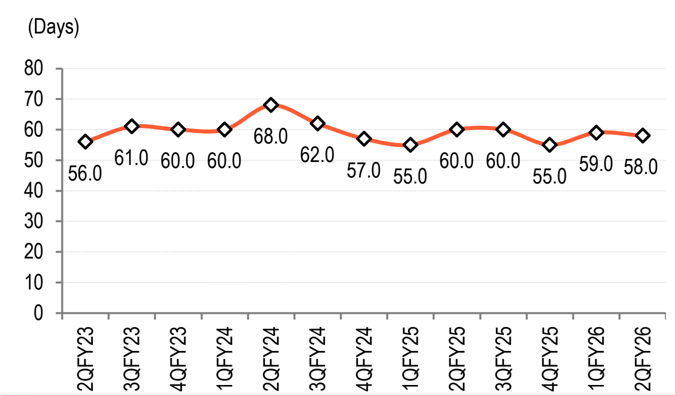
Source: Company, BOBCAPS Research

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



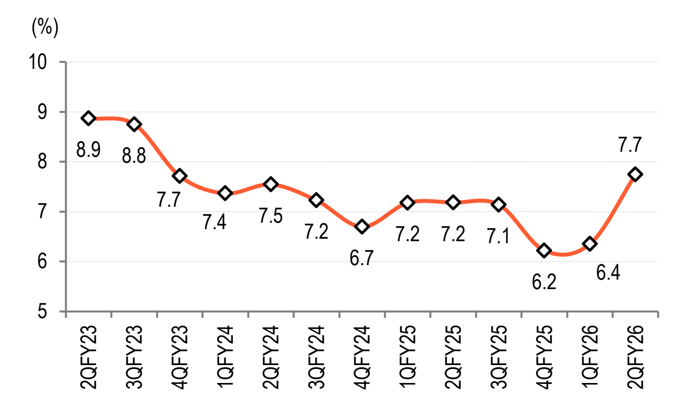
Source: Company, BOBCAPS Research

Fig 10 – DSO (Billed) trend



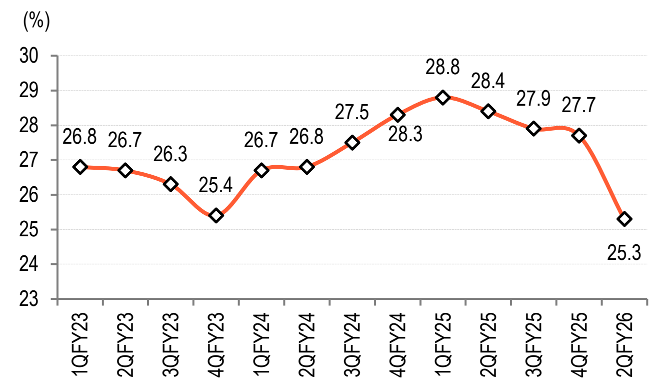
Source: Company, BOBCAPS Research

Fig 11 – Sub-contracting charges



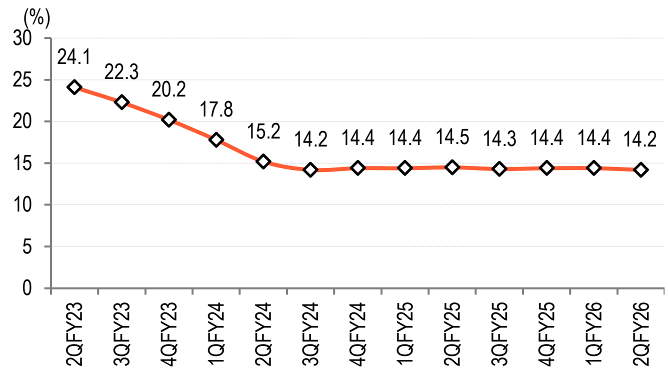
Source: Company, BOBCAPS Research

Fig 12 – Top 5 client concentration (%)



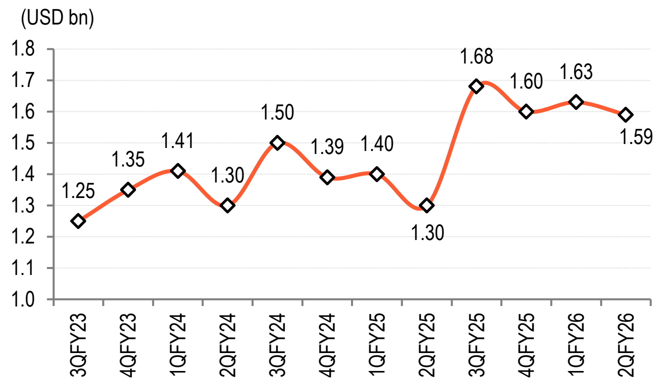
Source: Company, BOBCAPS Research

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 (Rs mn)	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
INR/USD	80.5	82.4	82.2	82.2	82.8	83.2	83.2	83.4	83.7	84.8	86.4	85.3	88.1
Revenue (in USDmn)	1,022	1,047	1,058	1,059	1,076	1,084	1,069	1,096	1,127	1,139	1,131	1,153	1,180
Revenue	82,278	86,200	86,910	87,021	89,054	90,166	88,929	91,426	94,329	96,609	97,717	98,406	103,943
Gross margin	25,374	24,645	25,987	27,502	28,006	26,942	26,506	27,711	29,052	27,824	27,277	28,599	31,504
SGA	9,018	10,897	9,950	11,147	11,693	11,093	11,149	11,650	12,059	11,891	11,315	12,105	12,203
Depreciation and Amortisation	1,959	1,781	1,823	1,847	2,082	1,990	2,270	2,352	2,411	2,644	2,508	2,429	2,820
EBIT	14,397	11,967	14,214	14,508	14,231	13,859	13,087	13,709	14,582	13,289	13,454	14,065	16,481
Revenue Related Forex gain/loss	198	490	(523)	(123)	(21)	426	(164)	134	751	132	232	1,291	652
Other income	1,413	1,028	1,187	1,439	1,453	1,769	2,240	2,137	2,238	1,993	2,280	2,630	2,352
Interest	378	379	436	460	470	607	680	724	703	689	673	724	693
PBT	15,630	13,106	14,442	15,364	15,193	15,447	14,483	15,256	16,868	14,725	15,293	17,262	18,792
Tax	3,740	3,099	3,301	3,841	3,570	3,754	3,476	3,905	4,352	3,858	4,007	4,716	4,980
PAT	11,890	10,007	11,141	11,523	11,623	11,693	11,007	11,351	12,516	10,867	11,286	12,546	13,812
EPS	40.2	33.8	37.6	38.9	39.2	39.4	37.1	38.2	42.2	36.6	36.4	42.3	47.2
YoY Growth (%)													
USD Revenue	19.1	14.0	11.9	8.1	5.2	3.5	1.1	3.5	4.8	5.1	5.8	5.2	4.7
INR Revenues		25.3	21.9	13.8	8.2	4.6	2.3	5.1	5.9	7.1	9.9	7.6	10.2
Gross profit		11.0	16.1	15.6	10.4	9.3	2.0	0.8	3.7	3.3	2.9	3.2	8.4
EBIT		(6.1)	10.2	9.3	(1.2)	15.8	(7.9)	(5.5)	2.5	(4.1)	2.8	2.6	13.0
Net profit		(4.7)	0.5	4.1	(2.2)	16.8	(1.2)	(1.5)	7.7	(7.1)	2.5	10.5	10.4
QoQ Growth (%)													
USD Revenues	4.3	2.4	1.0	0.1	1.6	0.8	(1.3)	2.5	2.8	1.1	(0.7)	2.0	2.3
INR Revenues		4.8	0.8	0.1	2.3	1.2	(1.4)	2.8	3.2	2.4	1.1	0.7	5.6
EBIT		(16.9)	18.8	2.1	(1.9)	(2.6)	(5.6)	4.8	6.4	(8.9)	1.2	4.5	17.2
Net profit		(15.8)	11.3	3.4	0.9	0.6	(5.9)	3.1	10.3	(13.2)	3.9	11.2	10.1
Margins (%)													
Gross margin	30.8	28.6	29.9	31.6	31.4	29.9	29.8	30.3	30.8	28.8	27.9	29.1	30.3
EBIT	17.5	13.9	16.4	16.7	16.0	15.4	14.7	15.0	15.5	13.8	13.8	14.3	15.9
PAT	14.5	11.6	12.8	13.2	13.1	13.0	12.4	12.4	13.3	11.2	11.5	12.7	13.3
SGA	11.0	12.6	11.4	12.8	13.1	12.3	12.5	12.7	12.8	12.3	11.6	12.3	11.7

Source: Company, BOBCAPS Research

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Fig 16 – Key Metrics

Key Metrics	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
P and L (Rs mn)													
Revenue	82,278	86,200	86,910	87,021	89,054	90,166	88,929	91,426	94,329	96,609	97,717	98,406	103,943
EBIT	14,397	11,967	14,214	14,508	14,231	13,859	13,087	13,709	14,582	13,289	13,454	14,065	16,481
PAT	11,890	10,007	11,141	11,523	11,623	11,693	11,007	11,351	12,516	10,867	11,286	12,546	13,812
Vertical Mix (%)													
BFSI	36.2	37.4	38.0	37.5	36.5	35.6	35.1	35.2	35.6	36.4	37.1	37.0	36.2
High-Tech, Media & Entertainment	25.3	23.6	23.0	23.7	23.8	22.9	24.3	25.6	25.4	23.7	23.4	23.2	22.7
Manufacturing & Resources	16.2	17.5	17.5	17.3	17.9	20.3	18.6	18.5	18.1	19.3	19.9	19.6	19.5
CPG, Retail, Travel Transportation & Hospitality	15.4	15.2	15.4	15.1	15.3	14.7	15.1	14.5	14.5	14.3	14.1	14.6	15.6
Health, Life sciences & Public Services	6.8	6.3	6.1	6.4	6.5	6.5	6.9	6.2	6.4	6.3	5.5	5.6	6.0
Geographic Mix (%)													
North America	72.9	72.3	71.9	73.1	73.4	72.7	73.8	75.1	75.0	74.7	74.5	74.4	74.2
Europe	14.6	14.9	15.4	15.2	15.3	14.5	14.6	14.4	14.4	13.8	13.6	14.7	14.7
RoW	12.5	12.8	12.7	11.7	11.3	12.8	11.6	10.5	10.6	11.5	11.9	11.0	11.1
Effort mix (%)													
Onsite	14.7	14.9	14.9	14.8	14.8	15.0	15.1	15.4	15.5	15.4	15.1	15.1	14.8
Off shore	83.5	85.1	85.1	85.2	85.2	85.0	84.9	84.6	84.5	84.6	84.9	84.9	85.2
Utilization (%) (including Trainees)	83.5	82.9	81.7	84.8	86.6	87.4	86.9	88.3	87.7	85.4	85.8	88.1	88.1
Clients Concentration (%)													
Top 5 Clients	26.7	26.3	25.4	26.7	26.8	27.5	28.3	28.8	28.4	27.9	27.7	27.3	25.3
Top 10 Clients	34.3	33.8	32.9	34.1	34.3	35.3	35.5	35.7	35.0	34.5	34.3	34.3	32.8
Top 20 Clients	45.1	45.3	44.0	44.9	45.2	45.9	45.9	46.2	45.8	45.5	44.8	44.5	43.5
Top 40 Clients	57.4	57.6	56.8	57.2	57.6	58.5	58.0	58.9	58.2	58.1	57.2	56.8	56.1
Client Profile													
Number of Active Clients*	719	723	728	723	737	739	738	748	742	742	741	741	749
New Clients Added	22	28	31	19	30	23	30	27	22	23	26	17	23
100 Million dollar +	2	2	2	2	2	2	2	2	2	2	2	2	2
50 Million dollar +	11	11	13	13	14	12	13	12	12	13	14	14	14
20 Million dollar +	38	37	38	40	41	40	40	43	42	39	40	41	45
10 Million dollar +	77	81	81	88	90	89	91	87	88	90	89	90	93
5 Million dollar +	137	144	146	148	146	149	153	148	154	152	154	159	158
1 Million dollar +	361	374	383	388	391	388	394	390	392	401	410	404	402
Employee Number	86,936	86,462	84,546	82,738	83,532	82,471	81,650	81,934	84,438	86,800	84,307	83,889	86,447
Net employee addition	2,906	(474)	(1,916)	(1,808)	794	(1,061)	(821)	284	2,504	2,362	(2,493)	(418)	2,558
Attrition LTM (%)	24.1	22.3	20.2	17.8	15.2	14.2	14.4	14.4	14.5	14.3	14.4	14.4	14.2
(USD mn)													
Revenue	1,021.9	1,046.7	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
USD-INR	80.51	82.35	82.18	82.20	82.80	83.20	83.16	83.40	83.73	84.84	86.40	85.33	88.08
TCV (US$mn)		1250	1350	1410	1300	1500	1390	1400	1300	1680	1600	1630	1590

Source: Company, BOBCAPS Research

Fig 17 – QoQ and YoY growth of various parameters

	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
QoQ Growth (%)													
Geographical Data													
North America	6.1	1.6	0.5	1.8	2.0	(0.2)	0.2	4.3	2.6	0.7	(0.9)	1.8	2.0
Europe	(0.4)	4.5	4.4	(1.2)	2.3	(4.5)	(0.6)	1.1	2.8	(3.1)	(2.1)	10.2	2.3
RoW	0.3	4.9	0.2	(7.8)	(1.9)	14.1	(10.6)	(7.2)	3.8	9.7	2.8	(5.7)	3.3
Verticals													
BFSI	4.6	5.8	2.7	(1.2)	(1.1)	(1.7)	(2.7)	2.8	3.9	3.3	1.2	1.7	0.1
High-Tech, Media & Entertainment	3.9	(4.5)	(1.5)	3.2	2.0	(3.0)	4.7	8.0	2.0	(5.7)	(1.9)	1.1	0.1
Manufacturing & Resources	3.7	10.6	1.0	(1.0)	5.1	14.3	(9.6)	2.0	0.6	7.8	2.4	0.4	1.8
CPG, Retail, Travel Transportation & Hospitality	2.3	1.1	2.4	(1.8)	2.9	(3.2)	1.4	(1.6)	2.8	(0.3)	(2.1)	5.6	9.3
Health, Life sciences & Public Services	7.5	(5.1)	(2.2)	5.0	3.2	0.8	4.8	(7.9)	6.1	(0.5)	(13.3)	3.8	9.6
Client Metrics													
Top 5 Clients	3.9	0.9	(2.4)	5.2	2.0	3.4	1.6	4.3	1.3	(0.7)	(1.4)	0.5	(5.2)
Top 10 Clients	3.7	0.9	(1.7)	3.8	2.2	3.7	(0.8)	3.1	0.8	(0.4)	(1.3)	2.0	(2.2)
Top 20 Clients	3.4	2.9	(1.9)	2.2	2.3	2.3	(1.3)	3.2	1.9	0.4	(2.2)	1.3	0.0
Top 40 clients	2.0	2.8	(0.4)	0.8	2.3	2.3	(2.2)	4.1	1.6	0.9	(2.2)	1.3	1.1
YoY Growth (%)													
Geographical Data													
North America	24.5	19.6	15.8	10.2	6.0	4.1	3.8	6.4	7.0	8.0	6.8	4.2	3.6
Europe	(0.7)	0.5	1.4	7.4	10.3	0.8	(4.1)	(1.9)	(1.4)	0.0	(1.5)	7.4	6.9
RoW	16.3	2.7	5.3	(2.7)	(4.9)	3.5	(7.6)	(7.1)	(1.7)	(5.6)	8.5	10.2	9.7
Verticals													
BFSI	23.5	22.1	19.8	12.3	6.1	(1.4)	(6.6)	(2.8)	2.2	7.4	11.8	10.6	6.5
High-Tech, Media & Entertainment	21.0	8.9	3.0	0.9	(1.0)	0.5	6.8	11.8	11.8	8.7	1.8	(4.7)	(6.4)
Manufacturing & Resources	10.8	9.0	12.6	14.7	16.3	20.1	7.5	10.7	5.9	(0.1)	13.2	11.5	12.9
CPG, Retail, Travel Transportation & Hospitality	11.8	11.0	9.8	4.0	4.6	0.1	(0.8)	(0.6)	(0.7)	2.2	(1.2)	5.9	12.7
Health, Life sciences & Public Services	26.5	10.5	6.7	4.8	0.6	6.8	14.4	0.3	3.1	1.8	(15.7)	(5.0)	(1.8)
Client Metrics													
Top 5 Clients	25.6	17.5	11.5	7.7	5.6	8.3	12.7	11.7	11.0	6.6	3.5	(0.3)	(6.7)
Top 10 Clients	21.2	13.3	9.9	6.8	5.2	8.1	9.1	8.4	6.9	2.7	2.2	1.1	(1.8)
Top 20 Clients	19.3	14.2	9.9	6.7	5.5	4.9	5.5	6.5	6.1	4.2	3.2	1.3	(0.5)
Top 40 clients	17.0	11.1	8.9	5.3	5.6	5.2	3.3	6.6	5.8	4.4	4.3	1.5	1.0

Source: Company, BOBCAPS Research

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Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**355,170**	**380,081**	**417,295**	**460,705**	**508,738**
EBITDA	63,874	64,949	75,395	83,207	92,337
Depreciation	8,189	9,915	10,926	11,355	11,355
EBIT	55,685	55,034	64,468	71,852	80,982
Net interest inc./(exp.)	(2,217)	(2,789)	(3,175)	(3,710)	(4,013)
Other inc./(exp.)	9,236	12,686	16,416	18,460	20,400
Exceptional items	0	0	0	0	0
EBT	62,704	64,931	77,709	86,602	97,369
Income taxes	14,641	16,122	20,359	22,950	25,803
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**48,063**	**48,809**	**57,350**	**63,652**	**71,566**
Adjustments	0	0	0	0	0
Adjusted net profit	**48,063**	**48,809**	**57,350**	**63,652**	**71,566**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	0	0	0	0	0
Other current liabilities	30,980	31,075	67,387	70,640	74,499
Provisions	8,486	9,691	10,669	10,669	10,669
Debt funds	318	554	4,489	4,489	4,489
Other liabilities	35,674	37,997	39,353	39,811	40,281
Equity capital	296	296	296	296	296
Reserves & surplus	199,876	226,687	247,243	283,142	325,494
Shareholders' fund	200,172	226,983	247,539	283,438	325,790
Total liab. and equities	**275,630**	**306,300**	**369,436**	**409,047**	**455,728**
Cash and cash eq.	18,200	20,623	57,989	76,226	99,238
Accounts receivables	70,387	76,882	87,726	96,164	106,173
Inventories	30	28	31	31	31
Other current assets	32,379	38,106	35,351	38,561	42,369
Investments	98,768	111,515	127,153	135,153	143,153
Net fixed assets	15,037	15,946	13,042	13,286	13,530
CWIP	4,669	5,818	6,187	6,187	6,187
Intangible assets	11,927	12,036	12,650	12,650	12,650
Deferred tax assets, net	5,220	5,303	7,092	7,774	8,583
Other assets	19,013	20,043	22,215	23,015	23,815
Total assets	**275,630**	**306,300**	**369,436**	**409,047**	**455,728**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**80,673**	**54,672**	**72,524**	**70,322**	**76,976**
Capital expenditures	(10,310)	(8,400)	(8,400)	(8,400)	(8,400)
Change in investments	(32,117)	(12,747)	(15,638)	(8,000)	(8,000)
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**(42,427)**	**(21,147)**	**(24,038)**	**(16,400)**	**(16,400)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(1,456)	236	3,935	0	0
Interest expenses	(2,217)	(2,789)	(3,175)	(3,710)	(4,013)
Dividends paid	(19,234)	(19,261)	(22,494)	(27,753)	(29,213)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	**(22,907)**	**(21,814)**	**(21,734)**	**(31,463)**	**(33,226)**
Chg in cash & cash eq.	**(5,189)**	**2,423**	**37,366**	**18,237**	**23,011**
Closing cash & cash eq.	**18,200**	**20,623**	**57,989**	**76,226**	**99,238**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	154.9	153.7	190.8	217.9	245.0
Adjusted EPS	154.6	153.4	190.7	217.7	244.7
Dividend per share	65.0	65.0	77.0	95.0	100.0
Book value per share	676.8	766.0	848.7	971.6	1,116.5

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	4.7	4.4	4.0	3.7	3.4
EV/EBITDA	25.9	25.5	22.2	20.4	18.6
Adjusted P/E	36.3	36.6	29.4	25.8	22.9
P/BV	8.3	7.3	6.6	5.8	5.0

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	76.7	75.2	73.8	73.5	73.5
Interest burden (PBT/EBIT)	112.6	118.0	120.5	120.5	120.2
EBIT margin (EBIT/Revenue)	15.7	14.5	15.4	15.6	15.9
Asset turnover (Rev./Avg TA)	139.1	130.6	123.5	118.4	117.7
Leverage (Avg TA/Avg Equity)	1.4	1.4	1.4	1.5	1.4
Adjusted ROAE	26.2	22.8	24.1	23.9	23.5

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	7.0	7.0	9.8	10.4	10.4
EBITDA	4.6	1.7	16.1	10.4	11.0
Adjusted EPS	3.8	(0.8)	24.3	14.2	12.4
Profitability & Return ratios (%)					
EBITDA margin	18.0	17.1	18.1	18.1	18.2
EBIT margin	15.7	14.5	15.4	15.6	15.9
Adjusted profit margin	13.5	12.8	13.7	13.8	14.1
Adjusted ROAE	26.3	22.9	24.2	24.0	23.5
ROCE	20.9	18.4	18.0	17.1	17.0
Working capital days (days)					
Receivables	72	74	77	76	76
Inventory	NA	NA	NA	NA	NA
Payables	NA	NA	NA	NA	NA
Ratios (x)					
Gross asset turnover	23.6	23.8	32.0	34.7	37.6
Current ratio	3.1	3.3	2.3	2.6	2.9
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	(0.1)	(0.1)	(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%

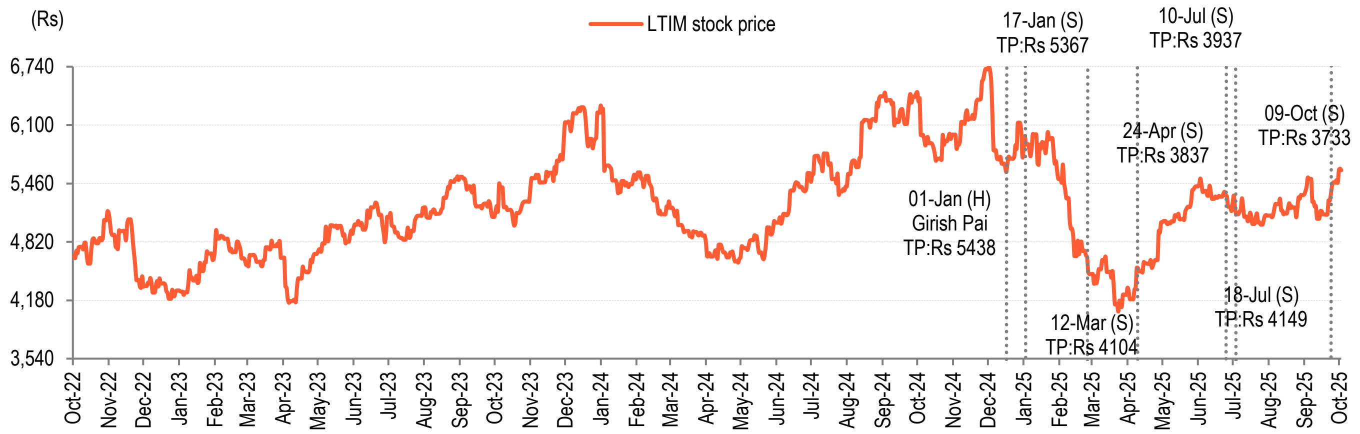
HOLD – Expected return from -6% to +15%

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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