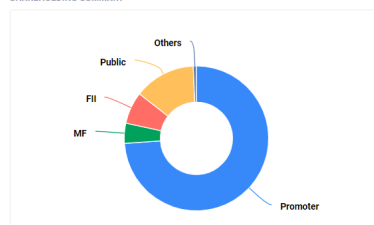


# L&T Technology Services Limited.

- **General Overview** - L&T Technology Services Limited (LTTS) is a global leader in Engineering and R&D (ER&D) services. With 816 patents filed for 57 of the Global Top 100 ER&D spenders, LTTS lives and breathes engineering and technology. Their innovations speak for themselves – World's 1st Autonomous Welding Robot, Solar 'Connectivity' Drone, and the Smartest Campus in the World, to name a few. LTTS' expertise in engineering design, product development, smart manufacturing, and digitalization touches every area of our lives - from the moment we wake up to when we go to bed. With 79 Innovation and R&D design centers globally, they specialize in disruptive technology spaces such as EACV, Med Tech, 5G, AI, and Digital Products, Digital Manufacturing, and Sustainability. LTTS is a publicly listed subsidiary of Larsen & Toubro Limited, the \$21 billion Indian conglomerate operating in over 30 countries.
- **Shareholding pattern of the company** - The shareholding pattern of the company is listed below.
  - Promoters have decreased holdings from 73.93% to 73.90% in Mar 2022 qtr
  - FII/FPI have decreased holdings from 9.23% to 7.14% in Mar 2022 qtr
  - The number of FII/FPI investors decreased from 285 to 269 in Mar 2022 qtr
  - Mutual Funds have decreased holdings from 4.80% to 4.49% in Mar 2022 qtr
  - The number of MF schemes increased from 23 to 26 in Mar 2022 qtr.
  - Institutional Investors have decreased holdings from 14.65% to 12.34% in Mar 2022 qtr

SHAREHOLDING SUMMARY



HISTORICAL PROMOTOR HOLDING



HISTORICAL MF HOLDING



HISTORICAL FII HOLDING



#### Shareholding Pattern - L&T Technology Services Ltd.

Holder's Name	No of Shares	% Share Holding
NoOfShares	105532167	100%
Promoters	77986899	73.9%
ForeignInstitutions	7539365	7.14%
NBanksMutualFunds	4736308	4.49%
Others	6770268	6.42%
GeneralPublic	7751048	7.34%
FinancialInstitutions	748279	0.71%

#### • Management of the company -



**Mr. A. M. Naik** is the Chairman of LTTS. He is also the Chairman of the L&T Group of Companies – the Group that he has served for over five decades and led for the last two. Mr. Naik is credited with initiating the process of articulating a new vision for the Company with unprecedented weightage for IT and technology-related services. He is the architect of a transformation that saw the organization re-structure its portfolio, focusing on carefully curated business lines, accelerating the pace of growth, and boosting shareholder value many times.



**Mr. S.N. Subrahmanyam** is Vice Chairman, LTTS, as well as the Chief Executive Officer and Managing Director of Larsen & Toubro. In addition, he is Vice Chairman on the Board of L&T Infotech Limited (LTI) and Non-Executive Chairman of L&T Metro Rail (Hyderabad) Limited.

Mr. Subrahmanyam, or SNS as he is known in industry circles, took over the reins in July 2017 having previously, as Deputy Managing Director and President, L&T, headed the construction business of the group.



**Mr. Amit Chadha** is the Chief Executive Officer & Managing Director of L&T Technology Services Limited (LTTS) responsible for providing business & technology leadership, market direction, and strategic vision to drive the company's performance. Amit was previously Deputy CEO & Whole Time Director, running the gamut of business operations, delivery, and sales & marketing at LTTS, and preparing the technology roadmap for the company's future. Amit led LTTS' executive management team that oversaw the organization's business.



**Mr. Abhishek** is the Chief Operating Officer (COO) & Whole Time Director at LTTS, focusing on quality, cost-efficient delivery, and client and employee satisfaction. Key Vertical and Horizontal Heads roll up to him. A professional with over two decades of industry experience, Abhishek has a demonstrated track record in Business Leadership in both Engineering and Enterprise Software areas.



**Ms. Apurva Purohit** is the President of the Jagran Group, one of India's largest multi-media conglomerates. She was responsible for creating Lodestar, one of the largest media agencies in the country today, and envisioning Times of India's entry strategy into television. She has also worked on famed turnarounds like Zee TV and is also credited with the listing of Radio City on the stock exchanges in 2017, one of the very few successful IPOs at that time. She along with 4 others are Independent Directors.

- **SWOT Analysis of the company** - SWOT Analysis is a strategic methodology to analyze the - Strengths & Weaknesses that L&T Technology Services possess, and the Opportunities & Threats that the firm faces because of competitive and macroeconomic factors prevalent in India. SWOT analysis provides key insights into both internal and external factors that can impact the performance of an organization. It can help the leadership of the organization to optimize performance, look for new opportunities, manage competition, maximize return on resources employed, and minimization of various business and policy-making risks.
  - **Strengths :**
    - **High margins compared to the Construction Services industry's competitors** - Even though L&T Technology Services is facing downward pressure on profitability, compare to competitors it is still racking in higher profit margins.
    - **The success of new product mix** - L&T Technology Services provides exhaustive product mix options to its customers. It helps the company in catering to various customer segments in the Construction Services industry.
    - **Talent management at L&T Technology Services and skill development of the employees** - Human resources are integral to the success of L&T Technology Services in the Construction Services industry.
    - **Brands catering to different customer segments within the Construction Services segment** - L&T Technology Services' extensive product offerings have helped the company to penetrate different customer segments in Construction Services segment. It has also helped the organization diversify its revenue streams.
    - **Strong brand recognition** - L&T Technology Services products have strong brand recognition in the Construction Services industry. This has enabled the company to charge a premium compared to its competitors in the Construction Services industry.
    - **Market Leadership Position** - L&T Technology Services has a strong market leadership position in the Construction Services industry. It has helped the company to rapidly scale new product successes.
  - **Weaknesses :**
    - **High turnover of employees** at the lower levels is also a concern for L&T Technology Services. It can lead to higher salaries to maintain the talent within the firm.

- **The extra cost of building** a new supply chain and logistics network - Internet and Artificial Intelligence has significantly altered the business model in the Capital Goods industry and given the decreasing significance of the dealer network, L&T Technology Services has to build a new robust supply chain network. That can be extremely expensive.
- **Gross Margins and Operating Margins** which could be improved going forward may put pressure on the L&T Technology Services financial statement.
- **High cost of replacing existing experts** within the L&T Technology Services. Few employees are responsible for the L&T Technology Services' knowledge base and replacing them will be extremely difficult in the present conditions.
- **The business Model** of L&T Technology Services can be easily imitated by competitors in the Construction Services industry. To overcome these challenges company name needs to build a platform model that can integrate suppliers, vendors, and end-users.
- **Low investments into L&T Technology Services'** customer-oriented services - This can lead to competitors gaining an advantage in the near future. L&T Technology Services needs to increase investment into research and development, especially in customer services-oriented applications.
- **Opportunities :**
  - **Opportunities in Online Space** - Increasing adoption of online services by customers will also enable L&T Technology Services to provide new offerings to the customers in the Construction Services industry.
  - **Increasing government regulations** are making it difficult for un-organized players to operate in the Construction Services industry. This can provide L&T Technology Services an opportunity to increase the customer base.
  - **The trend of customers migrating to higher-end products** - Represents a great opportunity for L&T Technology Services, as the firm has strong brand recognition in the premium segment, and customers have experience with excellent customer services provided by L&T Technology Services brands in the lower segment. It can be a win-win for the company and provides an opportunity to increase profitability.
  - **Lowering the cost of new product launches** through third-party retail partners and dedicated social networks. L&T Technology

Services can use the emerging trend to start small before scaling up after the initial success of a new product.

- **Local Collaboration** - Tie-up with local players can also provide opportunities for growth for L&T Technology Services in international markets. The local players have local expertise while L&T Technology Services can bring global processes and execution expertise to the table.
- **Increasing customer base in lower segments** - As customers have to migrate from un-organized operators in the Capital Goods industry to licensed players. It will provide L&T Technology Services an opportunity to penetrate the entry-level market with a no-frill offering.

○ **Threats :**

- **The growing technological expertise of local players in the export market** - One of the biggest threats of tie-up with the local players in the export market for L&T Technology Services is the threat of losing IPR. The intellectual property rights framework is not very strong in emerging markets, especially in China.
- **Competitors catching up with the product development** - Even though at present L&T Technology Services is still the leader in product innovation in the Construction Services segment. It is facing stiff challenges from international and local competitors.
- **Shortage of skilled human resources** - Given the high turnover of employees and increasing dependence on innovative solutions, the company name can face skilled human resources challenges in the near future.
- **Trade relations between US and China can affect L&T Technology Services' growth plans** - This can lead to a full-scale trade war which can hamper the potential of L&T Technology Services to expand operations in China.
- **Saturation in the urban market and stagnation in the rural markets** - For L&T Technology Services this trend is an ongoing challenge in the Construction Services segment. One of the reasons is that the adoption of products is slow in the rural markets. Secondly, it is more costly for L&T Technology Services to serve rural customers than urban customers given the vast distances and lack of infrastructure.
- **Competitive pressures** - As the new product launch cycles are reducing in the Capital Goods industry. It has put additional competitive pressures on players such as L&T Technology Services. Given the large customer base, L&T Technology



Services can't respond quickly to the needs of the niche markets that disruptors are focusing on.

- **Competitive Analysis of the company** -

- The current price is more than the intrinsic value
- The stock has been generating a better return on equity than bank FD
- Stock doesn't offer attractive dividend returns
- Good time to consider, as stock is not in the overbought zone
- Stock is not in ASM/GSM lists and not a lot of promoter holding is pledged

Now, let us compare the company with TATA Elxsi Ltd, Oracle Financial Services Software Ltd, and Persistent Systems Ltd.

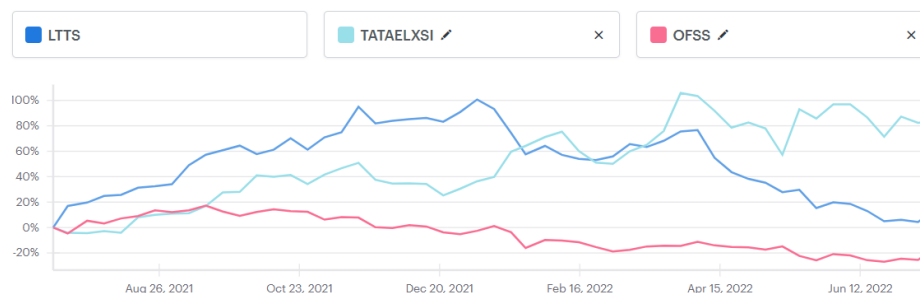
Stock	PE Ratio	PB Ratio	Dividend Yield
L&T Technology Services Ltd	34.43	7.89	1.12%
Tata Elxsi Ltd	90.56	31.09	0.53%
Oracle Financial Services Software Ltd	14.65	3.90	—
Persistent Systems Ltd	36.43	7.47	0.94%

Stock	Volatility	RSI - 14D
L&T Technology Services Ltd	40.44%	54.82
Tata Elxsi Ltd	46.22%	75.26
Oracle Financial Services Software Ltd	30.06%	68.82
Persistent Systems Ltd	40.93%	60.59

#### Price Comparison

Compare LTTS with any stock or ETF

Comparing from Jul 10, 2021 → Jul 10, 2022



- **Conclusion** - L&T Technology Services is an engineering services company based in Vadodara, Gujarat. It operates as a subsidiary of the conglomerate Larsen & Toubro and is listed on the National Stock Exchange and the Bombay Stock Exchange. Large deal momentum has become a regular feature at LTTS. The Airbus win came due to the fact that LTTS is one of the best engineering and research development firms in the Indian subcontinent. These days the company receives such accolades because LTTS has developed strong domain knowledge in engineering research and development (ER&D). LTTS is the largest pureplay engineering services firm in India and can grow into a dominant position and command a formidable space. Besides, engineering and research & development are fields with enormous growth prospects. LTTS is also a specialist in disruptive technology such as 5G, artificial intelligence, collaborative robots, digital factory, and autonomous robots. With more than 70 labs across the world, very few companies can match the scale of innovation possible from LTTS.