

# IT Services

## 4QFY25 Preview: Defer or de-rail?

A weak 4Q was in the guide. Elevated uncertainty – both regulatory and economic – means actual performance could turn out to be weaker. As we noted in [Cloud \(of the wrong variety\) on the horizon?](#), there have been sporadic instances of pauses, even ramp-downs through the quarter. We therefore expect the companies (who guide) to be in the bottom-half of their guided band. Overall, we expect (1.4)-0.2% cc QoQ growth for large-caps. Mid-caps under coverage should do better (0.6-3.3%). KPIT, among Auto ER&D, will likely grow 3% cc, defying the gloomy environment. Clients' CY25 IT budgets, as alluded by Accenture (ACN US; Not Rated), are likely flat. Discretionary spend still constrained. Rising uncertainty, especially with reciprocal tariffs about to be rolled out, could colour players' outlook – and guidance. We expect INFO's FY26 guidance to be 3-5% cc. HCL could guide 3-5% too, but aided by 1ppt in-organic contribution. The key questions investors need answer to is whether the current uncertainty will defer or derail the recovery. We refer back to our excess IT spend and US Bank' spend normalisation thesis (exhibit 7-10). We are, at this stage, leaning towards the "defer" argument. However, till the clarity emerges, we advise sticking to players with valuation comfort (TCS/INFO) and earnings visibility (TCS, TECHM). Mid-caps, with growth momentum and recent correction, offer healthy upside.

- 4QFY25 revenue growth –Mixed:** We expect large-cap IT Services players (top-6) to report -1.4% to +0.2% cc QoQ growth in 4Q. USD revenue growth could be lower by 20-50bps. 4Q growth across large-caps will be hindered by both sectoral as well as specific factors, we believe. Lower working days and a still constrained discretionary environment apply to all. Additionally, there are specific headwinds for INFO (normalisation of third party items for sales), TCS (BSNL ramp-down), HCL (Verizon anniversary + Retail/CPG project completion), TECHM (low margin project termination) and LTIM (productivity pass-back to the top-account). Among mid-caps, momentum for PSYS (3.5%), Coforge (3%) and Mphasis (3.1%) should sustain. KPIT will likely be the only exception among Auto ER&D players to report positive growth (3%), underlining its execution rigour.
- Margins – takes outweigh puts:** We expect top-6 players to report (120)-10 bps QoQ margin expansion. Barring USD-INR depreciation (tailwind) and lower working days (headwind), each player is battling its own set of puts and takes. For TCS, benefit of BSNL ramp-down is offset by reinvestment into talent and infra. INFO has to deal with wage hike, visa cost, higher marketing expenses which will be partially offset by lower cost of third party items (COT). HCLT's margin will be weighed down by lower software sales and partial wage hike. LTIM's change of guard, apart from weakness in Hi-Tech (higher margin segment) could delay recovery. TECHM should absorb wage hike impact through project Fortius. Mid-caps should do better. Auto ER&D's margins will likely be flattish.
- Outlook, guidance and things to watch out:** With recovery in discretionary spend less visible, spotlight will be back on larger deals (Exhibit 6). TCS (Coop Denmark, Northern Trust) and WPRO (Phoenix Group) have likely done better this quarter among large-caps. Among mid-caps, Coforge, on the back of USD 1.56bn TCv Sabre deal, could report USD 2bn+ TCv, substantially improving its FY26 revenue visibility. Mphasis and KPIT's deal momentum should sustain. We expect 3-5%, 3-5% and 12-14% cc YoY revenue growth guidance from INFO, HCLT and KPIT respectively. WPRO could guide for -1% to +1% cc QoQ for Q1FY25. Any slowdown in US BFSI could be concerning. Current environment limits visibility. But our baseline hypothesis is deferral in spend, instead of curtailment. Large-deal led growth however means margin pressure may not relent.
- Cut FY26E revenues/PE multiples:** We have lowered our FY26E cc revenue growth for top-6 from 4.4-7.8% earlier to 2.7-5.8% now. For mid-caps, estimates are largely unchanged. EPS changes track top-line estimates. We cut PER multiples across the board to account for lower visibility. Players with healthy order book (TCS, INFO, PSYS, COFORGE) should see lesser revenue variability, in our view. FY26 earning resilience will however be higher where margin outlook is strong (TCS, TECHM). These two are our preferred large-cap picks. Among mid-caps, we see value emerging in Mphasis.



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Tier I	Rating	Target Multiple	TP (INR)	Upside
TCS	BUY	25x	4,240	17.6%
Infosys	BUY	24x	1,820	15.9%
HCL Tech	HOLD	22x	1,610	1.1%
Wipro	BUY	21x	310	18.2%
TechM	BUY	20x	1,600	12.8%
LTIM	SELL	22x	4,110	-8.5%
Tier II	Rating	Target Multiple	TP	Upside
Mphasis	BUY	25x	3,050	22.0%
Persistent	BUY	45x	6,470	17.3%
Coforge	BUY	38x	9,610	18.5%
Hexaware	BUY	30x	880	25.6%
Auto ERD	Rating	Target Multiple	TP	Upside
Tata Tech	BUY	40x	870	28.0%
KPIT Tech	BUY	40x	1,650	26.2%
Health BPO	Rating	Target Multiple	TP	Upside
Sagility	BUY	35x	70	63.1%
IKS	HOLD	30x	1,550	1.4%

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## Key Exhibits: 4QFY25 preview

## Exhibit 1. 4QFY25 expectations for JMF IT Services coverage universe

INR mn, unless specified	4QFY25E	3QFY25	4QFY24	QoQ change	YoY change	Comments
<b>Infosys</b>						
Revenue growth (QoQ CC)	<b>-1.4%</b>	<b>1.7%</b>	<b>-2.2%</b>	-310 bps	80 bps	<ul style="list-style-type: none"> <li>We expect 15bps QoQ cross-currency headwind</li> </ul>
Revenues (USD Mn)	4,861	4,939	4,564	-1.6%	6.5%	<ul style="list-style-type: none"> <li>INFO's growth headwinds: a) lower billing days; b) normalisation of third party items for sale (+1.5% QoQ in 3Q). Tailwind: lower furloughs</li> </ul>
Revenues	416,171	417,640	379,230	-0.4%	9.7%	
EBIT	84,722	89,120	76,210	-4.9%	11.2%	
EBIT , %	20.4%	21.3%	20.1%	-100 bps	30 bps	<ul style="list-style-type: none"> <li>INFO's margin headwinds: a) wage hike (5-8% for offshore); b) Visa cost; c) lower billing days; d) higher marketing expenses. Tailwind: a) lower COT; b) Project Maximus led efficiency gains</li> </ul>
Net profits	64,884	68,060	79,690	-4.7%	-18.6%	<ul style="list-style-type: none"> <li>Expect Infosys to guide 3%-5% YoY cc for FY26</li> </ul>
<b>TCS</b>						
Revenue growth (QoQ CC)	<b>-0.1%</b>	<b>0.0%</b>	<b>1.1%</b>	-10 bps	-120 bps	<ul style="list-style-type: none"> <li>We expect cc revenue growth of -0.1% with c.50bps cross currency tailwind translating into -0.6% QoQ USD rev growth</li> </ul>
Revenues (USD Mn)	7,495	7,539	7,363	-0.6%	1.8%	
Revenues	643,510	639,730	612,370	0.6%	5.1%	<ul style="list-style-type: none"> <li>We estimate c.USD 75mn decline in BSNL deal; ex regional markets (where BSNL is housed), we expect +1% cc QoQ .</li> </ul>
EBIT	157,116	156,570	159,180	0.3%	-1.3%	
EBIT , %	24.4%	24.5%	26.0%	-10 bps	-160 bps	<ul style="list-style-type: none"> <li>On margins, we expect TCS to reinvest margin benefit from BSNL decline into talent and infrastructure.</li> </ul>
Net profits	123,567	123,800	124,340	-0.2%	-0.6%	
<b>Wipro</b>						
<b>IT Services</b>						
Revenue growth (QoQ CC)	<b>0.1%</b>	<b>0.1%</b>	<b>-0.3%</b>	bps	40 bps	<ul style="list-style-type: none"> <li>We expect WPRO to land at mid-point of its -1% to +1% cc QoQ guided band; ~20bps cross currency headwind should result in a -0.1% QoQ USD revenue growth for IT Services</li> </ul>
Revenues - IT (USD Mn)	2,626	2,629	2,657	-0.1%	-1.2%	<ul style="list-style-type: none"> <li>WPRO's growth will still be the best among top-5; aided likely by sustained momentum in CAPCO, which will be partially offset by softness in Europe/E&amp;U</li> </ul>
IT services Revenues	226,702	222,851	220,796	1.7%	2.7%	
EBIT - IT Services	39,566	38,990	36,194	1.5%	9.3%	
IT Services EBIT , %	17.5%	17.5%	16.4%	bps	110 bps	<ul style="list-style-type: none"> <li>We expect WPRO's margins to remain stable as wage hike is behind.</li> </ul>
<b>Consolidated</b>						
Consolidated Revenues	227,761	223,188	222,083	2.0%	2.6%	<ul style="list-style-type: none"> <li>Recent GBP 500mn deal win from Phoenix Group should improve revenue visibility for WPRO getting into FY26. We expect Wipro to guide for a -1 to +1% QoQ cc growth in 4QFY25.</li> </ul>
Consolidated EBIT	39,399	38,556	35,502	2.2%	11.0%	
Consolidated EBIT , %	17.3%	17.3%	16.0%	bps	130 bps	
Net profits	34,725	33,538	28,347	3.5%	22.5%	
<b>HCL Tech</b>						
Revenue growth (QoQ CC)	<b>-1.1%</b>	<b>3.8%</b>	<b>0.3%</b>	-490 bps	-140 bps	<ul style="list-style-type: none"> <li>We est. c.22 bps cross currency headwind for HCL</li> </ul>
Revenues (USD mn)	3,487	3,533	3,430	-1.3%	1.7%	<ul style="list-style-type: none"> <li>We are building -0.75%/5.1%/-14% QoQ growth in IT Services/ERS/ Product &amp; Platform business in USD terms.</li> </ul>
Revenues	299,864	298,900	284,990	0.3%	5.2%	
EBIT	54,921	58,210	50,180	-5.7%	9.4%	<ul style="list-style-type: none"> <li>We have built USD 50mn contribution from CTG (part of ERS), which implies an incremental contribution of c.USD 32mn (90bps QoQ)</li> </ul>
EBIT , %	18.3%	19.5%	17.6%	-120 bps	70 bps	<ul style="list-style-type: none"> <li>Expect 120bps EBIT margin decline led by lower contribution of Software sales; Residual wage hike will have -50bps QoQ impact</li> </ul>
Net profits	43,326	45,910	39,860	-5.6%	8.7%	
<b>Tech Mahindra</b>						
Revenue growth (QoQ CC)	<b>-0.7%</b>	<b>1.2%</b>	<b>-0.8%</b>	-190 bps	10 bps	<ul style="list-style-type: none"> <li>We expect TechM to report -0.7% cc growth, 50bps currency headwind should result in a -1.2% USD revenue.</li> </ul>
Revenues (USD mn)	1,549	1,567	1,548	-1.2%	0.1%	<ul style="list-style-type: none"> <li>We expect Telecom/Enterprise segment to decline -0.5%/-1.5% QoQ; Comviva seasonality to aide Telecom</li> </ul>
Revenues	133,730	132,856	128,713	0.7%	3.9%	
EBIT	13,452	13,502	9,464	-0.4%	42.1%	
EBIT* , %	10.1%	10.2%	7.4%	-10 bps	270 bps	<ul style="list-style-type: none"> <li>Expect 10bps sequential decline in EBIT margin as TECHM absorbs wage hike through Project Fortius gains; expect deal wins in USD 600-800mn</li> </ul>
Net profits	10,575	9,832	6,610	7.6%	60.0%	
<b>LTIMindtree</b>						
Revenue growth (QoQ CC)	<b>0.2%</b>	<b>1.8%</b>	<b>-1.3%</b>	-160 bps	150 bps	<ul style="list-style-type: none"> <li>We est 0.2% QoQ cc rev. growth with a 35bps cross currency tailwind translating into -0.1% QoQ USD rev growth.</li> </ul>
Revenues (USD mn)	1,138	1,139	1,069	-0.1%	6.4%	<ul style="list-style-type: none"> <li>We expect Hi-tech (productivity pass-back) and Manufacturing (lower pass-through) to be soft; negating lower furloughs' impact</li> </ul>
Revenues	98,201	96,609	88,929	1.6%	10.4%	
EBIT	13,595	13,289	13,087	2.3%	3.9%	
EBIT , %	13.8%	13.8%	14.7%	10 bps	-90 bps	<ul style="list-style-type: none"> <li>Expect marginal improvement in EBIT margins (+10bps QoQ) as decline in high margin Hi-tech segment will weigh</li> </ul>
Net profits	11,306	10,854	10,999	4.2%	2.8%	
<b>Mphasis</b>						
Revenue growth (QoQ CC)	<b>3.2%</b>	<b>0.2%</b>	<b>1.8%</b>	300 bps	140 bps	<ul style="list-style-type: none"> <li>We est 3.2% QoQ cc rev. growth with a 30bps cross currency headwind translating into 2.9% QoQ USD rev growth.</li> </ul>
Revenue (USD Mn)	432	419	411	2.9%	5.1%	<ul style="list-style-type: none"> <li>Reversal of furloughs (c.USD 8mn benefit) and ramp-up of recent deal wins should aide growth, in-line with management's 3Q view</li> </ul>
Revenue (INR Mn)	37,262	35,565	34,150	4.8%	9.1%	
EBIT	5,649	5,410	5,110	4.4%	10.5%	
EBIT margin (%)	15.2%	15.2%	15.0%	-10 bps	20 bps	<ul style="list-style-type: none"> <li>We expect net new TCV to sustain at USD 350mn+ range; Expect margins to remain flat as large deal transition cost offsets higher growth benefit</li> </ul>
Net profit	4,309	4,280	3,932	0.7%	9.6%	

INR mn, unless specified	4QFY25E	3QFY25	4QFY24	QoQ change	YoY change	Comments
<b>Persistent</b>						
<b>Revenue growth (QoQ CC)</b>	<b>3.3%</b>	<b>4.3%</b>	<b>3.4%</b>	-90 bps	-10 bps	<ul style="list-style-type: none"> <li>We expect a healthy 3.3% cc QoQ growth, led by ramp-up across BFSI, Healthcare and some uptick in hi-tech</li> <li>Renewals in the base could mean TCV could be soft sequentially; but expect YoY TCV/ACV growth to sustain</li> <li>Expect margin expansion to continue despite benefits of earn-out reversal receding</li> </ul>
Revenues (USD mn)	372	360	311	3.3%	19.7%	
Revenues	32,003	30,623	25,905	4.5%	23.5%	
EBIT	4,968	4,557	3,744	9.0%	32.7%	
EBIT , %	15.5%	14.9%	14.5%	60 bps	110 bps	
Net profits	3,938	3,730	3,153	5.6%	24.9%	
<b>Hexaware</b>						
<b>Revenue growth (QoQ CC)</b>	<b>0.6%</b>	<b>0.2%</b>		40 bps		<ul style="list-style-type: none"> <li>We expect 0.6% cc QoQ revenue growth in a seasonally soft quarter</li> <li>Our 1Q estimate translates into 13% YoY growth, which is a better way to gauge Hexaware's performance</li> <li>Expect 20bps QoQ improvement in adjusted EBITDA margin; slightly higher ERP expense estimate means reported EBITDA margin could dip marginally</li> </ul>
Revenues (USD mn)	373	372		0.3%		
Revenues	32,297	31,544		2.4%		
EBIT	4,131	4,141		-0.2%		
EBIT , %	12.8%	13.1%		-30 bps		
Net profits	3,157	3,207		-1.6%		
<b>Coforge*</b>						
<b>Revenue growth(QoQ cc)</b>	<b>3.2%</b>	<b>8.4%</b>	<b>2.5%</b>	-520 bps	70 bps	<ul style="list-style-type: none"> <li>We expect a 3.2% QoQ c/c revenue with ~160bps cross currency headwind translating into 1.6% QoQ USD growth.</li> <li>We expect Sabre deal to have smaller impact this quarter; but should aid growth from 1Q onwards; That could have some adverse impact on margins/utilisation though in 4Q</li> <li>We expect reported EBITDA margin to improve by 107bps QoQ led by growth, despite Sabre transition cost</li> </ul>
Revenues (USD mn)	403	397	341	1.6%	18.2%	
Revenues	34,154	33,228	28,142	2.8%	21.4%	
EBIT	4,297	3,922	3,848	9.5%	11.6%	
EBIT , %	12.6%	11.8%	13.7%	80 bps	-110 bps	
Net profits	2,571	2,155	2,669	19.3%	-3.7%	
<b>Tata Technologies</b>						
<b>Revenue growth (QoQ cc)</b>	<b>-2.4%</b>	<b>1.7%</b>	<b>0.3%</b>	-410 bps	-270 bps	<ul style="list-style-type: none"> <li>We are building -2.4% QoQ cc growth, 120bps cross currency headwind translating into -3.6% QoQ USD revenue growth.</li> <li>We expect -1.4/-10.9% QoQ growth in Services/Technology Solutions segment in USD terms.</li> <li>Expect 30bps QoQ decline in margins, driven largely by wage hike.</li> <li>BMW-JV contribution however will make up for these at PAT level</li> </ul>
Revenues (USD mn)	150	156	157	-3.6%	-4.2%	
Revenues	12,956	13,174	13,011	-1.7%	-0.4%	
EBIT	1,967	2,036	2,110	-3.4%	-6.8%	
EBIT , %	15.2%	15.5%	16.2%	-30 bps	-100 bps	
Net profits	1,702	1,681	1,573	1.2%	8.2%	
<b>KPIT Tech</b>						
<b>Revenue growth (QoQ CC)</b>	<b>3.1%</b>	<b>2.0%</b>	<b>5.1%</b>	110 bps	-203bp	<ul style="list-style-type: none"> <li>We expect 3.1% QoQ cc growth for KPIT; expect 2.7% cross-currency impact, higher versus others due to higher exposure to EU/JPY and slightly different cc methodology.</li> <li>We expect 10bps improvement in EBITDA margin QoQ</li> <li>We expect USD 200mn+ deal TCV for the quarter</li> </ul>
Revenues (USD mn)	178	176	159	0.8%	11.7%	
Revenues	15,035	14,780	13,178	1.7%	14.1%	
EBIT	2,663	2,538	2,202	5.0%	21.0%	
EBIT , %	17.7%	17.2%	16.7%	50 bps	100 bps	
Net profits	2,027	1,933	1,659	4.9%	22.2%	
<b>Sagility</b>						
<b>Revenue growth (QoQ CC)</b>	<b>4.8%</b>	<b>8.6%</b>		-380 bps		<ul style="list-style-type: none"> <li>We expect flattish core business revenues; We estimate Broadpath revenue contribution to be USD 9.5mn</li> <li>We estimate adjusted EBITDA margin to drop 320bps QoQ due to a) higher base due to seasonal strength in 3Q; and b) Broadpath integration (which has a lower margin profile)</li> <li>Expect higher amortization (on account of Broadpath) to result in 440bps QoQ decline in EBIT margin</li> </ul>
Revenues (USD mn)	180	172		4.8%		
Revenues	15,599	14,531		7.4%		
EBIT	2,274	2,761		-17.6%		
EBIT , %	14.6%	19.0%		-440 bps		
Net profits	1,545	2,169		-28.8%		
<b>IKS Health</b>						
<b>Revenue growth (QoQ CC)</b>	<b>8.9%</b>	<b>1.6%</b>		730 bps		<ul style="list-style-type: none"> <li>We expect IKS Health heritage business to show sharp uptick (+13.5% QoQ) while AQuity business to remain flattish</li> <li>Growth in heritage business will likely to led by ramp-up of the three deals won last quarter – Palomar Health, Radiology partners</li> <li>Expect EBITDA margin (ex-other income) to expand 140bps to 29%, driven by offshoring efforts in AQuity</li> </ul>
Revenues (USD mn)	85	78		8.9%		
Revenues	7,338	6,572		11.7%		
EBIT	1,846	1,538		20.0%		
EBIT , %	25.2%	23.4%		180 bps		
Net profits	1,409	1,297		8.6%		
<b>MapMyIndia</b>						
<b>Revenue (INR mn)</b>	<b>1,370</b>	<b>1,145</b>	<b>1,069</b>	<b>19.6%</b>	<b>28.2%</b>	<ul style="list-style-type: none"> <li>We expect 35%/30% YoY growth in Map-led/IoT-led segments.</li> <li>Map-led business will be aided by Hyundai-Kia contract ramp-up and seasonal uptick in corporate segment</li> <li>Expect EBITDA margin to improve 120bps sequentially to 37.5%; driven by lower marketing spend</li> </ul>
EBITDA (INR mn)	514	416.5	395	23.5%	30.2%	
EBITDA , %	37.5%	36.4%	37.0%	120 bps	60 bps	
EBIT (INR mn)	459.7	362.0	353.5	27.0%	30.1%	
EBIT , %	33.6%	31.6%	33.1%	200 bps	50 bps	
Net profits	404.9	323.2	382.5	25.3%	5.9%	

Note: \*Coforge 4QFY24 financials consolidates Cigniti; Source: Companies, JM Financial estimates

**Exhibit 2. JMF IT services coverage universe - 4QFY25 results calendar and key points to focus on**

Company	Key points to focus on
TCS (10 <sup>th</sup> Apr, 2025)	<ul style="list-style-type: none"> <li>(1) Any change to management view of CY25 growth (ex-BSNL) to be better than CY24</li> <li>(2) Update on BSNL revenue contribution; likely trajectory and margin impact thereof</li> <li>(3) Update on sector specific challenges highlighted in 3Q; outlook on US BFSI, Manufacturing and US Life sciences and Healthcare verticals</li> </ul>
Infosys (17 <sup>th</sup> Apr, 2025)	<ul style="list-style-type: none"> <li>(1) FY26 revenue and margin guidance; commentary on client IT budgets for CY25 and spending outlook</li> <li>(2) Large deal TCV; any uptick in discretionary spend (or smaller deals); Clients'</li> <li>(3) Outlook on BFSI, Manufacturing, Communication, and other verticals; Impact of Phase 1 of wage hike on margins</li> </ul>
HCL Tech (22 <sup>nd</sup> Apr, 2025)	<ul style="list-style-type: none"> <li>(1) FY26 revenue and margin guidance; update on TCV, client spending patterns, and deal cycles</li> <li>(2) Outlook on Q1 given annual productivity pass-back; any residual impact of Verizon deal offshoring impact</li> <li>(3) Commentary on ERS and Auto vertical in particular; any synergy benefit from CTG integration</li> </ul>
Wipro* (3 <sup>rd</sup> week of April, 2025)	<ul style="list-style-type: none"> <li>(1) 1QFY26 CC guidance; outlook on margins. Management commentary on demand outlook in Capco/US BFSI.</li> <li>(2) Commentary on discretionary spending; any signs of improvement in E&amp;U and Europe, especially BFSI; top-account growth</li> <li>(3) Large deal pipeline, TCV, revenue conversion of recent deal wins, especially Phoenix</li> </ul>
LTIMindtree* (4 <sup>th</sup> week of April, 2025)	<ul style="list-style-type: none"> <li>(1) Strategic priorities of the CEO designate Venu Lambu; his initial priorities and targets/timelines of financial outcome</li> <li>(2) Outlook on top-accounts of BFSI and Hi-tech; margin impact due to productivity pass-back in hi-tech account</li> <li>(3) Update on deal pipeline, TCV, New logo wins; comments on deal wins through new AI strategy</li> </ul>
Mphasis (24 <sup>th</sup> Apr, 2025)	<ul style="list-style-type: none"> <li>(1) Comments on BFSI and discretionary spends and outlook; Deal TCV, deal pipeline and ramp ups</li> <li>(2) Any tangible benefit of Mike Meyer's team on large deal pipeline; likely impact of large deals on margins</li> <li>(3) Any pickup in mortgage activity and outlook; New logo wins and ramp ups in Non- BFS verticals</li> </ul>
Persistent* (4 <sup>th</sup> week of April, 2025)	<ul style="list-style-type: none"> <li>(1) FY26 growth and margin outlook; roadmap towards achieving USD 2bn revenue by FY27 and USD 5bn revenue by FY31</li> <li>(2) Outlook on the large healthcare account; signs of broad-basing of growth, especially contribution from hi-tech</li> <li>(3) Deal TCV/ACV; any changes to the sales cycle/revenue conversion; GenAI led deals and deal pipeline</li> </ul>
Coforge (05 <sup>th</sup> May, 2025)	<ul style="list-style-type: none"> <li>(1) Update on FY26 cc revenue growth and margin guidance; trajectory towards USD 2bn run rate milestone</li> <li>(2) Outlook and update on improvement in travel; outlook on BFS and Insurance verticals; update on large deal pipeline</li> <li>(3) Update on cross sell and synergies from Cigniti Tech acquisition, Growth/ Margin expectation for merged entity</li> </ul>
TechM* (4 <sup>th</sup> week of April, 2025)	<ul style="list-style-type: none"> <li>(1) Impact of new client additions from must-have account list; ramp ups in Non-telecom verticals</li> <li>(2) Commentary on margin amidst wage hikes; any large deal wins and impact of Project Fortius on margins</li> <li>(3) Outlook on communications vertical recovery; update on Deal pipeline/TCV and discretionary spend trends across key geographies</li> </ul>
KPIT Tech (28 <sup>th</sup> Apr, 2025)	<ul style="list-style-type: none"> <li>(1) Update on FY26 revenue and margin guidance; any further deterioration in demand environment e.g ramp-downs or offshoring ask?</li> <li>(2) Update on any progress on some of the large deals KPIT was pursuing; any delay in decision making around those deals.</li> <li>(3) Update on Qorix and inorganic initiatives; commentary on AI investment and delinking revenue with headcount</li> </ul>
Tata Tech* (4 <sup>th</sup> week of April, 2025)	<ul style="list-style-type: none"> <li>(1) Update on FY26 revenue and margin outlook; commentary on recovery in Auto ER&amp;D demand across US/Europe</li> <li>(2) Client spending in anchor and non-anchor accounts; update on BMW JV ramp-up and margin impact</li> <li>(3) Update on achieving 20%+ margin target; update on traction in Aerospace vertical and GenAI/AI-led solutions</li> </ul>
Hexaware* (4 <sup>th</sup> week of April, 2025)	<ul style="list-style-type: none"> <li>(1) Commentary on BFSI and Professional Services verticals; progress on the two consolidation deals won in these verticals</li> <li>(2) Update on the progress of two consolidation deals Hexaware was pursuing; update of Freddie Mac, given recent management changes</li> <li>(3) Commentary on reported margin trajectory amidst ERP costs, ESOP and likely large deal transition cost</li> </ul>
Sagility* (May, 2025)	<ul style="list-style-type: none"> <li>(1) Commentary on volume normalization post open enrolment; FY26 revenue outlook</li> <li>(2) Update on BroadPath integration; progress on cross-sell synergies, margin levers, and client expansion</li> <li>(3) Update on new client additions and deal pipeline; demand outlook amidst uncertain environment</li> </ul>
IKS Health* (May, 2025)	<ul style="list-style-type: none"> <li>(1) FY26 revenue outlook; commentary on cross-sell momentum across Aquity's customer base</li> <li>(2) Update on Palomar Health and Radiology Partner engagements; progress on value realization and deployment scale</li> <li>(3) Outlook on margin; progress on tech-led delivery transformation</li> </ul>

Note: \* - Tentative; Source: Company, JM Financial

**Exhibit 3. We expect flat sequential revenue growth for large caps; PSYS/Coforge to outpace larger peers again**

YoY c/c growth (%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25E
TCS	15.5%	15.4%	13.5%	10.7%	7.0%	2.8%	1.7%	2.2%	4.4%	5.5%	4.5%	2.8%
INFO	21.4%	18.8%	13.7%	8.8%	4.2%	2.5%	-1.0%	0.0%	2.5%	3.3%	6.1%	7.1%
HCLT	15.6%	15.8%	13.1%	10.5%	6.3%	3.4%	4.3%	6.0%	5.6%	6.2%	4.1%	2.3%
WIPRO*	17.2%	12.9%	10.4%	6.5%	1.1%	-4.8%	-6.9%	-6.4%	-4.9%	-2.3%	-0.7%	-0.6%
TECHM	21.2%	16.8%	10.4%	6.3%	-0.9%	-5.9%	-5.4%	-6.4%	-1.2%	2.2%	1.3%	2.2%
LTIM	8.2%	5.2%	3.1%	2.3%	3.7%	4.5%	16.3%	13.5%	3.7%	4.4%	5.6%	6.8%
Mphasis	22.1%	16.8%	5.7%	-3.1%	-8.4%	-10.1%	-6.8%	-0.4%	3.1%	5.4%	4.6%	5.4%
Persistent	44.8%	40.2%	32.8%	26.3%	17.1%	14.1%	13.7%	13.2%	16.0%	18.4%	19.8%	19.7%
Hexaware											18.8%	13.7%
Coforge^	20.1%	16.8%	20.7%	22.4%	18.4%	14.1%	12.0%	9.0%	7.8%	33.0%	40.3%	42.4%
TataTech											0.3%	-2.5%
KPIT	23.0%	27.0%	44.7%	48.6%	49.0%	51.7%	35.0%	27.6%	23.0%	20.1%	17.4%	14.8%
QoQ c/c growth (%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25E
TCS	3.4%	4.1%	2.2%	0.6%	0.0%	0.1%	1.0%	1.1%	2.2%	1.1%	0.0%	-0.1%
INFO	5.5%	4.0%	2.4%	-3.2%	1.0%	2.3%	-1.0%	-2.2%	3.6%	3.1%	1.7%	-1.4%
HCLT	2.7%	3.8%	5.0%	-1.2%	-1.3%	1.0%	6.0%	0.3%	-1.6%	1.6%	3.8%	-1.1%
WIPRO*	1.9%	4.1%	0.6%	-0.7%	-2.8%	-2.0%	-1.7%	-0.3%	-1.0%	0.6%	0.1%	0.1%
TECHM	3.5%	2.9%	0.2%	0.3%	-4.2%	-2.4%	1.1%	-0.8%	0.7%	1.2%	1.2%	-0.7%
LTIM	5.0%	5.5%	1.9%	0.7%	0.1%	1.6%	0.7%	-1.3%	2.6%	2.3%	1.8%	0.2%
Mphasis	2.0%	1.8%	-2.5%	-4.5%	-3.5%	0.0%	1.0%	1.8%	-0.1%	2.4%	0.2%	3.2%
Persistent	12.0%	6.6%	3.5%	3.5%	3.9%	3.2%	3.1%	3.4%	5.6%	5.3%	4.3%	3.3%
Hexaware											0.2%	0.6%
Coforge	4.7%	6.2%	3.7%	4.7%	2.0%	2.3%	1.8%	1.9%	1.6%	26.3%	8.4%	3.2%
TataTech											1.7%	-2.4%
KPIT	6.0%	8.3%	19.3%	8.5%	7.1%	9.0%	4.3%	5.1%	4.7%	4.7%	2.0%	3.1%

Note: \* IT Services growth for Wipro; ^ - USD revenue growth (YoY) for Coforge pre-Q3FY23, Coforge consolidated Cigniti in Q2FY25; Source: Company, JM Financial estimates

**Exhibit 4. Cross-currency impact – Top-6**

	Revenue share				Change (QoQ)				Cross-currency impact (QoQ)			Total impact
	USD	GBP	EUR	AUD	USD	GBP	EUR	AUD	GBP	EUR	Others	
TCS	49%	14%	11%	4%	2.6%	-1.3%	-0.9%	-3.4%	-19bp	-10bp	-23bp	-52bp
INFO	65%	4%	17%	4%	2.3%	-0.5%	-0.2%	-2.1%	-2bp	-4bp	-9bp	-15bp
HCL	66%	9%	19%	6%	2.3%	-0.5%	-0.2%	-2.1%	-4bp	-4bp	-13bp	-22bp
TECHM	53%	9%	12%	5%	2.6%	-1.3%	-0.9%	-3.4%	-12bp	-11bp	-30bp	-52bp
Wipro	62%	10%	10%	4%	2.3%	-0.5%	-0.2%	-2.1%	-5bp	-2bp	-18bp	-25bp
LTIM	76%	3%	8%	0%	2.6%	-1.3%	-0.9%	-	-8bp	-7bp	-19bp	-34bp

Source: JM Financial estimates

**Exhibit 5. EBIT Margin movement – we expect flat to decline in large-cap margins while mid-caps could see expansion**

Companies	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25E
Infosys	20.8%	21.2%	20.5%	20.1%	21.1%	21.1%	21.3%	20.4%
TCS	23.2%	24.3%	25.0%	26.0%	24.7%	24.1%	24.5%	24.4%
Wipro	16.0%	16.1%	16.0%	16.4%	16.5%	16.8%	17.5%	17.5%
HCL Tech	17.0%	18.5%	19.7%	17.6%	17.1%	18.6%	19.5%	18.3%
Tech Mahindra	6.8%	4.7%	5.4%	7.4%	8.5%	9.6%	10.2%	10.1%
LTIMindtree	16.7%	16.0%	15.4%	14.7%	15.0%	15.5%	13.8%	13.8%
Mphasis	15.9%	16.0%	15.2%	15.0%	15.0%	15.2%	15.2%	15.2%
Persistent	14.9%	13.7%	14.5%	14.5%	14.0%	14.0%	14.9%	15.5%
Hexaware							13.1%	12.8%
Coforge	12.0%	12.3%	14.0%	14.5%	13.6%	11.7%	11.8%	12.6%
KPIT Tech	15.4%	16.0%	16.6%	16.2%	17.3%	16.7%	17.2%	17.7%
Tata Tech	18.0%	14.8%	16.2%	16.2%	15.9%	15.9%	15.5%	15.2%
Sagility							19.0%	14.6%
IKS							23.4%	25.2%

Source: Company, JM Financial estimates

**Exhibit 6. Deal win/Partnerships announced in 4QFY25**

Company	Client	Industry
<b>TCS</b>	Cumberland Building Society	BFSI
	Coop Denmark	Consumer and Retail
	Northern Trust	BFSI
	Vantage Towers	Telecom
	DNB Bank ASA	BFSI
	Salesforce	Technology and Services
	UPM	Energy and Utilities
	Muscat Clearing and Depository	BFSI
<b>Infosys</b>	Citizens	BFSI
	Lufthansa Group	Travel
<b>HCLTech</b>	Western Union	BFSI
	Children's Minnesota	Healthcare and Lifesciences
	ChargePoint	Energy and Utilities
	Salesforce	Technology and Services
	Vodafone Idea	Telecom
<b>Wipro</b>	Phoenix Group	BFSI
	Etihad Airways	Travel
	FrieslandCampina	Consumer and Retail
<b>LTIMindtree</b>	Eurobank S.A.	BFSI
	FLS Mining	Manufacturing
	Association of American Medical Colleges (AAMC)	Public Services

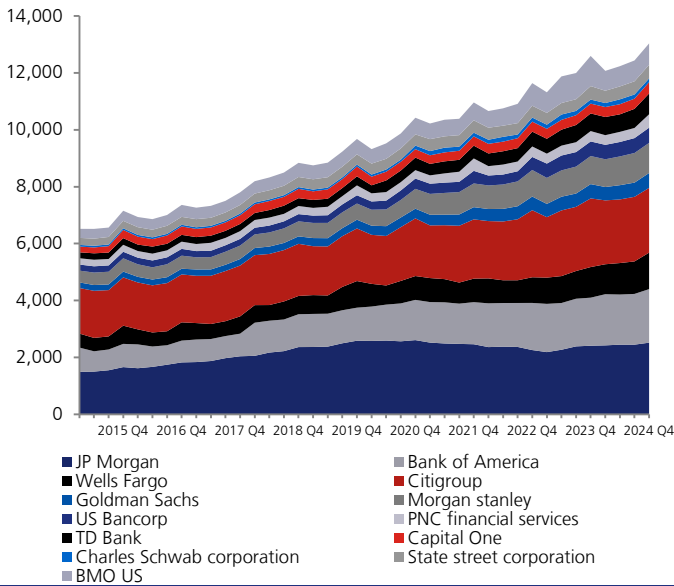
Source: Media, Company, JM Financial

## Defer or de-rail: revisiting US banks' tech spend analysis

Recent increase in uncertainty has raised a pertinent question – whether the fledgling recovery in IT Services spend, most prominent in US BFSI will get deferred or de-railed. We refer back to our report on US Banking ([BFSI rebound: De-“banked” 2.0](#), Aug 2024) to look for clues. The trend observed back then appears to have sustained, that is, US banks' tech spend continues to improve. Importantly, the co-relation between US Banks' tech spend and IT Services' BFSI revenues, which broke post COVID, seem to have deterministically is restored. Our incremental revenue analysis (Exhibit 10) also suggests that the scope of cutting spend further is limited, given most of excess spend of post COVID has flushed out of the base. We therefore believe that current uncertainty might merely delay the recovery.

**Exhibit 7. Tech spend of Top-15 US banks has remained fairly resilient in recent past**

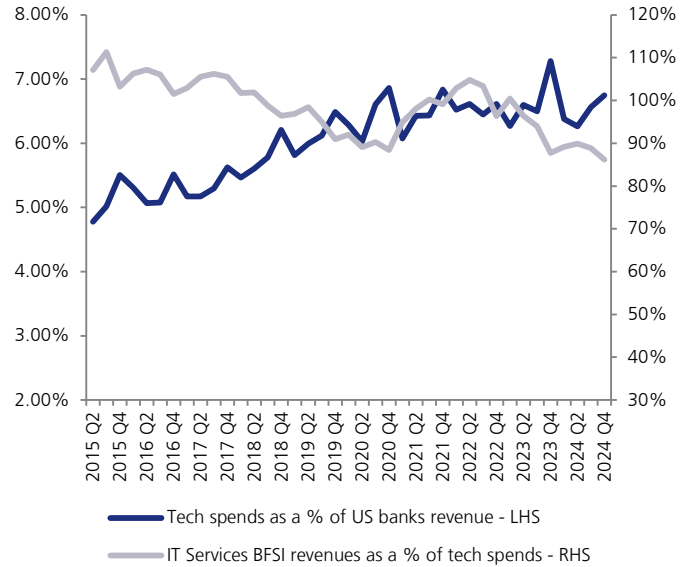
US Banks' Technology spends, USD Mn



Source: Company, Bloomberg, JM Financial

**Exhibit 8. US Bank's tech spend has inched up as % of revenue while IT Services' BFSI revenues have fluctuated.**

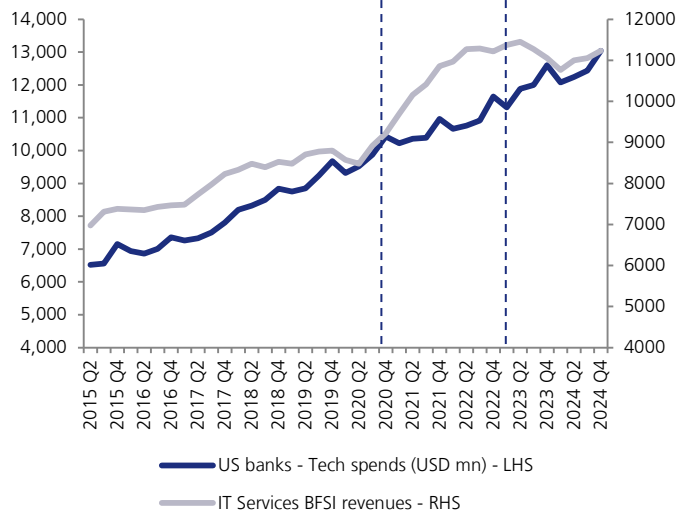
US Banks' Tech spends and IT BFSI revenue comparison



Source: Company, Bloomberg, JM Financial

**Exhibit 9. FY24 decline in IT Services' BFSI revenues was explained more by the acceleration in the preceding phase rather than decline in banks' tech budgets, which now seemed to have normalised**

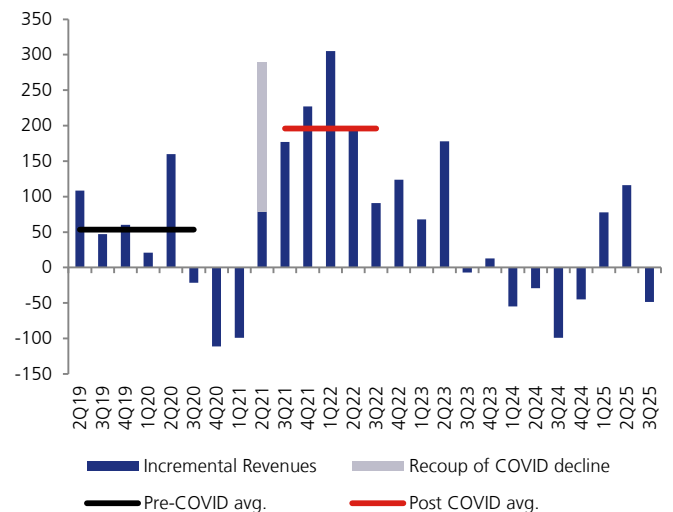
US banks tech spends vs IT BFSI revenues – (USD Mn)



Source: Company, JM Financial

**Exhibit 10. Trend of post COVID excess IT spend and its eventual unwinding was even more prominent in the BFSI segment; FY25 trajectory suggests return to normalcy**

Incremental BFSI Revenues, Top 5 IT Services companies, USD mn



Aggregate incremental BFSI revenues of TCS, INFO, WPRO, HCLT and TECHM; Source: Company, JM Financial

## Estimate changes: 3Q expectations and FX assumptions baked in

## Exhibit 11. What has changed

	NEW			OLD			Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
<b>Infosys</b>									
YoY- CC growth	4.73%	5.58%	8.74%	5.07%	7.71%	9.98%	-34bp	-214bp	-123bp
Sales (USD mn)	19,408	20,416	22,202	19,458	20,825	22,902	-0.26%	-1.96%	-3.06%
Sales (INR mn)	1,636,821	1,748,059	1,900,899	1,641,155	1,783,031	1,960,896	-0.26%	-1.96%	-3.06%
EBITDA (INR mn)	391,112	424,940	467,034	396,713	442,203	494,790	-1.41%	-3.90%	-5.61%
EBITDA margin	23.89%	24.31%	24.57%	24.17%	24.80%	25.23%	-28bp	-49bp	-66bp
EBIT (INR mn)	343,212	373,666	411,709	348,814	390,221	437,928	-1.61%	-4.24%	-5.99%
EBIT margin	20.97%	21.38%	21.66%	21.25%	21.89%	22.33%	-29bp	-51bp	-67bp
EPS (INR)	62.91	68.93	75.87	63.86	71.82	80.48	-1.49%	-4.03%	-5.73%
<b>TCS</b>									
YoY- CC growth	4.13%	3.68%	10.02%	4.18%	4.40%	9.89%	-5bp	-72bp	12bp
Sales (USD mn)	30,209	31,126	34,077	30,281	31,396	34,541	-0.24%	-0.86%	-1.34%
Sales (INR mn)	2,551,960	2,672,560	2,925,988	2,558,143	2,695,796	2,965,828	-0.24%	-0.86%	-1.34%
EBITDA (INR mn)	676,573	742,726	816,351	678,219	746,482	827,466	-0.24%	-0.50%	-1.34%
EBITDA margin	26.51%	27.79%	27.90%	26.51%	27.69%	27.90%	bp	10bp	bp
EBIT (INR mn)	623,786	685,706	753,372	625,296	688,961	763,625	-0.24%	-0.47%	-1.34%
EBIT margin	24.44%	25.66%	25.75%	24.44%	25.56%	25.75%	bp	10bp	bp
EPS (INR)	134.85	150.04	169.79	135.16	150.67	171.90	-0.23%	-0.42%	-1.23%
<b>Wipro</b>									
YoY- CC growth	-2.16%	2.87%	7.59%	-2.00%	4.79%	8.49%	-16bp	-192bp	-89bp
Sales (USD mn)	10,541	10,789	11,609	10,555	10,932	11,860	-0.13%	-1.31%	-2.12%
Sales (INR mn)	890,473	931,441	1,002,173	891,637	943,759	1,023,873	-0.13%	-1.31%	-2.12%
EBITDA (INR mn)	181,165	188,685	204,705	181,718	194,225	215,297	-0.30%	-2.85%	-4.92%
EBITDA margin	20.34%	20.26%	20.43%	20.38%	20.58%	21.03%	-4bp	-32bp	-60bp
EBIT (INR mn)	151,935	160,742	174,640	152,453	165,913	184,580	-0.34%	-3.12%	-5.39%
EBIT margin	17.06%	17.26%	17.43%	17.10%	17.58%	18.03%	-4bp	-32bp	-60bp
EPS (INR)	12.44	13.35	14.60	12.46	13.72	15.35	-0.21%	-2.72%	-4.92%
<b>HCL Tech</b>									
YoY- CC growth	4.52%	4.73%	7.46%	4.65%	6.41%	8.11%	-14bp	-167bp	-65bp
Sales (USD mn)	13,829	14,496	15,578	13,837	14,595	15,778	-0.06%	-0.68%	-1.27%
Sales (INR mn)	1,167,954	1,246,667	1,339,701	1,168,628	1,255,143	1,356,941	-0.06%	-0.68%	-1.27%
EBITDA (INR mn)	255,473	271,886	297,506	254,248	275,664	304,028	0.48%	-1.37%	-2.15%
EBITDA margin (%)	21.87%	21.81%	22.21%	21.76%	21.96%	22.41%	12bp	-15bp	-20bp
EBIT (INR mn)	214,711	226,738	250,532	213,484	230,427	256,702	0.57%	-1.60%	-2.40%
EBIT margin	18.38%	18.19%	18.70%	18.27%	18.36%	18.92%	12bp	-17bp	-22bp
EPS (INR)	60.98	65.70	72.93	60.64	66.71	74.64	0.56%	-1.51%	-2.29%
<b>TechM</b>									
YoY- CC growth	1.10%	1.50%	6.84%	1.58%	7.05%	7.66%	-48bp	-555bp	-83bp
Sales (USD mn)	6,264	6,355	6,790	6,293	6,614	7,121	-0.46%	-3.91%	-4.65%
Sales (INR mn)	529,773	548,648	586,157	532,259	570,973	614,729	-0.47%	-3.91%	-4.65%
EBITDA (INR mn)	69,312	90,508	107,853	69,526	91,820	113,110	-0.31%	-1.43%	-4.65%
EBITDA margin	13.08%	16.50%	18.40%	13.06%	16.08%	18.40%	2bp	42bp	bp
EBIT (INR mn)	50,781	71,078	87,954	50,995	72,102	92,381	-0.42%	-1.42%	-4.79%
EBIT margin	9.59%	12.96%	15.01%	9.58%	12.63%	15.03%	bp	33bp	-2bp
EPS (INR)	46.7	60.7	75.01	46.9	61.5	78.76	-0.38%	-1.41%	-4.77%



	NEW			OLD			Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
<b>LTIMindtree</b>									
YoY- CC growth	5.13%	5.68%	8.30%	5.52%	7.75%	9.54%	-39bp	-207bp	-123bp
Sales (USD mn)	4,499	4,741	5,134	4,517	4,846	5,308	-0.40%	-2.16%	-3.27%
Sales (INR mn)	380,565	409,269	443,248	382,127	418,317	458,209	-0.41%	-2.16%	-3.27%
EBITDA (INR mn)	65,283	69,402	77,241	65,729	73,333	81,220	-0.68%	-5.36%	-4.90%
EBITDA margin	17.15%	16.96%	17.43%	17.20%	17.53%	17.73%	-5bp	-57bp	-30bp
EBIT (INR mn)	55,175	57,942	65,274	55,579	61,620	68,849	-0.73%	-5.97%	-5.19%
EBIT margin	14.50%	14.16%	14.73%	14.54%	14.73%	15.03%	-5bp	-57bp	-30bp
EPS (INR)	155.11	166.46	186.74	156.11	175.78	196.02	-0.65%	-5.30%	-4.73%
<b>Mphasis</b>									
YoY- CC growth	4.62%	8.92%	10.90%	4.64%	9.19%	11.07%	-2bp	-26bp	-17bp
Sales (USD mn)	1,682	1,829	2,028	1,682	1,829	2,032	0.00%	0.00%	-0.16%
Sales (INR mn)	142,321	157,909	175,120	142,321	157,909	175,393	0.00%	0.00%	-0.16%
EBITDA (INR mn)	26,320	30,080	33,618	26,483	30,261	34,382	-0.62%	-0.60%	-2.22%
EBITDA margin	18.49%	19.05%	19.20%	18.61%	19.16%	19.60%	-11bp	-11bp	-41bp
EBIT (INR mn)	21,545	24,347	27,498	21,708	24,527	28,261	-0.75%	-0.74%	-2.70%
EBIT margin	15.14%	15.42%	15.70%	15.25%	15.53%	16.11%	-11bp	-11bp	-41bp
EPS (INR)	89.03	102.22	121.88	89.68	102.86	121.19	-0.72%	-0.62%	0.57%
<b>Persistent</b>									
YoY- CC growth	18.55%	18.43%	18.97%	18.55%	18.43%	18.97%	bp	bp	bp
Sales (USD mn)	1,406	1,665	1,981	1,406	1,665	1,981	0.00%	0.00%	0.00%
Sales (INR mn)	118,969	143,207	170,380	118,969	143,207	170,380	0.00%	0.00%	0.00%
EBITDA (INR mn)	20,579	26,158	32,448	20,579	26,158	32,448	0.00%	0.00%	0.00%
EBITDA margin	17.30%	18.27%	19.04%	17.30%	18.27%	19.04%	bp	bp	bp
EBIT (INR mn)	17,427	22,550	28,456	17,427	22,550	28,456	0.00%	0.00%	0.00%
EBIT margin	14.65%	15.75%	16.70%	14.65%	15.75%	16.70%	bp	bp	bp
EPS (INR)	89.97	116.37	143.75	89.97	116.37	143.75	0.00%	0.00%	0.00%
<b>Hexaware</b>									
YoY- USD growth	12.68%	14.10%	12.05%	12.74%	13.39%	12.03%	-6bp	71bp	2bp
Sales (USD mn)	1,610	1,837	2,059	1,611	1,827	2,046	-0.06%	0.57%	0.59%
Sales (INR mn)	139,889	159,832	179,092	139,965	158,926	178,043	-0.05%	0.57%	0.59%
EBITDA	22,973	27,115	30,754	23,226	26,959	30,573	-1.09%	0.58%	0.59%
EBITDA margin	16.4%	17.0%	17.2%	16.6%	17.0%	17.2%	-17bp	bp	bp
EBIT	19,476	23,119	26,277	19,727	22,986	26,121	-1.27%	0.58%	0.60%
EBIT margin	13.9%	14.5%	14.7%	14.1%	14.5%	14.7%	-17bp	bp	bp
EPS (INR)	23.99	28.23	32.42	24.17	28.07	32.25	-0.72%	0.54%	0.55%
<b>Coforge</b>									
YoY- USD growth	31.13%	29.43%	16.83%	31.64%	25.16%	17.60%	-52bp	427bp	-78bp
Sales (USD mn)	1,461	1,874	2,189	1,469	1,810	2,128	-0.55%	3.55%	2.87%
Sales (INR mn)	122,071	161,780	189,001	122,755	156,231	183,731	-0.56%	3.55%	2.87%
EBITDA	19,782	27,058	32,696	19,986	26,729	32,824	-1.02%	1.23%	-0.39%
EBITDA margin	16%	17%	17%	16%	17%	18%	-8bp	-38bp	-57bp
EBIT	15,204	20,662	25,579	15,402	20,447	25,878	-1.28%	1.05%	-1.15%
EBIT margin	12.46%	12.77%	13.53%	12.55%	13.09%	14.08%	-9bp	-32bp	-55bp
EPS (INR)	130.89	192.02	252.95	132.80	189.93	256.47	-1.44%	1.10%	-1.37%

	NEW			OLD			Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
<b>KPIT Tech</b>									
YoY- USD growth	18.02%	13.75%	15.67%	18.02%	12.99%	18.84%	bp	76bp	-317bp
Sales (USD mn)	692	776	898	691	760	903	0.10%	2.13%	-0.60%
Sales (INR mn)	58,175	67,014	77,515	58,114	65,619	77,982	0.11%	2.13%	-0.60%
EBITDA	12,209	14,554	16,841	12,342	14,075	17,279	-1.08%	3.40%	-2.54%
EBITDA margin	20.99%	21.72%	21.73%	21.24%	21.45%	22.16%	-25bp	27bp	-43bp
EBIT	10,014	12,160	14,027	10,148	11,697	14,460	-1.31%	3.96%	-2.99%
EBIT margin	17.21%	18.15%	18.10%	17.46%	17.83%	18.54%	-25bp	32bp	-45bp
EPS (INR)	29.86	34.90	41.14	30.23	33.61	42.31	-1.22%	3.84%	-2.76%
<b>TATA Tech</b>									
YoY- USD growth	-1.45%	5.64%	11.55%	2.54%	7.99%	10.76%	-399bp	-235bp	79bp
Sales (USD mn)	612	640	714	624	666	737	-1.91%	-3.90%	-3.22%
Sales (INR mn)	51,785	55,222	61,601	52,812	57,463	63,648	-1.95%	-3.90%	-3.22%
EBITDA	9,270	9,710	11,223	9,578	10,735	12,437	-3.22%	-9.55%	-9.75%
EBITDA margin	17.90%	17.58%	18.22%	18.14%	18.68%	19.54%	-24bp	-110bp	-132bp
EBIT	8,072	8,436	9,899	8,361	9,411	11,068	-3.46%	-10.37%	-10.56%
EBIT margin	15.59%	15.28%	16.07%	15.83%	16.38%	17.39%	-24bp	-110bp	-132bp
EPS (INR)	16.2	18.4	21.7	16.8	20.2	23.9	-3.17%	-8.83%	-9.17%
<b>Sagility</b>									
YoY- USD growth	14.53%	21.29%	12.06%	14.53%	21.29%	12.06%	bp	bp	bp
Sales (USD mn)	658	797	894	658	797	894	0.00%	0.00%	0.00%
Sales (INR mn)	55,613	69,581	77,972	55,613	69,581	77,972	0.00%	0.00%	0.00%
EBITDA	12,648	16,240	18,416	12,648	16,240	18,416	0.00%	0.00%	0.00%
EBITDA margin	22.7%	23.3%	23.6%	23%	23%	24%	bp	bp	bp
EBIT	7,622	10,828	12,785	7,638	10,649	12,477	-0.20%	1.68%	2.47%
EBIT margin	13.71%	15.56%	16.40%	13.73%	15.30%	16.00%	-3bp	26bp	39bp
EPS (INR)	1.09	1.60	1.99	1.09	1.58	1.95	-0.23%	1.36%	2.48%
<b>IKS Health</b>									
YoY- USD growth	43.99%	15.19%	21.85%	44.49%	16.32%	21.80%	-50bp	-113bp	5bp
Sales (USD mn)	316	364	444	317	369	449	-0.35%	-1.31%	-1.27%
Sales (INR mn)	26,738	31,774	38,828	26,979	32,196	39,328	-0.89%	-1.31%	-1.27%
EBITDA	7,534	9,207	12,476	7,604	9,329	12,637	-0.92%	-1.30%	-1.27%
EBITDA margin	28.2%	29.0%	32.1%	28.2%	29.0%	32.1%	-1bp	bp	bp
EBIT	6,409	8,067	11,255	6,474	8,182	11,407	-1.01%	-1.40%	-1.34%
EBIT margin	24.0%	25.4%	29.0%	24.0%	25.4%	29.0%	-3bp	-2bp	-2bp
EPS (INR)	28.1	37.4	51.8	28.4	37.9	52.5	-1.09%	-1.39%	-1.31%
<b>MapMyIndia</b>									
YoY- INR growth	20.37%	33.33%	31.66%	25.98%	33.42%	31.62%	-560bp	-9bp	4bp
Sales (INR mn)	4,567	6,089	8,017	4,780	6,377	8,394	-4.45%	-4.51%	-4.48%
EBITDA	1,733	2,454	3,323	1,832	2,591	3,502	-5.42%	-5.28%	-5.10%
EBITDA margin	38%	40%	41%	38%	41%	42%	bp	bp	bp
EBIT	1,536	2,238	3,070	1,635	2,371	3,243	-6.07%	-5.62%	-5.34%
EBIT margin	33.63%	36.76%	38.29%	34.21%	37.19%	38.64%	bp	bp	bp
EPS (INR)	25.57	38.22	51.15	26.88	40.12	53.71	-4.90%	-4.74%	-4.76%

Source: JM Financial estimates

## How are we different

## Exhibit 12. JMFe vs. Consensus estimates

Infosys	Consensus estimates			JMFe estimates			JMFe vs. Consensus		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (USD mn)	19,003	20,583	22,575	19,408	20,416	22,202	2.13%	-0.81%	-1.65%
Sales (INR mn)	1,630,517	1,766,072	1,936,996	1,636,821	1,748,059	1,900,899	0.39%	-1.02%	-1.86%
EBITDA (INR mn)	389,887	428,109	473,960	391,112	424,940	467,034	0.31%	-0.74%	-1.46%
EBITDA margin	23.91%	24.24%	24.47%	23.89%	24.31%	24.57%	-2bp	7bp	10bp
EBIT (INR mn)	343,109	377,703	419,224	343,212	373,666	411,709	0.03%	-1.07%	-1.79%
EBIT margin	21.04%	21.39%	21.64%	20.97%	21.38%	21.66%	-7bp	-1bp	2bp
EPS (INR)	63.6	71.1	78.9	62.9	68.9	75.9	-1.05%	-3.03%	-3.84%
<b>TCS</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
Sales (USD mn)	29,988	32,221	35,280	30,209	31,126	34,077	0.74%	-3.40%	-3.41%
Sales (INR mn)	2,573,017	2,764,650	3,027,121	2,551,960	2,672,560	2,925,988	-0.82%	-3.33%	-3.34%
EBITDA (INR mn)	686,267	760,111	837,811	676,573	742,726	816,351	-1.41%	-2.29%	-2.56%
EBITDA margin	26.65%	27.53%	27.73%	26.51%	27.79%	27.90%	-14bp	26bp	17bp
EBIT (INR mn)	635,340	705,871	779,561	623,786	685,706	753,372	-1.82%	-2.86%	-3.36%
EBIT margin	24.61%	25.49%	25.74%	24.44%	25.66%	25.75%	-16bp	17bp	1bp
EPS (INR)	137.0	153.1	169.2	134.8	150.0	169.8	-1.57%	-1.98%	0.37%
<b>Wipro</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
Sales (USD mn)	10,394	10,980	11,792	10,541	10,789	11,609	1.41%	-1.74%	-1.56%
Sales (INR mn)	891,847	942,113	1,011,799	890,473	931,441	1,002,173	-0.15%	-1.13%	-0.95%
EBITDA (INR mn)	179,271	191,159	206,831	181,165	188,685	204,705	1.06%	-1.29%	-1.03%
EBITDA margin	20.10%	20.29%	20.44%	20.34%	20.26%	20.43%	24bp	-3bp	-2bp
EBIT (INR mn)	146,784	157,506	171,390	151,935	160,742	174,640	3.51%	2.05%	1.90%
EBIT margin	16.46%	16.72%	16.94%	17.06%	17.26%	17.43%	60bp	54bp	49bp
EPS (INR)	11.4	12.0	13.2	12.4	13.3	14.6	8.85%	11.05%	11.00%
<b>HCL Tech</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
Sales (USD mn)	13,655	14,915	16,339	13,829	14,496	15,578	1.27%	-2.81%	-4.66%
Sales (INR mn)	1,157,893	1,257,473	1,366,558	1,167,954	1,246,667	1,339,701	0.87%	-0.86%	-1.97%
EBITDA (INR mn)	252,692	277,732	301,509	255,473	271,886	297,506	1.10%	-2.10%	-1.33%
EBITDA margin (%)	21.86%	22.20%	22.29%	21.87%	21.81%	22.21%	1bp	-39bp	-8bp
EBIT (INR mn)	210,569	233,491	255,322	214,711	226,738	250,532	1.97%	-2.89%	-1.88%
EBIT margin	18.35%	18.69%	18.90%	18.38%	18.19%	18.70%	3bp	-50bp	-20bp
EPS (INR)	62.5	68.0	74.5	61.0	65.7	72.9	-2.47%	-3.41%	-2.12%
<b>TechM</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
Sales (USD mn)	6,382	6,839	7,398	6,264	6,355	6,790	-1.84%	-7.07%	-8.23%
Sales (INR mn)	532,120	572,304	620,874	529,773	548,648	586,157	-0.44%	-4.13%	-5.59%
EBITDA (INR mn)	70,619	88,896	105,656	69,312	90,508	107,853	-1.85%	1.81%	2.08%
EBITDA margin	13.27%	15.53%	17.02%	13.08%	16.50%	18.40%	-19bp	96bp	138bp
EBIT (INR mn)	51,946	69,635	85,474	50,781	71,078	87,954	-2.24%	2.07%	2.90%
EBIT margin	9.76%	12.17%	13.77%	9.59%	12.96%	15.01%	-18bp	79bp	124bp
EPS (INR)	46.1	63.0	77.1	46.7	60.7	75.0	1.40%	-3.67%	-2.74%
<b>LTIMindtree</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
Sales (USD mn)	4,446	4,993	5,599	4,499	4,741	5,134	1.20%	-5.06%	-8.30%
Sales (INR mn)	381,448	428,444	480,420	380,565	409,269	443,248	-0.23%	-4.48%	-7.74%
EBITDA (INR mn)	67,094	78,449	90,752	65,283	69,402	77,241	-2.70%	-11.53%	-14.89%
EBITDA margin	17.59%	18.31%	18.89%	17.15%	16.96%	17.43%	-44bp	-135bp	-146bp
EBIT (INR mn)	57,493	68,101	79,407	55,175	57,942	65,274	-4.03%	-14.92%	-17.80%
EBIT margin	15.07%	15.90%	16.53%	14.50%	14.16%	14.73%	-57bp	-174bp	-180bp
EPS (INR)	164.0	194.4	225.0	155.1	166.5	186.7	-5.43%	-14.37%	-17.01%

Mphasis	Consensus estimates			JMFe estimates			JMFe vs. Consensus		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (USD mn)	1,690	1,891	2,132	1,682	1,829	2,028	-0.49%	-3.29%	-4.84%
Sales (INR mn)	142,556	159,515	179,788	142,321	157,909	175,120	-0.16%	-1.01%	-2.60%
EBITDA (INR mn)	26,055	29,499	33,479	26,320	30,080	33,618	1.02%	1.97%	0.42%
EBITDA margin	18.55%	18.82%	18.82%	18.49%	19.05%	19.20%	-6bp	23bp	38bp
EBIT (INR mn)	22,014	25,313	28,974	21,545	24,347	27,498	-2.13%	-3.82%	-5.10%
EBIT margin	15.37%	15.69%	15.90%	15.14%	15.42%	15.70%	-23bp	-28bp	-19bp
EPS (INR)	90.2	103.4	118.8	89.0	102.2	121.9	-1.35%	-1.18%	2.57%
Persistent	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (USD mn)	1,368	1,614	1,897	1,406	1,665	1,981	2.78%	3.17%	4.43%
Sales (INR mn)	117,381	138,486	162,774	118,969	143,207	170,380	1.35%	3.41%	4.67%
EBITDA (INR mn)	19,956	24,787	29,773	20,579	26,158	32,448	3.12%	5.53%	8.99%
EBITDA margin	17.23%	17.87%	18.16%	17.30%	18.27%	19.04%	7bp	40bp	89bp
EBIT (INR mn)	16,905	21,333	25,927	17,427	22,550	28,456	3.09%	5.70%	9.76%
EBIT margin	14.60%	15.38%	15.82%	14.65%	15.75%	16.70%	5bp	36bp	88bp
EPS (INR)	87.2	110.2	134.2	90.0	116.4	143.7	3.14%	5.63%	7.08%
Coforge	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (USD mn)	1,401	1,689	1,938	1,461	1,874	2,189	4.33%	10.92%	12.94%
Sales (INR mn)	120,174	144,961	166,320	122,071	161,780	189,001	1.58%	11.60%	13.64%
EBITDA	19,818	24,977	29,216	19,782	27,058	32,696	-0.18%	8.33%	11.91%
EBITDA margin	16.27%	16.90%	17.29%	16.21%	16.72%	17.30%	-6bp	-18bp	1bp
EBIT	15,265	19,692	23,446	15,204	20,662	25,579	-0.40%	4.93%	9.10%
EBIT margin	12.52%	13.34%	13.90%	12.46%	12.77%	13.53%	-7bp	-56bp	-37bp
EPS (INR)	145.0	208.0	251.7	130.9	192.0	253.0	-9.71%	-7.69%	0.49%
KPIT Tech	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (USD mn)	683	796	937	692	776	898	1.23%	-2.54%	-4.15%
Sales (INR mn)	58,626	68,341	80,376	58,175	67,014	77,515	-0.77%	-1.94%	-3.56%
EBITDA	12,330	14,716	17,416	12,209	14,554	16,841	-0.98%	-1.10%	-3.30%
EBITDA margin	21.10%	21.60%	21.72%	20.99%	21.72%	21.73%	-12bp	12bp	1bp
EBIT	10,092	12,227	14,658	10,014	12,160	14,027	-0.77%	-0.55%	-4.30%
EBIT margin	17.23%	17.90%	18.21%	17.21%	18.15%	18.10%	-2bp	25bp	-12bp
EPS (INR)	28.7	33.9	41.3	29.9	34.9	41.1	3.98%	3.08%	-0.35%
TATA Tech	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (USD mn)	622	708	806	612	640	714	-1.47%	-9.62%	-11.51%
Sales (INR mn)	53,333	60,726	69,185	51,785	55,222	61,601	-2.90%	-9.06%	-10.96%
EBITDA	9,734	11,532	13,404	9,270	9,710	11,223	-4.77%	-15.80%	-16.27%
EBITDA margin	18.17%	18.64%	18.87%	17.90%	17.58%	18.22%	-26bp	-106bp	-65bp
EBIT	8,511	10,219	11,934	8,072	8,436	9,899	-5.16%	-17.45%	-17.05%
EBIT margin	15.92%	16.58%	16.86%	15.59%	15.28%	16.07%	-33bp	-130bp	-79bp
EPS (INR)	16.9	20.6	24.0	16.2	18.4	21.7	-3.9%	-10.8%	-9.8%

Source: Visible Alpha, JM Financial estimates

## Valuation table and charts

Exhibit 13. JM IT Services – Coverage universe: Changes in Multiple, TP and Rating

Company	Rating		TP (INR)			Target Multiple	
	OLD	New	OLD	New	Change	OLD	New
Infosys	BUY	BUY	2,200	1,820	-17.27%	28.0x	24.0x
TCS	BUY	BUY	4,680	4,240	-9.40%	28.0x	25.0x
HCL	HOLD	HOLD	1,830	1,610	-12.02%	25.0x	22.0x
WIPRO	BUY	BUY	360	310	-13.89%	24.0x	21.0x
TechM	BUY	BUY	1,870	1,600	-14.44%	22.0x	20.0x
LTIM	SELL	SELL	4,800	4,110	-14.38%	25.0x	22.0x
Mphasis	BUY	BUY	3,660	3,050	-16.67%	31.0x	25.0x
Persistent	BUY	BUY	7,630	6,470	-15.20%	55.0x	45.0x
Coforge	BUY	BUY	10,990	9,610	-12.56%	45.0x	38.0x
Hexaware	BUY	BUY	860	880	2.33%	30.0x	30.0x
TATA Tech	BUY	BUY	1,150	870	-24.35%	50.0x	40.0x
KPIT Tech	BUY	BUY	2,250	1,650	-26.67%	55.0x	40.0x
IKS Health	HOLD	HOLD	1,840	1,550	-15.76%	35.0x	30.0x
Sagility	BUY	BUY	67	70	4.48%	35.0x	35.0x
MapMyIndia	BUY	BUY	2,830	2,050	27.6%	55.0x	40.0x

Source: JM Financial estimates

We have cut target multiples across the board except recent initiations such as Hexaware and Sagility

The cut is sharper for companies which trade at a significant premium as we believe valuations tend to converge in risk-off environment

Exhibit 14. JM Financial IT Services Coverage Universe – Price Target and Recommendation

Co Name	CMP (INR)	Reco.	Target Multiple (x)	Target Price (INR)	USD revenue growth (%)			EPS			P/E			EV/EBIT			ROE		
					FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
TCS	3,606	BUY	25.0x	4,240	3.9%	3.0%	9.5%	134.8	150.0	169.8	26.7x	24.0x	21.2x	20.2x	18.3x	16.7x	47.4%	43.0%	42.4%
Infosys	1,571	BUY	24.0x	1,820	4.6%	5.2%	8.7%	63.0	69.0	75.9	24.9x	22.8x	20.7x	18.2x	16.7x	15.2x	30.2%	32.4%	33.9%
HCL Tech	1,593	HOLD	22.0x	1,610	4.2%	4.8%	7.5%	61.0	65.7	72.9	26.1x	24.2x	21.8x	18.9x	17.9x	16.2x	24.2%	26.0%	29.2%
Wipro*	262	BUY	21.0x	310	-2.4%	2.4%	7.6%	12.4	13.3	14.6	21.1x	19.6x	18.0x	16.3x	15.5x	14.2x	16.0%	16.7%	17.3%
Tech Mahindra	1,418	BUY	20.0x	1,600	-0.2%	1.5%	6.8%	46.7	60.7	75.0	30.4x	23.4x	18.9x	26.6x	19.0x	15.3x	16.2%	21.5%	25.0%
LTIMindtree	4,491	SELL	22.0x	4,110	4.9%	5.4%	8.3%	155.1	166.5	186.7	29.0x	27.0x	24.1x	22.6x	21.5x	19.1x	22.4%	22.1%	22.1%
Coforge	8,109	BUY	38.0x	9,610	30.6%	28.2%	16.8%	130.9	192.0	253.0	62.0x	42.2x	32.1x	35.7x	26.3x	21.2x	17.6%	20.3%	23.2%
Persistent Systems	5,514	BUY	45.0x	6,470	18.5%	18.4%	19.0%	89.7	116.4	143.7	61.5x	47.4x	38.4x	48.6x	37.5x	29.7x	26.3%	29.4%	30.5%
Mphasis	2,500	BUY	25.0x	3,050	4.5%	8.7%	10.9%	89.0	102.2	121.9	28.1x	24.5x	20.5x	22.8x	20.2x	17.9x	18.2%	18.2%	18.1%
Hexaware	701	BUY	30.0x	880	13.7%	12.7%	14.1%	19.3	24.0	28.2	36.3x	29.2x	24.8x	26.3x	20.9x	17.6x	23.5%	26.6%	29.6%
KPIT Tech	1,307	BUY	40.0x	1,650	17.8%	12.2%	15.7%	29.9	34.9	41.1	43.8x	37.5x	31.8x	34.9x	28.8x	24.9x	33.4%	30.9%	29.5%
Tata Tech	680	BUY	40.0x	870	-0.9%	4.4%	11.6%	16.2	18.0	20.7	42.0x	37.7x	32.8x	33.0x	31.6x	26.9x	20.8%	22.6%	23.8%
IKS Health	1,529	HOLD	30.0x	1,550	44.0%	15.2%	21.9%	28.1	37.4	51.8	54.5x	40.9x	29.5x	42.3x	33.6x	24.1x	35.0%	35.2%	37.3%
Sagility	43	BUY	35.0x	70	14.5%	21.3%	12.1%	1.0	1.6	2.0	41.7x	26.9x	21.5x	28.4x	20.0x	17.0x	6.5%	8.7%	9.8%

Note: IT Services revenue for Wipro; Source: Bloomberg, JM Financial estimates, Note; Price as on 25<sup>th</sup> Mar 2025

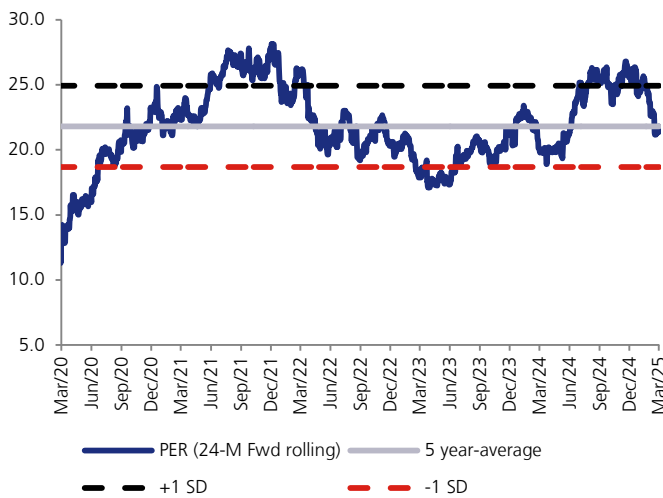
**Exhibit 15. TCS, Infosys, LTIM, Mphasis and KPIT trading at c.10% or higher discount to 5 year average**

PER analysis, 12-M forward

Company	Current multiple	3 yr Average (x)	5 yr Average (x)	10 yr average (x)	Var. with 5 yr avg	5 yr +1SD (x)	5 yr -1SD (x)
	PE (x)	PE (x)	PE (x)	PE (x)	%	PE (x)	PE (x)
Infosys	22.26	24.04	24.45	20.65	-9.0%	27.97	20.94
TCS	24.82	27.03	27.66	23.88	-10.3%	30.14	25.17
HCLTech	23.44	21.29	20.14	17.19	16.4%	23.82	16.46
Wipro	20.11	20.25	20.07	15.80	0.2%	24.10	16.05
TechM	23.20	21.39	19.89	16.85	16.7%	24.84	14.94
LTIMindtree	24.26	29.06	30.08	NA	-19.3%	36.33	23.82
Coforge	38.51	30.83	30.46	22.00	26.4%	37.97	22.94
Persistent	48.73	38.86	34.59	24.50	40.9%	46.34	22.84
Mphasis	21.82	24.84	24.76	19.62	-11.9%	31.03	18.48
KPIT Tech	29.62	48.05	39.27	NA	-24.6%	53.85	24.69

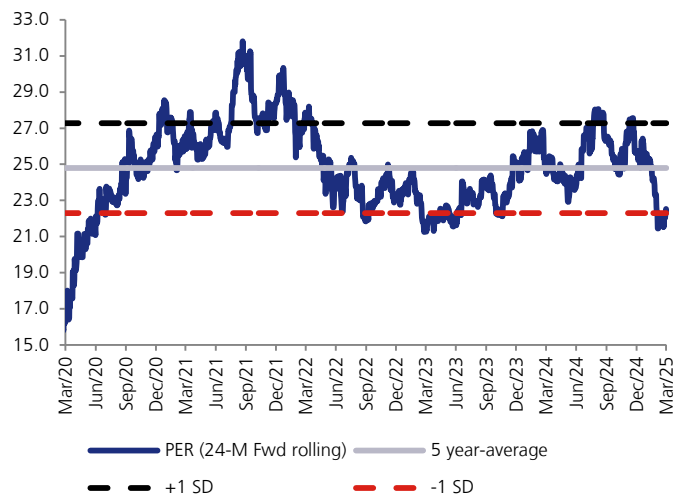
Note, historical PER is calculated using forward EPS estimates at those times; Source: Bloomberg, JM Financial

**Exhibit 16. Infosys- 2yr fwd PER**



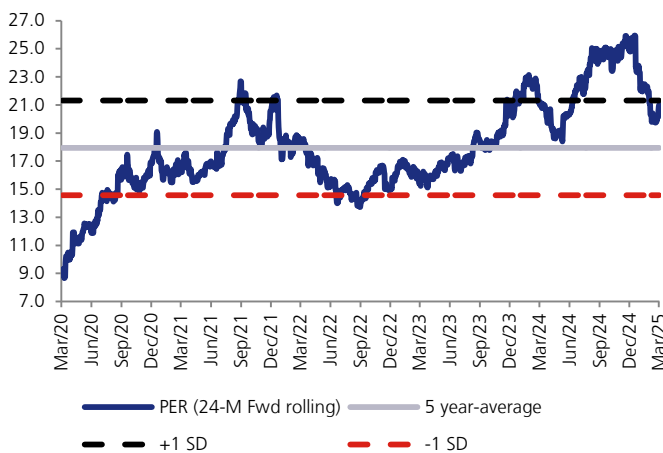
Source: Bloomberg, JM Financial

**Exhibit 17. TCS- 2yr fwd PER**



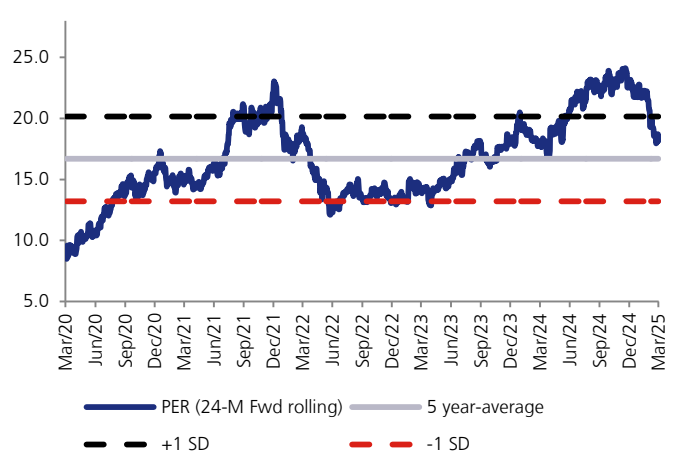
Source: Bloomberg, JM Financial

**Exhibit 18. HCL Tech- 2yr fwd PER**



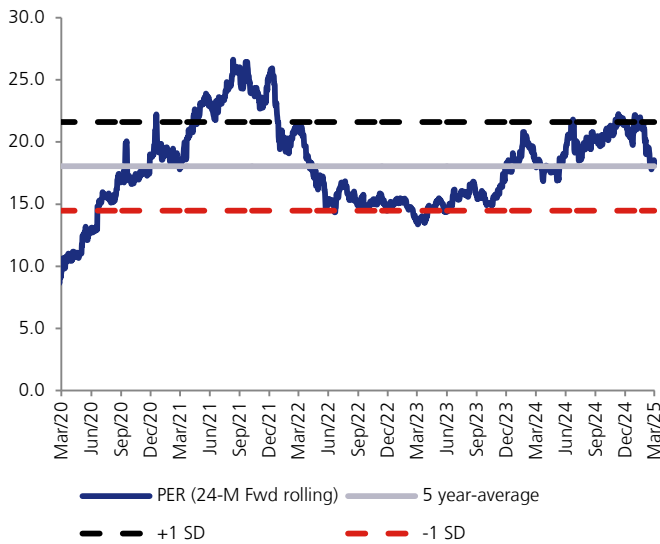
Source: Bloomberg, JM Financial

**Exhibit 19. TechM- 2yr fwd PER**



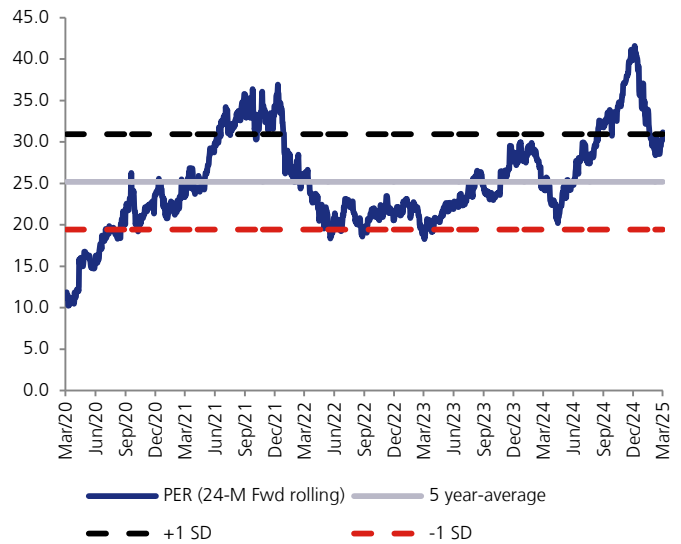
Source: Bloomberg, JM Financial

Exhibit 20. Wipro – 2 yr fwd PER



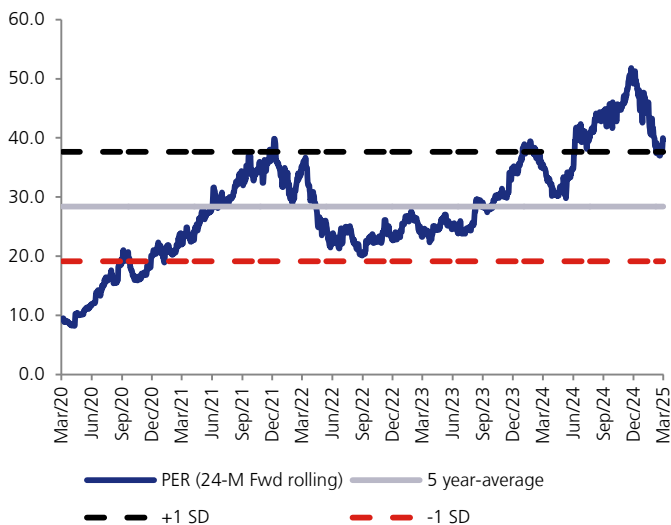
Source: Bloomberg, JM Financial

Exhibit 21. Coforge – 2 yr fwd PER



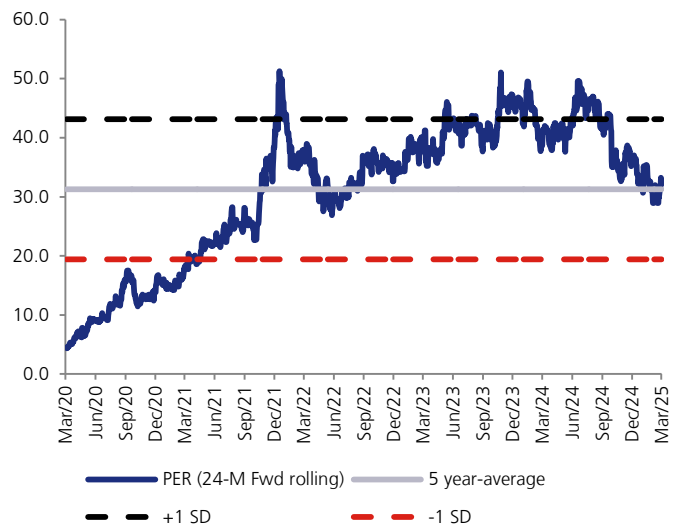
Source: Bloomberg, JM Financial

Exhibit 22. Persistent – 2 yr fwd PER



Source: Bloomberg, JM Financial

Exhibit 23. KPIT Tech – 2 yr fwd PER



Source: Bloomberg, JM Financial

## APPENDIX I

### JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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\* REITs refers to Real Estate Investment Trusts.

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