

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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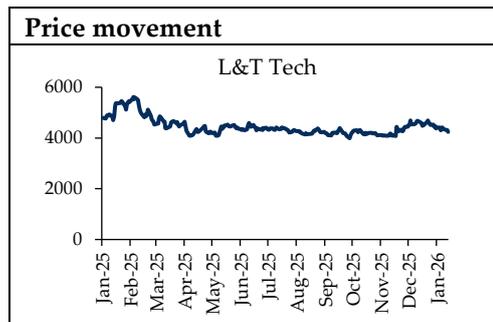
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Rating Criteria

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



Disclosure:

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