

LTIMindtree Limited Risk Analysis Report

Based on the Consolidated Financial Results for Q4 and FY 2024

1. Financial Performance Overview

- Revenue from operations for FY 2024: ₹355,170 million (7% YoY growth)
- Net profit for FY 2024: ₹45,846 million (4% YoY growth)
- EPS (Basic) for FY 2024: ₹154.85 (3.9% YoY growth)

2. Audit Opinion

Deloitte Haskins & Sells Chartered Accountants LLP provided an unmodified opinion on the consolidated financial results, stating that they give a true and fair view in conformity with Indian Accounting Standards.

3. Key Risk Factors

3.1 Financial Risks

1. Foreign Exchange Risk:

- Evidence: Unrealized foreign exchange loss of ₹263 million for FY 2024.
- Impact: Fluctuations in currency exchange rates could affect profitability.

2. Credit Risk:

- Evidence: Allowance for expected credit loss of ₹765 million for FY 2024.
- Impact: Potential for bad debts or delayed payments from clients.

3. Liquidity Risk:

- Evidence: Decrease in cash and cash equivalents from ₹23,389 million to ₹18,200 million.
- Impact: Reduced liquidity might affect short-term obligations and operational flexibility.

3.2 Operational Risks

1. Dependence on Key Sectors:

- Evidence: Banking, Financial Services & Insurance sector contributes 36.15% of total revenue.
- Impact: Economic downturns or regulatory changes in this sector could significantly impact overall performance.

2. Geographical Concentration:

- Evidence: Not explicitly stated, but global presence implies potential concentration risks.
- Impact: Economic or political instability in key markets could affect operations

and revenue.

3. Talent Retention and Acquisition:

- Evidence: Employee benefits expense increased by 8.9% YoY.
- Impact: Challenges in retaining or attracting talent could affect service delivery and growth.

3.3 Strategic Risks

1. Market Competition:

- Evidence: Moderate revenue growth of 7% YoY suggests competitive pressure.
- Impact: Intense competition could affect market share and pricing power.

2. Technology Disruption:

- Evidence: Ongoing investments in intangible assets and R&D.
- Impact: Rapid technological changes could require significant investments to stay competitive.

3. Acquisition Integration:

- Evidence: Presence of goodwill (₹11,927 million) on the balance sheet.
- Impact: Challenges in integrating past or future acquisitions could affect synergies and growth.

3.4 Compliance Risks

1. Regulatory Compliance:

- Evidence: Global operations across multiple jurisdictions.
- Impact: Non-compliance with local laws could lead to penalties and reputational damage.

2. Data Privacy and Security:

- Evidence: Handling of sensitive client data in IT services.
- Impact: Data breaches or non-compliance with data protection laws could result in financial and reputational losses.

4. Mitigating Factors

1. Strong financial position with ₹199,968 million in other equity.
2. Diversified service offerings across multiple sectors.
3. Consistent dividend payout, indicating financial stability.
4. Unmodified audit opinion, suggesting robust financial reporting practices.

5. Conclusion

While LTIMindtree demonstrates strong financial performance and stability, it faces various risks typical of the IT services industry. The company's diversified portfolio and strong balance sheet provide some cushion against these risks. However, continuous monitoring of market

trends, technological advancements, and regulatory changes is crucial for sustained growth and risk mitigation.