INSTITUTIONAL RESEARCH

HSIE Results Daily

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Results Reviews

- **L&T Technology Services:** L&T Technology Services (LTTS) reported a muted Q3FY26 performance with revenue down 2.8% QoQ in CC terms, missing expectations largely due to a 9.8% QoQ decline in the Tech vertical amid ongoing business restructuring. The company is rationalizing its portfolio by exiting lower-margin, commoditized offerings in regional markets such as India and Israel and focusing instead on high-growth, profitable segments. The outlook for the Sustainability segment remains strong, supported by a healthy deal pipeline and execution of previously secured large contracts. The Mobility vertical is showing early signs of recovery, aided by substantial deal wins (~50% of large deals) and the growing adoption of AI-led solutions. LTTS is currently reassessing its existing portfolio ahead of launching its five-year growth strategy, Lakshya, from April 2026. As part of this roadmap, the company is targeting mid-teen (~16%) EBIT margins by the end of FY27E. Given the ongoing restructuring through Q4, management has guided for mid-single-digit growth for FY26E, implying a softer Q4 versus typical seasonality. While near-term growth remains subdued due to portfolio pruning, the sharpened focus on high-value offerings and disciplined execution should position LTTS for accelerated and profitable growth in the medium term. Incorporating the impact of business rationalization, we trim our earnings estimates by 3-4% for FY27/FY28E. We maintain ADD on LTTS with a revised TP of INR 5,250, based on 28x Mar-28E EPS.

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L&T Technology Services

Restructuring dents growth; focus on quality

L&T Technology Services (LTTS) reported a muted Q3FY26 performance with revenue down 2.8% QoQ in CC terms, missing expectations largely due to a 9.8% QoQ decline in the Tech vertical amid ongoing business restructuring. The company is rationalizing its portfolio by exiting lower-margin, commoditized offerings in regional markets such as India and Israel and focusing instead on high-growth, profitable segments. The outlook for the Sustainability segment remains strong, supported by a healthy deal pipeline and execution of previously secured large contracts. The Mobility vertical is showing early signs of recovery, aided by substantial deal wins (~50% of large deals) and the growing adoption of AI-led solutions. LTTS is currently reassessing its existing portfolio ahead of launching its five-year growth strategy, Lakshya, from April 2026. As part of this roadmap, the company is targeting mid-teen (~16%) EBIT margins by the end of FY27E. Given the ongoing restructuring through Q4, management has guided for mid-single-digit growth for FY26E, implying a softer Q4 versus typical seasonality. While near-term growth remains subdued due to portfolio pruning, the sharpened focus on high-value offerings and disciplined execution should position LTTS for accelerated and profitable growth in the medium term. Incorporating the impact of business rationalization, we trim our earnings estimates by 3-4% for FY27/FY28E. We maintain ADD on LTTS with a revised TP of INR 5,250, based on 28x Mar-28E EPS.

- **Q3FY26 highlights:** (1) LTTS posted revenue of USD 326mn, lower than our estimates of USD 340mn, -2.8% QoQ and +3.9% YoY in CC terms. (2) The sustainability vertical grew +1.7% QoQ, driven by ramp-up of large deals won earlier, mobility grew +0.5% QoQ despite furloughs while hi-tech declined -9.8% QoQ due to rebalancing of business. (3) LTTS recorded its fifth consecutive quarter of USD 200mn+ large deal TCV bookings in Q3FY26, with half of the wins in the mobility vertical. (4) EBITM, at 14.6% (above our estimate of 14.3%), improved 124bps QoQ, driven by improved revenue mix, cost efficiencies, and FX tailwinds. LTTS aspires to reach 16.5% EBITM by Q4FY27-Q1FY28E. (5) LTTS expects mid-single-digit overall growth in FY26E, with double-digit growth expected in focus areas.
- **Outlook:** We have factored in USD revenue growth of 5.5/10.5/13% for FY26/27/28E respectively, implying a CQGR of -1.1/4.3/2.5% for the three years. EBITM is factored in at 13.8/15/16% for FY26/27/28E, resulting in an EPS CAGR of 16.1% 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)	326	312	*4.6*	337	*(3.2)*	1,164	1,259	1,328	1,468	1,659
Net Sales	29.24	26.53	*10.2*	29.80	*(1.9)*	96.47	106.70	117.20	131.36	150.15
EBIT	4.27	4.22	*1.2*	3.98	*7.3*	16.47	15.87	16.19	19.65	24.02
APAT	3.11	3.22	*(3.5)*	3.29	*(5.4)*	13.04	12.66	13.31	16.28	19.81
Diluted EPS (INR)	29.4	30.5	*(3.5)*	31.1	*(5.4)*	123.5	119.9	126.1	154.3	187.7
P/E (x)						34.4	35.4	33.7	27.5	22.6
EV / EBITDA (x)						22.0	22.4	21.1	17.4	14.1
RoE (%)						25.4	22.2	20.7	22.7	24.3

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)	1,377	1,328	*(3.5)*	1,539	1,468	*(4.6)*	1,705	1,659	*(2.7)*
Revenue	121.37	117.20	*(3.4)*	137.70	131.36	*(4.6)*	154.35	150.15	*(2.7)*
EBIT	16.82	16.19	*(3.7)*	20.61	19.65	*(4.7)*	24.77	24.02	*(3.0)*
EBIT margin (%)	13.9	13.8	-4bps	15.0	15.0	-1bps	16.0	16.0	-5bps
APAT	13.79	13.31	*(3.5)*	16.96	16.28	*(4.0)*	20.33	19.81	*(2.6)*
EPS (INR)	130.7	126.1	*(3.5)*	160.8	154.3	*(4.0)*	192.6	187.7	*(2.6)*

Source: Company, HSIE Research

ADD

CMP *(as on 14 Jan 2026)*	INR 4,244
Target Price	INR 5,250
NIFTY	25,666

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 5,400	INR 5,250
EPS %	FY27E	FY28E
	-4.0	-2.6

KEY STOCK DATA	
Bloomberg code	LTTS IN
No. of Shares (mn)	106
MCap (INR bn) / ($ mn)	450/4,981
6m avg traded value (INR mn)	390
52 Week high / low	INR 5,647/3,855

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	2.2	(2.3)	(9.8)
Relative (%)	0.5	(3.7)	(18.8)

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	73.58	73.58
FIs & Local MFs	14.13	14.57
FPIs	4.67	4.23
Public & Others	7.62	7.62
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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Rating Criteria

BUY: >+15% return potential

ADD: +5% to +15% return potential

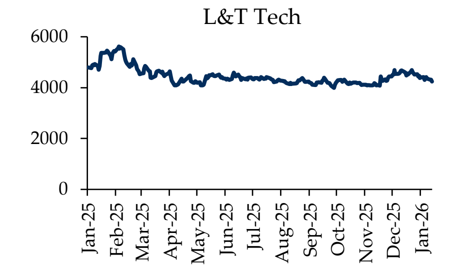
REDUCE: -10% to +5% return potential

SELL: > 10% Downside return potential

Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
Amit Chandra	L&T Technology Services	MBA	NO
Vinesh Vala	L&T Technology Services	MBA	NO
Maitreyee Vaishampayan	L&T Technology Services	MSc	NO

Price movement



Disclosure:

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