

**STOCK UPDATE**

Result Update - Q4FY2026

**SECTOR**

IT &amp; ITES

**COMPANY DETAILS**

Market cap:	Rs. 36,591 cr
52-week high/low:	Rs. 4726/3010
NSE volume: (No of shares)	1.5 lakh
BSE code:	540115
NSE code:	LTTS
Free float: (No of shares)	2.8 cr

Source: NSE, BSE, Mirae Asset Sharekhan Research

**SHAREHOLDING (%)**

Promoters	73.6
FII	3.9
DII	14.6
Others	7.9

Source: NSE, BSE, Mirae Asset Sharekhan Research

**PRICE CHART**


Source: NSE, BSE, Mirae Asset Sharekhan Research

**PRICE PERFORMANCE**

(%)	1m	3m	6m	12m
Absolute	9.9	-7.2	-15.5	-19.3
Relative to Sensex	4.6	-2.7	-8.4	-18.0

Source: Mirae Asset Sharekhan Research, Bloomberg

 Reco/View: **BUY**

 CMP: **Rs. 3,452**

 Price Target: **Rs. 3,880**
**Quick Snapshot**

- LTTS revenue fell 1.6% q-o-q (up 0.4% y-o-y) to \$306 million. Sequentially reflecting a deliberate shift towards improving the quality of revenue over the last two quarters with strategic portfolio rationalization. LTTS' made a conscious exit from low margin segment in addition to the divestment of SWC business.
- The portfolio rationalisations and divestments made the FY26 exit weaker than anticipated. That said, these were necessary steps towards building a higher-quality, more profitable business.
- The investment case for LTTS hinges on 1) Recovery across key verticals from Q1FY27, 2) Conversion of healthy deal pipeline into sustainable revenue ramp-ups, and 3) The company's ability to achieve its mid-16% EBIT margin guidance by Q4FY27.
- Accordingly, we maintain a Buy on LTTS with a PT of Rs. 3,880, valuing the company at 24x FY28E EPS.

**Result overview**

- **Q3 Scorecard:** Revenue from continuing operations stood at Rs 2,858 crore, up 2.5% q-o-q (+8.3% y-o-y). The numbers for Q4 and preceding quarters have been restated, excluding the effect of the SWC divestment. EBIT margin rose 42bps q-o-q to 15.2% (up 188 bps y-o-y).
- **SWC divestment:** Management divested the Smart World & Communications (SWC) business after three years as the Smart Cities segment failed to internationalise, as local governments prioritise domestic firms and job creation. While the Telco Infra and Cyber components successfully scaled globally with high margins and large accounts, LTTS decided to offload the India-centric Smart Cities operations to reallocate capital toward scalable, high-growth segments.
- **Lakshya FY31 Plan:** Under its five-year Lakshya 31 strategy, LTTS is doubling down on technology, manufacturing, and industrial domains, anchored by six high-conviction technology bets: (1) Software-Defined Mobility, (2) Plant Build-out & Modernization, (3) Digital Manufacturing & Industrial Automation, (4) Next-gen Compute & AI Infra, (5) Software Platforms & AI, and (6) MedTech. These bets are designed to drive compounding growth across all three verticals - Mobility, Sustainability, and Hi-Tech - while reinforcing LTTS's positioning as a global engineering intelligence partner.
- **Guidance:** Revenue CAGR of 13-15% eyed over FY27-FY31, EBIT margins seen at 16-17%, while the effective tax rate (ETR) is seen at 26.5-27.0%.

**Our Call**

With a record deal TCV of \$855 million providing strong revenue visibility, the stage is set for a broad-based recovery from Q1FY27. Sustainability remains the growth anchor, Mobility is inflecting, and Hi-Tech is bottoming out, management is confident of sequential growth across all three verticals going forward. The Lakshya 31 framework, anchored by six high-conviction technology bets including AI, provides a credible long-term roadmap targeting 13-15% CAGR and 16-17% EBIT margins through FY31. Accordingly, we maintain a buy rating on LTTS with a target price of 3,880, valuing the company at 24x FY28E EPS.

**Key Risks**

Slowdown in AI adoption, the rupee's appreciation and global macroeconomic uncertainties.

**Valuation**

Particulars	Rs cr			
	FY25	FY26E	FY27E	FY28E
Total Revenue	9,642.2	10,995.9	12,428.1	13,836.6
EBITDA margin %	18.6	17.6	18.4	18.8
Adjusted Net Profit	15.4	14.5	15.2	15.5
% YoY growth	1,266.7	1,279.2	1,505.2	1,716.1
EPS (Rs)	-2.8	1.0	17.7	14.0
PER (x)	119.4	120.8	142.0	161.9
P/BV (x)	36.2	25.8	24.2	21.2
EV/EBITDA	7.5	4.8	4.7	4.1
ROE (%)	24.7	22.2	18.4	15.7
ROCE (%)	22.2	19.8	20.5	20.6

Source: Company; Mirae Asset Sharekhan estimates

**Concall Highlights:**

- Overall, the sustainability vertical remains a strong anchor, mobility is showing early signs of recovery, and the Lakshya 31 framework provides a credible medium-term roadmap targeting 13-15% revenue CAGR with 16-17% EBIT margins through FY31. We would turn more constructive on the stock upon evidence of broad-based sequential growth momentum and sustained margin expansion, making current levels a reasonable accumulate-on-dips opportunity for long-term investors.
- **Mobility segment:** Revenues were flat q-o-q in Q4FY26, though over 40% of Q4 large deal wins originated from this segment, signaling an inflection from Q1FY27. Automobiles (North America) is showing positive sequential traction driven by increased SDV investments, while Aero & Rail remain resilient and Trucks & Off-Highway stays mildly subdued. LTTS is gaining traction in product and software lifecycle optimisation via GenAI and Agentic AI-led delivery models. North America leads with positive momentum in automotive SDV spends. Japan is registering steady growth through new program wins for future model launches. European OEMs continue to prioritise cost optimization, with LTTS well-positioned to capture vendor consolidation opportunities through strategic partnerships. Segment EBIT margin expanded 130bp QoQ to 16.1%, with further improvement expected as deal ramp-ups accelerate in FY27.
- **Sustainability:** Revenues grew 1.6% QoQ in Q4FY26, supported by strong execution of previously won deals, with over 50% of Q4 large deal TCV originating from this segment reinforcing its position as the strongest growth anchor within LTTS. Industrial sub-segment is benefiting from AI-led data center capex tailwinds globally, alongside robust demand in energy, automation, and industrial machinery, underpinned by US re-industrialization trends and a healthy large deal pipeline. Plant Engineering continues to see steady demand across O&G and CPG verticals, with LTTS expanding into LNG (Australia, Middle East, US) as a new adjacency, backed by a multi-year data modernization mandate win from a North American energy major. The first \$50 million+ client formally reported within Sustainability further validates deepening of strategic relationships, with client profile improvement expected to continue. Management expects growth momentum to sustain through FY27, driven by large deal ramp-ups across both Industrial and Plant Engineering sub-segments, with Sustainability now contributing 36% of overall revenues and targeting further share expansion under Lakshya 31.
- **Hi-Tech:** Revenues declined 6.3% q-o-q in Q4FY26, largely reflecting deliberate exits from non-strategic, low-margin accounts (\$19 million annualised revenue removed) across select geographies. The segment spans three sub-segments MedTech, Media & Technology (incl. semiconductor), and Software Platforms (incl. Intelliswift). Despite the revenue headwind, segment EBIT margin expanded a meaningful 210bp QoQ to 12.6%, driven by Intelliswift margin improvement and portfolio restructuring benefits, indicating improving underlying business quality. On the growth front, hyperscaler empanelment wins are expected to ramp up from 1QFY27, Media & Tech is rapidly evolving through AI-led platforms with incremental opportunities in semi-con and tech infrastructure accounts, and MedTech is gaining deal momentum across human biologics, drug delivery devices, and camera-based AI for operating rooms. With portfolio rationalization now largely complete and the base considered clean from Q1FY27, management is confident of sequential revenue recovery across all three sub-segments, with AI-led platforms and hyperscaler ramp-ups serving as the primary near-term growth catalysts.
- **Outlook:** Management has guided for broad-based sequential revenue recovery across all three verticals from 1QFY27. Sustainability is expected to sustain its growth momentum, Mobility has stabilized in Q4FY26 with sequential growth anticipated from 1QFY27, and Hi-Tech spanning MedTech, Media & Technology (incl. semiconductor) and software is also expected to return to sequential growth from the coming quarter. The quantum of growth across segments will be contingent on deal ramp-up execution as the quarter progresses.
- **Deal wins:** LTTS delivered ~\$200 million in large deal TCV for the sixth consecutive quarter (Q4 TCV: \$182 million), with FY26 full-year TCV touching a record \$855mn, up 40% y-o-y. Deal wins were broad-based, with Sustainability contributing over 50% and Mobility over 40% of Q4 large deal wins. While deal momentum remains healthy, deal conversion and ramp-up execution remain the key monitorables for a more consistent growth trajectory. Structural tailwinds including US re-industrialisation, AI-led data center capex, and hyperscaler empanelment ramp-ups from 1QFY27 are expected to sustain pipeline momentum through FY27, supporting management's aspiration of above-industry growth under Lakshya 31.
- **Details:** The board approved the final dividend of INR40/share. Portfolio rationalization is now largely complete, with \$19 million in annualised low-margin revenue exits and SWC divestment fully absorbed, establishing a clean base from Q1FY27 onwards.

**Results**

Particulars	Rs cr				
	Q4FY26	Q4FY25	Q3FY26	YoY (%)	QoQ (%)
<b>Revenues in USD (Mn)</b>	<b>306</b>	<b>305</b>	<b>311</b>	<b>0.4</b>	<b>-1.6</b>
<b>Revenues in INR</b>	<b>2,858</b>	<b>2,638</b>	<b>2,787</b>	<b>8.3</b>	<b>2.5</b>
Employee benefit expenses	1,682	1,549	1,624	8.6	3.5
<b>Gross Profit</b>	<b>1,176</b>	<b>1,089</b>	<b>1,163</b>	<b>8.0</b>	<b>1.1</b>
Operating expenses	655	657	664	-0.3	-1.4
<b>EBITDA</b>	<b>521</b>	<b>433</b>	<b>499</b>	<b>20.5</b>	<b>4.6</b>
Depreciation	87	81	86	6.9	0.5
<b>EBIT</b>	<b>435</b>	<b>352</b>	<b>412</b>	<b>23.6</b>	<b>5.5</b>
Other income	55	49	33	12.6	66.1
Finance cost	17	16	15	6.9	14.1
<b>PBT</b>	<b>473</b>	<b>385</b>	<b>431</b>	<b>22.9</b>	<b>9.8</b>
Provision for taxation	116	106	103	10.1	12.7
PAT before MI	357	280	328	27.7	8.9
Minority Interest	-1	1	-1	-166.7	20.0
Exceptional Items	37	0	35	NA	NA
Reported PAT after MI	319	280	292	13.9	9.5
<b>Adj. PAT after MI</b>	<b>356</b>	<b>280</b>	<b>327</b>	<b>27.1</b>	<b>8.9</b>
EPS (Rs)	34	26	31	27.1	8.9
<b>Margin (%)</b>					
GPM	41.2	41.3	41.7	-14	-57
EBITDA	18.2	16.4	17.9	184	36
EBIT	15.2	13.3	14.8	188	42
NPM	12.5	10.6	11.7	184	73
Tax Rate	24.6	27.4	23.9	-285	62

Source: Company; Mirae Asset Sharekhan Research

**Geography Mix (%)**

Particulars	Q4FY26	Q4FY25	Q3FY26	YoY in bps	QoQ in bps
North America	60.4	58.7	59.6	170	80
Europe	18.3	18.7	18.4	-40	-10
India	13.3	14.4	14.2	-110	-90
ROW	8.0	8.1	7.8	-10	20
North America	184.8	179.0	185.4	3.3	-0.3
Europe	56.0	57.0	57.2	-1.8	-2.2
India	40.7	43.9	44.2	-7.3	-7.9
ROW	24.5	24.7	24.3	-0.9	0.9

Source: Company; Mirae Asset Sharekhan Research

**Vertical Mix (%)**

Particulars	Q4FY26	Q4FY25	Q3FY26	YoY in bps	QoQ in bps
Mobility	32.0	33.1	31.6	-110	40
Sustainability	36.0	32.6	34.1	340	190
Hi-tech	32.0	34.4	34.3	-240	-230
Vertical Revenue (in USD Mn)					
Mobility	97.9	100.9	98.3	-3.0	-0.4
Sustainability	110.2	99.4	106.1	10.8	3.8
Hi-tech	97.9	104.9	106.7	-6.6	-8.2

Source: Company; Mirae Asset Sharekhan Research

**Additional Data**
**Top 10 shareholders**

Sr. No.	Holder Name	Holding (%)
1	LIC	6.92
2	SBI Funds Management	1.95
3	Seafarer Capital	1.42
4	Seafarer Overseas Growth	1.21
5	Vanguard Group	1.07
6	Sundaram AMC	0.68
7	ICICI Pru AMC	0.4
8	LIC Pension Fund	0.38
9	HDFC AMC	0.34
10	Axis AMC	0.26

Source: Bloomberg

**Key management personnel**

Name	Designation
Rajeev Gupta	CFO
Amit Chadha	CEO & MD
Sandesh Naik	Head - IR

Source: Company Website

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