

LTIMindtree

Accelerating growth, led by robust deal wins

LTIMindtree (LTIM) reported a solid Q3 performance, with revenue growth of +2.4% QoQ CC (ahead of estimates) and EBIT margins of 16.1% (+26bps QoQ, in line), supported by robust momentum in manufacturing (+9.4% QoQ) and healthcare (+9.9% QoQ). The company secured a strong TCV of USD 1.7 bn (+6.4% QoQ), driven by a USD 155 mn, five-year deal with a leading US insurer and a strategic selection as one of five key service partners for a global financial institution. The BFSI segment declined 0.7% QoQ, impacted by seasonality and proactive AI-led productivity initiatives within top clients, which management expects to bottom out in Q4. The deal pipeline remains steady, underpinned by clients' increasing investments in agentic AI to autonomously manage complex operations. LTIM targets a near double-digit YoY exit in Q4FY26E, marking a key recovery milestone after 12 quarters, led by order inflows, stabilization in top clients, and new BFSI wins, including prime supplier status with seven major global banks. LTIM continues to position itself as an AI-ready organization, embedding AI across offerings and internal operations to evolve from a technology-centric to a business-creativity partner, with over 50% of its workforce already upskilled in AI. Despite planned Q4 wage hikes for 50% of employees (100bps impact) and seasonal headwinds, LTIM remains focused on operational efficiency through structured programs. We maintain our estimates and reiterate BUY with a TP of INR 7,470, based on 28x Mar'28E EPS.

- **Q3FY26 highlights:** (1) LTIM's Q3 revenue at USD 1,208 mn (vs HSIE USD 1,203 mn) grew +2.4/5.2% QoQ/YoY CC. (2) Among the verticals, healthcare led the growth (+9.9% QoQ), followed by manufacturing, which grew +9.4% QoQ. Consumer business grew 1.2% QoQ, while tech remained flat and BFSI declined -0.7% QoQ. The BFSI vertical is expected to bottom out in Q4FY26E. (3) TCV grew 6.3% QoQ to USD 1.69bn. (4) LTIM's EBITM at 16.1% (vs our estimate of 16.2%) expanded 26bps QoQ, supported by 'Fit for Future' initiatives, and forex tailwinds, which were partially offset by lower working days. (5) LTIM has announced staggered wage hikes, with the first tranche effective 1st January, for ~50% of its employees. There would be ~100bps impact of wage hikes on the profitability in each of Q4FY26E and Q1FY27E, which is expected to be offset by benefits from its 'Fit for Future' program.
- **Outlook:** We have factored in LTIM's revenue growth at 6.5/12.6/12.9% and EBITM at 15.7/16.6/17.3% for FY26/27/28E respectively, translating into an EPS CAGR of ~20% over FY25-28E.

Quarterly Financial summary

YE Mar (INR bn)	Q3 FY26	Q3 FY25	YoY (%)	Q2 FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	1,208	1,139	6.1	1,180	2.4	4,287	4,493	4,786	5,390	6,085
Net Sales	107.81	96.61	11.6	103.94	3.7	355.17	380.08	421.60	482.43	550.67
EBIT	17.37	13.29	30.7	16.48	5.4	55.69	55.03	66.23	80.20	95.08
APAT	13.94	10.87	28.3	13.81	0.9	45.85	46.02	55.77	67.34	78.94
Diluted EPS (INR)	47.1	36.7	28.3	46.7	0.9	155.0	155.6	188.5	227.7	266.9
P/E (x)						41.3	41.2	34.0	28.1	24.0
EV / EBITDA (x)						28.2	27.5	22.9	18.5	15.3
RoE (%)						25.0	21.5	23.0	24.2	24.5

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

YE March (INR bn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue (USD mn)	4,787	4,786	(0.0)	5,416	5,390	(0.5)	6,120	6,085	(0.6)
Revenue	421.50	421.60	0.0	484.74	482.43	(0.5)	553.82	550.67	(0.6)
EBIT	66.03	66.23	0.3	80.71	80.20	(0.6)	96.10	95.08	(1.1)
EBIT margin (%)	15.7	15.7	4bps	16.7	16.6	-3bps	17.4	17.3	-9bps
APAT	56.13	55.77	(0.6)	67.47	67.34	(0.2)	79.38	78.94	(0.6)
EPS (INR)	189.8	188.5	(0.6)	228.1	227.7	(0.2)	268.4	266.9	(0.6)

Source: Company, HSIE Research

BUY

CMP (as on 19 Jan 2026)	INR 6,407
Target Price	INR 7,470
NIFTY	25,586

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 7,500	INR 7,470
EPS %	FY27E	FY28E
	-0.2	-0.6

KEY STOCK DATA

Bloomberg code	LTIM IN
No. of Shares (mn)	296
MCap (INR bn) / (\$ mn)	1,900/20,894
6m avg traded value (INR mn)	1,568
52 Week high / low	INR 6,430/3,802

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	14.3	25.0	8.8
Relative (%)	15.1	23.2	0.1

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	68.57	68.54
FIs & Local MFs	16.20	16.68
FPIs	6.62	6.40
Public & Others	8.61	8.38
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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Tata Capital

Steady quarter; priced to perfection

Tata Capital's (TATACAP) Q3FY26 earnings were largely in line with estimates, driven by NIM reflation, moderation in credit costs, and improving operating efficiency. TATACAP's portfolio (ex-TMFL) continued to grow at a robust pace (+26% YoY), led by healthy contribution from all segments. TMFL portfolio (10.2% of AUM) turnaround remains WIP, with realignment of credit policies and organizational structure, shift in product mix, and increasing share of non-captive business and is expected to break even by FY27. As highlighted in our [initiating coverage](#) report, TATACAP's conservative underwriting strategy augurs well for pristine asset quality. However, current valuations (2.9x Sep-27 ABVPS) provide limited margin of safety. We revise our FY26/FY27E/FY28E earnings estimates for marginally higher loan growth and maintain ADD with a revised RI-based TP of INR 355 (implying 2.8x Sep-27 ABVPS).

- **Steady P&L outcomes; robust loan growth (ex TMFL):** TATACAP's NIMs (calculated) reflat by ~28bps to 5.1%, largely driven by lower cost of funds. Operating efficiency improved sequentially (C/I at 38.4%), driven by improving productivity and rationalization in TMFL's distribution. AUM growth (+7% QoQ) was led by LAP (+8% QoQ), SME (+10% QoQ), and corporate (+20% QoQ), while TMFL portfolio de-grew by 6% QoQ. Unsecured retail (10.4% of AUM) witnessed a healthy uptick and is expected to sustain going ahead, driving NIM reflation.
- **Improving asset quality:** GS III/NS III improved marginally to 2.2%/1.0% (Q2FY26: 2.2%/1.1%) with GS-II at 1.6% (Q2FY26: 1.9%). Management has indicated reduction in slippages in unsecured retail, while increased focus on collections and recoveries in the TMFL portfolio is likely to improve credit costs further in Q4FY26 and FY27.
- **Tracking well on near-term guidance; priced to perfection:** TATACAP seems on track to achieve the guidance for FY26 across most metrics. However, execution remains a key monitorable to achieve the medium-term guidance (FY28) of strong growth (AUM CAGR of 23-25%) and superior profitability (RoE of 17-18%), amidst elevated competitive intensity. To that extent, current valuation provides limited margin of safety. Maintain ADD.

Financial summary (Consolidated)

Y/E Mar (INR bn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
NII	33.1	27.5	20.5	30.0	10.3	106.9	126.5	154.6	185.2
PPOP	25.0	19.3	29.7	22.8	9.7	77.3	97.2	122.4	146.3
PAT	12.6	10.5	20.4	11.2	13.0	36.6	49.4	65.6	82.6
EPS (INR)	3.0	2.5	20.7	2.7	8.8	9.7	11.7	15.6	19.6
ROAE (%)						12.9	12.5	13.3	14.7
ROAA (%)						1.7	1.9	2.1	2.2
ABVPS (INR)						85	103	117	134
P/ABV (x)						4.2	3.5	3.1	2.7
P/E (x)						37.0	30.7	23.1	18.4

Change in estimates

INR bn	FY26E			FY27E			FY28E		
	Old	New	Chg	Old	New	Chg	Old	New	Chg
AUM	2,691	2,691	0.0%	3,234	3,242	0.3%	3,885	3,905	0.5%
NIM (%)	4.8	4.8	0 bps	5.0	5.0	-3 bps	5.0	4.9	-1 bps
NII	126.5	126.5	0.0%	155.6	154.6	-0.6%	185.6	185.2	-0.2%
PPOP	97.7	97.2	-0.5%	123.5	122.4	-0.9%	146.9	146.3	-0.4%
PAT	49.6	49.4	-0.3%	65.6	65.6	0.0%	82.8	82.6	-0.2%
ABVPS (INR)	102.0	102.9	0.8%	116.4	116.9	0.4%	134.0	134.3	0.2%

Source: Company, HSIE Research

ADD

CMP (as on 19 Jan 2026)	INR 360
Target Price	INR 355
NIFTY	25,586

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 344	INR 355
EPS %	FY26E	FY27E
	-0.3%	0.0%

KEY STOCK DATA

Bloomberg code	TATACAP IN
No. of Shares (mn)	4,245
MCap (INR bn) / (\$ mn)	1,529/16,820
6m avg traded value (INR mn)	-
52 Week high / low	INR 365/315

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	8.9	-	-
Relative (%)	9.8	-	-

SHAREHOLDING PATTERN (%)

	Oct-25
Promoters	85.4
FIs & Local MFs	3.1
FPIs	3.3
Public & Others	8.2
Pledged Shares	-

Source: BSE

Pledged shares as % of total shares

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