LTM Ltd (LTINFO)

CMP: ₹4,333 | Target ₹ 4,550 (5%) | Target Period: 12 months | HOLD

October 19, 2026

AI-led pivot gaining traction as growth recovery remains gradual

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.

Q2FY27 performance: Revenue at US$1,235.2 mn, up 1.0% QoQ/4.7% YoY (up 1.1% QoQ/5.1% YoY CC). In rupee terms, revenue stood at ₹11,807.6 crore, up 1.7% QoQ/ 13.6% YoY. AI revenue contributed 13.4% of overall revenue and grew 40% YoY. Reported EBIT margin was up 10 bps QoQ/ down 30 bps YoY to 15.6%. Reported PAT stood at ₹1,379.9 crore, down 6.0% QoQ and broadly flat YoY.

Investment Rationale:

- AI-led growth momentum improving, but overall recovery remains gradual: **AI revenue contributed 13.4% of overall revenue, growing 40% YoY, while Enterprise AI and Business AI together recorded 47% YoY growth.** However, moderate overall revenue growth partially impacted by weakness in Technology & Services (19.0% of the mix) due to seasonal renewal for top client and weakness in Saudi due to Middle East war (~0.6-0.7% impact on revenues) and subdued traditional services demand could constrain the pace of recovery**. Management believes the bulk of AI-led deflation (60-70% of portfolio) in its large accounts is already behind it and that the Randstad acquisition shall contribute to revenues from Q4FY27. On the back of this, management expects H2FY27 to be stronger than H1FY27 and is working to bring full-year growth as close as possible to FY26 levels (~6% YoY USD growth). Accordingly, we expect US$ revenue to grow at CAGR of 11.6% (~6.6% organic) over FY26-28E.**
- Margin resilience supported by cost controls: LTM reported EBIT margin improved 10 bps QoQ to 15.6% in Q2FY27, despite ongoing investments in AI capabilities and talent transformation. H1FY27 EBIT margin stood at 15.5%, compared with 15.4% in H1FY26, **while management remains focused on maintaining full-year margins at levels similar to FY26 (15.4%),** supported by cost-control initiatives and further margin improvement in the organic business. However, continued investments in BlueVerse, pricing pressure in traditional services and the evolving revenue mix remain key factors influencing profitability. **Accordingly, we bake in EBIT margins of 15.2 and 14.9% in FY27E and FY28E.**
- **Healthy client mining and strategic investments support visibility, though order inflow remains a monitorable**: LTM recorded order inflow of US$1.26 bn in Q2FY27, down 25% QoQ/ 21% YoY, reflecting management's deliberate focus on shorter-duration AI-centric engagements with faster revenue realisation & higher ACV vs TCV component. The company added 20 new clients and increased its US$100 mn-plus client count to three. **Investments in BlueVerse, AI capabilities and the Randstad acquisition provide opportunities to expand its service portfolio. However, conversion of AI opportunities into sustained revenue growth remains critical.**

Rating and Target Price: Factoring in the moderate revenue growth and lower order inflows, **we downgrade to HOLD at a target price of ₹4,550; valuing it at 20x P/E on FY28E EPS vs 22x earlier as we wait for meaningful traction in revenues going ahead.**

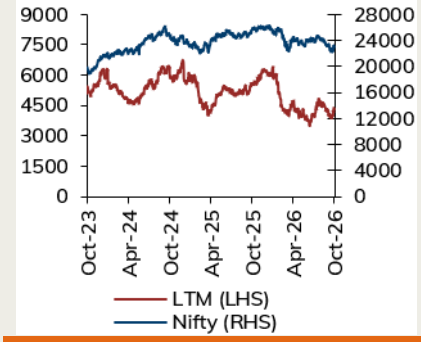
Particulars

Particular	Amount
Market Cap (₹ crore)	1,28,648
Total Debt (₹ crore)	3,236
Cash and Investment (₹ crore)	14,848
EV (₹ crore)	1,17,036
52 week H/L	6429 / 3951
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

- More than expected revenue and margin expansion;
- Prolonged slowdown in the growth of organic revenue.

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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	49,135	56,321	15.4
EBITDA	6,387	6,495	7,555	NC	8,706	9,856	14.2
EBITDA Margins (%)	18.0	17.1	17.9		17.7	17.5	
Net Profit	4,585	4,602	5,546	NC	6,031	6,727	10.1
EPS (₹)	154.5	155.0	169.1		203.1	226.6	
P/E (x)	27.8	27.7	23.0		21.3	19.1	
RoE (%)	22.9	20.3	23.1		22.1	21.8	
RoCE (%)	28.7	25.8	27.5		29.0	27.4	

*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

- **Outlook:** Management expects growth to strengthen as the year progresses i.e., **H2FY27 to be stronger than H1FY27 and is working to bring full-year growth as close as possible to FY26 levels (~6% YoY USD growth).** It highlighted continued AI adoption and a healthy deal pipeline as key growth drivers. **Management also aims to maintain FY27 EBIT margin at levels similar to FY26,** supported by operational efficiencies and AI-led productivity gains.
- **Revenue Performance:** LTM reported revenue of US$1,235.2 mn, up 1.0% QoQ/4.7% YoY (up 1.1% QoQ/5.1% YoY CC). In rupee terms, revenue stood at ₹11,807.6 crore, up 1.7% QoQ/13.6% YoY.
- **AI revenue: AI revenue reached 13.4% of total revenue, growing 40% YoY. Enterprise AI and Business AI together grew 47% YoY,** supported by continued expansion of the BlueVerse ecosystem and increasing adoption of AI-led engagements.
- **Margin performance:** Reported EBIT margin improved 10 bps QoQ to 15.6% but declined 30 bps YoY. PAT stood at ₹1,379.9 crore, down 6.0% QoQ/0.1% YoY, with Q1 having benefited from a valuation gain on the Voicing.AI investment.
- **Geography performance:**

Exhibit 1: Geography wise growth trend

Geography	% of revenue mix	QoQ CC growth %	YoY CC growth %
North America	74.3	1.5	4.8
Europe	4.9	1.0	7.2
RoW	10.8	-1.4	4.4

Source: Company, ICICI Direct Research

- **Segment performance:**

Exhibit 2: Vertical wise growth trend

Vertical	% of revenue mix	QoQ CC growth %	YoY CC growth %
BFS	34.7	3.1	0.4
Production	19.9	3.7	7.4
Consumer	26.4	0.3	8.6
Tech and Services	19.0	-4.0	7.0

Source: Company, ICICI Direct Research

  - **Technology and services:** The segment (19.0% of revenue mix) declined 4.1% QoQ in US$ terms (4.0% QoQ CC), primarily due to seasonal renewal impacts and the impact of the Middle East business routed through the Saudi JV. Management clarified that the weakness was expected to be temporary, with the seasonal impact expected to normalise from Q3FY27 onwards. It also highlighted healthy demand, with new deals expected to start contributing to revenue from Q3FY27 onwards. The segment grew 7.0% YoY in CC terms.
- **Deal Wins:** Order inflow stood at US$1.26 bn, , down 25% QoQ/ 21% YoY and down from US$1.68 bn in Q1FY27 and US$1.59 bn in Q2FY26. Management attributed the order inflow mix to shorter-duration, AI-centric deals with faster revenue realisation and higher ACV vs TCV component, while highlighting a healthy overall pipeline, including large deals. It plans to share ACV and TCV split numbers in another quarter.
- **Attrition and employee addition:** LTM's headcount increased by 949 QoQ to 88,835, while TTM attrition was stable QoQ at 13.3%, down 90 bps YoY.
- **Randstad Acquisition:** Management expects Randstad (Annualised US$500 mn revenues) to start contributing to revenues from Q4FY27.
- **AI investments:** LTM launched **BlueVerse One Token**, a workload routing and governance layer that sends each enterprise AI request to the right model at the right cost. It launched **BlueVerse RightLogic**, a cybersecurity

assessment and risk assurance framework, and **BlueVerse Sovereign**, a suite designed to help enterprises turn their institutional knowledge into a lasting advantage. It also built three new domain-specific small language models (SLMs) and was granted six AI patents, and it has committed to building new SLMs every quarter. Its AI 1000 programme to build forward-deployed engineers is on track, with more than 2,000 certifications completed.

- **Dividend:** The board declared an interim dividend of ₹25 per share.

Exhibit 3: Quarter Performance

	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Comments
Revenue (US$ mn)	1,235	1,180	4.7	1,224	1.0	In CC terms revenue was up 1.1% QoQ CC/ 5.1% YoY CC
Revenue (₹ crore)	11,808	10,394	13.6	11,608	1.7	
Employee expenses	8,502	7,244	17.4	8,362	1.7	
Gross Margin	3,306	3,150	4.9	3,246	1.8	
Gross margin (%)	28.0	30.3	-231bps	28.0	3bps	
Other expenses	1,213	1,220	-0.6	1,185	2.3	
EBITDA	2,093	1,930	8.5	2,061	1.6	
EBITDA Margin (%)	17.7	18.6	-84bps	17.8	-2bps	
Dep. & Amort.	255	282	-9.5	261	-2.3	
EBIT	1,838	1,648	11.5	1,799	2.2	
EBIT Margin (%)	15.6	15.9	-29bps	15.5	7bps	
Other Income	22	231	-90.7	179	-87.9	
PBT	1,860	1,879	-1.0	1,978	-6.0	
Tax paid	480	498	-3.7	510	-5.9	
PAT	1,380	1,381	-0.1	1,469	-6.0	

Source: Company, ICICI Direct Research

Exhibit 4: Change in estimates

	FY27E			FY28E		
(₹ crore)	Old	New	% Change	Old	New	% Change
Revenue (USD mn)	5,336	5,180	-2.9	6,140	5,928	-3.4
Revenue	50,061	49,135	-1.9	57,411	56,321	-1.9
EBIT	7,724	7,470	-3.3	8,583	8,364	-2.6
EBIT Margin (%)	15.4	15.2	-23 bps	15.0	14.9	-10 bps
PAT	6,239	6,031	-3.3	6,889	6,727	-2.4
EPS	210.1	203.1	-3.3	232.0	226.6	-2.4

Source: Company, ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement	₹ crore		
(Year-end March)	FY26	FY27E	FY28E
Total Revenues	**42,308**	**49,135**	**56,321**
Growth (%)	11.3	16.1	14.6
Employee costs	29,991	35,253	40,269
Total Operating Expenditure	34,752	40,428	46,465
EBITDA	**7,555**	**8,706**	**9,856**
Growth (%)	16.3	15.2	13.2
Depreciation & Amortization	1,054	1,237	1,492
Other Income	1,029	1,416	1,051
Interest	276	286	324
PBT before Exceptional Items	7,319	8,127	9,091
Growth (%)	17.8	11.0	11.9
Tax	1,808	2,096	2,364
PAT before Exceptional Items	5,511	6,031	6,727
Exceptional items	-	-	-
Minority Int & Pft. from associates	(35)	-	-
PAT	**5,546**	**6,031**	**6,727**
Growth (%)	20.5	8.7	11.6
Diluted EPS	169.1	203.1	226.6
EPS (Growth %)	9.1	20.1	11.6

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement	₹ crore		
(Year-end March)	FY26	FY27E	FY28E
PBT	6,791	8,127	9,091
Add: Depreciation	1,054	1,237	1,492
(Inc)/Dec in current assets	(2,064)	(1,198)	(1,261)
Inc/(Dec) in current liabilities	-	3	4
CF from operations	**4,799**	**5,418**	**6,570**
(Inc)/dec in other investments	(1,443)	-	-
(Inc)/dec in Fixed Assets	(909)	(1,166)	(1,337)
Other investing cash flow	536	943	1,051
CF from investing Activities	**(1,768)**	**(223)**	**(286)**
Issue of equity	59	-	-
Inc/(dec) in loan funds	(2)	0	(0)
Dividend paid & dividend tax	(1,985)	(2,774)	(3,095)
Others	(619)	(286)	(324)
CF from Financial Activities	**(2,926)**	**(3,060)**	**(3,418)**
Net cash flow	105	2,135	2,865
Effect of exchange rate changes	164	-	-
Opening cash	3,588	2,812	4,947
Closing cash	**2,812**	**4,947**	**7,813**

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet	₹ crore		
(Year-end March)	FY26	FY27E	FY28E
Liabilities			
Equity	29.6	29.6	29.6
Reserves & Surplus	23,995	27,252	30,885
Networth	24,025	27,282	30,914
Minority Interest	83	83	83
Long term Liabilities & prov	69	72	76
Total Debt	3,236	3,236	3,236
Source of funds	**27,412**	**30,672**	**34,309**
Assets			
Net fixed assets	5,088	5,056	4,986
Net intangible assets	168	130	44
Goodwill	1,292	1,292	1,292
Other non current assets	2,951	3,285	3,637
Unbilled revenue	2,047	2,354	2,698
Debtors	7,425	8,623	9,884
Current Investments	12,036	12,036	12,036
Cash & Cash equivalents	2,812	4,947	7,813
Other current assets	3,378	3,923	4,496
Trade payables	2,061	2,004	2,297
Current liabilities	7,723	8,969	10,281
Application of funds	**27,412**	**30,672**	**34,309**

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios			
(Year-end March)	FY26	FY27E	FY28E
Per share data (₹)			
EPS	186.8	203.1	226.6
Cash Per Share	95.0	167.1	263.9
BV	809	919	1,041
DPS	85	94	105
Operating Ratios (%)			
EBITDA Margin	17.9	17.7	17.5
PBT Margin	17.3	16.5	16.1
PAT Margin	13.1	12.3	11.9
Turnover Ratios			
Debtor days	64	64	64
Creditor days	18	15	15
Return Ratios (%)			
RoE	23.1	22.1	21.8
RoCE	27.5	29.0	27.4
RoIC	51.7	54.6	57.8
Valuation Ratios (x)			
P/E	23.2	21.3	19.1
EV / EBITDA	15.5	13.2	11.4
Market Cap / Sales	3.0	2.6	2.3
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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