

Research Report

LTI Mindtree Limited



Prepared By-

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About

Larsen & Toubro Infotech Ltd offers extensive range of IT services like application development, maintenance and outsourcing, enterprise solutions, infrastructure management services, testing, digital solutions, and platform-based solutions to the clients in diverse industries. LTI and Mindtree Ltd (Mindtree), on May 06, 2022, announced the proposal to merge Mindtree into LTI through a scheme of amalgamation as approved by the respective boards of the companies.

Business segments

The company provides a wide range of IT services such as application development maintenance (ADM), enterprise solutions, infrastructure management services, testing, analytics & artificial intelligence.

- ADM & Testing - 34%
- Enterprise Solutions - 31%
- Cloud Infra & Security - 14%
- Analytics, AI & Cognitive - 12%
- Enterprise Integration & Mobility - 9%

Synopsis of Financials

- for Q3 increased by 1.8% sequentially and 5.6% year-over-year in constant currency, reaching US\$1.14 billion.
- Year-over-year growth observed across all verticals, particularly strong in the BFSI vertical.
- EBIT margin for the quarter was 13.8%, down from 15.5% in Q2, primarily due to wage hikes impacting margins by approximately 200 basis points.

Stock data (as 17th March 2025)

Nifty Price	: 22,509.65
52 week High (in Rs.)	: 6,768
52 week Low (in Rs.)	: 4,250
Market Cap. (in Crore)	: 1,28,625
NSE Code	: <u>LTIM</u>

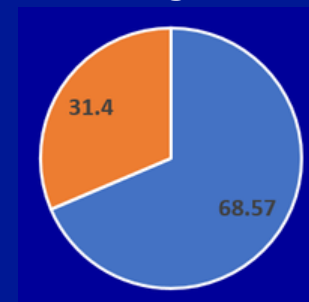
Stock data



-NIFTY50

-LTI Mindtree Limited

Shareholding Pattern (December 2024)



-PUBLIC GROUP

-PROMOTER GROUP

Financial Summary

Particulars	March 2022	March 2023	March 2024
Sales	26,109	33,183	35,517
Sales Growth %	111.07%	27.10%	7.03%
Expenses	20,860	27,075	29,130
Operating Profit	5,249	6,108	6,387
OPM %	20%	18%	18%
Net Profit	3,950	4,410	4,585
EPS in Rs	225.27	149.02	154.72

Quarterly Results



Particular	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Sales	8,702	8,905	9,017	8,893	9,143	9,433	9,661
Expenses	7,067	7,274	7,432	7,357	7,536	7,734	8,068
Operating Profit	1,636	1,631	1,585	1,536	1,606	1,699	1,593
OPM %	19%	18%	18%	17%	18%	18%	16%
Other Income	132	143	220	208	227	299	212
Interest	46	47	61	68	72	70	69
Depreciation	185	208	199	227	235	241	264
Profit before tax	1,536	1,519	1,545	1,448	1,526	1,687	1,472
Tax %	25%	24%	24%	24%	26%	26%	26%
Net Profit	1,152	1,162	1,169	1,101	1,135	1,252	1,087

Source: Screener

Key Ratios

Ratio	Numerator	Denominator	For the year ended March 31, 2024	For the year ended March 31, 2023
Current Ratio	Total current assets	Total current liabilities	3.3	3.1
Debt-Equity Ratio	Debt consists of borrowings and lease liabilities	Total equity	0.1	0.1
Debt Service Coverage Ratio	Earning for Debt Service = Net profit after taxes + Non-cash operating items + Interest on lease and borrowings + Other adjustments	Debt service = Interest & Lease Payments + Principal Repayments	15.2	15.8
Return on Equity Ratio	Profit for the year less Preference dividend (if any)	Average total equity	25.0%	28.6%
Trade Receivables Turnover Ratio	Revenue from operations	Average trade receivables	6.3	6.5
Trade Payables Turnover Ratio	Adjusted expenses*	Average trade payables	4.5	4.6

Source: Annual Report

Yearly Results

Particulars	March 2022	March 2023	March2024
Equity Capital	30	30	30
Reserves	14,258	16,562	19,988
Borrowings	258	1,541	2,071
Other Liabilities	6,027	5,348	5,456
Total Liabilities	20,572	23,481	27,544
Fixed Assets	3,473	3,679	4,981
CWIP	503	902	551
Investments	6,048	5,458	8,744
Other Assets	10,548	13,442	13,269
Total Assets	20,572	23,481	27,544

Synopsis Quarter Results

Concall Notes - Feb-2025: Key Highlights

AI Strategy Implementation:

- The framework "AI in everything, Everything for AI, and AI for everyone" is driving innovation and deal wins.
- Majority of customer base engaged in AI initiatives, reflecting growing trust in LTIMindtree's capabilities.

Significant deal wins attributed to AI initiatives:

- End-to-end IT management for a global manufacturer using the 'AI in operations' platform.
- Infrastructure services management for a leading global investment firm leveraging 'AI and infrastructure' platform.
- Collaboration with GitHub, Microsoft, and AWS to enhance AI-driven solutions.

Vertical Performance:

- BFSI vertical grew 8% year-over-year and 4.2% quarter-over-quarter in constant currency.
- Manufacturing and Resources vertical grew 1% year-over-year and 9.1% quarter-over-quarter in constant currency, including a significant deal worth over US\$50 million.
- Technology, Media, and Communications vertical grew 9.1% year-over-year but declined 5.5% quarter-over-quarter.
- Customer business grew 2.2% year-over-year and 0.2% quarter-over-quarter in constant currency.

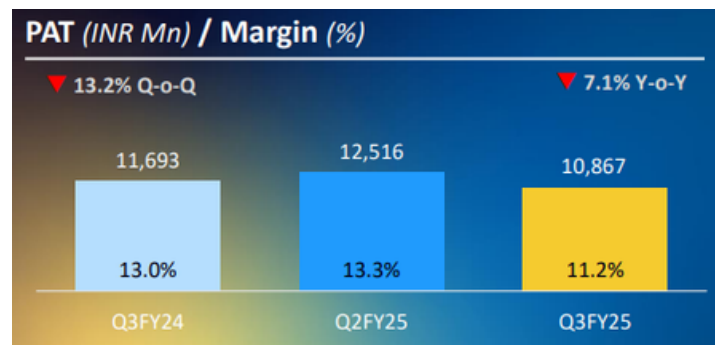
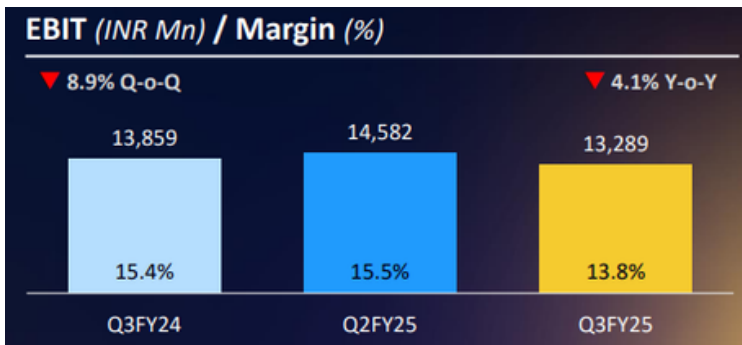
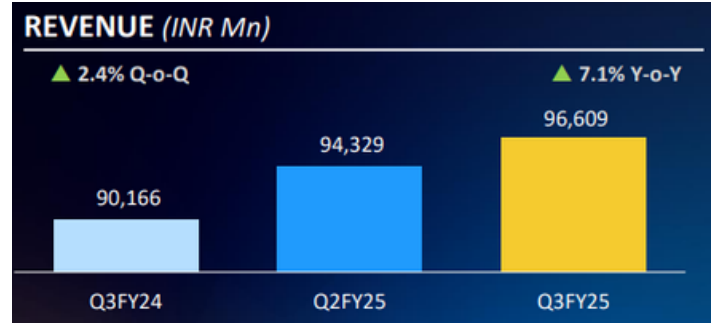
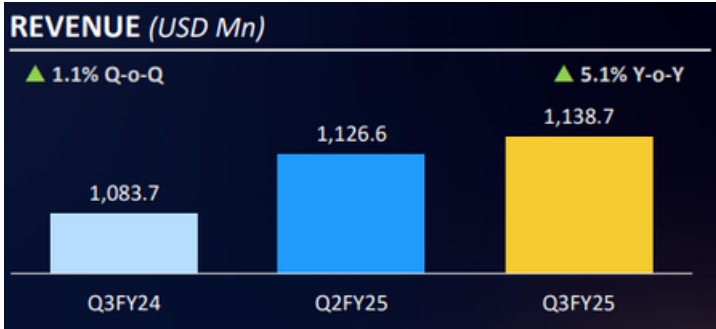
Employee Metrics:

- Onboarded 2,362 employees in Q3, totaling 5,150 new hires year-to-date, reflecting a 6.3% increase in headcount.
- Total headcount stands at 86,800 with stable attrition at 14.3%.

Financial Highlights:

- PAT margin for the quarter was 11.2% compared to 13.3% in the previous quarter.
- Basic EPS at Rs.36.7 for the quarter compared to Rs.42.3 in Q2 FY'25.
- DSO improved to 80 days from 81 days in the previous quarter.
- Operating cash flow to PAT improved to 126.3%, and free cash flow to PAT increased to 106.8% despite cash outflows due to dividend payments.

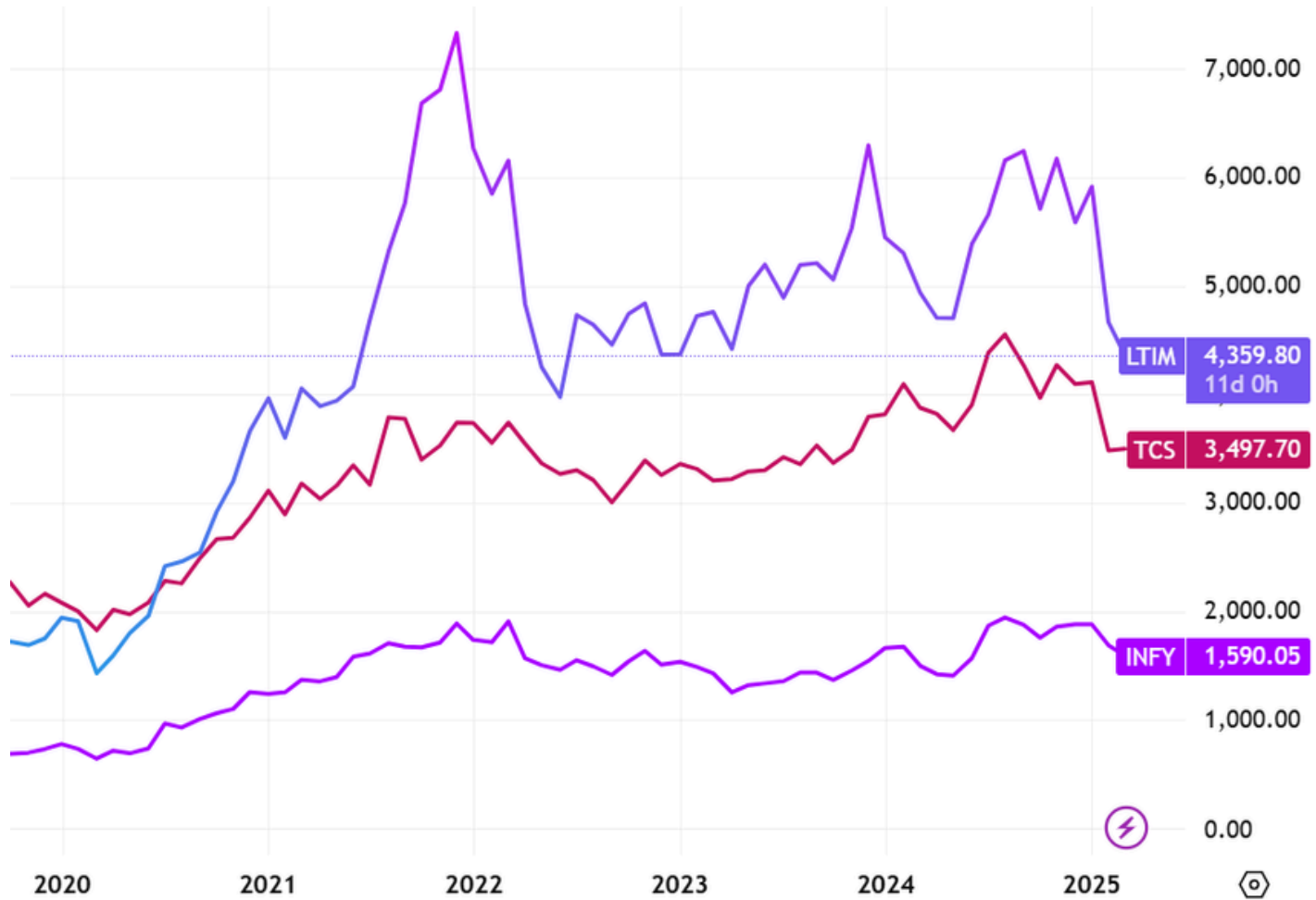
Highlights



Peer Comparison



Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	TCS	3494.25	26.00	1264250.34	1.58	12444.00	5.16	63973.00	5.60	64.28
2.	Infosys	1592.00	23.93	661115.21	2.45	6822.00	11.46	41764.00	7.58	39.99
3.	HCL Technologies	1538.85	24.52	417592.30	3.49	4594.00	5.54	29890.00	5.08	29.60
4.	Wipro	260.10	21.91	272369.83	2.25	3366.70	24.48	22318.80	0.51	16.93
5.	Tech Mahindra	1442.80	37.77	141238.35	2.84	988.80	92.63	13285.60	1.41	11.88
6.	LTIMindtree	4341.25	28.19	128624.99	1.50	1086.70	-7.14	9660.90	7.15	31.17

Source: Screener

Final Outlook

LTIM: HOLD | LTP: 4,341

LTIMindtree Ltd, trading at ₹4,663, has underperformed with a -8.19% return in the past year. Q3 FY25 revenue grew 7.1% YoY to ₹96,609M. Backed by L&T, its AI and cloud focus drive long-term growth. While slower than TCS/Infosys, it remains a HOLD for 3-5 years with a target of ₹6,500+. Ideal entry: ₹4,500-₹4,600.

For the quarter ended 30-09-2024, the company has reported a Consolidated Total Income of Rs 9731.80 crore, up 3.86 % from last quarter Total Income of Rs 9369.70 crore and up 7.55% from last year same quarter Total Income of Rs 9048.60 crore. The company has reported net profit after tax of Rs 1251.60 crore in the latest quarter.

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