LTM Ltd (LTINFO)

ICICI Direct

CMP: ₹4,335 | Target ₹ 5,100 (18%) | Target Period: 12 months | BUY

July 29, 2026

Growth set to accelerate going ahead

About the stock: LTM Ltd (erstwhile LTIMindtree) is the merged entity formed after the merger of erstwhile Mindtree with LTI. It caters to Financial Services, Technology, Consumer and Production.

Q1FY27 performance: Revenue at US$ 1,224 mn, up 0.1% QoQ/6.1% YoY (up 0.3% QoQ CC/ 6.4% YoY CC). In rupee terms, revenue stood at ₹11,608 crore, up 2.8% QoQ/18% YoY. Reported EBIT margin was up 36 bps QoQ/ 121 bps YoY to 15.5%. Reported PAT stood at ₹1,469 crore, up 5.9% QoQ/ up 17.1% YoY.

Investment Rationale:

- Near-term growth to improve; Long-term outlook remains strong: While Q1 revenue growth remained modest at 0.3% QoQ CC, impacted by delayed project ramp-ups in India (CBDT deal) & the Middle East (delayed hardware shipments due to war impact), **management expects these headwinds to reverse from Q2 and expects Q2 revenue growth to outpace Q1 and FY27 to be better than FY26 with better organic revenue growth in FY27 vs. FY26 (6% YoY USD).** Moreover, Randstad acquisition is expected to close by beginning of Q3 filling the strategic gap in Europe and Asia-Pacific. Coupled with broad-based client growth (Top 5 accounts +4.5% QoQ USD & Top 10 accounts +4.3% QoQ USD), sustained deal momentum & a **medium-term ambition to double revenue by FY31 (~15% CAGR),** we remain constructive on the company's growth outlook. **We expect US$ revenue to grow at CAGR of 13.5% over FY26-28E.**
- Margin expansion story remains intact: Despite partial wage hikes (-100 bps), LTM expanded EBIT margin by ~40 bps QoQ to 15.5%, driven by operational efficiencies (+40 bps) under the New Horizon program and benefits from the earlier Fit4Future initiative and forex benefit (+100 bps). Management expects organic margins to improve further through FY27, aided by stable SG&A, higher utilization and AI-led productivity gains, while the Randstad acquisition is not expected to materially dilute margins. **Accordingly, we bake in EBIT margins of 15.4 and 15% in FY27E and FY28E vs. 14.1% in FY26.**
- **AI-**led transformation strengthens growth visibility: LTM's AI-led strategy is gaining traction with **AI revenue (Business AI, Creative AI and Industrial AI) reaching a quarterly run-rate of ~US$150 mn (12% of revenues),** supported by its BlueVerse platform and increasing adoption of outcome-based AI engagements. **Management indicated that productivity-linked pricing discussions with key clients are now behind it and it doesn't expect any AI productivity discounts going ahead as they get baked in engagements upfront.** This coupled with TCV of US$1.68 bn (flat QoQ/ +3.1% YoY) and healthy pipeline give confidence of growth accelerating from Q2 and further in H2FY27.

Rating and Target Price: Given that client led AI-deflation overhang is behind and continued positive outlook we maintain **BUY rating at a target price of ₹5,100; valuing it at 22x P/E on FY28E EPS.**

LTM

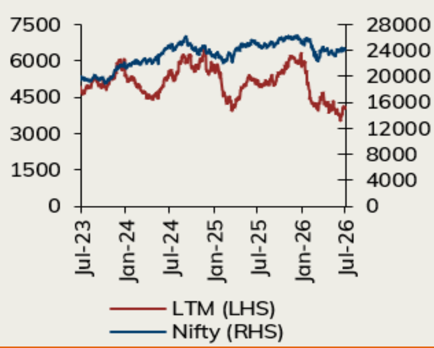
Particulars

Particular	Amount
Market Cap (₹ crore)	1,28,708
Total Debt (₹ crore)	3,236
Cash and Investment (₹ crore)	14,848
EV (₹ crore)	1,17,095
52 week H/L	6430 / 3528
Equity Capital (₹ crore)	29.6
Face Value (in ₹)	1

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	68.5	68.5	68.5	68.5
FII	6.4	6.5	6.6	6.3
DII	16.7	16.9	17.0	16.8
Public	8.4	8.1	7.8	8.4

Price Chart



Key risks

- Lower than expected revenue and margin expansion;
- Slower than expected ramp up of large deal wins.

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

(₹ Crore)	FY24	FY25	FY26	5 Year CAGR (FY21-26)	FY27E	FY28E	2 year CAGR (FY26-28E)
Net Sales	35,517	38,008	42,308	NC	50,061	57,411	16.5
EBITDA	6,387	6,495	7,555	NC	8,982	10,104	15.6
EBITDA Margins (%)	18.0	17.1	17.9		17.9	17.6	
Net Profit	4,585	4,602	5,546	NC	6,239	6,889	11.5
EPS (₹)	154.5	155.0	169.1		210.1	232.0	
P/E (x)	28.1	28.0	23.2		20.6	18.7	
RoE (%)	22.9	20.3	23.1		22.8	22.1	
RoCE (%)	28.7	25.8	27.5		29.2	27.9	

Source: Company, ICICI Direct Research; *LTI and Mindtree merged w.e.f. November, 2022. Number prior to FY23 are not comparable (NC)

Performance highlights and outlook

- **Revenue Performance:** LTM reported revenue of US$ 1,224 mn, up 0.1% QoQ/6.1% YoY (up 0.3% QoQ CC/ 6.4% YoY CC). In rupee terms, revenue stood at ₹11,608 crore, up 2.8% QoQ/18% YoY.

- **AI revenue:** AI revenue (Business AI, Creative AI and Industrial AI) reaching a quarterly run-rate of ~US$150 mn (12% of revenues) BlueVerse AI ecosystem continued to expand through the launch of outcome-based AI pricing (BlueVerse Currency), the AI1000 talent initiative, a strategic investment in Uniphore to strengthen SLM capabilities, and a partnership with OVHcloud to accelerate sovereign AI deployments in Europe.

- **Margin performance:** Reported EBIT margin was up 36 bps QoQ and 121 bps YoY to 15.5% despite partial wage hikes (-100 bps) in Q1, aided by operational efficiencies (+40 bps) from New Horizon program and forex benefit (+100 bps). Reported PAT stood at ₹1,469 crore, up 5.9% QoQ/ up 17.1% YoY. PAT was positively impacted by the ramp-up of Saudi JV and valuation gain of Voicing.AI investment offset by loss on hedges.

- **Geography performance:** Geography wise, on a YoY CC basis, all geographies grew with North America (73.9% of the mix), Europe (15% of the mix), RoW (11% of the mix) reporting growth of 5.5%, 8.3% and 10.4%. Management mentioned that it derives less than 3% revenues from Middle East.

- **Segment performance:** Segments were re-classified this quarter. Segment wise on a QoQ basis in US$ terms, growth was led by Financial Services (34% of the mix) and Technology (erstwhile Hi-Tech excl. Media) (20% of the mix), which grew by 3% and 3.3% while Consumer (erstwhile CPG, Retail, Pharma, Healthcare and Media) (26.6% of the mix) and Production (erstwhile Manufacturing) (19.4% of the mix) de-grew by 1.1% and 6% respectively. In CC terms on a QoQ basis, Technology and Financial services grew 3.4% and 3.2% while Consumer and Production de-grew by 0.7% and 5.7% respectively.

  - **Consumer:** The segment saw delayed ramp ups in the CBDT- deal and delay in hardware shipments due to the Middle East war; management does not expect this softness to persist. Management expects these headwinds to normalise Q2 onwards.

- **Deal** Wins: The company won a TCV of US$ 1.68 bn, flat QoQ/ up 3.1% YoY.

- **Attrition and employee addition:** LTM's net employees decreased by 64 to 87,886 in Q1, while attrition stood at 13.3%, flat QoQ.

- **Randstad Acquisition:** Regulatory approvals are progressing as planned and it is expected to close the acquisition by beginning of Q3. Management does not expect any margin dilution even post consolidation and is guiding for similar margins or better than the prior year, even after consolidation.

- **Outlook:** Management expects revenue headwinds (CBDT deal delay and Middle East war impact) to reverse from Q2 and **expects Q2 revenue growth to outpace Q1 with FY27 to be better than FY26 on both revenue and margins front with better organic revenue growth in FY27 vs 6% YoY USD growth in FY26.** It remains committed to its medium-term ambition to double revenue by FY31 implying a ~15% CAGR over FY26-31 as part of Lakshya '31 plan.

Exhibit 1: Quarter Performance

	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Revenue (US$ mn)	1,224	1,153	6.1	1,222	0.1	In CC terms revenue was up 0.3% QoQ CC/ 6.4% YoY CC
Revenue (₹ crore)	11,608	9,841	18.0	11,292	2.8	
Employee expenses	8,362	6,981	19.8	8,157	2.5	
Gross Margin	3,246	2,860	13.5	3,135	3.5	
Gross margin (%)	28.0	29.1	-110 bps	27.8	20 bps	
Other expenses	1,185	1,211	-2.1	1,162	2.0	
EBITDA	2,061	1,649	24.9	2,035	1.2	
EBITDA Margin (%)	17.8	16.8	99 bps	18.0	-27 bps	
Dep. & Amort.	261	243	7.6	264	-0.9	
EBIT	1,799	1,407	27.9	1,709	5.3	
EBIT Margin (%)	15.5	14.3	121 bps	15.1	36 bps	Reported EBIT margin was up 36 bps QoQ and 121 bps YoY to 15.5% despite partial wage hikes (-100 bps) in Q1, aided by operational efficiencies (+40 bps) from New Horizon program and forex benefit (+100 bps).
Other Income	179	320	-44.0	109	63.7	
PBT	1,978	1,726	14.6	1,819	8.8	
Tax paid	510	472	8.1	494	3.3	
PAT	1,469	1,255	17.1	1,387	5.9	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

	FY27E			FY28E		
(₹ crore)	Old	New	% Change	Old	New	% Change
Revenue (USD mn)	5,245	5,336	1.7	6,083	6,140	0.9
Revenue	48,253	50,061	3.7	55,967	57,411	2.6
EBIT	7,459	7,724	3.6	8,367	8,583	2.6
EBIT Margin (%)	15.5	15.4	-3 bps	15.0	15.0	0 bps
PAT	6,085	6,239	2.5	6,858	6,889	0.5
EPS	205.0	210.1	2.5	231.0	232.0	0.5

Source: Company, ICICI Direct Research

Financial summary

Exhibit 3: Profit and loss statement ₹ crore

(Year-end March)	FY26	FY27E	FY28E
Total Revenues	**42,308**	**50,061**	**57,411**
Growth (%)	11.3	18.3	14.7
Employee costs	29,991	35,663	40,762
Total Operating Expenditure	34,752	41,079	47,307
EBITDA	**7,555**	**8,982**	**10,104**
Growth (%)	16.3	18.9	12.5
Depreciation & Amortization	1,054	1,258	1,521
Other Income	1,029	1,272	1,050
Interest	276	305	324
PBT before Exceptional Items	6,791	8,424	9,310
Growth (%)	9.3	24.1	10.5
Tax	1,808	2,186	2,421
PAT before Exceptional Items	4,983	6,239	6,889
Exceptional items	-	-	-
Minority Int & Pft. from associates	-	-	-
PAT	**5,546**	**6,239**	**6,889**
Growth (%)	20.5	12.5	10.4
Diluted EPS	169.1	210.1	232.0
EPS (Growth %)	9.1	24.2	10.4

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement ₹ crore

(Year-end March)	FY26	FY27E	FY28E
PBT	6,791	8,424	9,310
Add: Depreciation	1,054	1,258	1,521
(Inc)/Dec in current assets	(2,064)	(1,361)	(1,290)
Inc/(Dec) in current liabilities	-	4	4
CF from operations	**4,799**	**5,485**	**6,740**
(Inc)/dec in other investments	(1,443)	-	-
(Inc)/dec in Fixed Assets	(909)	(1,188)	(1,363)
Other investing cash flow	536	1,005	1,050
CF from investing Activities	**(1,768)**	**(183)**	**(313)**
Issue of equity	59	-	-
Inc/(dec) in loan funds	(2)	(0)	(0)
Dividend paid & dividend tax	(1,985)	(2,870)	(3,169)
Others	(619)	(305)	(324)
CF from Financial Activities	**(2,926)**	**(3,175)**	**(3,493)**
Net cash flow	105	2,127	2,935
Effect of exchange rate changes	164	-	-
Opening cash	3,588	2,812	4,939
Closing cash	**2,812**	**4,939**	**7,874**

Source: Company, ICICI Direct Research

Exhibit 5: Balance sheet ₹ crore

(Year-end March)	FY26	FY27E	FY28E
Liabilities			
Equity	29.6	29.6	29.6
Reserves & Surplus	23,995	27,364	31,084
Net worth	24,025	27,394	31,114
Minority Interest	83	83	83
Long term Liabilities & prov	69	73	77
Total Debt	3,236	3,236	3,236
Source of funds	**27,412**	**30,785**	**34,509**
Assets			
Net fixed assets	5,088	5,056	4,985
Net intangible assets	168	130	43
Goodwill	1,292	1,292	1,292
Other non-current assets	2,951	3,331	3,691
Unbilled revenue	2,047	2,398	2,750
Debtors	7,425	8,785	10,075
Current Investments	12,036	12,036	12,036
Cash & Cash equivalents	2,812	4,939	7,874
Other current assets	3,378	3,997	4,584
Trade payables	2,061	2,041	2,341
Current liabilities	7,723	9,138	10,480
Application of funds	**27,412**	**30,785**	**34,509**

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios

(Year-end March)	FY26	FY27E	FY28E
Per share data (₹)			
EPS	186.8	210.1	232.0
Cash Per Share	95.0	166.9	266.0
BV	809	923	1,048
DPS	85	97	107
Operating Ratios (%)			
EBITDA Margin	17.9	17.9	17.6
PBT Margin	16.1	16.8	16.2
PAT Margin	13.1	12.5	12.0
Turnover Ratios			
Debtor days	64	64	64
Creditor days	18	15	15
Return Ratios (%)			
RoE	23.1	22.8	22.1
RoCE	27.5	29.2	27.9
RoIC	51.7	55.9	58.8
Valuation Ratios (x)			
P/E	23.2	20.6	18.7
EV / EBITDA	15.5	12.8	11.1
Market Cap / Sales	3.0	2.6	2.2
Solvency Ratios			
Debt/EBITDA	0.4	0.4	0.3
Debt/Equity	0.1	0.1	0.1
Current Ratio	1.3	1.4	1.4
Quick Ratio	1.1	1.1	1.1

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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