kotak Securities

Dated: 16 Jan 2026

L&T Technology Services (LTTS) - REDUCE

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.4244	**Rs.4300**

Rationale:

- Profitability focus intensifies, growth moderates.
- LTTS reported a mixed quarter, as revenue declined sharply in low-margin businesses following a reprioritization exercise during the quarter.
- Most of the impact stemmed from parts of the SWC portfolio.
- Operating profit was slightly below estimates, although margins expanded meaningfully.
- The revenue churn will weigh on FY27E growth.
- We roll forward & revise our FV to Rs4,300 (from Rs4,350), valuing the company at 27x Dec’27E PE. Retain REDUCE.

Positives:

- EBIT margin improved 120 bps qoq to 14.6% (Kotak: 14.2%).

Negatives:

- LTTS reported a 2.8% qoq decline in c/c revenues (Kotak: +1.5%).
- Reported revenues were $32.63 cr, down 3.2% qoq.
- Adj. net profit was Rs329.1 cr (Kotak: Rs340.6 cr), up 2.1% yoy.
- LTTS cut its FY26E revenue growth outlook to mid-single digits (from double digits earlier).

EBIT: Earnings Before Interest and Tax. CC: Constant Currency. SWC: Smart World & Communication.

Holding Period: 12 months

Rating Scale (Private Client Group)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
RS	–	**Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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