# Q2FY27 Quarterly Results Review

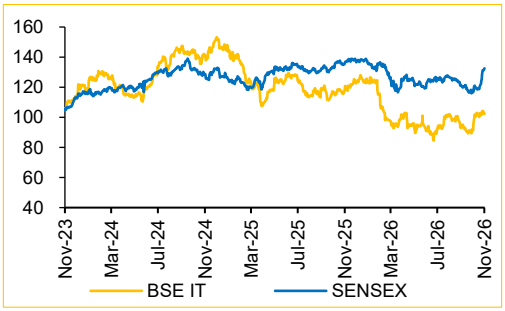
## Stable Q2, Recovery Remains Gradual; Risk-Reward Turns Balanced

**Sector View: Neutral**

| Recommendation | | | |
|---|---|---|---|
| Company (Ticker) | CMP (INR) | TP (INR) | Rated |
| Tata Consultancy Services | 2,428 | 2,170 | ADD |
| Infosys | 1,148 | 1,060 | REDUCE |
| Wipro | 196 | 165 | REDUCE |
| HCLTech | 1,378 | 1,330 | ADD |
| Tech Mahindra* | 1,769 | 1,775 | ADD |
| LTIMindtree | 4,296 | 4,550 | ADD |
| Persistent Systems | 6,028 | 6,120 | ADD |
| Coforge | 2,035 | 2,320 | BUY |
| Mphasis | 2,410 | 2,860 | ADD |
| Zensar Technologies | 559 | 615 | ADD |
| Happiest Minds | 318 | 375 | BUY |

**CMP as on Nov 12, 2026*

| Relative Performance (%) | | | |
|---|---|---|---|
| YTD | 3Y | 2Y | 1Y |
| SENSEX | 26.1 | (5.4) | (3.1) |
| BSE IT | (2.5) | (25.7) | (15.3) |




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Key Takeaways – Q2FY27 Management Commentary
Financial Snapshot
Preferred Investment Ideas

**Tier-II Outperformance Widens; Underlying Demand Remains Largely Unchanged:** Revenue across our coverage companies remained mostly in line with estimate, with the underlying demand environment largely unchanged. While sequential growth improved for select players, Tier-I performance remained subdued, with growth averaging ~1.1% QoQ versus ~5.4% for Tier-II companies. Among Tier-I, TECHM (+2.4%) and HCLT (+2.3% in services) led sequential growth, followed by INFY (+1.2%), while TCS (+0.5%) remained subdued and WPRO was flat. Tier-II continued to outperform, led by COFORGE (+10.9%), PSYS (+7.8%), ZENT (+4.1%) and MPHL (+3.3%), although inorganic contribution and account ramp-ups explain part of the outperformance. Demand continues to be anchored by cost optimisation, vendor consolidation and AI-led transformation, while discretionary spend remains selective, particularly across segments exposed to slower client decision-making. Importantly, organic growth guidance cuts by INFY and Cognizant indicate that a definitive demand recovery remains elusive. **We project FY27 to remain a transition year, with growth increasingly dependent on deal conversion, ramp-up of large programmes and AI-led work translating into incremental revenue. Growth is forecast to remain uneven, with company-specific ramp-ups and portfolio mix driving relative performance rather than a broad-based recovery amid softer demand recovery environment.**

**Healthy Deal Wins Support Visibility; Revenue Conversion and Deal Economics Remain Key:** Deal bookings remained healthy, led by TCS (USD 9.6 Bn TCV), INFY (USD 5.2 Bn in large deals) and HCLT (USD 3.3 Bn), with COFORGE and MPHL also reporting strong deal momentum. However, booking strength is yet to translate into commensurate revenue growth, as phased transitions, staggered ramp-ups and elongated decision-making timelines continue to defer revenue conversion. Further, the increasing prevalence of shorter-cycle AI engagements (typically 1–2 quarters) limits the visibility traditionally associated with large, multi-year TCVs. **Overall, we believe that healthy bookings provide a demand cushion, but a meaningful sector recovery will depend on faster deal ramp-ups and conversion into sustainable revenue growth.**

**Margin Performance Mixed; Operational Efficiency Provides Partial Cushion:** Margin remained mixed in Q2FY27, with operational efficiency and cost discipline partly offsetting investments and delivery-related pressure. Tier-I performance was relatively resilient, with TCS sustaining industry-leading margin at 24.0% and INFY at 21.0%, while HCLT led sequential expansion, with reported EBIT margin improving 131 bps QoQ to 18.2% (19.0% adjusted). Tier-II margin was more varied, with COFORGE at 16.0%, PSYS at 15.0% and MPHL at 14.8%. **We estimate near-term margin expansion to remain measured, with utilisation, revenue mix and productivity gains determining the ability to absorb wage and AI-related investments.**

**Valuation: Recent Rally Outpaces Earnings Visibility; Stay Selective:** Indian IT valuation rebounded post Q2FY27, with the Nifty IT Index up ~14% in last one month and ~26% from its July 2026 lows, although still negative on YTD basis. The recovery reflects improving sentiment, healthy deal pipelines and better H2FY27 demand commentary. However, risk-reward has now moved to a more balanced zone, making further upside momentum increasingly dependent on execution and earnings delivery. AI is increasingly visible in reported revenue and deal pipelines, although the sector remains at an early stage of translating this opportunity into incremental, profitable growth. Early adoption creating near-term deflationary pressure on effort-based revenues before meaningful AI-led scale-up. Leading providers reported AI-led revenue at around 10% of overall revenue; however, incremental AI demand is being offset by productivity-led deflation in traditional effort-based services. We expect this pressure to persist through FY27–28, with a more meaningful growth inflection likely only from FY29, as AI-related revenues scale up towards 17-20% to the overall mix. With limited visibility on a near-term sector-wide earnings upgrade cycle, absolute upside appears more constrained at the current level. **We expect the sector's re-rating to become increasingly stock-specific and execution-led, rather than broad-based. Within Tier I, we favour TechM & HCL Tech for stronger margin resilience and deal conversion, while COFORGE and MPHASIS remain our preferred companies in the mid-cap, given superior growth visibility, sustained deal momentum and consistent execution.**

**Preferred Long-term Investment Ideas: Tech Mahindra (TP – INR 1,775), Coforge (TP – INR 2,320) and Mphasis (TP – INR 2,860).**

## IT SERVICES

### Tier-II Outperforms on Growth; 7 of 11 Companies Beat Estimate, Tier-I Recovery Remains Muted

| Company | Revenues (USD) | | | Change | | QoQ growth (USD %) | | |
|---|---|---|---|---|---|---|---|---|
| | Q2FY27 | Q1FY27 | Q2FY26 | QoQ (%) | YoY (%) | CIE est. | Actual | Difference |
| **TIER I** | | | | | | | | |
| TCS | 7,642 | 7,624 | 7,466 | 0.2 | 2.4 | - | 0.2 | 0.2 |
| INFO | 5,145 | 5,082 | 5,076 | 1.2 | 1.4 | 1.5 | 1.2 | (0.3) |
| WPRO | 2,612 | 2,615 | 2,617 | (0.1) | (0.2) | (0.7) | (0.1) | 0.6 |
| HCLT | 3,724 | 3,650 | 3,644 | 2.0 | 2.2 | 0.7 | 2.0 | 1.3 |
| TECHM | 1,693 | 1,660 | 1,586 | 2.0 | 6.8 | 1.2 | 2.0 | 0.8 |
| LTM | 1,235 | 1,224 | 1,180 | 1.0 | 4.7 | 1.6 | 1.0 | (0.6) |
| **TIER II** | | | | | | | | |
| COFORGE | 488 | 452 | 406 | 7.8 | 20.0 | 4.2 | 7.8 | 3.6 |
| PSYS | 652 | 592 | 462 | 10.1 | 41.1 | 12.9 | 10.1 | (2.8) |
| MPHL | 486 | 471 | 442 | 3.2 | 10.0 | 2.9 | 3.2 | 0.3 |
| ZENT | 166 | 160 | 163 | 4.2 | 2.1 | 2.5 | 4.2 | 1.7 |
| HAPPSTMN | 67 | 66 | 65 | 1.8 | 3.5 | 2.6 | 1.8 | (0.8) |

### EBIT Margin Contract Sequentially due to Wage Hike and AI-led Investments Partially Offset by Operational Efficiency

| Company | EBIT Margin % | | | Change | | EBIT Margin % | | |
|---|---|---|---|---|---|---|---|---|
| | Q2FY27 | Q1FY27 | Q2FY26 | QoQ (%) | YoY (%) | CIE est. | Actual | Difference (bps) |
| **TIER I** | | | | | | | | |
| TCS | 24.0 | 24.0 | 25.2 | - | (4.8) | 24.1 | 24.0 | (10.0) |
| INFO | 21.0 | 21.1 | 21.0 | (0.5) | - | 20.7 | 21.0 | 30.0 |
| WPRO | 16.4 | 16.0 | 16.7 | 2.5 | (1.8) | 16.8 | 16.4 | (40.0) |
| HCLT | 18.1 | 16.9 | 17.4 | 7.1 | 4.0 | 17.1 | 18.1 | 100.0 |
| TECHM | 14.8 | 14.4 | 12.1 | 2.8 | 22.3 | 16.1 | 14.8 | (130.0) |
| LTM | 15.6 | 15.5 | 15.9 | 0.6 | (1.9) | 15.7 | 15.6 | (10.0) |
| **TIER II** | | | | | | | | |
| COFORGE | 15.0 | 16.0 | 16.3 | (6.3) | (8.0) | 14.7 | 15.0 | 30.0 |
| PSYS | 16.0 | 16.0 | 14.0 | - | 14.3 | 15.2 | 16.0 | 80.0 |
| MPHL | 14.8 | 14.8 | 15.3 | - | (3.3) | 14.7 | 14.8 | 10.0 |
| ZENT | 13.4 | 12.7 | 13.7 | 5.5 | (2.2) | 13.1 | 13.4 | 30.0 |
| HAPPSTMN | 15.2 | 15.1 | 13.3 | 0.7 | 14.3 | 14.9 | 15.2 | 30.0 |

### Peer Comparison

| Company | CMP (INR) | TP (INR) | Revenue CAGR (FY26-29E) | EPS CAGR (FY26-29E) | EBITM (%) | | | | EPS (INR) | | | | PE (x) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | FY26 | FY27E | FY28E | FY29E | FY26 | FY27E | FY28E | FY29E | FY26 | FY27E | FY28E | FY29E |
| **Tier-I** | | | | | | | | | | | | | | | | |
| TCS | 2,428 | 2,170 | 6.1% | 4.7% | 27.1 | 25.7 | 25.6 | 25.7 | 136.0 | 156.3 | 153.0 | 156.3 | 18.1 | 15.7 | 16.1 | 15.7 |
| INFO | 1,148 | 1,060 | 7.5% | 5.1% | 20.9 | 20.6 | 20.8 | 20.2 | 71.6 | 75.3 | 80.6 | 83.0 | 16.0 | 15.2 | 14.2 | 13.8 |
| WPRO | 196 | 165 | 5.5% | 3.3% | 16.3 | 17.7 | 18.2 | 18.6 | 12.6 | 12.8 | 12.7 | 13.9 | 15.6 | 15.4 | 15.4 | 14.1 |
| HCLT | 1,378 | 1,330 | 7.9% | 3.7% | 20.6 | 20.3 | 20.2 | 20.1 | 64.0 | 68.0 | 67.7 | 71.4 | 21.7 | 20.4 | 20.5 | 19.5 |
| TECHM | 1,769 | 1,775 | 11.1% | 24.4% | 15.9 | 17.9 | 18.4 | 18.8 | 54.2 | 76.9 | 92.9 | 104.2 | 32.8 | 23.1 | 19.1 | 17.1 |
| LTIM | 4,296 | 4,550 | 10.5% | 16.4% | 17.9 | 18.2 | 18.9 | 18.9 | 168.2 | 205.4 | 239.0 | 265.5 | 25.2 | 20.7 | 17.8 | 16.0 |
| **Tier-II** | | | | | | | | | | | | | | | | |
| PSYS | 6,028 | 6,120 | 22.1% | 22.6% | 18.4 | 19.1 | 19.5 | 20.0 | 122.1 | 153.9 | 182.9 | 224.9 | 49.3 | 39.1 | 32.9 | 26.8 |
| COFORGE | 2,035 | 2,320 | 26.7% | 38.7% | 14.4 | 16.3 | 16.7 | 16.9 | 33.6 | 57.3 | 76.2 | 89.5 | 60.4 | 35.4 | 26.6 | 22.7 |
| MPHL | 2,410 | 2,860 | 14.1% | 14.6% | 15.4 | 15.2 | 15.7 | 16.0 | 100.5 | 114.7 | 133.4 | 151.6 | 23.9 | 21.0 | 18.1 | 15.9 |
| ZENT | 559 | 615 | 12.6% | 10.8% | 14.5 | 13.8 | 13.6 | 14.0 | 33.0 | 34.9 | 38.4 | 44.9 | 17.1 | 16.1 | 14.7 | 12.6 |
| HAPPSTMN | 318 | 375 | 10.2% | 17.0% | 13.6 | 14.8 | 14.0 | 14.7 | 13.9 | 18.0 | 18.7 | 22.2 | 22.9 | 17.7 | 17.0 | 14.3 |

## FY27 Guidance Signals Uneven Recovery, with Tier-I Growth Muted and Margin Expectation Stable

| Companies | Q2FY27 Revenue Growth (CC) | FY27 Revenue Growth Guidance | Q2FY27 EBIT Margin | FY27 EBIT Margin Guidance |
|---|---|---|---|---|
| **TCS** | 0.5% | FY27 growth will be better than FY26 | 24.0% | Aspiration band of 24% to 26% |
| **INFO** | 1.2% | FY27 revenue guidance cut to 1%–2% CC YoY (from prior 1.5%–3.0%). | 21.0% | 20% to 22% |
| **HCLT** | 2.3% | Revenue growth 2.5%–4.0% (CC) (includes inorganic contribution) | 18.1% | 17.5% to 18.5% |
| **WPRO*** | 0 | -1.5% to +0.5% QoQ in CC for 3QFY27 | 16.4% | 17.0% to 17.5% |
| **TECHM** | 2.4% | Higher than industry average | 14.8% | 15.0% |
| **LTM** | 1.1% | - | 15.6% | - |
| **COFORGE** | 10.1% | Industry leading growth | 16.0% | Consol. EBITDA margin of 20.5% to 21.0% & Consol/Standalone EBIT margins of 15.5 to 16.5% |
| **PSYS** | 7.8% | - | 15.0% | - |
| **MPHL** | 3.3% | High single-digit to low double-digit CC growth | 14.8% | 14.75% to 15.75% |
| **ZENT** | 4.1% | - | 13.4% | Margins to be similar to Q1 for Q2 & Q3 |

**Wipro revenue guidance for Q3FY27*



### Guidance Signals Gradual Recovery; Mid-caps Retain Stronger Growth Visibility

Tier-I growth guidance remains modest, reinforcing the absence of a broad-based demand recovery. INFY lowered its FY27 CC growth guidance to 1–2% from 1.5–3.0%, while HCLT guided for 2.5–4.0% growth. TCS expects FY27 growth to improve over FY26, while TECHM remains confident of outperforming the industry. These outlooks indicate limited near-term acceleration, with growth dependent on deal ramp-ups and improved revenue conversion.

In contrast, Tier-II companies continue to demonstrate a stronger growth visibility, led by COFORGE, which reiterated its industry-leading growth outlook, and MPHL, which maintained its expectation of high-single-digit to low-double-digit CC growth. Margin guidance remained largely unchanged, reflecting continued focus on operational efficiency and cost-discipline amid investments in AI and new capabilities.

Overall, guidance reinforces the divergence between Tier-I and Tier-II companies, with growth increasingly driven by company-specific execution rather than a broad-based demand recovery. While healthy deal pipelines and AI-led opportunities provide a medium-term growth cushion, delayed ramp-ups and selective discretionary spending remain near-term constraints. **We expect FY27 to remain a transition year, with revenue conversion, deal execution and the ability to sustain margin amid AI-led investments emerging as key monitorables.**

### Outlook

Q2FY27 highlights the continued divergence in growth, with mid-caps delivering stronger performance while Tier-I growth remains modest as underlying demand remains largely unchanged. While healthy deal bookings and rising AI-led engagements support medium-term visibility, slower conversion, selective discretionary spending and productivity-led deflation continue to constrain near-term revenue growth. **We expect FY27–28 to remain a transition period, with a meaningful sector growth inflection likely only as AI-led revenues scale up and offset pressure on traditional services.**

### Valuation

Nifty IT Index has rebounded ~14% over the past month and ~26% from its July 2026 lows, although it remains negative YTD. The recovery reflects improving sentiment and a reset in expectations rather than a decisive improvement in the underlying demand cycle. With AI-led productivity gains likely to exert pressure on traditional services growth through FY27–28, near-term earnings upgrade potential remains limited, and risk-reward appears more balanced. **We expect further re-rating to be increasingly stock-specific and earnings-led.**

## Global Counterparts Performance

| Accenture^ | | | | | | Commentary |
|---|---|---|---|---|---|---|
| | Q4 2026 | Q3 2026 | QoQ | Q3 2025 | YoY | ▪ The management indicated that the overall demand environment, including discretionary spending, remained largely unchanged.<br>▪ New bookings increased 5% YoY in local currency to USD 22.2 Bn, with a book-to-bill of 1.2x. Managed Services bookings stood at USD 12.8 Bn (1.4x book-to-bill), while some large-scale deals remain subject to timing-related lumpiness, with previously deferred opportunities expected to convert into FY27.<br>▪ Accenture guided to FY27 revenue growth of 3–6%, including a 2–2.5% inorganic contribution, and adjusted operating margin expansion of 10–30 bps. It expects to deploy approximately USD 5 Bn in acquisitions in FY27, in addition to the ~USD 3 Bn Cyber OT acquisitions completed in September. |
| Revenue (USD Mn) | 18,679 | 18,718 | (0.2%) | 17,596 | 6.2% | |
| Margin % | 15.3 | 17.0 | 170 Bps | 11.6 | 370 bps | |
| TCV (USD Mn) | 22,170 | 19,230 | 14.8% | 21,310 | 4.0% | |

| Cognizant | | | | | | Commentary |
|---|---|---|---|---|---|---|
| | Q3 2026 | Q2 2026 | QoQ | Q3 2025 | YoY | ▪ The management lowered FY26 revenue growth guidance to 4.0–4.4% (from 4.0–5.5%), indicating continued caution around demand in certain verticals, particularly healthcare and consumer-facing businesses.<br>▪ TTM bookings increased 4% YoY to USD 28.7 Bn, with a book-to-bill of 1.3x, while quarterly bookings declined 7%. Large-deal TCV grew 9% over the trailing 12 months, and the share of new and expanded business increased to 60% (from 48% a year ago).<br>▪ AI-led productivity is becoming increasingly embedded in delivery, with over 50% of Cognizant's code now AI-assisted and more than 95,000 frontier AI certifications earned by employees. |
| Revenue (USD Mn) | 5,664 | 5,481 | 3.3% | 5,415 | 4.6% | |
| Margin % | 15.4 | 15.9 | (50 bps) | 16.0 | (60 bps) | |
| TCV (USD Mn) | 28,700 | 29,100 | (1.4%) | 27,500 | 4.4% | |

| Oracle^^ | | | | | | Commentary |
|---|---|---|---|---|---|---|
| | Q1 2027 | Q4 2026 | QoQ | Q1 2026 | YoY | ▪ Cloud Infrastructure (OCI) revenue surged 121% to USD 7.4 Bn, significantly outpacing SaaS growth of 10%, highlighting the accelerating shift towards AI infrastructure-led growth.<br>▪ AI-related demand continues to drive large contract wins, with Oracle adding over USD 30 Bn of AI cloud contracts this quarter. RPO increased to USD 664 Bn, providing strong revenue visibility, although execution will depend on timely data-centre capacity deployment and conversion of backlog into revenue.<br>▪ Oracle reported USD 28 Bn of capex and negative free cash flow of USD 5 Bn in Q1, while FY27 capex guidance stands at USD 90–95 Bn. Capacity utilisation, project execution, funding requirements and eventual cash-flow conversion remain key monitorables. |
| Revenue (USD Mn) | 19,345 | 19,184 | 0.8% | 14,926 | 29.6% | |
| Margin % | 42.0 | 45.0 | (300 bps) | 42.0 | 0 Bps | |
| TCV (USD Mn) | NA | NA | - | NA | - | |

| EPAM | | | | | | Commentary |
|---|---|---|---|---|---|---|
| | Q3 2026 | Q2 2026 | QoQ | Q3 2025 | YoY | ▪ Financial Services and Life Sciences & Healthcare were the key growth drivers, while Software & High Tech and Consumer-facing verticals continued to face pressure.<br>▪ AI-native revenue exceeded USD 185 Mn in Q3, contributing approximately 13% to total revenue and growing over 130% YoY. Management raised its FY26 AI-native revenue target to at least USD 650 Mn (from USD 600 Mn), reflecting increasing traction in AI-led engineering and transformation engagements.<br>▪ The management expects FY26 organic CC revenue growth of 2.5–2.7%; the key monitorable remains whether AI-native growth and large-deal ramp-ups can offset weakness in traditional service lines and drive a sustained revenue recovery. |
| Revenue (USD Mn) | 1,426 | 1,415 | 0.8% | 1,394 | 2.3% | |
| Margin % | 16.7 | 16.4 | 30 bps | 16.0 | 70 Bps | |
| TCV (USD Mn) | NA | NA | - | NA | - | |

*^ Accenture follows August year ending.*
*^^ Oracle follows May year ending.*

## Key Takeaways from Management Commentary in Q2FY27

| Coverage Companies | Q2FY27 Concall Highlights |
|---|---|
| TCS | ▪ **TCS reported TCV of USD 9.6 Bn, excluding the Porsche and Best Buy GCC deals.**<br>▪ Annualised AI services revenue crossed USD 3.1 Bn, >10% of revenue, with margin above the company average.<br>▪ TCS strengthened its growth opportunities through a strategic partnership with Porsche AG and proposed acquisition of MHP to expand AI-led automotive and supply-chain capabilities, alongside a multi-year engagement with Best Buy to build AI-native GCCs, expanding its addressable market beyond traditional outsourcing.<br>▪ TCS' EBIT margin remained stable at 24.0% despite higher subcontracting, AI-skill bench creation and strategic investments. For H2, MHP consolidation could dilute margin by ~50 bps, partly offset by subcontractor optimisation, operating leverage, bench utilisation and AI pricing. **The management retained its 26–28% operating margin target, with Q3 furloughs an additional headwind.** |
| INFO | ▪ Revenue growth remained subdued amid softer volumes and pricing pressure, prompting the management to cut **FY27 CC revenue guidance to 1.0%–2.0% (from 1.5%–3.0%).**<br>▪ **AI contributed 10.5% of revenue, up 29% QoQ, driven by Topaz, agentic workflows and transformation services. Q2 TCV reached USD 5.2 Bn, with 62% net-new, including a USD-2 Bn+ mega deal.**<br>▪ The management retained its FY27 operating margin guidance of 20.0%–22.0%. However, we expect H2 margin to remain under pressure from phased wage hikes (Oct 2026 and Jan 2027), seasonal softness, acquisition amortisation and AI-led productivity pass-throughs.<br>▪ Infosys declared an interim dividend of INR 26 per share for Q2FY27, up 13% YoY. |
| HCLT | ▪ Services revenue reached USD 3,442 Mn, driven by an organic sequential expansion of 2.3%. IT and Business Services (ITBS) increased 2.7% QoQ CC and 4.4% YoY CC. Engineering and R&D Services (ERS) grew 4.1% QoQ CC and 2.1% YoY CC.HCLTech is entering the AI data center business with an initial strategic investment of up to INR 3,500 Cr, with a long-term goal of scaling up to 50MW capacity. The company made a USD-150 Mn strategic investment in Sarvam, a sovereign AI company, to co-innovate multilingual, India-focused AI models.<br>▪ Software revenue came in at USD 294 Mn, declining 5.8% QoQ CC and 11.2% YoY CC due to a lower volume of multiyear license renewals in Q2 (USD 39 Mn recognised vs. USD 81 Mn in Q2 FY26).<br>▪ Advanced AI Revenue: Reached USD 219 Mn in Q2 (up 28.4% QoQ and 78.0% YoY), representing annualised run-rate of USD 776 Mn. **The management revised FY27 revenue growth guidance, to 2.5–4.0% (from 1–4.0%) and Services growth to 3.0–4.0%. FY27 EBITM guidance was retained at 17.5–18.5%.** |
| WPRO | ▪ Wipro reported a mixed Q2FY27, with IT services revenue flat QoQ and growing 0.6% YoY in CC<br>▪ **TCV remained healthy at USD 2.6 Bn, with nine large deals, although two Q2 deals slipped due to paperwork and are expected to close in Q3, providing a potential revenue tailwind into Q4.**<br>▪ **Q3 guidance of -1.5% to +0.5% QoQ CC reflects seasonal furloughs and lower working days.**<br>▪ IT Services EBIT margin improved 50 bps QoQ to 16.5%, supported by operational improvement and favourable currency, partly offset by continued investments and talent.<br>▪ Acquisitions Mindsprint and HARMAN DTS strengthen capabilities, generate deal traction, but pressure margin |
| TECHM | ▪ Deal momentum remained healthy, with quarterly TCV at USD 1.02 Bn and TTM TCV rising 34.8% YoY to USD 4.27 Bn; revenue from strategic clients (USD 20 Mn+) grew 11.7% YoY, indicating deeper wallet-share gains under the TurboCharge programme.<br>▪ The management reiterated its FY27 EBIT margin target of 15.0%, with further gains expected from AI toolchain-led productivity, delivery efficiency in fixed-price engagements and additional pyramid rationalisation.<br>▪ TechM Helix anchors AI-led transformation across service lines and industry verticals. Key initiatives include Zero Gravity Telco Architecture, targeting 50–80% lower time-to-market and 25–50% lower architectural cost and Industera, a 30-billionparameter model developed with NVIDIA and AWS.<br>▪ The management plans to introduce AI revenue reporting in H2FY27 across three value pools: 1. Build the Enterprise, 2. Create Intelligence and 3. Run and Scale with Confidence. |

## Key Takeaways from Management Commentary in Q2FY27

| Coverage Companies | Q2FY27 Concall Highlights |
|---|---|
| **LTM** | ▪ LTM reported order inflows of USD 1.3 Bn, supported by a strategic shift towards shorter-tenure, faster conversion AI deals across Enterprise, Business, Industrial and Marketing AI, alongside Blueworks.<br>▪ Wins spanned wealth management, infrastructure modernisation, IT consolidation and AI-led process automation.<br>▪ The management expects a stronger sequential growth in H2FY27, supported by deal conversion and the planned Randstad digital business acquisition across Europe and Australia, with FY27 growth targeted near FY26 level and EBIT margin around 15.6%.<br>▪ LTM's Q2FY27 EBIT margin expanded 10 bps QoQ to 15.6%, driven by operational efficiency, 86.4% utilisation and premium pricing on AI-native offering, partly offset by productivity-led deflation and Middle East headwinds<br>▪ The management expects margin to remain resilient in H2FY27, led by a stronger revenue growth, a rising AI revenue share (13.4%) and Blueworks-led productivity gains, while maintaining margin around current level after the Randstad acquisition. |
| **PSYS** | ▪ TCV stood at USD 633.5 Mn for Q2 (new bookings contributed USD 367.1 Mn). On a TTM basis, TCV rose 36.3% YoY. ACV reached USD 481.0 Mn (new bookings contributed USD 262.3 Mn). TTM ACV grew 21.9% YoY.<br>▪ Total one-time transaction cost of Nagarro acquisition is estimated at ~USD 50 Mn over 3–4 quarters. Q2 incurred USD 19 Mn–USD 20 Mn (INR 1,853.4 Mn), impacting reported PAT margin and EPS by ~3.1%.<br>▪ Momentum in Software Reinvention Services, AI-led modernisation and vendor consolidation continues to support deal traction.<br>▪ The management reiterated its aspirational margin target of 16–17%, supported by AI-led productivity, scale benefits and cost-optimisation. While deal ramp-ups and operating efficiency is expected to aid recovery, the Nagarro acquisition is likely to weigh on near-term profitability, with ~USD 50 Mn in one-off cost, including USD 19–20 Mn incurred in Q2FY27. |
| **COFORGE** | ▪ Order intake reached a record USD 1,041 Mn (+51% QoQ; +102% YoY), taking the 12-month executable order book to an all-time high of USD 2.4 Bn (+45% YoY).<br>▪ **Management expects 8+ large deals in Q3, while the 12-month executable order book increased 45% YoY to a record USD 2.4 Bn.**<br>▪ **Coforge's AI-led capabilities and Encora's engineering expertise create cross-selling opportunities, while its record order book supports growth visibility.**<br>▪ Backed by disciplined execution, integration benefits and an expanding AI-led services mix, the management upgraded its FY27 consolidated EBIT margin guidance to 16.0% (exceeding the prior 15.5% target) while maintaining FY27 EBITDA guidance at 20.5–21.0%.<br>▪ Encora recorded flat sequential revenue of ~USD 147–USD 148 Mn in Q2 as planned, with margin expansion exceeding initial acquisition plans.<br>▪ **Starting Q3 FY27, Encora's revenue growth rate is projected to mirror Coforge's organic growth. Encora also expanded Coforge's nearshore delivery footprint across Eastern Europe and Latin America.** |
| **MPHL** | ▪ Secured net new TCV of USD 466 Mn in Q2FY27, marking the sixth consecutive quarter of wins exceeding USD 400 Mn, with TTM TCV reaching USD 1.8 Bn.<br>▪ Enterprise Applications (75.6% of revenue) grew 3.7% QoQ and 14.4% YoY (CC), driven by AI-led modernisation deals. BPO delivered a strong growth of 6.6% QoQ and 18.7% YoY (CC), supported by new wins and AI-led process transformation. ITO declined 4.9% QoQ as projects transitioned from build to steady-state operations<br>▪ AI-led opportunities now account for 71% of the total pipeline (vs. 12% three years ago) and 66% of Q2FY27 TCV wins<br>▪ **Management retained its FY27 OCF-to-PAT conversion target of 80%, while targeting a return to historical conversion levels in FY28.**<br>▪ Mphasis Tria addresses the enterprise AI execution gap by enabling governed AI-led decision-making, with measurable impact on revenue growth, operating margin and risk management.. |

## Key Takeaways from Management Commentary in Q2FY27

| Coverage Companies | Q2FY27 Concall Highlights |
|---|---|
| **HAPPSTMN** | ▪ **The management reiterated FY27 revenue growth guidance of 12.5% and USD-1 Bn FY28 revenue target.**<br>▪ Project Reimagine is shifting delivery towards outcome-based models, supported by its ReliaBuild agentic AI platform (adopted by 15 clients). AI workflows cover 55% of projects, with 72% of developers and testers using advanced AI tools<br>▪ GenAI Business Services grew ~135% YoY CC in H1FY27, while industry-specific platforms, such as EduView, Insurance in a Box and SecAI Genie are gaining traction.<br>▪ **ITC Infotech Combination: Securing requisite regulatory approvals, with merger completion targeted for October–November 2027, creating a USD-1 Bn AI-first technology services business by FY28.**<br>▪ H1FY27 revenue grew 17.4% YoY, with adjusted EBITDA margin improving 40 bps to 18.4%, reinforcing confidence in the proposed combination with HAPPSTMN and the USD-1 Bn FY28 ambition. |
| **ZENT** | ▪ Q2FY27 TCV intake stood at USD 151.5 Mn, with ~USD 30 Mn of deals deferred to Q3 due to documentation delays rather than slower client decision-making. AI-led productivity is compressing deal sizes and contract tenures through shorter execution cycles and lower effort requirement.<br>▪ The management expects performance to be stronger than the typical seasonal trend, supported by ramp-ups of recent deal wins and lower exposure to telecom-related seasonality, which should partly mitigate the usual furlough impact.<br>▪ 36% of the order book is now AI-influenced (up from the 10% range over the past year)<br>▪ Replaced low-conversion Proofs of Concept (PoCs) with Proofs of Value (PoV), boosting downstream conversion into production-scale deployments to over 80%<br>▪ 59%+ of projects have transitioned from traditional SDLC to AI Delivery Life Cycle (AIDLC) methodologies |

### Tier-II Outperforms Tier-I; Strong Execution & Deal Wins Drive Growth – USD CC QoQ Growth %

| (in %) | Q2FY25 | Q3FY25 | Q4FY25 | Q1FY26 | Q2FY26 | Q3FY26 | Q4FY26 | Q1FY27 | Q2FY27 |
|---|---|---|---|---|---|---|---|---|---|
| **TIER I** | | | | | | | | | |
| TCS | 1.2 | - | (0.8) | (3.3) | 0.8 | 0.8 | 1.2 | 0.4 | 0.5 |
| INFO | 3.1 | 1.7 | (3.5) | 2.6 | 2.2 | 0.6 | (1.3) | 1.0 | 1.2 |
| WPRO | 0.6 | 0.1 | (0.8) | 2.0 | 0.3 | 1.4 | 0.2 | (1.2) | 0.0 |
| HCLT | 1.6 | 3.8 | (0.8) | (0.8) | 2.4 | 4.2 | (3.3) | (0.5) | 2.3 |
| TECHM | 0.7 | 1.2 | (1.5) | (1.4) | 1.6 | 1.7 | 0.6 | 2.6 | 2.4 |
| LTM | 2.3 | 1.8 | (0.6) | 0.8 | 2.4 | 2.4 | 1.2 | 0.3 | 1.1 |
| **Average** | **1.6** | **1.4** | **(1.3)** | **0.0** | **1.6** | **1.9** | **(0.2)** | **0.4** | **1.3** |
| **TIER II** | | | | | | | | | |
| COFORGE | 26.3 | 8.4 | 3.4 | 8.0 | 5.9 | 4.4 | 2.0 | 1.1 | 3.8 |
| PSYS | 5.1 | 4.6 | 4.5 | 3.3 | 4.4 | 4.1 | 3.4 | 4.1 | 7.8 |
| MPHL | 2.4 | 0.2 | 2.9 | 1.0 | 2.0 | 1.5 | 2.5 | 2.1 | 3.3 |
| ZENT | 0.3 | 0.5 | 0.9 | 1.9 | - | (1.3) | (1.9) | 1.1 | 4.1 |
| HAPPSTMN | 12.7 | 0.8 | 1.1 | 2.3 | 2.3 | 1.2 | 0.5 | 2.6 | 2.4 |
| **Average** | **9.4** | **2.9** | **2.6** | **3.3** | **2.9** | **2.0** | **1.3** | **2.2** | **4.3** |

### HCLT & TECHM Grow Strongly, led by Healthy Deal Pipeline; COFORGE & PSYS Reported Strong USD QoQ Growth

| (in %) | Q2FY25 | Q3FY25 | Q4FY25 | Q1FY26 | Q2FY26 | Q3FY26 | Q4FY26 | Q1FY27 | Q2FY27 |
|---|---|---|---|---|---|---|---|---|---|
| **TIER I** | | | | | | | | | |
| TCS | 2.2 | (1.7) | (1.0) | (0.6) | 0.6 | 0.6 | 1.5 | 0.0 | 0.2 |
| INFO | 3.8 | 0.9 | (4.2) | 4.5 | 2.7 | 0.5 | (1.2) | 0.8 | 1.2 |
| WPRO | 1.3 | (1.2) | (1.2) | (0.4) | 0.7 | 1.2 | 0.5 | (1.4) | -0.1 |
| HCLT | 2.4 | 2.5 | (1.0) | 1.3 | 2.8 | 4.1 | (2.9) | (0.9) | 2.0 |
| TECHM | 1.9 | (1.4) | (1.2) | 1.0 | 1.4 | 1.5 | 0.9 | 2.2 | 2.0 |
| LTM | 2.8 | 1.1 | (0.7) | 2.0 | 2.3 | 2.4 | 1.2 | 0.1 | 1.0 |
| **Average** | **2.4** | **0.0** | **(1.6)** | **1.3** | **1.8** | **1.7** | **0.0** | **0.1** | **1.1** |
| **TIER II** | | | | | | | | | |
| COFORGE | 26.8 | 5.7 | 3.3 | 9.6 | 4.5 | 4.1 | 1.7 | 21.1 | 10.1 |
| PSYS | 5.3 | 4.3 | 4.2 | 3.9 | 4.2 | 4.0 | 3.2 | 3.8 | 7.8 |
| MPHL | 2.7 | (0.4) | 2.6 | 1.6 | 1.8 | 1.4 | 2.5 | 1.8 | 3.2 |
| ZENT | 1.3 | 0.6 | 0.0 | 3.3 | 0.5 | (1.4) | -1.3 | 0.7 | 4.2 |
| HAPPSTMN | 12.3 | 0.5 | 0.3 | 2.3 | 1.2 | 1.0 | -1.0 | -1.0 | -1.0 |
| **Average** | **9.7** | **2.1** | **2.1** | **4.1** | **2.4** | **1.8** | **1.0** | **5.3** | **4.9** |

### Tier II growth surpasses Tier I; Divergence Widens on the back of Stronger Execution – USD YoY Growth %

| (in %) | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | Q1FY26 | Q2FY26 | Q3FY26 | Q4FY26 | Q1FY27 |
|---|---|---|---|---|---|---|---|---|---|
| **TIER I** | | | | | | | | | |
| TCS | 3.9 | 6.4 | 3.5 | 1.4 | 1.1 | -2.7 | -0.4 | 2.1 | 2.7 |
| INFO | 2.1 | 3.7 | 5.9 | 3.6 | 4.8 | 3.7 | 3.2 | 6.6 | 2.9 |
| WPRO | -5.5 | -2.0 | -1.0 | -2.3 | -1.5 | -2.1 | 0.2 | 2.1 | 1.0 |
| HCLT | 5.1 | 6.8 | 3.5 | 2.0 | 5.4 | 5.8 | 7.4 | 5.3 | 3.0 |
| TECHM | -2.6 | 2.2 | -0.3 | 0.1 | 0.4 | -0.2 | 2.7 | 4.9 | 6.1 |
| LTM | 3.5 | 4.8 | 5.1 | 5.8 | 5.2 | 4.7 | 6.1 | 8.1 | 6.1 |
| **Average** | **1.1** | **3.7** | **2.8** | **1.8** | **2.6** | **1.5** | **3.2** | **4.9** | **3.6** |
| **TIER II** | | | | | | | | | |
| COFORGE | 7.2 | 32.8 | 38.5 | 43.6 | 54.5 | 26.6 | 23.1 | 21.2 | 33.9 |
| PSYS | 16.0 | 18.4 | 19.8 | 20.7 | 18.8 | 17.6 | 17.3 | 16.2 | 16.1 |
| MPHL | 3 | 5.7 | 4.2 | 4.8 | 6.6 | 5.7 | 7.7 | 7.5 | 7.8 |
| ZENT | 3.4 | 4.0 | 8.3 | 6.1 | 4.9 | 4.2 | 2.2 | 1.0 | (1.5) |
| HAPPSTMN | 16.8 | 27.0 | 27.0 | 25.6 | 15.9 | 4.4 | 4.8 | 3.5 | 14.3 |
| **Average** | **9.3** | **17.6** | **19.6** | **20.2** | **20.1** | **11.7** | **11.0** | **9.9** | **14.1** |

*Source: Company, Choice Institutional Equities*

### EBIT Margin Expanded, led by Efficiency Gains Offset by Wage Hikes and AI-led Investments – EBITM %

| (in %) | Q2FY25 | Q3FY25 | Q4FY25 | Q1FY26 | Q2FY26 | Q3FY26 | Q4FY26 | Q1FY27 | Q2FY27 |
|---|---|---|---|---|---|---|---|---|---|
| **TIER I** | | | | | | | | | |
| TCS | 24.1 | 24.5 | 24.2 | 24.5 | 25.2 | 25.2 | 25.3 | 24.0 | 24.0 |
| INFO | 21.1 | 21.3 | 21.0 | 20.8 | 21.0 | 21.2 | 21.0 | 21.1 | 21.0 |
| WPRO | 16.8 | 17.5 | 17.5 | 17.3 | 16.7 | 17.6 | 17.3 | 16.0 | 16.4 |
| HCLT | 18.6 | 19.5 | 18.0 | 16.3 | 17.4 | 18.6 | 16.5 | 16.9 | 18.1 |
| TECHM | 9.6 | 10.2 | 10.5 | 11.1 | 12.1 | 13.1 | 13.8 | 14.4 | 14.8 |
| LTM | 15.5 | 13.8 | 13.8 | 14.3 | 15.9 | 16.1 | 15.1 | 15.5 | 15.6 |
| **TIER II** | | | | | | | | | |
| COFORGE | 11.7 | 11.9 | 12.3 | 11.4 | 14.0 | 14.2 | 16.6 | 16.0 | 16.0 |
| PSYS | 14.0 | 14.9 | 15.6 | 15.5 | 16.3 | 16.7 | 16.3 | 16.0 | 15.0 |
| MPHL | 15.4 | 15.3 | 15.3 | 15.3 | 15.3 | 15.2 | 15.4 | 14.8 | 14.8 |
| ZENT | 13.1 | 13.8 | 13.9 | 13.5 | 13.7 | 16.1 | 14.7 | 12.7 | 13.4 |
| HAPPSTMN | 13.2 | 13.7 | 11.3 | 13.0 | 13.3 | 14.5 | 13.6 | 15.1 | 15.2 |

### Tier-I Margin expanded sequentially due to Efficiency gains & Operating leverage; Tier-II Margin remained Largely flat owing to Ramp up cost and continued Investments

| (in %) | Q2FY25 | Q3FY25 | Q4FY25 | Q1FY26 | Q2FY26 | Q3FY26 | Q4FY26 | Q1FY27 | Q2FY27 |
|---|---|---|---|---|---|---|---|---|---|
| **TIER I** | | | | | | | | | |
| TCS | (60) | 40 | (30) | 30 | 70 | 0 | 10 | (130) | 0 |
| INFO | 0 | 20 | (30) | (20) | 20 | 20 | (20) | 10 | -10 |
| WPRO | 30 | 70 | 0 | (20) | (60) | 90 | (30) | (130) | 40 |
| HCLT | 150 | 90 | (150) | (170) | 110 | 120 | (210) | 40 | 120 |
| TECHM | 110 | 60 | 30 | 60 | 100 | 100 | 70 | 60 | 40 |
| LTM | 50 | (170) | 0 | 50 | 160 | 20 | (100) | 40 | 10 |
| **Average** | **47** | **18** | **(30)** | **(12)** | **67** | **58** | **(47)** | **(18)** | **33** |
| **TIER II** | | | | | | | | | |
| COFORGE | (190) | 20 | 40 | (90) | 260 | 20 | 240 | (60) | 0 |
| PSYS | 0 | 90 | 70 | (10) | 80 | 40 | (40) | (30) | -100 |
| MPHL | 40 | (10) | 0 | 0 | 0 | (10) | 20 | (60) | 0 |
| ZENT | (20) | 70 | 10 | (40) | 20 | 240 | (140) | (200) | 70 |
| HAPPSTMN | (30) | 50 | (240) | 170 | 30 | 120 | (90) | 150 | 10 |
| **Average** | **(40)** | **44** | **-24** | **6** | **78** | **82** | **(2)** | **(40)** | **(4)** |

### Hiring Momentum Improved Meaningfully across Companies supported by Fresher Onboarding, Large-deal ramp-ups and Demand for Specialised AI, cloud and engineering skills - Headcount

| (in %) | Q2FY25 | Q3FY25 | Q4FY25 | Q1FY26 | Q2FY26 | Q3FY26 | Q4FY26 | Q1FY27 | Q2FY27 |
|---|---|---|---|---|---|---|---|---|---|
| **TIER I** | | | | | | | | | |
| TCS | 6,12,724 | 6,07,354 | 6,07,979 | 6,13,068 | 5,93,314 | 5,82,163 | 5,84,519 | 5,93,798 | 5,98,056 |
| INFO | 3,17,788 | 3,23,379 | 3,23,578 | 3,23,788 | 3,31,991 | 3,37,034 | 3,28,594 | 3,28,062 | 3,32,542 |
| WPRO | 2,33,889 | 2,32,732 | 2,33,346 | 2,33,232 | 2,35,492 | 2,42,021 | 2,42,156 | 2,43,044 | 2,36,328 |
| HCLT | 2,18,621 | 2,20,755 | 2,23,420 | 2,23,151 | 2,26,640 | 2,26,379 | 2,27,181 | 2,23,889 | 2,30,339 |
| TECHM | 1,54,273 | 1,50,488 | 1,48,731 | 1,48,517 | 1,52,714 | 1,49,616 | 1,47,623 | 1,46,760 | 1,52,206 |
| LTM | 84,438 | 86,800 | 84,307 | 83,889 | 86,447 | 87,958 | 87,950 | 87,886 | 88,835 |
| **Average** | **2,70,289** | **2,70,251** | **2,70,227** | **2,70,941** | **2,71,100** | **2,70,862** | **2,69,671** | **2,70,573** | **2,71,812** |
| **TIER II** | | | | | | | | | |
| COFORGE | 32,483 | 33,094 | 33,497 | 34,187 | 34,896 | 35,341 | 35,777 | 46,228 | 47,365 |
| PSYS | 23,237 | 23,942 | 24,594 | 25,340 | 26,224 | 26,711 | 27,502 | 28,640 | 29,598 |
| MPHL | 31,601 | 31,194 | 31,442 | 31,063 | 30,809 | 31,272 | 31,179 | 32,097 | 32,920 |
| ZENT | 10,240 | 10,517 | 10,702 | 10,620 | 10,550 | 10,732 | 10,779 | 11,342 | 12,320 |
| HAPPSTMN | 6,580 | 6,630 | 6,632 | 6,523 | 6,554 | 6,548 | 6,497 | 6,532 | 6,466 |
| **Average** | **20,828** | **21,075** | **21,373** | **21,547** | **21,807** | **22,121** | **22,347** | **24,968** | **25,734** |

*Source: Company, Choice Institutional Equities*

## Financial Snapshot

### TCS– Q2FY27_Result Update

| Particulars | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Revenue (USD Mn) | 30,179 | 30,017 | 30,614 | 31,208 | 31,800 |
| Revenue | 25,53,240 | 26,70,210 | 29,39,603 | 30,70,240 | 31,88,086 |
| Gross Profit | 10,34,190 | 11,13,800 | 11,92,168 | 12,32,042 | 12,76,680 |
| EBITDA | 6,74,070 | 7,23,980 | 7,54,355 | 7,86,863 | 8,19,380 |
| Depreciation | 52,420 | 55,600 | 56,194 | 64,475 | 73,326 |
| EBIT | 6,21,650 | 6,68,380 | 6,98,161 | 7,22,388 | 7,46,054 |
| Other Income | 39,620 | 44,020 | 54,913 | 38,789 | 36,465 |
| PAT | 4,85,530 | 4,92,100 | 5,57,089 | 5,53,577 | 5,65,400 |
| EPS | 134.2 | 136.0 | 156.3 | 153.0 | 156.3 |

### INFO – Q2FY27_Result Update

| Particulars | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Revenue (USD Mn) | 19,277 | 20,158 | 20,557 | 21,257 | 22,153 |
| Revenue | 16,29,900 | 17,86,500 | 19,73,977 | 20,91,282 | 22,21,054 |
| Gross Profit | 7,70,400 | 8,35,550 | 9,35,713 | 9,86,746 | 10,21,743 |
| EBITDA | 3,92,360 | 4,22,790 | 4,62,976 | 4,97,838 | 5,16,304 |
| Depreciation | 48,120 | 49,020 | 56,033 | 62,738 | 66,632 |
| EBIT | 3,44,240 | 3,73,770 | 4,06,943 | 4,35,100 | 4,49,673 |
| Other Income | 35,990 | 43,220 | 40,844 | 45,073 | 45,087 |
| PAT | 2,67,500 | 2,94,740 | 3,12,793 | 3,34,888 | 3,44,804 |
| EPS | 64.5 | 71.6 | 75.3 | 80.6 | 83.0 |

### WPRO – Q2FY27_Result Update

| Particulars | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Revenue (USD Mn) | 10,512 | 10,478 | 10,461 | 10,607 | 10,803 |
| Revenue | 8,90,917 | 9,28,093 | 10,05,404 | 10,51,496 | 10,91,090 |
| Gross Profit | 2,73,117 | 2,71,901 | 3,04,739 | 3,20,952 | 3,39,084 |
| EBITDA | 1,51,274 | 1,51,251 | 1,78,397 | 1,91,861 | 2,02,448 |
| Depreciation | 29,579 | 29,107 | 33,696 | 31,545 | 35,460 |
| EBIT | 1,21,695 | 1,22,144 | 1,44,702 | 1,60,316 | 1,66,988 |
| Other Income | 38,202 | 36,491 | 32,089 | 38,300 | 39,660 |
| PAT | 1,02,350 | 1,03,291 | 1,18,609 | 1,37,015 | 1,42,493 |
| EPS | 12.5 | 12.6 | 12.8 | 12.7 | 13.9 |

### HCLT – Q2FY27_Result Update

| Particulars | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Revenue (USD Mn) | 13,840 | 14,664 | 15,046 | 15,639 | 16,310 |
| Revenue | 11,70,550 | 13,01,440 | 14,44,298 | 15,38,582 | 16,35,246 |
| Gross Profit | 4,08,980 | 4,43,330 | 4,94,058 | 5,26,818 | 5,57,919 |
| EBITDA | 2,55,040 | 2,67,520 | 2,97,687 | 3,27,174 | 3,49,787 |
| Depreciation | 40,840 | 43,550 | 46,862 | 58,466 | 62,139 |
| EBIT | 2,14,200 | 2,23,970 | 2,50,825 | 2,68,708 | 2,87,647 |
| Other Income | 24,850 | 15,300 | 9,835 | 15,459 | 15,459 |
| PAT | 1,73,990 | 1,64,150 | 1,92,172 | 2,05,667 | 2,19,330 |
| EPS | 64.2 | 64.1 | 71.0 | 76.0 | 81.0 |

*Source: Company, Choice Institutional Equities*

## Financial Snapshot

### TECHM– Q2FY27_Result Update

| Particulars | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Revenue (USD Mn) | 6,265 | 6,385 | 6,778 | 7,214 | 7,775 |
| Revenue | 5,29,883 | 5,68,154 | 6,50,264 | 7,09,801 | 7,79,503 |
| Gross Profit | 2,33,645 | 2,63,366 | 3,20,677 | 3,49,915 | 3,80,357 |
| EBITDA | 69,911 | 90,341 | 1,16,336 | 1,30,670 | 1,46,506 |
| Depreciation | 18,529 | 18,816 | 19,640 | 21,294 | 23,385 |
| EBIT | 51,382 | 71,525 | 96,696 | 1,09,376 | 1,23,121 |
| Other Income | 8,554 | 319 | 951 | 3,915 | 3,495 |
| PAT | 42,444 | 50,794 | 68,845 | 82,894 | 92,954 |
| EPS | 48.0 | 54.3 | 77.0 | 93.0 | 104.4 |

### LTM – Q2FY27_Result Update

| Particulars | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Revenue (USD Mn) | 4,493 | 4,764 | 4,991 | 5,296 | 5,694 |
| Revenue | 3,80,081 | 4,23,076 | 4,79,149 | 5,20,999 | 5,70,879 |
| Gross Profit | 1,11,863 | 1,23,167 | 1,36,987 | 1,53,029 | 1,66,121 |
| EBITDA | 64,949 | 75,552 | 87,283 | 98,340 | 1,07,637 |
| Depreciation | 9,915 | 10,541 | 11,290 | 14,588 | 15,985 |
| EBIT | 55,034 | 65,011 | 75,993 | 83,752 | 91,652 |
| Other Income | 9,897 | 10,944 | 8,871 | 14,964 | 17,811 |
| PAT | 46,020 | 49,827 | 60,968 | 70,951 | 78,787 |
| EPS | 155.3 | 168.6 | 205.8 | 239.5 | 266.0 |

### COFORGE – Q2FY27_Result Update

| Particulars | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Revenue (USD Mn) | 1,445 | 1,875 | 2,623 | 3,036 | 3,327 |
| Revenue | 1,20,733 | 1,64,027 | 2,50,359 | 2,98,716 | 3,33,626 |
| Gross Profit | 40,734 | 55,500 | 85,977 | 1,03,159 | 1,15,832 |
| EBITDA | 17,218 | 30,464 | 52,148 | 63,302 | 71,314 |
| Depreciation | 4,276 | 6,819 | 11,263 | 13,442 | 15,013 |
| EBIT | 12,942 | 23,645 | 40,885 | 49,860 | 56,301 |
| Other Income | -281 | -1,104 | -4,426 | -1,702 | -1,862 |
| PAT | 9,635 | 16,744 | 25,991 | 34,384 | 40,283 |
| EPS | 18.3 | 33.6 | 57.3 | 76.2 | 89.5 |

### PSYS – Q2FY27_Result Update

| Particulars | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Revenue (USD Mn) | 1,409 | 1,654 | 2,003 | 2,368 | 2,679 |
| Revenue | 1,19,387 | 1,47,485 | 1,92,503 | 2,32,995 | 2,68,667 |
| Gross Profit | 40,647 | 51,720 | 67,574 | 81,671 | 95,324 |
| EBITDA | 20,582 | 27,064 | 36,829 | 45,369 | 53,681 |
| Depreciation | 3,069 | 4,030 | 6,419 | 6,990 | 6,717 |
| EBIT | 17,512 | 23,035 | 30,410 | 38,379 | 46,964 |
| Other Income | 1,382 | 1,409 | -227 | 2,173 | 2,093 |
| PAT | 14,001 | 18,466 | 24,324 | 28,939 | 35,575 |
| EPS | 91.2 | 123.0 | 155.2 | 184.6 | 226.9 |

*Source: Company, Choice Institutional Equities*

## Financial Snapshot

### MPHL– Q2FY27_Result Update

| Particulars | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Revenue (USD Mn) | 1,681 | 1,796 | 1,965 | 2,148 | 2,352 |
| Revenue | 1,42,300 | 1,58,797 | 1,87,138 | 2,11,314 | 2,35,870 |
| Gross Profit | 44,698 | 49,853 | 57,112 | 66,165 | 74,953 |
| EBITDA | 26,471 | 29,836 | 34,777 | 40,278 | 45,776 |
| Depreciation | 4,751 | 5,388 | 6,322 | 7,185 | 8,020 |
| EBIT | 21,720 | 24,448 | 28,456 | 33,093 | 37,757 |
| Other Income | 2,550 | 3,208 | 3,655 | 3,607 | 3,577 |
| PAT | 17,034 | 19,149 | 21,902 | 25,465 | 28,945 |
| EPS | 89.9 | 100.5 | 114.7 | 133.4 | 151.6 |

### ZENT – Q2FY27_Result Update

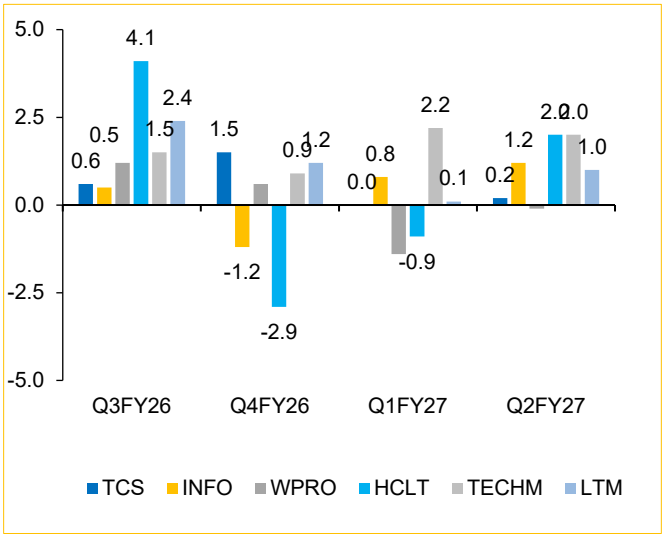
| Particulars | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Revenue (USD Mn) | 624 | 644 | 674 | 736 | 809 |
| Revenue | 52,806 | 56,874 | 64,607 | 72,427 | 81,140 |
| Gross Profit | 15,695 | 18,217 | 19,554 | 22,546 | 25,742 |
| EBITDA | 8,167 | 9,161 | 10,220 | 11,320 | 12,956 |
| Depreciation | 1,019 | 913 | 1,326 | 1,449 | 1,623 |
| EBIT | 7,148 | 8,248 | 8,893 | 9,871 | 11,333 |
| Other Income | 1,603 | 2,339 | 1,688 | 1,744 | 2,224 |
| PAT | 6,499 | 7,746 | 7,881 | 8,666 | 10,132 |
| EPS | 28.7 | 33.0 | 34.9 | 38.4 | 44.9 |

### HAPPSTMN – Q2FY27_Result Update

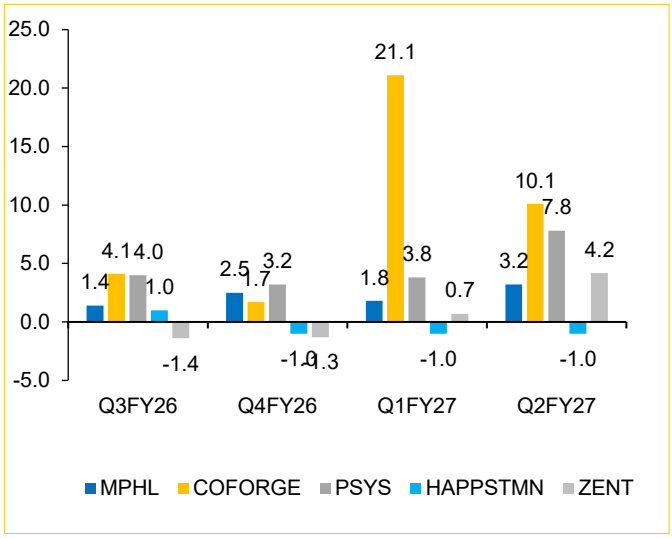
| Particulars | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Revenue (USD Mn) | 244 | 260 | 273 | 300 | 329 |
| Revenue | 20,608 | 23,151 | 25,866 | 27,936 | 30,967 |
| Gross Profit | 6,955 | 7,542 | 8,713 | 9,149 | 10,223 |
| EBITDA | 3,544 | 4,034 | 4,765 | 4,959 | 5,657 |
| Depreciation | 887 | 882 | 941 | 1,034 | 1,117 |
| EBIT | 2,657 | 3,152 | 3,825 | 3,925 | 4,540 |
| Other Income | 1,014 | 850 | 823 | 780 | 840 |
| PAT | 1,847 | 2,092 | 2,718 | 2,820 | 3,352 |
| EPS | 12.3 | 13.9 | 18.0 | 18.7 | 22.2 |

*Source: Company, Choice Institutional Equities*

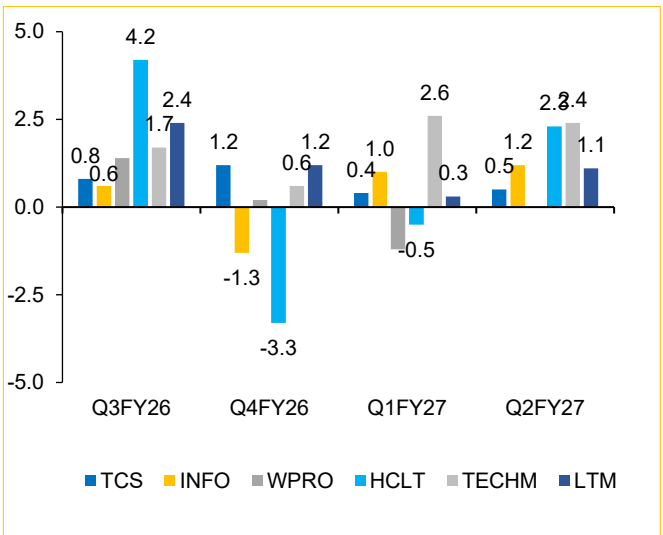
**Broad-based growth with TECHM & HCLT showing strong growth (USD QoQ Growth %)**



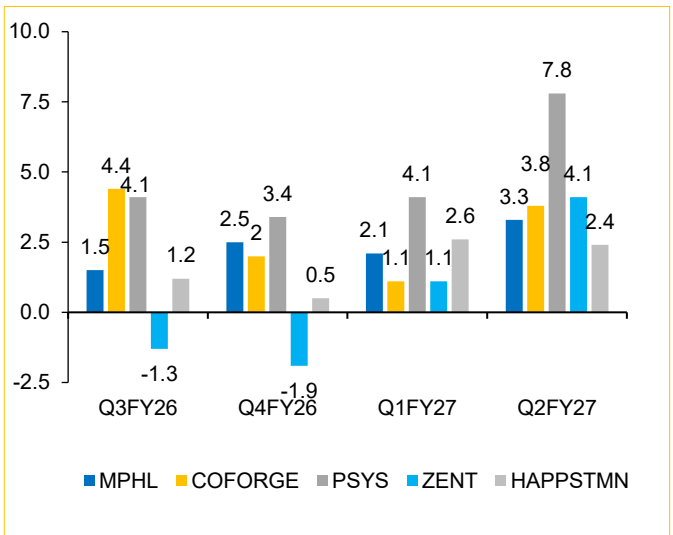

**Tier II see healthy growth; COFORGE and PSYS lead the pack (USD QoQ)**



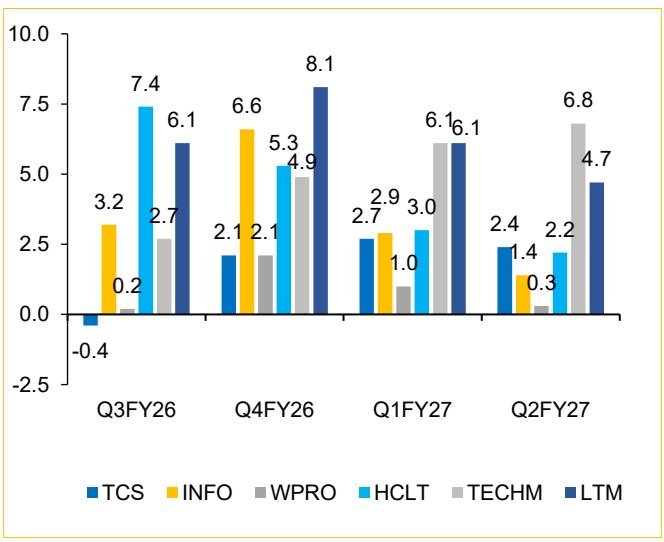

**TECHM & HCLT CC QoQ Growth remains strong across Tier 1**



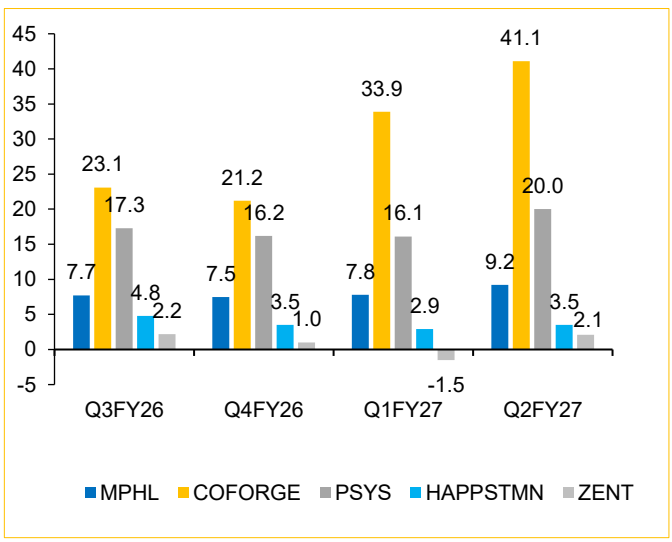

**Midcap Sustain Strong CC QoQ Growth; PSYS & ZENT lead the pack**




**TECHM & LTM lead Growth, led by large deal ramp up and AI deployment (USD YoY %)**



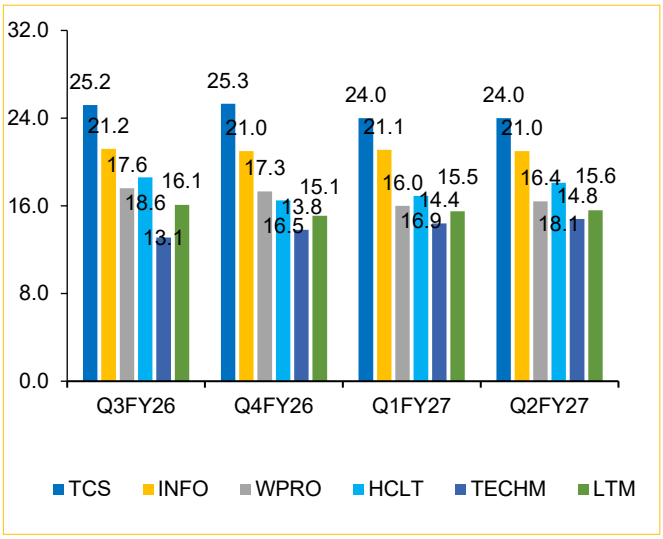

**COFORGE, PSYS & MPHL led by large deals and strong execution (USD YoY Growth)**



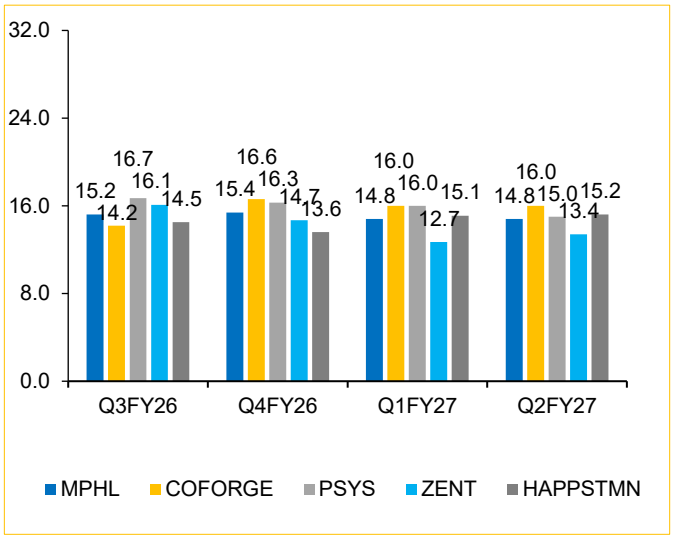

*Source: Company, Choice Institutional Equities*

Q2FY27 Quarterly Results Review

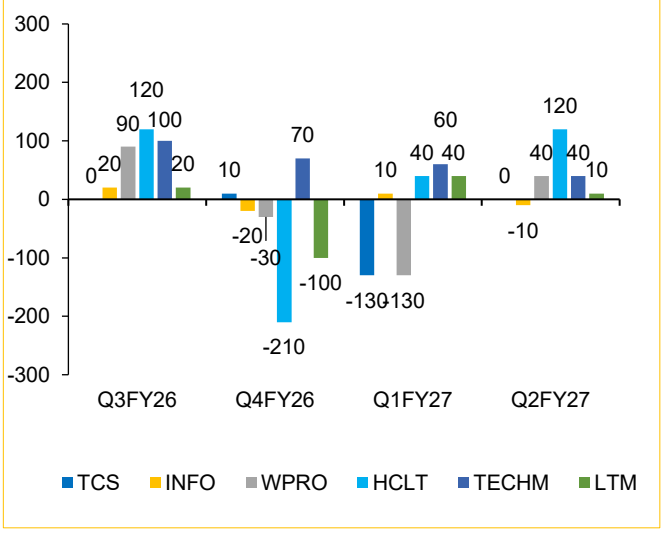
**Tier I (except INFY) witnesses margin expansion QoQ**



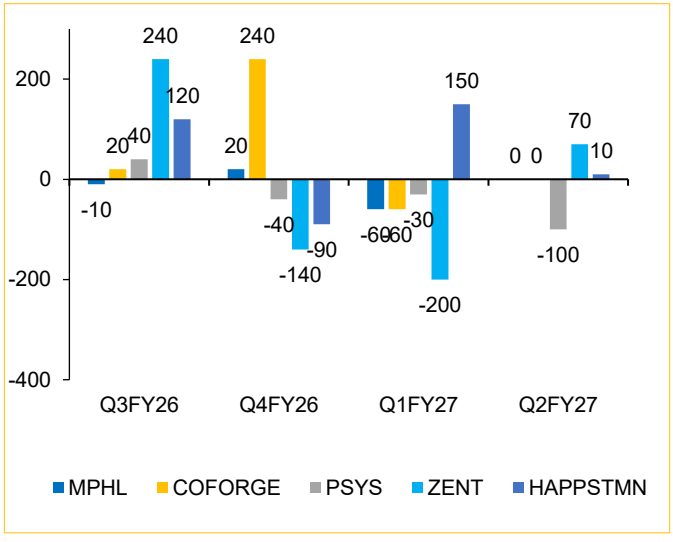

**Tier II margin sustained, despite heavy AI investments**



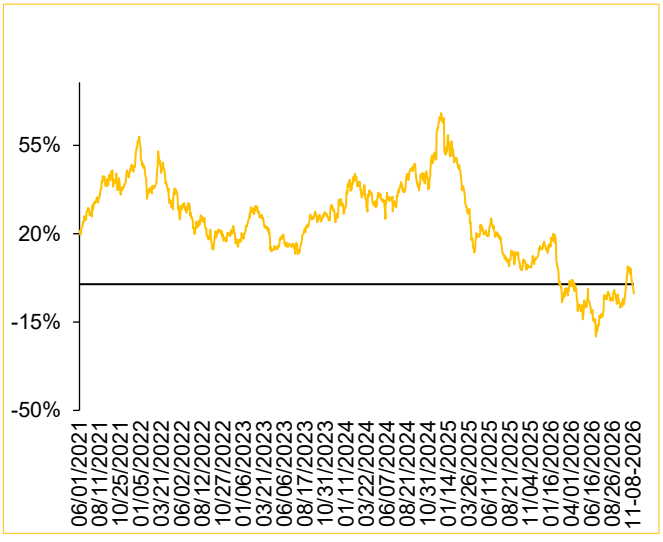

**Tier I except TCS & INFY reported margin expansion QoQ**



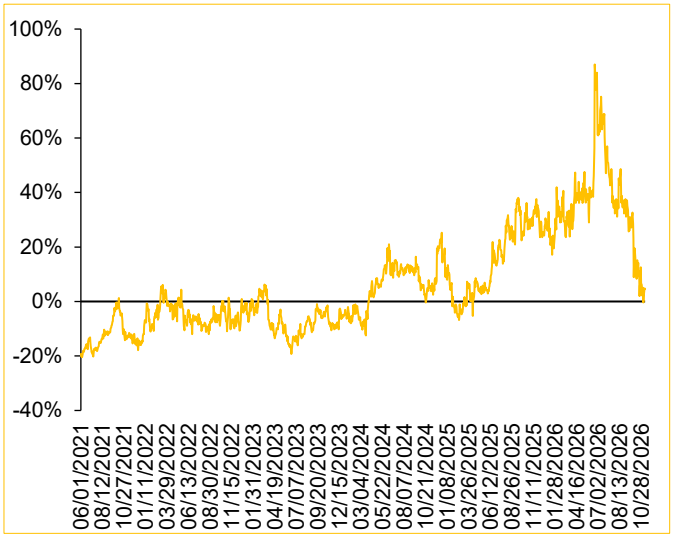

**Tier II (except ZENT) witnesses margin decline due to wage hike and AI Investments**




**Nifty IT vs NIFT 50 1- Yr forward PE (Premium %)**




**NIFTY IT vs Accenture 1- Yr forward PE (Premium %)**

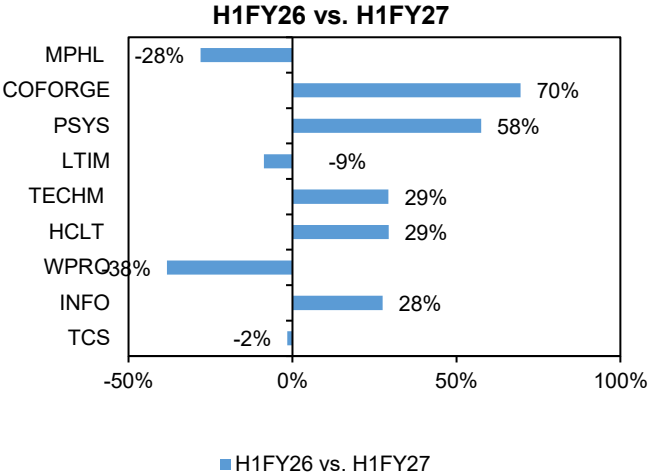



*Source: Company, Choice Institutional Equities*

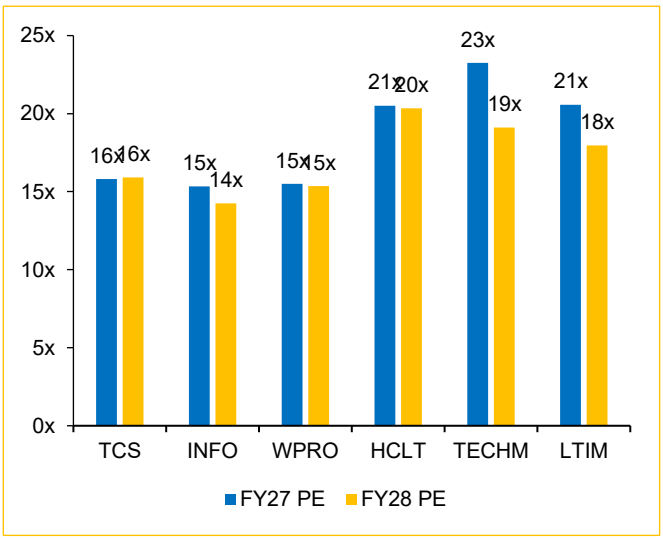
**Deal Wins Momentum Drives Confidence, Growth to Gradually follow**

| TCV Wins (In USD Mn) | Q2FY26 | Q3FY26 | Q4FY26 | Q1FY27 | Q2FY27 |
|---|---|---|---|---|---|
| TCS | 10,000 | 9300 | 12,000 | 9,500 | 9,600 |
| INFO (Large wins only) | 3,100 | 4800 | 3,500 | 3,600 | 5,200 |
| WPRO | 4,688 | 3335 | 3,455 | 3,370 | 2,595 |
| HCLT (Net New only) | 2,569 | 3006 | 1,936 | 2,407 | 3,258 |
| TECHM (Net New only) | 816 | 1096 | 1,073 | 1,078 | 1,023 |
| LTM | 1,590 | 1693 | 1,690 | 1,680 | 1,260 |
| COFORGE | 609 | 675 | 601 | 691 | 1,040 |
| PSYS | 514 | 593 | 648 | 1,146 | 634 |
| MPHL (Net New only) | 528 | 428 | 407 | 461 | 466 |

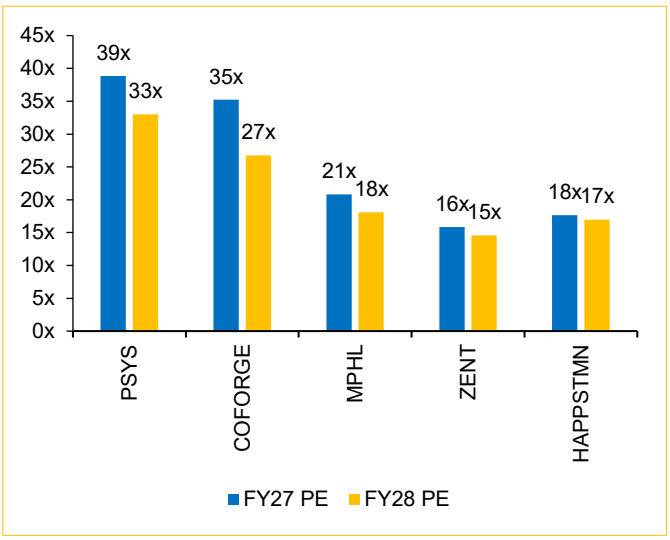
**H1FY27 records a stronger deal momentum on a YoY basis, COFORGE & PSYS Lead the pack**




**TCS and INFY Provide Valuation Comfort within Tier-I, Supported by AI-led Growth Recovery and Strong Deal Wins**




**Valuation Premium for PSYS and COFORGE, while MPHL provide stronger growth potential with better valuation comfort**




*Source: Company, Choice Institutional Equities*

## PREFERRED LONG-TERM INVESTMENT IDEAS

| Key Financials | | | | | |
|---|---|---|---|---|---|
| **INR Bn** | **FY25** | **FY26** | **FY27E** | **FY28E** | **FY29E** |
| Revenue | 529.9 | 568.2 | 650.3 | 709.8 | 779.5 |
| YoY (%) | 1.9 | 7.2 | 14.5 | 9.2 | 9.8 |
| EBIT | 51.4 | 71.5 | 96.7 | 109.4 | 123.1 |
| EBITM % | 9.7 | 12.6 | 14.9 | 15.4 | 15.8 |
| Adj PAT | 42.4 | 50.8 | 68.8 | 82.9 | 93.0 |
| EPS | 48.0 | 54.3 | 77.0 | 93.0 | 104.4 |
| ROE % | 15.8 | 16.9 | 22.7 | 26.4 | 28.4 |
| ROCE % | 12.5 | 16.4 | 20.8 | 23.5 | 25.4 |
| PE(x) | 34.4 | 30.4 | 21.4 | 17.8 | 15.8 |

**1. Tech Mahindra Ltd. (TECHM) | Rating: ADD | TP: INR 1,775**

**Growth Momentum Broadens; Execution Strengthens:** TECHM delivered a strong Q2FY27, with revenue growing 2.4% QoQ and 7.2% YoY in CC terms, supported by broad-based growth across verticals and continued ramp-up of large deals. The management retained its 15% FY27 margin target and sees further productivity benefits from AI toolchains, pyramid optimisation and headcount release. TechM Helix is moving from capability-building to scaled execution, with AI revenue disclosure commencing in H2FY27.

**View & Valuation:** Demand commentary remains constructive, with a strong Comms pipeline and BFSI expected to return to 8%+ growth; European auto weakness is viewed as manageable. We see improving growth visibility and AI-led productivity as key positives. **We maintain TP at INR 1,775, valuing the stock at 18x average FY28/29 EPS.**

| Key Financials | | | | | |
|---|---|---|---|---|---|
| **INR Bn** | **FY25** | **FY26** | **FY27E** | **FY28E** | **FY29E** |
| Revenue | 120.7 | 164.0 | 250.4 | 298.7 | 333.6 |
| YoY (%) | 34.0 | 35.9 | 52.6 | 19.3 | 11.7 |
| EBIT | 12.9 | 23.6 | 40.9 | 49.9 | 56.3 |
| EBITM % | 10.7 | 14.4 | 16.3 | 16.7 | 16.9 |
| Adj PAT | 9.6 | 16.7 | 26.0 | 34.4 | 40.3 |
| EPS | 18.3 | 33.6 | 57.3 | 76.2 | 89.5 |
| ROE % | 16.2 | 18.7 | 15.2 | 13.5 | 14.4 |
| ROCE % | 13.9 | 20.7 | 15.4 | 12.8 | 14.3 |
| PE(x) | 103.6 | 56.6 | 33.2 | 25.0 | 21.2 |

**2. Coforge Ltd. (COFORGE) | Rating: BUY | TP: INR 2,320**

**Growth Visibility Strengthens; Margin Reset Drives Earnings Upgrade:** Coforge delivered a strong Q2FY27, with 10.9% QoQ CC revenue growth and 3.8% organic growth, while order intake exceeded USD 1 Bn and executable order book rose 45% YoY to USD 2.4 Bn. Eight large deals (highest in a quarter) along with 20%+ growth across top 10/20 accounts provide strong visibility despite tough macros and AI-led pricing pressure. Importantly, the management raised its FY27 EBITM guidance to 16% (from 15.5%) and target 17% by Q4, with FY28 margin expected to sustain around the Q4FY27 exit rate. Encora integration progressed ahead of plan, while AI-led productivity, G&A optimisation and improving fixed-price economics provide incremental margin levers.

**View & Valuation:** We view the combination of a sustained deal momentum and a structurally higher margin profile as the key positive, supporting a stronger earnings trajectory ahead and upgrade FY27/FY28 EPS estimate by 3.3%/8.3%, respectively. **We expect Revenue/EBIT/PAT to expand at 26.7%/33.5%/38.7% CAGR over FY26—FY29E, reflecting a sustained deal momentum and improving operating leverage valuing Coforge at 28x FY28E/FY29E average EPS and raise our TP to INR 2,320 from INR 2,135 and maintain 'BUY'.**

| Key Financials | | | | | |
|---|---|---|---|---|---|
| **INR Bn** | **FY25** | **FY26** | **FY27E** | **FY28E** | **FY29E** |
| Revenue | 142.3 | 158.8 | 187.1 | 211.3 | 235.9 |
| YoY (%) | 7.2 | 11.6 | 17.8 | 12.9 | 11.6 |
| EBIT | 21.7 | 24.4 | 28.5 | 33.1 | 37.8 |
| EBITM % | 15.3 | 15.4 | 15.2 | 15.7 | 16.0 |
| Adj PAT | 17.0 | 19.1 | 21.9 | 25.5 | 28.9 |
| EPS | 89.9 | 100.5 | 114.7 | 133.4 | 151.6 |
| ROE % | 18.5 | 18.8 | 19.3 | 20.5 | 21.4 |
| ROCE % | 14.4 | 14.7 | 14.4 | 14.8 | 14.9 |
| PE(x) | 29.1 | 25.9 | 22.6 | 19.5 | 17.1 |

**3. Mphasis Ltd. (MPHL) | Rating: ADD | TP: 2,860**

**Improving Execution and AI-led Transformation Drive Medium-term Growth Prospects:** Q2FY27 witnessed improved execution and sustained AI-led deal momentum driving stronger revenue visibility. Direct revenue grew 3.5% QoQ and 11.3% YoY in CC terms and prompting the management to upgrade FY27 revenue growth guidance to the low double-digit range. Mphasis Tria is emerging as a strategic growth lever, expanding the company's addressable market beyond traditional IT services into business process transformation and outcome-based engagements. Sustained deal momentum, with net new TCV at USD 466 Mn and AI-led opportunities accounting for 71% of the pipeline, further strengthens growth visibility.

**View & Valuation:** While AI-related investments, higher onsite deployment and acquisition integration cost may constrain near-term margin expansion; positioning Mphasis to capture a larger share of enterprise AI spending. This reinforces our constructive view on Mphasis; hence, **we value the company at 20x avg. FY28–29E EPS, revising our target price to INR 2,860 (from INR 2,520 earlier) and retain our 'ADD' rating.**

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| Choice Rating Distribution & Methodology | |
|---|---|
| **Large Cap*** | |
| BUY | The security is expected to generate upside of 15% or more over the next 12 months |
| ADD | The security is expected to show upside returns from 5% to less than 15% over the next 12 months |
| REDUCE | The security is expected to show upside or downside returns by 5% to -5% over the next 12 months |
| SELL | The security is expected to show downside of 5% or more over the next 12 months |
| **Mid & Small Cap*** | |
| BUY | The security is expected to generate upside of 20% or more over the next 12 months |
| ADD | The security is expected to show upside returns from 5% to less than 20% over the next 12 months |
| REDUCE | The security is expected to show upside or downside returns by 5% to -10% over the next 12 months |
| SELL | The security is expected to show downside of 10% or more over the next 12 months |
| **Other Ratings** | |
| NOT RATED (NR) | The stock has no recommendation from the Analyst |
| UNDER REVIEW (UR) | The stock is under review by the Analyst and rating may change |
| **Sector View** | |
| POSITIVE (P) | Fundamentals of the sector look attractive over the next 12 months |
| NEUTRAL (N) | Fundamentals of the sector are expected to be in stasis over the next 12 months |
| CAUTIOUS (C) | Fundamentals of the sector are expected to be challenging over the next 12 months |

***Large Cap: More Than INR 20,000 Cr Market Cap**
***Mid & Small Cap: Less Than INR 20,000 Cr Market Cap**

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