

# Risk Analysis: LTIMindtree Limited Q2 2023

## 1. Financial Reporting Risk

### Risk Level: Low

- The independent auditor's review report indicates that the financial results have been prepared in accordance with applicable accounting standards and regulations.
- No material misstatements or significant issues were reported by the auditors.

## 2. Regulatory Compliance Risk

### Risk Level: Low

- The company appears to be in compliance with SEBI regulations for financial reporting and disclosure requirements.
- The merger with Mindtree Limited has been properly accounted for and disclosed.

## 3. Market Risk

### Risk Level: Moderate

- The company operates in multiple segments and geographies, which provides some diversification.
- However, a significant portion of revenue comes from the Banking, Financial Services & Insurance sector, which could be vulnerable to economic downturns.

## 4. Operational Risk

### Risk Level: Low to Moderate

- The company has successfully completed the merger with Mindtree Limited, indicating strong operational capabilities.
- However, integration risks may still exist in the short to medium term.

## 5. Liquidity Risk

### Risk Level: Low

- The company has a strong cash position (₹14,646 million in cash and cash equivalents).
- Current assets significantly exceed current liabilities.

## 6. Foreign Exchange Risk

### Risk Level: Moderate

- The company operates internationally and is exposed to foreign exchange fluctuations.

- There is mention of unrealized foreign exchange loss in the cash flow statement.

## **7. Technology and Cybersecurity Risk**

### **Risk Level: Moderate**

- As an IT services company, LTIMindtree is inherently exposed to technology and cybersecurity risks.
- No specific issues are mentioned in the report, but this remains an ongoing concern for companies in this sector.

## **8. Talent Retention Risk**

### **Risk Level: Moderate**

- The IT services industry often faces challenges in retaining skilled talent.
- The company has an expense recognized for equity-settled stock options, which may help in talent retention.

## **Conclusion**

Based on the available information, LTIMindtree Limited appears to have a generally low to moderate risk profile. The company shows strong financial performance, good liquidity, and compliance with regulations. However, it faces typical industry risks such as market volatility, foreign exchange fluctuations, and talent retention challenges. The recent merger with Mindtree Limited, while seemingly successful, may present some integration risks in the short term.