



3R MATRIX

	+	=	-
Right Sector (RS)	✓	✗	✗
Right Quality (RQ)	✓	✗	✗
Right Valuation (RV)	✗	✓	✗
+ Positive	= Neutral	- Negative	

What has changed in 3R MATRIX

	Old		New
RS	✗	↔	✓
RQ	✗	↔	✓
RV	✗	↔	✗

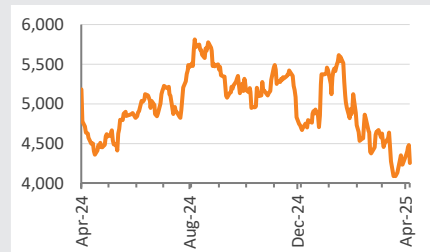
Company details

Market cap:	Rs. 45,044 cr
52-week high/low:	Rs. 5,990 / 3,855
NSE volume: (No of shares)	1.5 lakh
BSE code:	540115
NSE code:	LTTS
Free float: (No of shares)	2.8 cr

Shareholding (%)

Promoters	73.7
FII	5.2
DII	13.7
Others	7.5

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	-8.0	-21.7	-17.8	-17.9
Relative to Sensex	-9.5	-25.6	-17.6	-24.4

Source: Mirae Asset Sharekhan Research, Bloomberg

L&T Technology Services Ltd

Mixed Q4, strong bookings in challenging environment

IT & ITES	Sharekhan code: LTTS		
Reco/View: Buy	↔	CMP: Rs. 4,254	Price Target: Rs. 4,850
↑ Upgrade	↔ Maintain	↓ Downgrade	

Summary

- Reported revenue stood at \$345.1 million, up 10.5% q-o-q in cc terms, missing our estimates of \$352.6 million.
- EBIT margin fell by ~270 bps q-o-q to 13.2%, missing our estimates of 14.8%. The company recorded the highest-ever bookings during the quarter, including one \$80+ million deal and one \$50+million deal, among others.
- Management expects FY26 to be better than FY25, with a double-digit revenue growth in CC terms, and reaffirmed its medium-term outlook of \$2 billion revenue.
- We have cut FY26/27 EPS by ~10% to factor increased uncertainty due to macro headwinds. We maintain a Buy rating, with a revised PT of Rs 4,850 (valued at 30x FY27E EPS). At CMP, the stock trades at 31.4/26.4x FY26/27E EPS.

LTTS reported revenues of \$345 million, up 10.5% q-o-q in constant currency (CC) terms, but missed our estimates of \$352.6 million. The growth was led by was led by technology and sustainability segments. EBIT margin declined~ 270 bps q-o-q to 13.2% missing our estimates of 14.8%. Adjusted PAT stood at Rs 311 crore, down 3.5% q-o-q /8.7% y-o-y missing our estimates of Rs 331 crore. The company recorded the highest-ever bookings during the quarter, including one \$80+ million deal, one \$50+million deal, along with a \$30+ million, \$ 20+ million, and three \$10+ million deals. Net Headcount additions stood at 793 taking the total headcount to 24,258 while LTM attrition declined 10 bps q-o-q to 14.3% Management expects FY26 to be a better year than FY25, with a double-digit revenue growth in constant currency and reaffirmed its medium-term outlook of \$2 billion in revenues. The company's diversified portfolio across Mobility, Sustainability, and Tech, coupled with a strong focus on AI, Gen AI, and software-defined technologies, positions LTTS to capitalize on tariff-driven supply chain shifts and digital transformation trends. We have cut FY26/27 EPS by ~10% to factor increased uncertainty due to macro headwinds. We maintain a Buy rating with revised PT of Rs 4,850 (30x FY27E EPS). At CMP, the stock trades at 31.4/26.4x FY26/27E EPS.

Key positives

- Highest-ever bookings during the quarter, including one \$80+ million deal, one \$50+million deal, along with a \$30+ million, \$ 20+ million, and three \$10+ million deals.
- Net headcount additions were 793 taking total headcount to 24,258.
- No of Active clients improved to 421 from 378 in Q3FY25.

Key negatives

- EBIT margin declined~ 270 bps q-o-q to 13.2% missing our estimates of 14.8%.

Management Commentary

- Management expects FY26 to be a better year than FY25, with a double-digit revenue growth in constant currency and reaffirmed its medium-term outlook of a \$2 billion revenue.
- Reiterated aspiration of improving EBIT margins to mid-16% levels between Q4FY27 and Q1FY28.
- Q3 and Q4 achieved the highest large deal TCV wins, with a robust TCV pipeline and multiple \$100M and \$50M deals in advanced negotiation stages
- Q1FY26 expected to match Q4FY25's strong deal win performance.
- Mobility segment to stay muted in the immediate term and will witness a turnaround towards the end of Q2.
- Despite a delay in deal ramp-up, the company is now poised for growth in the coming year, by realigning supply chains and leveraging the company's advanced engineering solutions to drive faster sustainability segment growth in FY26 as compared to FY25.
- In plant engineering, the management continues to see strong demand in ONG and CPG led by capex projects plant modernization.
- Management expects strong performance from MedTech software platforms and Intelliswift in the coming year.

Revision in earnings estimates – We have revised estimates to factor Q4FY25 performance.

Our Call

Valuation – Maintain Buy with revised price target of Rs. 4,850: LTTS reported strong growth aided by SWC seasonality and Intelliswift acquisition but missed estimate both on revenue and margin front. However, record large deal TCV bookings in Q4 highlight its growth trajectory and market share gains, particularly in high-growth segments like Tech and Sustainability. Despite near-term challenges like EBIT margin compression and muted Mobility performance, LTTS's double-digit revenue growth forecast for FY26, robust deal pipeline, and reaffirmed \$2 billion medium-term revenue goal signal strong medium to long term potential. We expect a sales/PAT CAGR of ~13%/16% over FY25-27E. We have cut FY26/27 EPS by ~10% to factor increased uncertainty due to macro headwinds. We maintain Buy with revised PT of Rs 4,850 (30x FY27E EPS). At CMP, the stock trades at 31.4/26.4x FY26/27E EPS.

Key Risks

Rupee appreciation and/or adverse cross-currency movements. Macro headwinds and recession in the US can moderate the pace of technology spending.

Valuation (Consolidated)

Particulars	FY24	FY25	FY26E	FY27E
Revenue	9,647.2	10,670.2	12,058.3	13,707.9
OPM (%)	19.9	17.7	18.0	18.8
Adjusted PAT	1,303.6	1,266.7	1,435.6	1,709.6
% y-o-y growth	7.5	-2.8	13.3	19.1
Adjusted EPS (Rs.)	123.0	119.4	135.6	161.4
P/E (x)	34.6	35.6	31.4	26.4
P/B (x)	8.4	7.4	6.5	5.6
EV/EBITDA (x)	22.0	22.4	19.1	15.9
RoNW (%)	26.7	22.2	22.0	22.8
RoCE (%)	29.8	24.6	25.2	26.6

Source: Company; Mirae Asset Sharekhan estimates

Key result highlights

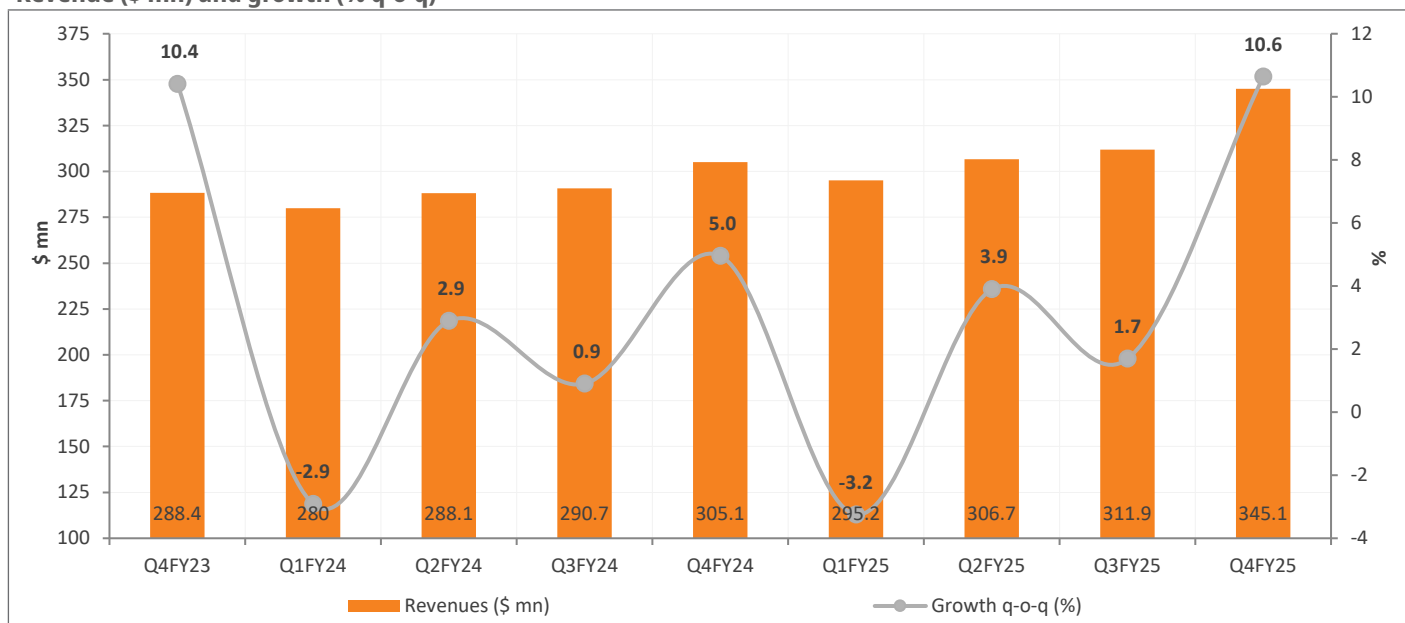
- ♦ **Revenue:** LTTS reported revenue of \$345.1 million, up 10.5% q-o-q in constant currency (CC), but missed our estimate of \$352.6 million. The growth was led by technology and sustainability segments. Revenue in rupee terms stood at 12.4% q-o-q/17.5% y-o-y. For FY25, revenue stood at 1,163.9, up 8.9% in CC.
- ♦ **EBIT margin:** EBIT margin declined~ 270 bps q-o-q to 13.2% missing our estimates of 14.8%. Consolidation of Intelliswift's financials reduced EBIT margins by approximately 150 basis points, while macro-related headwinds further impacted margins in high-margin segments like sustainability and mobility due to lower-than-anticipated revenues. For FY25, EBIT margin contracted by 220 bps y-o-y to 14.9%. Margin was impacted by investments during H1FY25 to augment solutions and capabilities for new edge technologies, acquisition of Intelliswift and macro related headwinds in Q4.
- ♦ **Vertical-wise performance:** Mobility, Tech and Sustainability grew 3.2%/8.2% and 25.3% q-o-q respectively
- ♦ **Geography-wise performance:** North America, Europe, India and Rest of the World grew 11.5%/0.3%/18.9% and 4.8% q-o-q, respectively
- ♦ **Deal wins and pipeline:** The company recorded the highest-ever bookings during the quarter, including one \$80+ million deal, one \$50+million deal, along with a \$30+ million, \$ 20+ million, and three \$10+ million deals.
- ♦ **Demand Commentary:** Why is this blank
- ♦ **Client profile:** On a sequential basis, the client profile improved in the \$20 million+ and \$1 million+, by 1 and 11 respectively while the client profile declined in the \$5 million+ and \$10 million+ and \$30 million+ category by 5/2 and 1 respectively. No of Active clients improved to 421 from 378 in Q2FY25
- ♦ **Attrition & headcount:** Net Headcount additions stood at 793 taking the total headcount to 24,258 while LTM attrition declined 10 bps q-o-q to 14.3%
- ♦ **Cash flows:** FCF stood at Rs.1,379 crores, up 10.2% y-o-y with FCF/Net Income at 109%. Cash and investments improved to Rs.2,976, up 3.2% y-o-y.

Results (Consolidated)

Particulars	Q4FY25	Q4FY24	Y-o-Y (%)	Q3FY25	Rs cr Q-o-Q (%)
Revenues in USD (mn)	345	305	312	13.1	10.6
Revenues In INR	2,982	2,538	2,653	17.5	12.4
Employee benefit expenses	1,577	1,219	1,395	29.3	13.0
Operating expenses	930	816	763	14.1	21.9
EBITDA	476	503	495	-5.4	-3.9
Depreciation	82	75	73	9.4	12.1
EBIT	394	428	422	-8.0	-6.6
Other income	49	56	34	-12.0	47.2
Finance cost	16	13	16	20.5	2.6
PBT	427	471	440	-9.3	-2.9
Provision for taxation	117	130	120	-9.6	-2.7
Minority interest	1	-1	3		
Net profit	311	341	322	-8.7	-3.5
EPS (Rs)	29.3	32.2	30.4	-8.8	-3.6
Margin (%)					
EBITDA	15.9	19.8	18.6	-387	-270
EBIT	13.2	16.9	15.9	-367	-270
NPM	10.4	13.4	12.2	-300	-172
Tax rate	27.4	27.5	27.4	-11	3

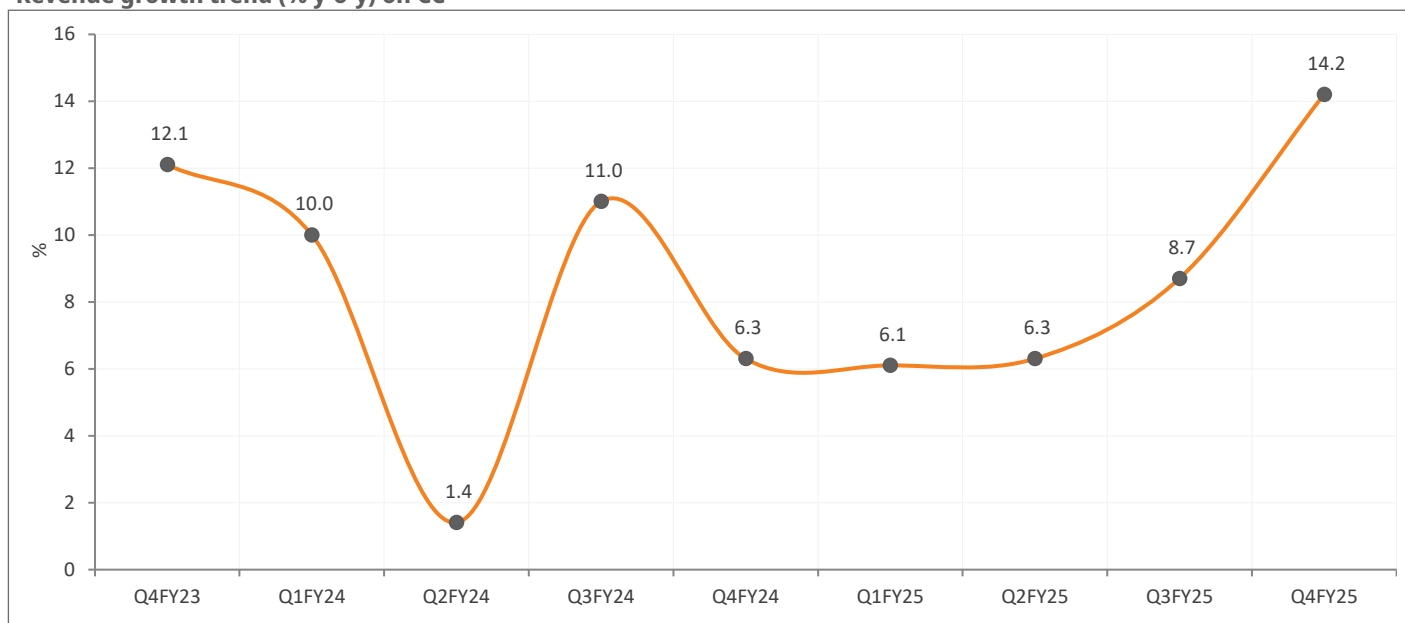
Source: Company; Mirae Asset Sharekhan Research

Revenue (\$ mn) and growth (% q-o-q)

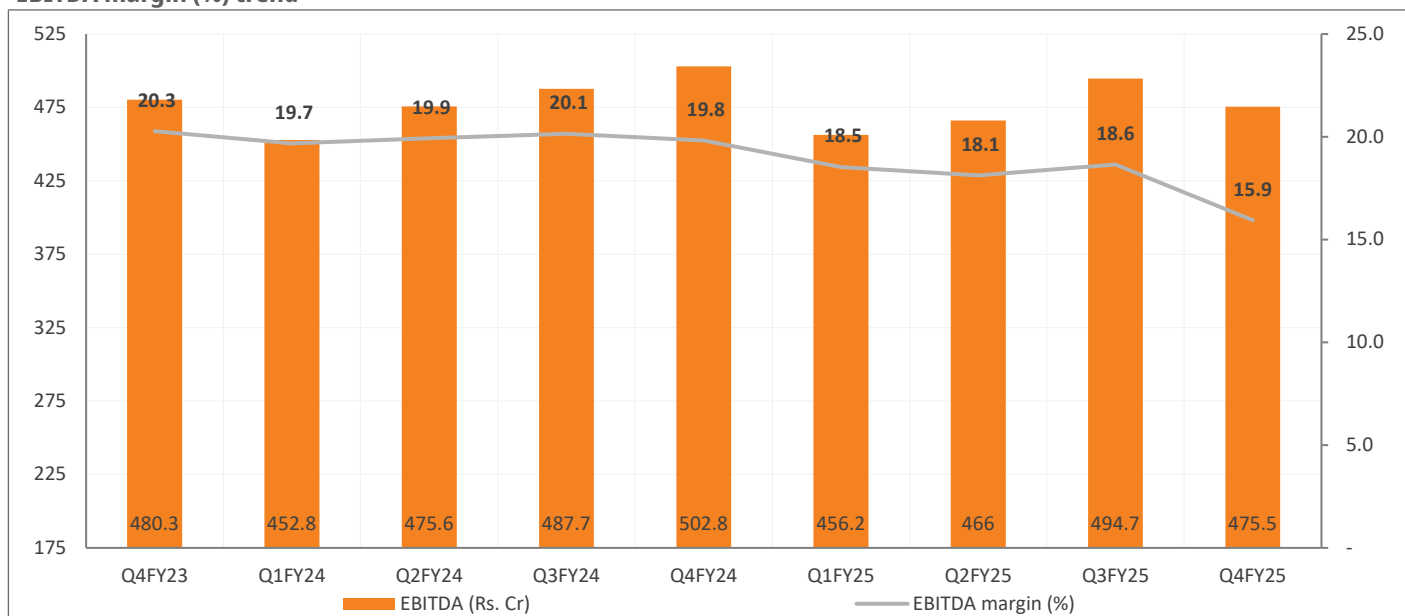


Source: Company; Mirae Asset Sharekhan Research

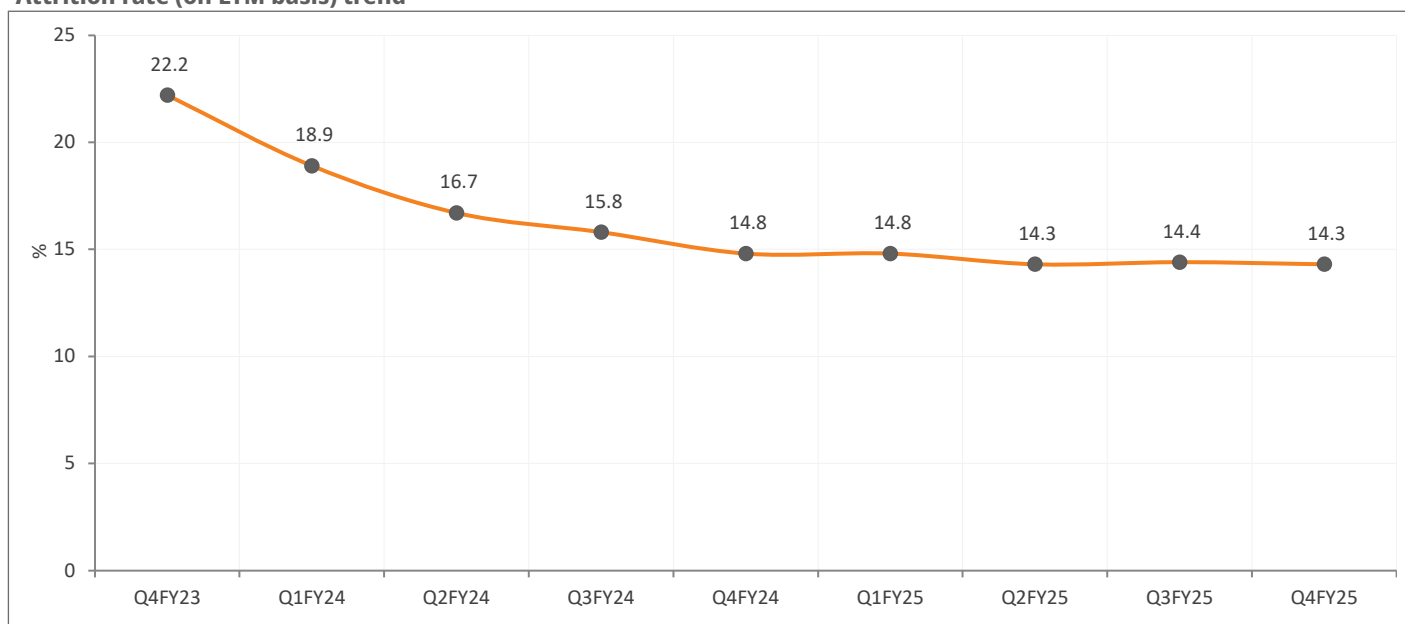
Revenue growth trend (% y-o-y) on CC



Source: Company; Mirae Asset Sharekhan Research

EBITDA margin (%) trend


Source: Company; Mirae Asset Sharekhan Research

Attrition rate (on LTM basis) trend


Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector View – Robust deal pipeline, cost optimisation, and technology modernisation opportunities to aid growth

The Indian IT sector is poised for modest growth in FY2026, driven by stabilisation in key markets like the US and Europe, alongside increasing demand for AI, cloud, and digital transformation services. Despite near-term challenges such as macroeconomic uncertainty, discretionary spending delays, and geopolitical volatility, the sector is expected to benefit from a robust deal pipeline and a shift toward cost optimisation and technology modernisation initiatives.

■ Company Outlook – Broad portfolio to support long growth runway.

LTTs is the third-largest engineering service provider (ESP) in India and is well-diversified across verticals. The large ERD addressable market and a huge scope in deepening relationships with top-30 customers provide multi-year sustainable growth prospects. Technology shifts in verticals are also positive for the company as they create huge growth opportunities for ESPs. Management expects FY26 to be a better year than FY25, with a double-digit revenue growth in constant currency and reaffirmed its medium-term outlook of \$2 billion in revenues.

■ Valuation – Maintain Buy with revised price target of Rs. 4,850.

LTTs reported strong growth aided by SWC seasonality and Intelliswift acquisition but missed estimate both on revenue and margin front. However, record large deal TCV bookings in Q4 highlight its growth trajectory and market share gains, particularly in high-growth segments like Tech and Sustainability. Despite near-term challenges like EBIT margin compression and muted Mobility performance, LTTs's double-digit revenue growth forecast for FY26, robust deal pipeline, and reaffirmed \$2 billion medium-term revenue goal signal strong medium to long term potential. We expect a sales/PAT CAGR of ~13%/16% over FY25-27E. We have cut FY26/27 EPS by ~10% to factor increased uncertainty due to macro headwinds. We maintain Buy with revised PT of Rs 4,850 (30x FY27E EPS). At CMP, the stock trades at 31.4/26.4x FY26/27E EPS.

One-year forward P/E (x) band



Source: Company; Mirae Asset Sharekhan Research

About company

L&T Technology Services Limited (LTTS) is a leading global engineering and R&D services company headquartered in India, specializing in providing innovative engineering solutions across industries. A subsidiary of Larsen & Toubro Limited, LTTS focuses on three key segments: Mobility, Sustainability, and Tech, serving clients in automotive, industrial products, plant engineering, healthcare, and technology sectors. The company leverages advanced technologies like AI, Gen AI, IoT, and digital twins to drive digital transformation, with a strong emphasis on sustainability and software-defined solutions. LTTS has a global presence with operations in North America, Europe, and Asia, and a workforce of over 24,000 employees as of FY25. In FY25, LTTS achieved revenues ~ \$1.4 billion and holds over 1,500 patents, including 190 in AI and Gen AI. Known for its robust deal pipeline and strategic acquisitions like Intelliswift, LTTS aims for a \$2 billion revenue target in the medium term.

Investment theme

L&T Technology Services (LTTS) is strategically positioned to capitalize on the under-penetrated ER&D outsourcing market, leveraging its multi-sectoral presence and robust horizontal technology practices across Mobility, Sustainability, and Tech segments. LTTS has a significant growth runway, driven by its ability to capture larger wallet share through differentiated offerings in AI, Gen AI, and sustainability-focused solutions. The company's broad portfolio mitigates vertical-specific cyclical risks, unlike peers, while technology shifts in automotive, industrial, and healthcare verticals create substantial opportunities for engineering service providers. LTTS's leadership depth, diverse client base, and recent large deal wins position it for sustained multi-year growth.

Key Risks

1) Rupee appreciation and/or adverse cross-currency movements, and 2) Macro headwinds and recession in the US can moderate the pace of technology spending.

Additional Data

Key management personnel

Name	Designation
S.N. Subrahmanyam	Chairman
Amit Chadha	CEO & MD
Rajeev Gupta	CFO
Alind Saxena	President Sales & whole time Director

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Life Insurance Corp of India	6.92
2	SBI Funds Management Ltd	1.81
3	Seafarer Capital Partners LLC	1.51
4	SEAFARER OVERSEAS GROWTH & INC F	1.48
5	Vanguard Group Inc/The	0.97
6	Axis Asset Management Co Ltd/India	0.48
7	Aditya Birla Sun Life Asset Manage	0.30
8	Norges Bank	0.29
9	UTI Asset Management Co Ltd	0.27
10	LIC PENSION FUND LTD	0.22

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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