ADD (Upgrade from HOLD)

CMP: **INR 3,293** Target Price: **INR 3,590 (INR 3,380)** ▲ 9%

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15 July 2026

India | Equity Research | Results Update

L&T Technology Services

Technology

Green shoots visible on successful pivot; positive on Sustainability, Mobility

LTTS outperformed I-Sec's estimates on the revenue and margin front. Key positives: 1) Automotive demand remains stable as stated in Q4FY26 (in line with TELX's commentary too). 2) Continued positive traction in sustainability business (with broad uptick across subsegments). 3) Strong margin performance. 4) Reiterating the robust outlook for FY27. With its EI showcase (link), and the healthy performance and outlook alongside attractive valuations, we upgrade LTTS to **ADD**, from *Hold*, based on an unchanged one-year forward P/E multiple of 22x, rolling forward to Jun'27E. Our TP is revised to INR 3,590 (vs. INR 3,380 earlier). We raise our FY27–28E EPS by 1–2.5%. We bake in conservative growth of 5% for FY27E, given the volatile macro environment; we expect revenue acceleration from FY28. LTTS has delivered timely pivots with robust execution, which is helping the company gain market share in the ER&D space.

Strong pick-up

LTTS reported revenue uptick of 1.3%/1.5% QoQ USD/ CC, outperforming I-Sec estimates of 0.9%/1.1%. Mobility/sustainability/hi-tech grew 2.3%/4.4%/-3.1%, QoQ USD. Sustainability has maintained traction over the last 7–8 quarters. US/Europe/India/RoW grew by 1.3%/-0.4%/0.5%/6.4% QoQ USD. US geography saw strong demand vs. Europe for both LTTS and TELX. The company reported EBIT margin of 15.7%, up 50bps QoQ, outperforming I-Sec estimates of 15.4%. Offshoring was up 40bps QoQ. FPP was up 120bps QoQ.

Robust execution

Sustainability remains a strong growth driver with 11.3%/4.4% YoY/QoQ growth, with plant engineering and industrial products seeing the most accelerated traction, finding use-cases across oil and gas, chemicals, data centres, smart manufacturing. The newly launched: AInfonix platform is seeing strong traction. Management expects sustainability to grow in double digits in FY27. Within mobility, US is performing significantly better than estimates, while Europe continues to be an area of concern. Hi-tech is expected to recover, based on some of the large deals in pipeline (including one large Telecom deal expected to close in Q2FY27). LTTS' pivot to EI from engineering services, aligning with its Lakshya-31 program and the winding up of its restructuring exercises by Q4FY26, have culminated into a strong performance and robust outlook, with likely gain in market share.

Financial Summary

Y/E March (INR mn)	FY26A	FY27E	FY28E	FY29E
Net Revenue	1,09,959	1,23,166	1,38,856	1,54,245
EBITDA	19,350	23,545	27,201	30,215
EBITDA Margin (%)	17.6	19.1	19.6	19.6
Net Profit	12,300	14,652	16,790	18,829
EPS (INR)	116.1	138.1	158.3	177.5
EPS % Chg YoY	3.2	19.0	14.6	12.1
P/E (x)	28.4	23.8	20.8	18.5
EV/EBITDA (x)	16.4	13.2	11.2	9.8
RoCE (%)	18.8	21.6	22.7	22.2
RoE (%)	18.4	21.8	22.6	22.3

Ruchi Mukhija
ruchi.mukhija@icicisecurities.com
+91 22 6807 7573
Seema Nayak
seema.nayak@icicisecurities.com
Aditi Patil
aditi.patil@icicisecurities.com

Market Data

Market Cap (INR)	349bn
Market Cap (USD)	3,627mn
Bloomberg Code	LTTS IN
Reuters Code	LTEH BO
52-week Range (INR)	4,747 /3,010
Free Float (%)	26.0
ADTV-3M (mn) (USD)	4.9

Price Performance (%)	3m	6m	12m
Absolute	(1.9)	(22.4)	(24.2)
Relative to Sensex	(2.1)	(14.8)	(17.9)

ESG Score	2024	2025	Change
ESG score	**74.8**	**74.1**	**(0.7)**
Environment	52.6	53.4	0.8
Social	78.7	78.8	0.1
Governance	85.3	83.1	(2.2)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY27E	FY28E
USD Revenue	1.1	2.2
EBIT	2.4	2.1
EPS	2.4	1.0

Previous Reports

07-07-2026: ER&D Q1FY27 Preview

01-07-2026: Q4FY26 results review

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Other highlights

- **Positive outlook:** The company's pivot to EI, along with alignment with Lakshya-31 program, is bearing fruit. Management is confident of achieving 13–15% revenue CAGR, positive sequential growth in near-mid-term and 16–17% EBIT margin for the next couple of years. Higher margin in mobility, sustainability segments and an efficient EI-led delivery model are expected to aid margin uptick.
- LTTS won deals across industrial engineering, med tech and aerospace.
- Mobility traction was robust led by aerospace and rail. Autonomous mobility and advanced platforms are some of the key areas of accelerated demand.
- Europe geography remains challenging while demand green shoots can be seen in US and APAC (Japan).
- Company is doubling down on tech partnership, including its recent partnership with Anthropic and Databricks.
- Media and telecom continue to see traction in sub areas of semiconductors.
- Company inaugurated its first EI Centre of Excellence in Munich.
- LTTS reported a superior FCF/NI ratio of 153%. It aims to maintain the FCF/NI in the target range with 90-100%.
- 1,757 is the total patent count in Q1FY27 vs. 1,700 in Q4FY26.
- 80-85 days is the target DSO range.

Key downside risks: 1) Higher-than-expected leakage in existing book of business; and 2) any new regulatory and or geopolitical uncertainty.

Exhibit 1: Quarterly performance from continuing operations

(INR mn)	Q1FY27	Q4FY26	QoQ	Q1FY26*	YoY
Revenue QoQ CC	1.5%	-1.1%	260 bps	-	-
Sales (USD m)	310	306	1.3%	309	0.4%
Average (USD rate)	94.9	93.4	1.5%	85.4	11.0%
Sales	29,401	28,579	2.9%	26,375	11.5%
EBIT	4,613	4,349	6.1%	3,601	28.1%
EBIT Margin	15.7%	15.2%	47 bps	13.7%	204 bps
PAT from continuing operations	3,523	3,200	10.1%	3,001	17.4%
EPS	33.2	30.1	10.1%	28.3	17.2%

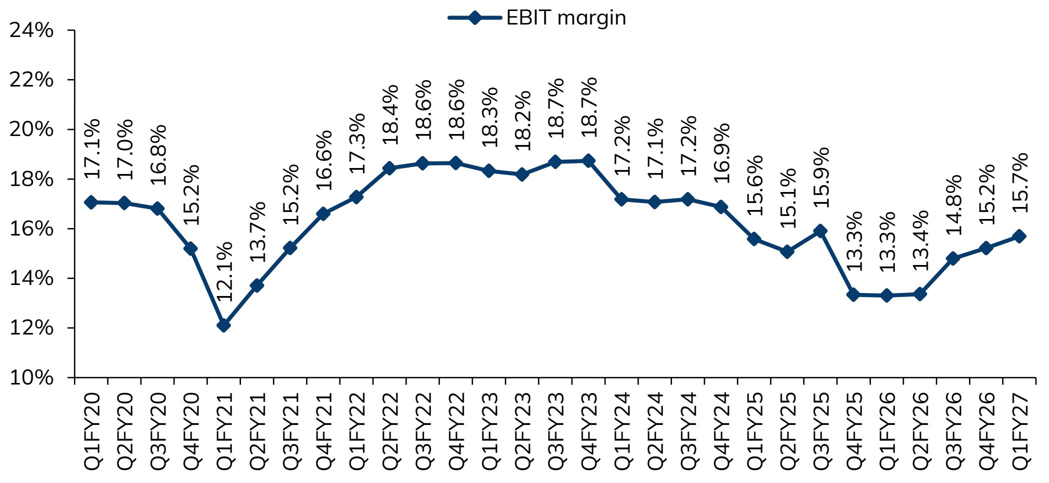
Source: I-Sec research, Company data| * re-stated ex-SWC

Exhibit 2: Change in estimates

	New		Old		New vs. Old	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenues (USD mn)	1,298	1,464	1,284	1,432	1.1%	2.2%
Revenue growth YoY USD	5.3%	12.7%	4.1%	11.6%	120bps	110bps
Revenue growth YoY CC	4.3%	12.7%	3.1%	11.6%	120bps	110bps
USD/INR	94.9	94.9	94.90	94.90	0.0%	0.0%
INR mn						
Revenues	1,23,166	1,38,856	1,21,811	1,35,939	1.1%	2.1%
EBIT	19,778	22,911	19,322	22,430	2.4%	2.1%
EBIT margin	16.1%	16.5%	15.9%	16.5%	20bps	0bps
EPS (INR/share)	138.1	158.3	134.8	156.7	2.4%	1.0%

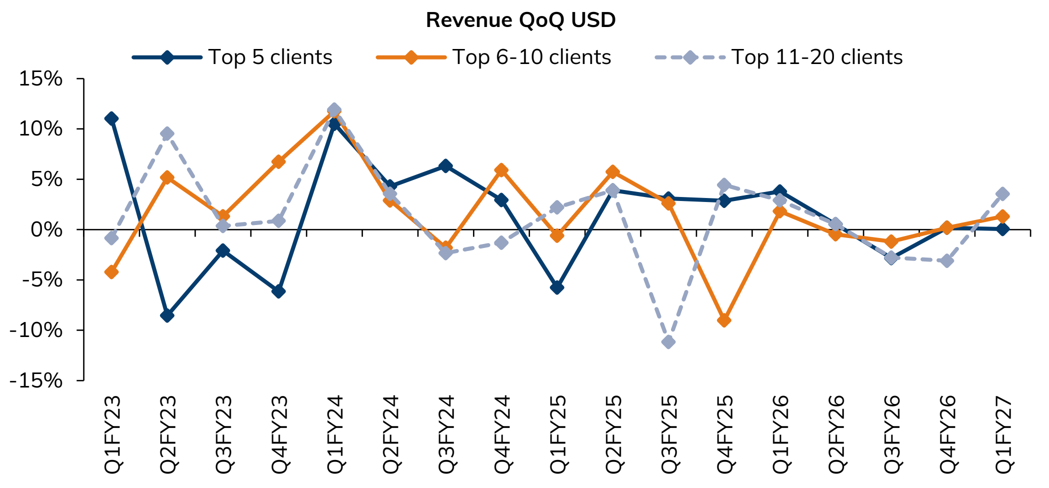
Source: I-Sec research, Company data | New estimates are ex-SWC

Exhibit 3: EBIT margin improved 50bps on QoQ basis



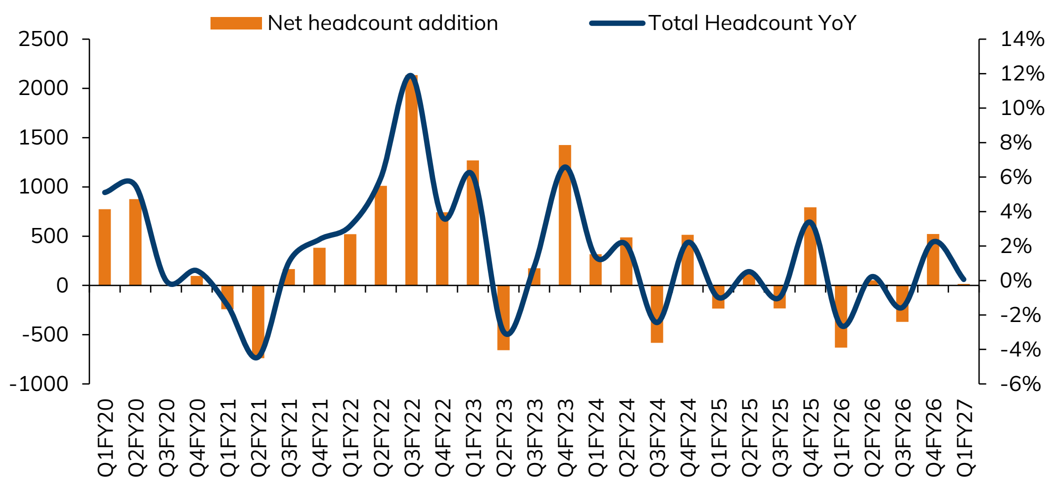
Source: I-Sec research, Company data |* Q4FY25, Q3FY26 margins have been re-stated

Exhibit 4: Broad based growth across top clients



Source: I-Sec research, Company data

Exhibit 5: Total headcount was up by 15 QoQ



Source: I-Sec research, Company data

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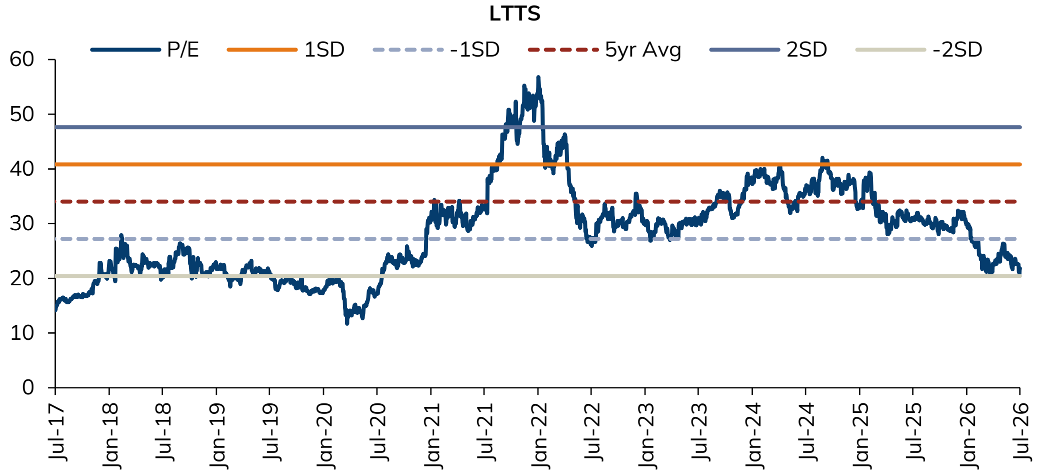
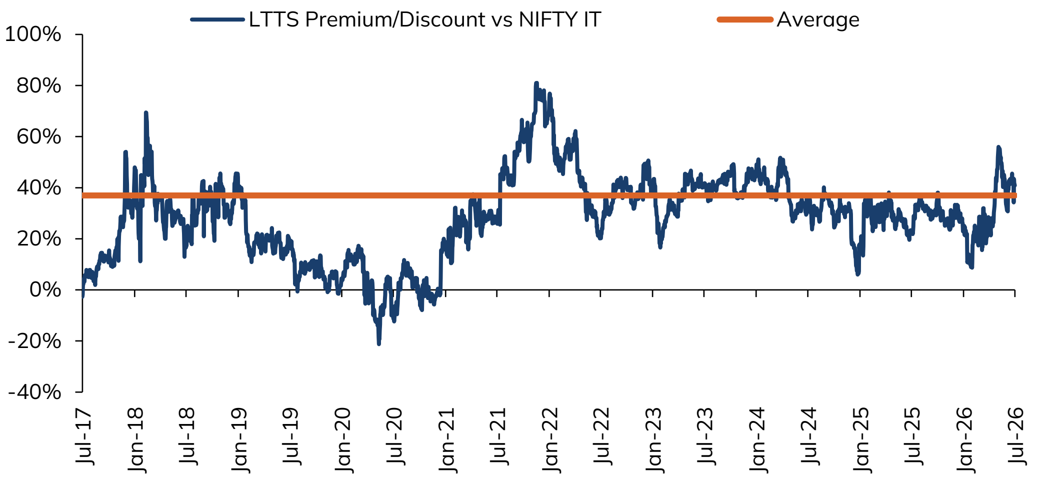
Exhibit 6: LTTS is trading at one-year forward P/E of 22x, below its 5-year average – 1SD P/E of 28x



Source: I-Sec research, Company data

Exhibit 7: LTTS is trading at 40.9% premium to NIFTY IT vs. its 5-year average premium of 37%



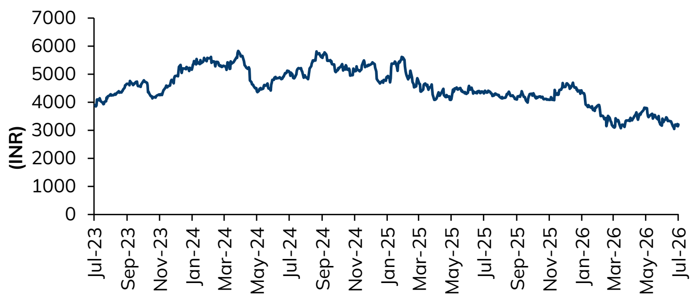
Source: I-Sec research, Company data

Exhibit 8: Shareholding pattern

%	Sep'25	Dec'25	Mar'26
Promoters	73.6	73.6	73.6
Institutional investors	18.8	18.8	18.8
MFs and others	4.1	4.3	4.3
FIs/Banks	0.4	0.4	0.4
Insurance	9.5	9.7	9.7
FIIs	4.8	4.4	4.4
Others	7.6	7.6	7.6

Source: Bloomberg, I-Sec research

Exhibit 9: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 10: Profit & Loss

(INR mn, year ending March)

	FY26A	FY27E	FY28E	FY29E
Net Sales (USD mn)	**1,233**	**1,298**	**1,464**	**1,626**
Net Sales (INR. mn)	**1,09,959**	**1,23,166**	**1,38,856**	**1,54,245**
Operating Expense	26,035	33,125	39,450	43,822
EBITDA	**19,350**	**23,545**	**27,201**	**30,215**
EBITDA Margin (%)	17.6	19.1	19.6	19.6
Depreciation & Amortization	3,452	3,767	4,289	4,765
EBIT	15,898	19,778	22,911	25,450
Interest expenditure	641	576	680	680
Other Non-operating Income	2,212	703	617	853
Recurring PBT	**17,469**	**19,905**	**22,849**	**25,624**
Profit / (Loss) from Associates	**-**	**-**	**-**	**-**
Less: Taxes	4,445	5,253	6,059	6,795
PAT	13,024	14,652	16,790	18,829
Less: Minority Interest	19	-	-	-
Net Income (Reported)	**12,300**	**14,652**	**16,790**	**18,829**
Extraordinaries (Net)	(724)	-	-	-
Recurring Net Income	**11,557**	**14,652**	**16,790**	**18,829**

Source Company data, I-Sec research

Exhibit 11: Balance sheet

(INR mn, year ending March)

	FY26A	FY27E	FY28E	FY29E
Total Current Assets	49,507	52,907	62,056	73,245
of which cash & cash eqv.	16,505	20,315	25,864	33,019
Total Current Liabilities & Provisions	25,715	24,515	24,515	24,515
Net Current Assets	**23,792**	**28,392**	**37,541**	**48,730**
Investments	14,286	18,971	18,971	18,971
Net Fixed Assets	8,703	8,300	8,304	8,308
ROU Assets	-	-	-	-
Capital Work-in-Progress	-	-	-	-
Goodwill	13,917	13,729	13,729	13,729
Other assets	18,476	12,394	12,394	12,394
Deferred Tax Assets	-	-	-	-
Total Assets	**79,174**	**81,786**	**90,939**	**1,02,132**
Liabilities				
Borrowings	**-**	**-**	**-**	**-**
Deferred Tax Liability	**-**	**-**	**-**	**-**
provisions	-	-	-	-
other Liabilities	14,252	12,126	12,126	12,126
Minority Interest	195	200	200	200
Equity Share Capital	212	212	212	212
Reserves & Surplus*	64,515	69,248	78,401	89,594
Total Net Worth	**64,727**	**69,460**	**78,613**	**89,806**
Total Liabilities	**79,174**	**81,786**	**90,939**	**1,02,132**

Source Company data, I-Sec research

Exhibit 12: Cashflow statement

(INR mn, year ending March)

	FY26A	FY27E	FY28E	FY29E
CFO before WC changes	17,450	19,905	22,849	25,624
CFO after WC changes	**16,783**	**19,115**	**19,249**	**21,590**
Tax Paid	(4,113)	(5,253)	(6,059)	(6,795)
Cashflow from Operations	14,551	17,502	17,542	19,386
Capital Commitments	1,851	3,176	4,293	4,769
Free Cashflow	**12,700**	**14,326**	**13,248**	**14,618**
Other investing cashflow	(2,577)	2,100	617	853
Cashflow from Investing Activities	**(4,428)**	**(1,076)**	**(3,676)**	**(3,916)**
Dividend and Buyback	(5,928)	(6,894)	(7,636)	(7,636)
Inc (Dec) in Borrowings	(1,924)	(2,126)	-	-
Others	(143)	(3,596)	(680)	(680)
Cash flow from Financing Activities	**(7,995)**	**(12,616)**	**(8,316)**	**(8,316)**
Chg. in Cash & Bank balance	**2,128**	**3,810**	**5,549**	**7,155**
Closing cash & balance	16,505	20,315	25,864	33,019

Source Company data, I-Sec research

Exhibit 13: Key ratios

(Year ending March)

	FY26A	FY27E	FY28E	FY29E
Per Share Data (INR)				
Reported EPS	116.1	138.1	158.3	177.5
Diluted EPS	109.1	138.1	158.3	177.5
Cash EPS	141.6	173.6	198.7	222.5
Dividend per share (DPS)	58.0	65.0	72.0	72.0
Book Value per share (BV)	610.8	654.7	741.2	846.7
Dividend Payout (%)	50.0	47.1	45.5	40.6
Growth (%)				
Net Sales	14.0	12.0	12.7	11.1
EBITDA	8.1	21.7	15.5	11.1
EPS	3.2	19.0	14.6	12.1
Valuation Ratios (x)				
P/E	28.4	23.8	20.8	18.5
P/CEPS	23.3	19.0	16.6	14.8
P/BV	5.4	5.0	4.4	3.9
EV / EBITDA	16.4	13.2	11.2	9.8
P/S	3.2	2.8	2.5	2.3
Dividend Yield (%)	1.8	2.0	2.2	2.2
Operating Ratios				
EBITDA Margins (%)	17.6	19.1	19.6	19.6
EBIT Margins (%)	14.5	16.1	16.5	16.5
Effective Tax Rate (%)	25.4	26.4	26.5	26.5
Net Profit Margins (%)	11.8	11.9	12.1	12.2
Inventory Turnover Days	-	-	-	-
Fixed Asset Turnover (x)	12.4	14.5	16.7	18.6
Receivables Days	75	70	76	76
Payables Days	-	-	-	-
Working Capital Days	31	23	26	32
Net Debt / EBITDA (x)	(8.9)	(10.4)	(10.5)	(10.9)
Profitability Ratios				
RoCE (%)	18.8	21.6	22.7	22.2
RoIC (%)	39.6	48.4	49.9	49.5
RoNW (%)	18.4	21.8	22.6	22.3

Source Company data, I-Sec research

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122