

## Result Preview



## Tempered expectations

### We expect cautious FY26E guidance amid an uncertain backdrop

- As we argued in our previous report ([Recovery stuck in second gear](#) dated 11<sup>th</sup> Mar'25), the discretionary spending recovery that we saw picking up in 1HFY25 has been stuck in the second gear; and clients are likely to be in wait-and-watch mode as they take stock of the trade war, a slower Fed rate cut cycle, and other macro-economic risks. The net result of this will be a stop-start recovery in discretionary spending, pegging FY26E revenue growth for most large-caps in the range of 2-5% in constant currency (CC). There are three key questions that we would like to address: 1) Is there an upside risk to FY26 growth estimates? 2) Is feeble large-cap growth already in the price? and 3) Is further de-rating possible if the trade war escalates and US/Europe macro worsens?
- **Is there upside risk to growth estimates?** As shown in Exhibit 6, deal TCV for FY25E for most large-caps could be down 15-25% vs FY24 (Infosys at -32% and TechM at +34% stand out). This most likely entails an inferior 1HFY26 vs. 1HFY25, and unless deal activity meaningfully accelerates in 1HCY25, the upside risk to FY26 estimates is limited.
- **Is the lower growth already priced in?** We believe the growth deceleration is largely priced in, but we note that the NSE IT Index currently trades at a 28% premium to the Nifty (5/10-year avg of 29%/14%), and any re-rating is contingent on earnings beat.
- **Is further de-rating possible?** We believe most large-caps are trading at 5-year average PE multiples, and further de-rating is unlikely.
- **All eyes now will be on FY26 guidance;** we expect Infosys to guide for 2.5%-5% CC growth for FY26; and expect HCLT's top end to be in a similar range.
- For 4Q, we expect aggregate revenue for our coverage universe to grow by 7.8% YoY, while EBIT and PAT are likely to grow at 7.1% and 5.7% YoY (all in INR terms).
- **Cross-currency impact for 4Q:** On an average, we expect ~50-80bp cross-currency headwinds for our coverage on a sequential basis.
- We expect revenue growth of **Tier-I companies to be in the range of -1.0% to flat QoQ CC. Revenue of Tier-II players is expected to grow to the tune of -0.5% to ~5% QoQ in CC terms.**

### Growth expectations across our coverage

- We expect INFO and TCS to report a revenue decline of 1.0% and 0.5% QoQ cc, respectively, whereas HCLT is anticipated to clock a 0.6% decline in 4QFY25, driven by tapering of deal ramp-ups in telecom and seasonal weakness in the P&P segment. Meanwhile, TECHM is likely to post a 0.8% QoQ revenue decline and Wipro may report flat revenue QoQ. LTIM could deliver 0.2% QoQ cc growth despite productivity pass-back in a key account spilling into 4Q.
- Among mid-tier firms, we expect LTTS to lead the pack with ~15% cc QoQ revenue growth (organic growth of 7%), driven by broad-based growth and inorganic contribution from Intelliswift. Persistent/Coforge are also likely to deliver 4.0%/3.0% cc QoQ growth, while Mphasis could post 3.0% cc QoQ growth.

- We expect Cyient DET to report yet another weak quarter, with flat QoQ revenue. The company may fall short of its revised FY25 guidance of ~2.7% YoY cc decline due to challenges in its key vertical. We are factoring in a modest cross-currency headwind for most companies (~50-80bp impact).

#### Margins to remain range-bound this quarter

- We expect TCS EBIT margins to remain flat QoQ despite BSNL ramp-down owing to headwinds from talent investments. HCLT's margins may decline ~190bp, led by wage hikes (50-60bp), slower growth, and decline in the high-margin P&P segment. Infosys may see a 70bp dip due to wage hikes and visa costs, partially offset by cost optimizations and lower third-party spend.
- LTIM margins are likely to stay flat at 13.8%. Wipro margins should remain around 17.0-17.5%, with no major headwinds.
- The net headcount addition would be lower across the board, owing to a muted demand recovery.
- Among mid-caps, Coforge margins may rise to 12.9%, supported by lower merger costs and operational gains. Cyient DET margins are likely to be ~13.5%, revised down from 16% due to delayed revenue realization. LTTs may see a 90bp QoQ margin dip, driven by Intelliswift consolidation (150bp impact) and SG&A investments.

#### TECHM and COFORGE remain our top picks

- We prioritize correct positioning over predictability, favoring bottom-up transformation and margin-driven stories over top-down discretionary names.
- Among Tier-I players, we prefer **TECHM**, driven by early signs of transformation under new leadership and improving execution in BFSI. Margin expectations are now more reasonable, and niche offerings are resonating well. We believe TechM's transformation remains relatively decoupled from discretionary spends. With further scope for telecom recovery and operational efficiency, we see room for sustained margin improvement going forward. **We continue to like HCLT for its all-weather portfolio, and believe TCS offered a fair risk-reward balance.**
- Among Tier-II players, our top pick is **COFORGE**. Its strong offerings in BFS and insurance should enable it to participate in a demand recovery, and a strong TCV also indicates a robust near-term growth outlook. We believe COFORGE's organic business is in great shape and early cross-selling initiatives between COFORGE and Cigniti indicate that COFORGE could engineer a growth turnaround at Cigniti earlier than expected.

**Exhibit 1: Expect Tier-I companies' revenue (USD) to decline by 1.0%**

| Company                 | Revenue (USD m) |               |              |               |             | Revenue (INR b) |              |             |              |             |
|-------------------------|-----------------|---------------|--------------|---------------|-------------|-----------------|--------------|-------------|--------------|-------------|
|                         | 4QFY25          | 3QFY25        | QoQ (%)      | 4QFY24        | YoY (%)     | 4QFY25          | 3QFY25       | QoQ (%)     | 4QFY24       | YoY (%)     |
| TCS                     | 7,477           | 7,539         | -0.8%        | 7,363         | 1.5%        | 648             | 640          | 1.3%        | 612          | 5.9%        |
| INFO                    | 4,869           | 4,939         | -1.4%        | 4,564         | 6.7%        | 422             | 418          | 1.1%        | 379          | 11.3%       |
| HCLT                    | 3,502           | 3,533         | -0.9%        | 3,430         | 2.1%        | 304             | 299          | 1.6%        | 285          | 6.5%        |
| WPRO                    | 2,608           | 2,629         | -0.8%        | 2,657         | -1.8%       | 227             | 223          | 1.7%        | 222          | 2.2%        |
| TECHM                   | 1,544           | 1,567         | -1.5%        | 1,548         | -0.3%       | 134             | 133          | 0.8%        | 129          | 4.0%        |
| LTIM                    | 1,136           | 1,139         | -0.2%        | 1,069         | 6.2%        | 99              | 97           | 2.0%        | 89           | 10.8%       |
| <b>Tier I aggregate</b> | <b>21,136</b>   | <b>21,346</b> | <b>-1.0%</b> | <b>20,632</b> | <b>2.4%</b> | <b>1,833</b>    | <b>1,809</b> | <b>1.4%</b> | <b>1,716</b> | <b>6.8%</b> |

| Company                 | EBIT margin (%) |             |              |             |          | Adjusted PAT (INR b) |            |              |            |             |
|-------------------------|-----------------|-------------|--------------|-------------|----------|----------------------|------------|--------------|------------|-------------|
|                         | 4QFY25          | 3QFY25      | QoQ (%)      | 4QFY24      | YoY (%)  | 4QFY25               | 3QFY25     | QoQ (%)      | 4QFY24     | YoY (%)     |
| TCS                     | 24.5            | 24.5        | -            | 26.0        | -150.0   | 125.6                | 124.4      | 0.9%         | 125.0      | 0.4%        |
| INFO                    | 20.6            | 21.3        | -70.0        | 20.1        | 50.0     | 66.7                 | 68.2       | -2.2%        | 60.8       | 9.7%        |
| HCLT                    | 17.6            | 19.5        | -190.0       | 17.6        | -        | 42.8                 | 45.9       | -6.9%        | 40.0       | 7.0%        |
| WPRO                    | 17.5            | 17.5        | 10.0         | 15.9        | 160.0    | 32.9                 | 33.7       | -2.1%        | 28.6       | 15.3%       |
| TECHM                   | 10.3            | 10.2        | 10.0         | 7.4         | 290.0    | 10.0                 | 9.8        | 1.3%         | 9.7        | 3.0%        |
| LTIM                    | 13.8            | 13.8        | -            | 14.7        | -90.0    | 11.5                 | 10.9       | 6.1%         | 11.0       | 4.7%        |
| <b>Tier I aggregate</b> | <b>20.0</b>     | <b>20.4</b> | <b>-50.0</b> | <b>20.0</b> | <b>-</b> | <b>289</b>           | <b>293</b> | <b>-1.2%</b> | <b>275</b> | <b>5.2%</b> |

**Exhibit 2: Expect Tier-II companies' revenue (USD) to be up 4.2% QoQ**

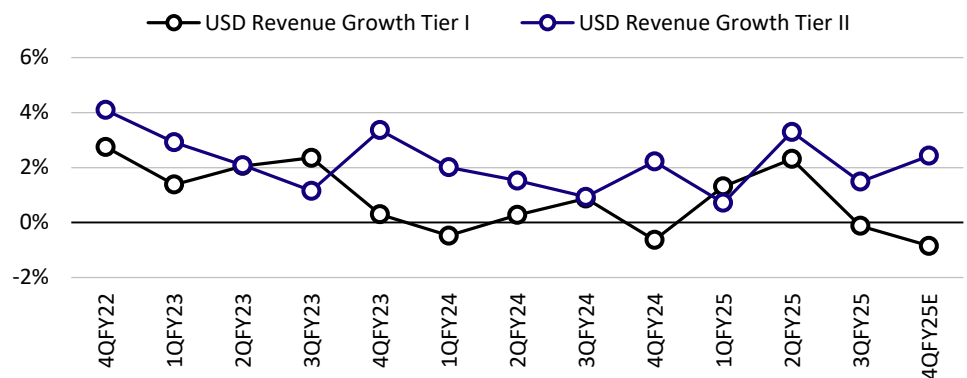
| Company                  | Revenue (USD m) |              |             |              |              | Revenue (INR b) |              |             |              |              |
|--------------------------|-----------------|--------------|-------------|--------------|--------------|-----------------|--------------|-------------|--------------|--------------|
|                          | 4QFY25          | 3QFY25       | QoQ (%)     | 4QFY24       | YoY (%)      | 4QFY25          | 3QFY25       | QoQ (%)     | 4QFY24       | YoY (%)      |
| LTTS                     | 357             | 312          | 14.6%       | 305          | 17.2%        | 31.0            | 26.5         | 16.8%       | 25.4         | 22.1%        |
| MPHL                     | 430             | 419          | 2.7%        | 411          | 4.7%         | 37.3            | 35.6         | 4.9%        | 34.2         | 9.2%         |
| COFORGE                  | 406             | 397          | 2.2%        | 287          | 41.5%        | 35.2            | 33.2         | 6.0%        | 23.6         | 49.2%        |
| PSYS                     | 374             | 360          | 3.8%        | 311          | 20.3%        | 32.4            | 30.6         | 5.9%        | 25.9         | 25.2%        |
| ZENT                     | 156             | 157          | -0.5%       | 148          | 5.5%         | 13.6            | 13.3         | 2.2%        | 12.3         | 10.2%        |
| CYL                      | 174             | 175          | -1.0%       | 179          | -3.2%        | 15.0            | 14.8         | 1.6%        | 14.9         | 1.0%         |
| <b>Tier II aggregate</b> | <b>1,897</b>    | <b>1,820</b> | <b>4.2%</b> | <b>1,641</b> | <b>15.6%</b> | <b>164.5</b>    | <b>154.0</b> | <b>6.8%</b> | <b>136.2</b> | <b>20.8%</b> |

| Company                  | EBIT margin (%) |             |             |             |              | Adjusted PAT (INR b) |             |              |             |              |
|--------------------------|-----------------|-------------|-------------|-------------|--------------|----------------------|-------------|--------------|-------------|--------------|
|                          | 4QFY25          | 3QFY25      | QoQ (%)     | 4QFY24      | YoY (%)      | 4QFY25               | 3QFY25      | QoQ (%)      | 4QFY24      | YoY (%)      |
| LTTS                     | 15.0            | 15.9        | -90.0       | 16.9        | -190.0       | 3.8                  | 3.2         | 20.9%        | 3.4         | 12.3%        |
| MPHL                     | 15.4            | 15.3        | 10.0        | 14.9        | 50.0         | 4.5                  | 4.3         | 5.7%         | 3.9         | 15.1%        |
| COFORGE                  | 12.9            | 11.8        | 110.0       | 14.5        | -160.0       | 3.0                  | 2.2         | 39.7%        | 2.3         | 31.2%        |
| PSYS                     | 14.8            | 14.9        | -10.0       | 14.5        | 40.0         | 3.9                  | 3.7         | 4.7%         | 3.2         | 23.9%        |
| ZENT                     | 14.0            | 13.8        | 20.0        | 14.6        | -60.0        | 1.7                  | 1.6         | 4.0%         | 1.7         | -4.2%        |
| CYL                      | 13.5            | 13.5        | -           | 16.0        | -250.0       | 1.8                  | 1.3         | 36.9%        | 1.9         | -7.3%        |
| <b>Tier II aggregate</b> | <b>14.4</b>     | <b>14.3</b> | <b>10.0</b> | <b>15.2</b> | <b>-80.0</b> | <b>18.7</b>          | <b>16.2</b> | <b>15.3%</b> | <b>16.4</b> | <b>13.8%</b> |

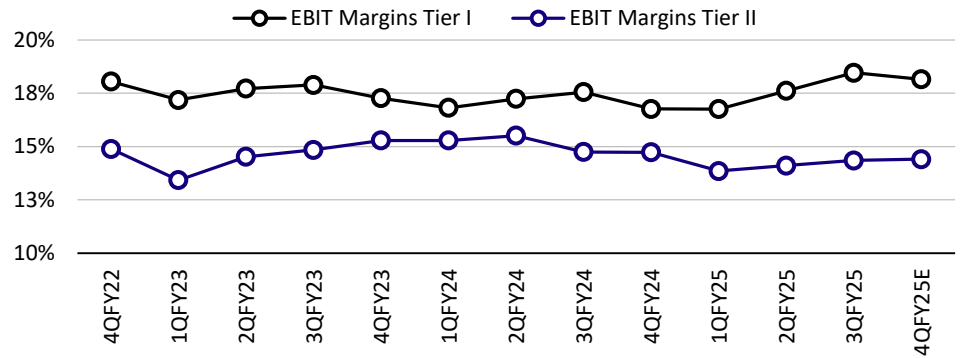
Source: Company, MOFSL

**Exhibit 3: Tier II companies may outperform Tier I companies**



Source: MOFSL, Company

**Exhibit 4: Margins largely remain range-bound for most Tier-I and Tier-II companies**



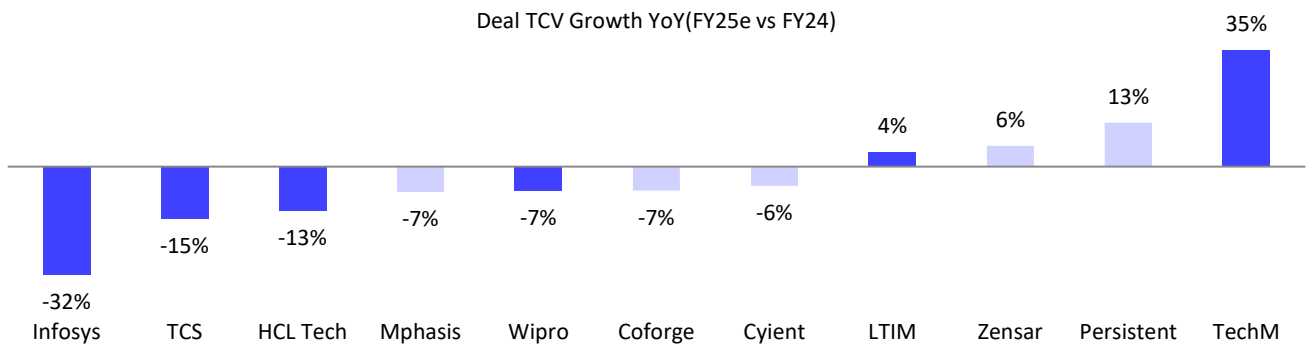
Source: MOFSL, Company

**Exhibit 5: Cross-currency impact on 4Q USD growth**

| Company   | CC USD growth QoQ (%) | USD growth QoQ (%) | Cross-currency impact (bp) |
|-----------|-----------------------|--------------------|----------------------------|
| TCS       | -0.5%                 | -0.8%              | -30                        |
| INFO      | -1.0%                 | -1.4%              | -40                        |
| HCLT      | -0.6%                 | -0.9%              | -30                        |
| WPRO      | 0.0%                  | -0.8%              | -80                        |
| TECHM     | -0.8%                 | -1.5%              | -70                        |
| LTIM      | 0.2%                  | -0.2%              | -40                        |
| LTTS      | 15.0%                 | 14.6%              | -40                        |
| MPHL      | 3.0%                  | 2.7%               | -30                        |
| COFORGE   | 3.0%                  | 2.2%               | -80                        |
| PSYS      | 4.0%                  | 3.8%               | -20                        |
| ZENT      | -0.5%                 | -0.5%              | -                          |
| CYL (DET) | 0.0%                  | -1.0%              | -100                       |

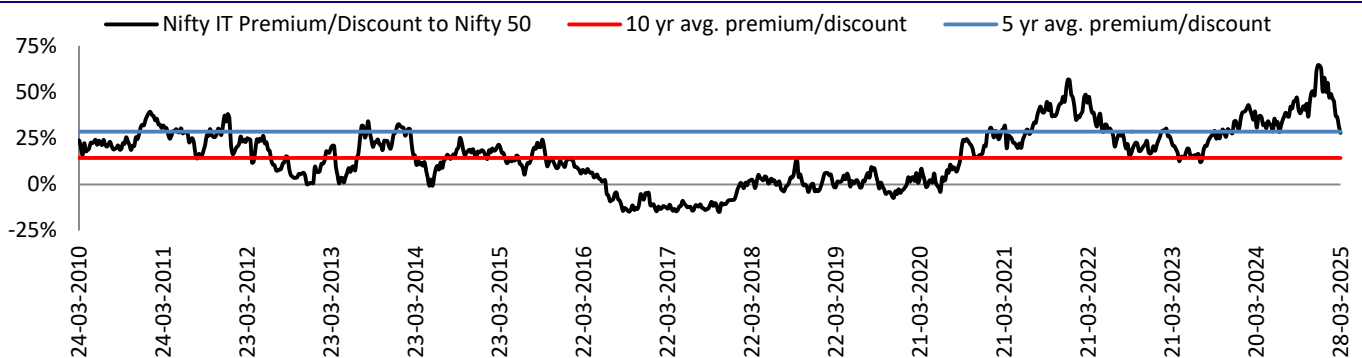
Source: Company, MOFSL

**Exhibit 6: We expect deal TCv growth to remain subdued, except for a few companies, as the demand environment appears indecisive**



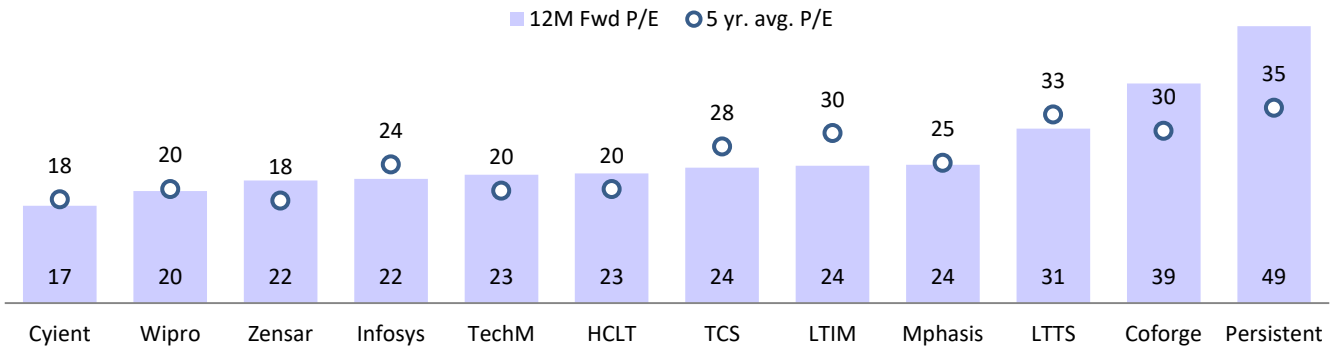
Source: Company, MOFSL

**Exhibit 7: Nifty IT P/E reverts to 5-year avg. premium of 29%; re-rating from here hinges on an earnings beat**



Source: Company, MOFSL

**Exhibit 8: Large-caps trade ~5% below, while mid-caps trade ~12% above their 5-yr avg P/E; further large-cap de-rating appears unlikely**



Source: Company, MOFSL

**Exhibit 9: Summary of quarterly performance estimates**

| Companies                       | CMP   |         | Sales (INR b) |                  |                  | EBIT (INR b) |                  |                  | Adjusted net profit (INR b) |                  |                  |
|---------------------------------|-------|---------|---------------|------------------|------------------|--------------|------------------|------------------|-----------------------------|------------------|------------------|
|                                 | (INR) | Rating  | Mar'25E       | Variance YoY (%) | Variance QoQ (%) | Mar'25E      | Variance YoY (%) | Variance QoQ (%) | Mar'25E                     | Variance YoY (%) | Variance QoQ (%) |
| TCS                             | 3,606 | Buy     | 648.3         | 5.9%             | 1.3%             | 158.8        | -0.2%            | 1.4%             | 125.6                       | 0.4%             | 0.9%             |
| INFO                            | 1,571 | Neutral | 422.1         | 11.3%            | 1.1%             | 87.0         | 14.1%            | -2.4%            | 66.7                        | 9.7%             | -2.2%            |
| HCLT                            | 1,593 | Buy     | 303.6         | 6.5%             | 1.6%             | 53.4         | 6.4%             | -8.3%            | 42.8                        | 7.0%             | -6.9%            |
| WPRO                            | 262   | Sell    | 227.1         | 2.2%             | 1.7%             | 39.8         | 12.5%            | 2.1%             | 32.9                        | 15.3%            | -2.1%            |
| TECHM                           | 1,418 | Buy     | 133.9         | 4.0%             | 0.8%             | 13.8         | 45.7%            | 2.1%             | 10.0                        | 3.0%             | 1.3%             |
| LTIM                            | 4,491 | Buy     | 98.5          | 10.8%            | 2.0%             | 13.6         | 3.9%             | 2.3%             | 11.5                        | 4.7%             | 6.1%             |
| MPHL                            | 2,500 | Neutral | 37.3          | 9.2%             | 4.9%             | 4.6          | 8.6%             | 10.2%            | 3.8                         | 12.3%            | 20.9%            |
| LTTS                            | 4,502 | Neutral | 31.0          | 22.1%            | 16.8%            | 5.8          | 13.2%            | 5.4%             | 4.5                         | 15.1%            | 5.7%             |
| PSYS                            | 5,514 | Buy     | 32.4          | 25.2%            | 5.9%             | 4.5          | 33.0%            | 15.7%            | 3.0                         | 31.2%            | 39.7%            |
| COFORGE                         | 8,109 | Buy     | 35.2          | 49.2%            | 6.0%             | 4.8          | 28.3%            | 5.5%             | 3.9                         | 23.9%            | 4.7%             |
| CYL                             | 1,265 | Sell    | 15.0          | 1.0%             | 1.6%             | 1.9          | 5.8%             | 3.6%             | 1.7                         | -4.2%            | 4.0%             |
| ZENT                            | 701   | Neutral | 13.6          | 10.2%            | 2.2%             | 2.0          | -14.9%           | 1.8%             | 1.8                         | -7.3%            | 36.9%            |
| <b>Sector aggregate (INR b)</b> |       |         | 1,998         | 7.8%             | 1.8%             | 390          | 7.1%             | -0.4%            | 308                         | 5.7%             | -0.3%            |

Source: Company, MOFSL

**Exhibit 10: Comparative valuations**

| Company | CMP (INR) | M-cap (INR b) | Target Price | Upside/Downside | EPS (INR) |       |       | EPS CAGR (%) | P/E (x) |       |       |
|---------|-----------|---------------|--------------|-----------------|-----------|-------|-------|--------------|---------|-------|-------|
|         |           |               |              |                 | FY25E     | FY26E | FY27E |              | FY25E   | FY26E | FY27E |
| TCS     | 3,606     | 13,047        | 4,050        | 12%             | 134.9     | 148.5 | 159.9 | 8.2          | 26.7    | 24.3  | 22.5  |
| INFO    | 1,571     | 6,523         | 1,650        | 5%              | 63.5      | 68.6  | 74.0  | 8.2          | 24.7    | 22.9  | 21.2  |
| HCLT    | 1,593     | 4,322         | 1,800        | 13%             | 63.7      | 69.0  | 75.8  | 9.4          | 25.0    | 23.1  | 21.0  |
| WPRO    | 262       | 2,746         | 240          | -8%             | 12.2      | 12.7  | 13.1  | 8.8          | 21.6    | 20.7  | 20.0  |
| TECHM   | 1,418     | 1,389         | 1,950        | 37%             | 46.1      | 61.2  | 75.3  | 22.6         | 30.8    | 23.2  | 18.8  |
| LTIM    | 4,491     | 1,331         | 6,250        | 39%             | 156.1     | 175.5 | 204.2 | 9.7          | 28.8    | 25.6  | 22.0  |
| MPHL    | 2,500     | 475           | 2,550        | 2%              | 89.5      | 100.0 | 109.6 | 10.3         | 27.9    | 25.0  | 22.8  |
| LTTS    | 4,502     | 477           | 4,700        | 4%              | 126.4     | 150.8 | 172.2 | 11.9         | 35.6    | 29.9  | 26.1  |
| PSYS    | 5,514     | 859           | 6,250        | 13%             | 90.9      | 113.7 | 138.1 | 22.5         | 60.7    | 48.5  | 39.9  |
| COFORGE | 8,109     | 542           | 11,000       | 36%             | 127.9     | 233.8 | 282.1 | 29.9         | 63.4    | 34.7  | 28.7  |
| CYL     | 1,265     | 140           | 1,200        | -5%             | 54.4      | 74.2  | 83.0  | 10.1         | 23.2    | 17.0  | 15.2  |
| ZENT    | 701       | 159           | 770          | 10%             | 28.0      | 32.0  | 36.1  | 7.5          | 25.1    | 21.9  | 19.4  |

Source: Company, MOFSL

The tables below provide a snapshot of actual and estimated numbers for IT companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

**Coforge****Buy****CMP INR8,109 | TP: INR11,000 (+36%)****EPS CHANGE (%): FY25|26|27: -0.2|-0.3|-4.3**

- Revenue growth is expected to be ~3.0% QoQ CC, supported by robust organic growth and reversal of furloughs impact.
- We expect 80bp expansion in reported EBITDA margin. EBIT margin should rise to 12.9% due to lower merger expenses, though ESOP costs in 4Q will weigh on margins.
- Deal momentum is expected to stay robust, supported by a healthy pipeline in both BFS and Insurance verticals.
- Key things to watch out for:** further benefits from Cigniti's cross-selling and deal TCW in BFS and Insurance (~48.5% of revenue).

**Quarterly Performance (IND-AS)**

| Y/E March<br>(Consolidated) | FY24   |        |        |        | FY25E  |        |        |        | FY24   | FY25E    |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------|
|                             | 1Q     | 2Q     | 3Q     | 4Q     | 1Q     | 2Q     | 3Q     | 4QE    |        |          |
| Rev. (USD m)                | 272    | 278    | 282    | 287    | 291    | 369    | 397    | 406    | 1,119  | 1,464    |
| QoQ (%)                     | 2.8    | 2.3    | 1.4    | 1.7    | 1.6    | 26.8   | 7.5    | 2.2    | 11.7   | 30.8     |
| Revenue (INR m)             | 22,210 | 22,762 | 23,233 | 23,585 | 24,008 | 30,623 | 33,182 | 35,184 | 91,790 | 1,22,997 |
| YoY (%)                     | 21.4   | 16.2   | 13.0   | 8.7    | 8.1    | 34.5   | 42.8   | 49.2   | 14.5   | 34.0     |
| GPM (%)                     | 30.7   | 32.5   | 33.1   | 34.1   | 33.0   | 32.4   | 33.2   | 33.6   | 32.6   | 33.1     |
| SGA (%)                     | 14.7   | 14.9   | 15.1   | 15.1   | 15.1   | 15.9   | 15.4   | 15.3   | 15.0   | 15.4     |
| EBITDA (INRm)               | 3,329  | 3,473  | 4,012  | 4,259  | 4,099  | 4,840  | 5,190  | 5,805  | 15,074 | 19,934   |
| EBITDA Margin (%)           | 15.0   | 15.3   | 17.3   | 18.1   | 17.1   | 15.8   | 15.6   | 16.5   | 16.4   | 16.2     |
| EBIT (INRm)                 | 2,572  | 2,701  | 3,201  | 3,413  | 3,284  | 3,597  | 3,922  | 4,539  | 11,888 | 15,341   |
| EBIT Margin (%)             | 11.6   | 11.9   | 13.8   | 14.5   | 13.7   | 11.7   | 11.8   | 12.9   | 13.0   | 12.5     |
| Other income                | -152   | -295   | -257   | -452   | -272   | -173   | -327   | -35    | -1,156 | -807     |
| ETR (%)                     | 21.5   | 21.9   | 17.5   | 18.0   | 31.8   | 25.5   | 25.5   | 24.5   | 19.5   | 26.1     |
| Minority Interest           | -104.0 | -69.0  | -48.0  | -55.0  | -61.0  | -314.0 | -404.0 | -390.2 | -276.0 | -1,169.2 |
| Reported PAT                | 1,666  | 1,809  | 2,380  | 2,294  | 1,344  | 2,021  | 2,155  | 3,010  | 8,150  | 8,530    |
| QoQ (%)                     | -28.4  | 8.6    | 31.6   | -3.6   | -41.4  | 50.4   | 6.6    | 39.7   |        |          |
| YoY (%)                     | 11.0   | -10.3  | 4.3    | -1.4   | -19.4  | 11.7   | -9.4   | 31.2   | 0.3    | 4.7      |
| Extra-ordinary items        | 165    | 0      | 0      | 96     | 953    | 290    | 162    | 0      | 261    | 1,405    |
| Adj. PAT                    | 1,831  | 1,809  | 2,380  | 2,390  | 2,297  | 2,311  | 2,317  | 3,010  | 8,411  | 9,935    |
| EPS (INR)                   | 29.2   | 29.0   | 38.1   | 36.2   | 20.8   | 30.1   | 31.9   | 44.6   | 128.6  | 127.9    |

**Cyient****Sell****CMP INR1,265 | TP: INR1,200 (-5%)****EPS CHANGE (%): FY25|26|27: 0.2|0.4|-2.2**

- Expect flat QoQ CC growth for DET in 4QFY25, with FY25 revenue now seen declining ~2.7% YoY (vs. earlier flat guidance) due to ramp-up delays.
- Sustainability remains weak on project delays, while the Connectivity vertical has seen robust execution and ramp-ups in North American deals.
- 4QFY25-exit EBIT margin is expected to be around 13.5% for DET business (vs. earlier forecast of 16%), due to delayed revenue realization within the year.
- We expect initial FY26 DET revenue growth guidance to be muted.

**DET Quarterly Performance**

| Y/E March         | FY24   |        |        |        | FY25   |        |        |        | FY24   | FY25E  |
|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                   | 1Q     | 2Q     | 3Q     | 4Q     | 1Q     | 2Q     | 3Q     | 4QE    |        |        |
| Revenue (USD m)   | 177    | 178    | 179    | 179    | 170    | 173    | 175    | 174    | 714    | 691    |
| QoQ (%)           | 0.5    | 0.7    | 0.4    | 0.1    | -5.4   | 2.0    | 1.3    | -1.0   | 12.9   | -3.2   |
| Revenue (INR m)   | 14,546 | 14,762 | 14,914 | 14,892 | 14,144 | 14,496 | 14,799 | 15,043 | 59,114 | 58,482 |
| YoY (%)           | 37.2   | 22.5   | 8.1    | 2.8    | -2.8   | -1.8   | -0.8   | 1.0    | 16.1   | -1.1   |
| GPM (%)           | 39.8   | 40.2   | 40.0   | 39.8   | 39.5   | 39.7   | 38.9   | 38.9   | 39.9   | 39.2   |
| SGA (%)           | 19.5   | 19.7   | 20.0   | 19.7   | 21.9   | 21.5   | 21.6   | 21.5   | 19.7   | 21.6   |
| EBITDA            | 2,956  | 3,036  | 2,981  | 2,987  | 2,487  | 2,642  | 2,562  | 2,617  | 11,960 | 10,308 |
| EBITDA Margin (%) | 20.3   | 20.6   | 20.0   | 20.1   | 17.6   | 18.2   | 17.3   | 17.4   | 20.2   | 17.6   |
| EBIT              | 2,336  | 2,439  | 2,385  | 2,385  | 1,903  | 2,058  | 1,995  | 2,031  | 9,545  | 7,987  |
| EBIT Margin (%)   | 16.1   | 16.5   | 16.0   | 16.0   | 13.5   | 14.2   | 13.5   | 13.5   | 16.1   | 13.7   |
| Other income      | -122   | -180   | -139   | -107   | -54    | 282    | -338   | 75     | -548   | -35    |
| ETR (%)           | 23.1   | 23.5   | 23.1   | 23.8   | 23.5   | 24.5   | 25.3   | 25.0   | 23.4   | 24.6   |
| Adj. PAT          | 1,703  | 1,728  | 1,727  | 1,735  | 1,414  | 1,766  | 1,238  | 1,579  | 6,893  | 5,997  |
| QoQ (%)           | 6.1    | 1.5    | -0.1   | 0.5    | -18.5  | 24.9   | -29.9  | 27.5   |        |        |
| YoY (%)           | 56.4   | 60.4   | 17.3   | 8.1    | -17.0  | 2.2    | -28.3  | -9.0   | 31.5   | -13.0  |
| EPS (INR)         | 15     | 16     | 16     | 16     | 13     | 16     | 11     | 14     | 63     | 55     |



**HCL Technologies****Buy****CMP INR1,593 | TP: INR1,800 (+13%)****EPS CHANGE (%): FY25 | 26 | 27: 0.1 | 0.0 | 0.2**

- HCL is expected to report 0.6% QoQ CC decline due to planned megadeal reductions, tapering of deals in telecom, and seasonal weakness in the P&P segment (-12% QoQ).
- ER&D and manufacturing softness may weigh on 4Q performance, while BFSI stays stable, and Hi-tech shows early signs of revival.
- Margins are expected to decline by 190bp QoQ in 4Q, driven by a 50-60bp impact from wage hikes and high-margin P&P business de-growth.
- We expect the company to provide initial FY26 revenue growth guidance of ~3-5%, with stable EBIT margin. Commentary on deal TCV and the demand trends around BFSI, Hi-tech & ERD space would be watched out for.

**Quarterly Performance**

| Y/E March         | FY24  |       |       |       | FY25E |       |       |       | FY24   | FY25E  |
|-------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|
|                   | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    | 2Q    | 3Q    | 4QE   |        |        |
| Revenue (USD m)   | 3,200 | 3,225 | 3,415 | 3,430 | 3,364 | 3,445 | 3,533 | 3,502 | 13,270 | 13,844 |
| QoQ (%)           | -1.1  | 0.8   | 5.9   | 0.4   | -1.9  | 2.4   | 2.5   | -0.9  | 5.4    | 4.3    |
| Revenue (INR b)   | 263   | 267   | 284   | 285   | 281   | 289   | 299   | 304   | 1,099  | 1,172  |
| YoY (%)           | 12.1  | 8.0   | 6.5   | 7.1   | 6.7   | 8.2   | 5.1   | 6.5   | 8.3    | 6.6    |
| GPM (%)           | 35.6  | 36.2  | 36.7  | 35.0  | 34.5  | 34.9  | 35.6  | 34.0  | 35.9   | 34.8   |
| SGA (%)           | 13.6  | 12.4  | 11.5  | 12.0  | 12.4  | 11.5  | 11.3  | 11.5  | 12.4   | 11.7   |
| EBITDA            | 55    | 59    | 67    | 61    | 58    | 64    | 69    | 64    | 242    | 254    |
| EBITDA Margin (%) | 20.8  | 22.3  | 23.5  | 21.4  | 20.6  | 22.1  | 23.0  | 21.1  | 22.0   | 21.7   |
| EBIT              | 45    | 49    | 56    | 50    | 48    | 54    | 58    | 53    | 200    | 213    |
| EBIT Margin (%)   | 17.0  | 18.5  | 19.7  | 17.6  | 17.1  | 18.6  | 19.5  | 17.6  | 18.2   | 18.2   |
| Other income      | 2     | 2     | 3     | 3     | 9     | 3     | 3     | 4     | 9      | 19     |
| ETR (%)           | 24.8  | 25.3  | 25.9  | 24.2  | 25.4  | 25.5  | 25.1  | 25.0  | 25.1   | 25.2   |
| Adjusted PAT      | 35    | 38    | 44    | 40    | 43    | 42    | 46    | 43    | 157    | 174    |
| QoQ (%)           | -11.2 | 8.4   | 13.5  | -8.4  | 6.8   | -0.5  | 8.4   | -6.9  |        |        |
| YoY (%)           | 7.6   | 9.8   | 6.2   | 0.1   | 20.5  | 10.5  | 5.5   | 7.2   | 5.7    | 10.5   |
| EPS               | 13.0  | 14.1  | 16.0  | 14.7  | 15.7  | 15.6  | 16.9  | 15.8  | 57.9   | 63.7   |

**Infosys****Neutral****CMP INR1,571 | TP: INR1,650 (+5%)****EPS CHANGE (%): FY25 | 26 | 27: 0.2 | -0.5 | -1.0**

- INFO is likely to clock 1.0% QoQ CC decline for 4Q at the top end of guidance.
- While the deal pipeline is healthy, closures are facing delays due to slower decision-making. Clients remain focused on cost take-outs over discretionary spending, with tariff wars adding pressure.
- Operating margin is expected to dip by 70bp due to wage hike and visa cost impact, though cost optimizations and lower third-party expenses may partially offset the impact.
- We expect the company to provide initial FY26 revenue growth guidance band of 2.5-5%.

**Quarterly Performance (IFRS)****(INR Bn)**

| Y/E March         | FY24  |       |       |       | FY25E |       |       |       | FY24   | FY25E  |
|-------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|
|                   | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    | 2Q    | 3Q    | 4QE   |        |        |
| Revenue (USD m)   | 4,617 | 4,718 | 4,663 | 4,564 | 4,714 | 4,894 | 4,939 | 4,869 | 18,562 | 19,416 |
| QoQ (%)           | 1.4   | 2.2   | -1.2  | -2.1  | 3.3   | 3.8   | 0.9   | -1.4  | 1.9    | 4.6    |
| Revenue (INR b)   | 379   | 390   | 388   | 379   | 393   | 410   | 418   | 422   | 1,537  | 1,643  |
| YoY (%)           | 10.0  | 6.7   | 1.3   | 1.3   | 3.6   | 5.1   | 7.6   | 11.3  | 4.7    | 6.9    |
| GPM (%)           | 30.5  | 30.7  | 29.8  | 29.5  | 30.9  | 30.5  | 30.3  | 29.5  | 30.1   | 30.3   |
| SGA (%)           | 9.6   | 9.5   | 9.3   | 9.4   | 9.8   | 9.4   | 8.9   | 8.9   | 9.4    | 9.3    |
| EBITDA            | 90    | 95    | 91    | 88    | 93    | 98    | 100   | 98    | 364    | 390    |
| EBITDA Margin (%) | 23.8  | 24.3  | 23.6  | 23.1  | 23.8  | 23.8  | 24.0  | 23.3  | 23.7   | 23.7   |
| EBIT              | 79    | 83    | 80    | 76    | 83    | 86    | 89    | 87    | 317    | 345    |
| EBIT Margin (%)   | 20.8  | 21.2  | 20.5  | 20.1  | 21.1  | 21.1  | 21.3  | 20.6  | 20.7   | 21.0   |
| Other income      | 5     | 5     | 7     | 7     | 7     | 6     | 8     | 6     | 23     | 27     |
| ETR (%)           | 28.9  | 29.1  | 29.1  | 26.8  | 29.3  | 29.6  | 29.5  | 28.5  | 28.5   | 29.2   |
| PAT               | 59    | 62    | 61    | 61    | 64    | 65    | 68    | 67    | 243    | 264    |
| QoQ (%)           | -3.0  | 4.5   | -1.7  | -0.5  | 4.8   | 2.2   | 4.6   | -2.0  |        |        |
| YoY (%)           | 10.9  | 3.2   | -7.3  | -0.9  | 7.1   | 4.7   | 11.5  | 9.8   | 1.0    | 8.3    |
| EPS (INR)         | 14.4  | 15.0  | 14.7  | 14.7  | 15.4  | 15.7  | 16.4  | 16.1  | 58.4   | 63.5   |

## LTIMindtree

Buy

CMP INR4,491 | TP: INR6,250 (+39%)

EPS CHANGE (%): FY25|26| 27: -1.6|-1.4|-1.4

- LTIM is expected to report flat CC growth in 4Q, impacted by slower discretionary spending and deal ramp-down. Further, Hi-tech is expected to decline, impacted by a productivity pass-back in a key account spilling into 4Q.
- Margins are expected to remain flat at 13.8%, supported by gradual improvement in utilization.
- BFSI is holding up well with some softness in insurance; manufacturing is stable; CPG and retail remain steady, while travel is seeing some pressure.
- We expect the initial commentary on FY26 growth to remain muted, though margin guidance should be maintained or even increased, as most major margin headwinds appear to be behind.

### Quarterly Performance

| Y/E March         | FY24  |       |       |       | FY25E |       |       |       | FY24  | FY25E |
|-------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                   | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    | 2Q    | 3Q    | 4QE   |       |       |
| Revenue (USD m)   | 1,059 | 1,076 | 1,084 | 1,069 | 1,096 | 1,127 | 1,139 | 1,136 | 4,287 | 4,498 |
| QoQ (%)           | 0.1   | 1.6   | 0.8   | -1.3  | 2.5   | 2.8   | 1.1   | -0.2  | 4.4   | 4.9   |
| Revenue (INR b)   | 87    | 89    | 90    | 89    | 91    | 94    | 97    | 99    | 355   | 381   |
| YoY (%)           | 13.8  | 8.2   | 4.6   | 2.3   | 5.1   | 5.9   | 7.1   | 10.8  | 7.0   | 7.2   |
| GPM (%)           | 31.6  | 31.4  | 29.9  | 29.8  | 30.3  | 30.8  | 28.8  | 29.0  | 30.7  | 29.7  |
| SGA (%)           | 12.8  | 13.1  | 12.3  | 12.5  | 12.7  | 12.8  | 12.3  | 12.5  | 12.7  | 12.6  |
| EBITDA            | 16    | 16    | 16    | 15    | 16    | 17    | 16    | 16    | 64    | 65    |
| EBITDA Margin (%) | 18.8  | 18.3  | 17.6  | 17.3  | 17.6  | 18.0  | 16.5  | 16.5  | 18.0  | 17.1  |
| EBIT              | 15    | 14    | 14    | 13    | 14    | 15    | 13    | 14    | 56    | 55    |
| EBIT Margin (%)   | 16.7  | 16.0  | 15.4  | 14.7  | 15.0  | 15.5  | 13.8  | 13.8  | 15.7  | 14.5  |
| Other income      | 0.9   | 1.0   | 1.6   | 1.4   | 1.5   | 2.3   | 1.4   | 1.8   | 5     | 7     |
| ETR (%)           | 25.0  | 23.5  | 24.3  | 24.0  | 25.6  | 25.8  | 26.2  | 25.0  | 24.2  | 25.6  |
| Adj PAT           | 12    | 12    | 12    | 11    | 11    | 13    | 11    | 12    | 46    | 46    |
| QoQ (%)           | 3.4   | 0.9   | 0.6   | -5.9  | 3.1   | 10.3  | -13.2 | 6.1   |       |       |
| YoY (%)           | 4.1   | -2.2  | 8.2   | -1.2  | -1.5  | 7.7   | -7.1  | 4.7   | 2.1   | 0.9   |
| EPS (INR)         | 38.9  | 39.2  | 39.4  | 37.1  | 38.2  | 42.2  | 36.6  | 38.9  | 154.5 | 155.9 |

## LTTS

Neutral

CMP INR4,502 | TP: INR4,700 (+4%)

EPS CHANGE (%): FY25|26| 27: 0.8|2.0|1.7

- LTTS guided for 10% YoY CC growth in FY25, with ~8% organic contribution; looks attainable backed by broad-based strength in 4Q. We estimate 15% QoQ CC growth.
- We model EBIT margins at 15% for 4QFY25, down 90bp QoQ due to Intelliswift consolidation (150bp impact) and SG&A investments. Margins shall improve in 1HFY26 on account of tailwinds such as pyramid optimization and operational efficiencies.
- The demand outlook is steadily improving. All verticals shall grow in 4Q. The inorganic contribution from Intelliswift shall help LTTS in achieving its guidance.
- We anticipate FY26 to be better than FY25. We anticipate LTTS to provide growth guidance of 13-15% YoY CC for FY26.

### Quarterly Performance

| Y/E March         | FY24   |        |        |        | FY25E  |        |        |        | FY24   | FY25E    |
|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------|
|                   | 1Q     | 2Q     | 3Q     | 4Q     | 1Q     | 2Q     | 3QE    | 4QE    |        |          |
| Revenue (USD m)   | 280    | 288    | 291    | 305    | 295    | 307    | 312    | 357    | 1,164  | 1,271    |
| QoQ (%)           | 9.8    | 2.9    | 0.9    | 5.0    | -3.2   | 3.9    | 1.7    | 14.6   | 17.6   | 9.2      |
| Revenue (INR m)   | 23,014 | 23,865 | 24,218 | 25,375 | 24,619 | 25,729 | 26,530 | 30,993 | 96,472 | 1,07,871 |
| YoY (%)           | 22.8   | 19.6   | 18.2   | 21.1   | 7.0    | 7.8    | 9.5    | 22.1   | 20.4   | 11.8     |
| GPM (%)           | 30.0   | 28.0   | 29.2   | 28.9   | 29.3   | 29.3   | 29.0   | 28.8   | 29.0   | 29.1     |
| SGA (%)           | 10.4   | 8.1    | 9.1    | 9.1    | 10.8   | 11.2   | 10.3   | 11.0   | 9.1    | 10.8     |
| EBITDA            | 4,528  | 4,756  | 4,877  | 5,028  | 4,562  | 4,660  | 4,947  | 5,517  | 19,189 | 19,686   |
| EBITDA Margin (%) | 19.7   | 19.9   | 20.1   | 19.8   | 18.5   | 18.1   | 18.6   | 17.8   | 19.9   | 18.2     |
| EBIT              | 3,954  | 4,075  | 4,162  | 4,282  | 3,836  | 3,877  | 4,219  | 4,649  | 16,473 | 16,581   |
| EBIT Margin (%)   | 17.2   | 17.1   | 17.2   | 16.9   | 15.6   | 15.1   | 15.9   | 15.0   | 17.1   | 15.4     |
| Other income      | 357    | 286    | 493    | 428    | 491    | 531    | 180    | 558    | 1,564  | 1,760    |
| ETR (%)           | 27.6   | 27.6   | 27.6   | 27.5   | 27.5   | 27.4   | 27.4   | 26.5   | 27.6   | 27.2     |
| Adj. PAT          | 3,111  | 3,154  | 3,362  | 3,409  | 3,136  | 3,196  | 3,166  | 3,827  | 13,036 | 13,325   |
| QoQ (%)           | 0.5    | 1.4    | 6.6    | 1.4    | -8.0   | 1.9    | -0.9   | 20.9   |        |          |
| YoY (%)           | 13.5   | 11.7   | 10.7   | 10.1   | 0.8    | 1.3    | -5.8   | 12.3   | 11.4   | 2.2      |
| EPS (INR)         | 29.4   | 29.8   | 31.7   | 32.2   | 29.6   | 29.8   | 30.4   | 36.7   | 123.0  | 126.4    |



## Mphasis

Neutral

CMP INR2,500 | TP: INR2,550 (+2%)

EPS CHANGE (%): FY25|26| 27: -0.5|-0.7|-1.1

- 4Q is expected to be the best quarter QoQ in the past three years as guided by the company in the previous quarter. We expect 3% QoQ CC growth as the reversal of furloughs will play out in 4Q.
- BFS and Insurance shall grow in 4Q as a gradual recovery is being observed in mortgage business. We anticipate the company can also close good deal wins in 4Q.
- We expect a gradual margin increment of 10bp in 4Q, due to workforce optimization and stable amortization. We anticipate continued investment in leadership for large deal cohorts.
- While logistics and TMT may remain dull, commentary around sub-verticals in logistics such as Airlines will be worth tracking.

### Quarterly Performance

| Y/E March         | FY24   |        |        |        | FY25E  |        |        |        | FY24     | FY25E    |
|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|----------|----------|
|                   | 1Q     | 2Q     | 3Q     | 4Q     | 1Q     | 2Q     | 3Q     | 4QE    |          |          |
| Revenue (USD m)   | 398    | 398    | 402    | 411    | 410    | 421    | 419    | 430    | 1,609    | 1,680    |
| QoQ (%)           | -3.4   | 0.1    | 1.0    | 2.1    | -0.2   | 2.7    | -0.5   | 2.7    | -6.3     | 4.4      |
| Revenue (INR m)   | 32,520 | 32,765 | 33,380 | 34,120 | 34,225 | 35,362 | 35,613 | 37,343 | 1,32,785 | 1,42,543 |
| YoY (%)           | -4.7   | -6.9   | -4.8   | 1.5    | 5.2    | 7.9    | 6.7    | 9.4    | -3.8     | 7.3      |
| GPM (%)           | 29.1   | 28.9   | 31.3   | 31.2   | 30.8   | 31.3   | 31.7   | 31.8   | 30.1     | 31.4     |
| SGA (%)           | 11.1   | 10.7   | 13.3   | 12.5   | 12.7   | 12.9   | 12.7   | 12.9   | 11.9     | 12.8     |
| EBITDA            | 5,869  | 5,956  | 6,007  | 6,388  | 6,185  | 6,480  | 6,781  | 7,058  | 24,220   | 26,504   |
| EBITDA Margin (%) | 18.0   | 18.2   | 18.0   | 18.7   | 18.1   | 18.3   | 19.0   | 18.9   | 18.2     | 18.6     |
| EBIT              | 4,995  | 5,067  | 4,972  | 5,080  | 5,135  | 5,444  | 5,458  | 5,751  | 20,114   | 21,788   |
| EBIT Margin (%)   | 15.4   | 15.5   | 14.9   | 14.9   | 15.0   | 15.4   | 15.3   | 15.4   | 15.1     | 15.3     |
| Other income      | 263    | 150    | 14     | 143    | 238    | 182    | 235    | 261    | 570      | 916      |
| ETR (%)           | 24.7   | 24.9   | 25.1   | 24.7   | 24.7   | 24.7   | 24.8   | 24.8   | 24.8     | 24.8     |
| PAT               | 3,961  | 3,920  | 3,736  | 3,932  | 4,045  | 4,234  | 4,279  | 4,524  | 15,549   | 17,082   |
| QoQ (%)           | -2.3   | -1.0   | -4.7   | 5.2    | 2.9    | 4.7    | 1.1    | 5.7    |          |          |
| YoY (%)           | -1.5   | -6.3   | -9.4   | -3.0   | 2.1    | 8.0    | 14.5   | 15.1   | -5.1     | 9.9      |
| EPS (INR)         | 20.9   | 20.6   | 19.6   | 20.7   | 21.3   | 22.2   | 22.4   | 23.7   | 81.8     | 89.5     |

## Persistent Systems

Buy

CMP INR5,514 | TP: INR6,250 (+13%)

EPS CHANGE (%): FY25|26| 27: 0.2|0.1|0.1

- We expect 4.0% QoQ CC revenue growth. We anticipate growth across key verticals to converge in FY26.
- Margins are expected to remain flat QoQ, supported by steady utilization (83-85%), controlled SG&A investments, absence of wage hikes, and pricing growth.
- Commentaries on the demand environment, Healthcare vertical and recovery in Hi-tech vertical are the key things to monitor.
- Deal wins should be healthy in 4Q. We believe a recovery in Hi-Tech and BFSI verticals could strengthen its portfolio in FY26.

### Quarterly Performance (IFRS)

| Y/E March          | FY24   |        |        |        | FY25E  |        |        |        | FY24   | FY25E    |
|--------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------|
|                    | 1Q     | 2Q     | 3Q     | 4Q     | 1Q     | 2Q     | 3Q     | 4QE    |        |          |
| Revenue (USD m)    | 282.9  | 291.7  | 300.6  | 310.9  | 328.2  | 345.5  | 360.2  | 374.0  | 1,186  | 1,408    |
| QoQ (%)            | 3.0    | 3.1    | 3.0    | 3.4    | 5.6    | 5.3    | 4.3    | 3.8    | 14.5   | 18.7     |
| Revenue (INR m)    | 23,212 | 24,117 | 24,982 | 25,905 | 27,372 | 28,972 | 30,623 | 32,429 | 98,216 | 1,19,395 |
| QoQ (%)            | 3.0    | 3.9    | 3.6    | 3.7    | 5.7    | 5.8    | 5.7    | 5.9    |        |          |
| YoY (%)            | 23.6   | 17.7   | 15.2   | 14.9   | 17.9   | 20.1   | 22.6   | 25.2   | 17.6   | 21.6     |
| GPM (%)            | 34.2   | 33.1   | 33.8   | 33.3   | 33.0   | 33.4   | 34.7   | 34.0   | 33.6   | 33.8     |
| SGA (%)            | 16.0   | 16.3   | 16.1   | 15.7   | 16.4   | 16.8   | 17.1   | 16.5   | 16.0   | 16.7     |
| EBITDA             | 4,229  | 4,052  | 4,418  | 4,544  | 4,552  | 4,807  | 5,378  | 5,675  | 17,243 | 20,412   |
| EBITDA Margin (%)  | 18.2   | 16.8   | 17.7   | 17.5   | 16.6   | 16.6   | 17.6   | 17.5   | 17.6   | 17.1     |
| EBIT               | 3,466  | 3,308  | 3,631  | 3,744  | 3,840  | 4,062  | 4,557  | 4,805  | 14,149 | 17,264   |
| EBIT Margin (%)    | 14.9   | 13.7   | 14.5   | 14.5   | 14.0   | 14.0   | 14.9   | 14.8   | 14.4   | 14.5     |
| Other income       | 90     | 250    | 262    | 210    | 165    | 283    | 263    | 259    | 813    | 971      |
| ETR (%)            | 22.0   | 26.0   | 26.5   | 20.3   | 23.5   | 25.2   | 22.6   | 22.9   | 23.7   | 23.5     |
| Adj. PAT           | 2,774  | 2,633  | 2,861  | 3,153  | 3,064  | 3,250  | 3,729  | 3,906  | 11,421 | 13,949   |
| QoQ (%)            | 10.3   | -5.1   | 8.7    | 10.2   | -2.8   | 6.1    | 14.7   | 4.7    |        |          |
| YoY (%)            | 31.1   | 19.7   | 6.9    | 25.4   | 10.5   | 23.4   | 30.3   | 23.9   | 20.1   | 22.1     |
| Reported EPS (INR) | 15.0   | 17.3   | 18.8   | 20.7   | 19.9   | 21.2   | 24.3   | 25.5   | 71.9   | 90.9     |

## TCS

Buy

CMP INR3,606 | TP: INR4,050 (+12%)

EPS CHANGE (%): FY25 | 26 | 27: -2.3 | -1.3 | -1.2

- TCS is expected to post a revenue decline of 0.5% QoQ CC as BSNL ramp-down starts taking shape. Expect BFSI to remain strong, but manufacturing to be slightly weak.
- The deal pipeline should remain healthy. Excl. BSNL, FY26 should be better than FY25 for major countries and core-verticals.
- EBIT margin may remain flat QoQ, aided by operational efficiencies, despite headwinds from talent investments. 4Q margin should be aided by BSNL tapering, and pyramid benefits from early hiring in 1Q/2Q.
- Outlook on near-term demand & pricing environment, BFSI, and deal wins are key monitorables.

### Quarterly Performance (IFRS)

| Y/E March                   | FY24  |       |       |       | FY25E |       |       |       | FY24   | FY25E  |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|
|                             | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    | 2Q    | 3Q    | 4QE   |        |        |
| IT Services Revenue (USD m) | 7,226 | 7,210 | 7,281 | 7,363 | 7,505 | 7,670 | 7,539 | 7,477 | 29,080 | 30,191 |
| QoQ (%)                     | 0.4   | -0.2  | 1.0   | 1.1   | 1.9   | 2.2   | -1.7  | -0.8  | 4.1    | 3.8    |
| Overall Revenue (INR b)     | 594   | 597   | 606   | 612   | 626   | 643   | 640   | 648   | 2,409  | 2,557  |
| QoQ (%)                     | 0.4   | 0.5   | 1.5   | 1.1   | 2.2   | 2.6   | -0.4  | 1.3   |        |        |
| YoY (%)                     | 12.6  | 7.9   | 4.0   | 3.5   | 5.4   | 7.7   | 5.6   | 5.9   | 6.8    | 6.1    |
| GPM (%)                     | 39.5  | 40.1  | 40.8  | 41.1  | 42.6  | 38.2  | 38.8  | 39.3  | 40.4   | 39.7   |
| SGA (%)                     | 16.4  | 15.8  | 15.8  | 15.1  | 18.0  | 14.1  | 14.3  | 14.8  | 15.7   | 15.3   |
| EBITDA                      | 150   | 157   | 164   | 172   | 167   | 168   | 170   | 172   | 643    | 677    |
| EBITDA Margin (%)           | 25.2  | 26.3  | 27.1  | 28.1  | 26.7  | 26.1  | 26.5  | 26.6  | 26.7   | 26.5   |
| EBIT                        | 138   | 145   | 152   | 159   | 154   | 155   | 157   | 159   | 594    | 624    |
| EBIT Margin (%)             | 23.2  | 24.3  | 25.0  | 26.0  | 24.7  | 24.1  | 24.5  | 24.5  | 24.7   | 24.4   |
| Other income                | 12    | 8     | 7     | 9     | 8     | 6     | 10    | 10    | 37     | 33     |
| PBT                         | 150   | 153   | 159   | 168   | 162   | 160   | 167   | 169   | 632    | 658    |
| ETR (%)                     | 25.8  | 25.8  | 25.8  | 25.8  | 25.4  | 25.4  | 25.3  | 25.5  | 25.7   | 25.4   |
| Adj. PAT                    | 111   | 114   | 118   | 125   | 121   | 120   | 124   | 126   | 469    | 491    |
| Exceptional items           | 0     | 0     | -7    | 0     | 0     | 0     | 0     | 0     | -7     | 0      |
| Reported PAT                | 111   | 114   | 111   | 125   | 121   | 120   | 124   | 126   | 462    | 491    |
| QoQ (%)                     | -2.8  | 2.3   | -2.5  | 12.7  | -3.2  | -1.2  | 4.1   | 0.9   |        |        |
| YoY (%)                     | 16.8  | 8.7   | 2.0   | 9.3   | 8.9   | 5.1   | 12.1  | 0.4   | 9.3    | 6.1    |
| EPS (INR)                   | 30.3  | 31.0  | 30.3  | 34.4  | 33.3  | 32.9  | 34.2  | 34.5  | 126.3  | 134.9  |

## Tech Mahindra

Buy

CMP INR 1,418 | TP: INR1,950 (+37%)

EPS CHANGE (%): FY25 | 26 | 27: 0.6 | -1.3 | 0.1

- Revenue growth may decline 0.8% QoQ CC in 4Q due to muted recovery in Telecom and Manufacturing (~50% of revenue). While the communications vertical has stabilized, recovery may take time.
- Margins are expected to rise 10bp despite wage hikes as Project Fortius continues to deliver.
- Rate of deal wins saw improvement in 3Q in key verticals such as Telecom and Hi-Tech. We anticipate the company can deliver good deal TCV in 4Q.
- The outlook on segments such as CME, especially in US, and manufacturing verticals, will be the key monitorable.

### Quarterly Performance

| Y/E March           | FY24  |       |       |       | FY25E |       |       |       | FY24  | FY25E |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                     | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    | 2Q    | 3Q    | 4QE   |       |       |
| Revenue (USD m)     | 1,601 | 1,555 | 1,573 | 1,548 | 1,559 | 1,589 | 1,567 | 1,544 | 6,277 | 6,259 |
| QoQ (%)             | -4.0  | -2.8  | 1.1   | -1.6  | 0.7   | 1.9   | -1.4  | -1.5  | -5.0  | -0.3  |
| Revenue (INR b)     | 132   | 129   | 131   | 129   | 130   | 133   | 133   | 134   | 520   | 530   |
| YoY (%)             | 3.5   | -2.0  | -4.6  | -6.2  | -1.2  | 3.5   | 1.4   | 4.0   | -2.4  | 1.9   |
| GPM (%)             | 25.7  | 22.5  | 23.9  | 27.0  | 26.5  | 27.9  | 28.8  | 27.8  | 24.8  | 27.8  |
| SGA (%)             | 13.5  | 11.5  | 13.6  | 16.1  | 14.5  | 14.8  | 15.2  | 14.2  | 13.7  | 14.7  |
| EBITDA              | 16    | 14    | 14    | 14    | 16    | 18    | 18    | 18    | 58    | 69    |
| EBITDA Margin (%)   | 12.2  | 10.9  | 10.3  | 10.9  | 12.0  | 13.1  | 13.6  | 13.6  | 11.1  | 13.1  |
| EBIT                | 12    | 9     | 9     | 9     | 11    | 13    | 14    | 14    | 40    | 51    |
| EBIT Margin (%)     | 8.8   | 7.3   | 7.0   | 7.4   | 8.5   | 9.6   | 10.2  | 10.3  | 7.6   | 9.6   |
| Other income        | 1     | 2     | 0     | 3     | 1     | 4     | -1    | -1    | 5     | 4     |
| ETR (%)             | 21.8  | 9.9   | 17.6  | 23.4  | 26.7  | 26.6  | 23.9  | 24.5  | 18.5  | 25.5  |
| Adj. PAT            | 10    | 10    | 7     | 10    | 9     | 13    | 10    | 10    | 36    | 41    |
| QoQ (%)             | -28.2 | 2.3   | -26.5 | 34.9  | -12.2 | 46.8  | -21.4 | 1.8   |       |       |
| YoY (%)             | -15.5 | -25.3 | -44.6 | -27.1 | -10.9 | 27.8  | 36.8  | 3.3   | -28.5 | 12.8  |
| Extra-Ordinary Item | -2.6  | -4.8  | -2.1  | -3.1  | 0.0   | 0.0   | 0.0   | 0.0   | -12.6 | 0.0   |
| Reported PAT        | 7     | 5     | 5     | 7     | 9     | 13    | 10    | 10    | 24    | 41    |
| EPS (INR)           | 10.8  | 11.0  | 8.1   | 11.0  | 9.6   | 14.1  | 11.1  | 11.3  | 40.9  | 46.1  |

**Wipro****Sell****CMP INR 262 | TP: INR 240 (-8%)****EPS CHANGE (%): FY25|26| 27: 1.0|2.3|1.1**

- WPRO is likely to report flat revenue in 4Q (midpoint of its 4Q guidance) as softness may persist in Energy, Manufacturing and Resources, along with Europe and APMEA regions.
- BFSI may perform better sequentially due to uptick in budgets and Capco business. Healthcare will also grow, but slower than in past.
- For 4QFY25, margins are expected to remain in a narrow band, with no significant headwinds anticipated. Wage hikes are behind and fully absorbed in 3Q.
- Key monitorable: Commentary on recovery in Europe region also Energy, Manufacturing and resources verticals.

**Quarterly Performance (IFRS)**

| Y/E March                   | FY24  |       |       |       | FY25E |       |       |       | FY24   | FY25E  |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|
|                             | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    | 2Q    | 3Q    | 4QE   |        |        |
| IT Services Revenue (USD m) | 2,779 | 2,713 | 2,656 | 2,657 | 2,626 | 2,660 | 2,629 | 2,608 | 10,805 | 10,523 |
| QoQ (%)                     | -2.1  | -2.3  | -2.1  | 0.0   | -1.2  | 1.3   | -1.2  | -0.8  | -3.8   | -2.6   |
| Overall Revenue (INR b)     | 228   | 225   | 222   | 222   | 220   | 223   | 223   | 227   | 896    | 893    |
| QoQ (%)                     | -1.5  | -1.4  | -1.4  | 0.0   | -1.1  | 1.5   | 0.1   | 1.7   |        |        |
| YoY (%)                     | 6.0   | -0.1  | -4.4  | -4.2  | -3.8  | -1.0  | 0.5   | 2.2   | -0.9   | -0.4   |
| GPM (%)                     | 29.4  | 29.3  | 30.7  | 29.2  | 30.2  | 30.5  | 31.0  | 30.6  | 29.6   | 30.6   |
| SGA (%)                     | 14.2  | 14.6  | 16.0  | 13.2  | 13.7  | 13.6  | 13.8  | 13.0  | 14.5   | 13.5   |
| EBITDA                      | 42    | 42    | 42    | 44    | 44    | 46    | 47    | 48    | 170    | 186    |
| EBITDA Margin (%)           | 18.4  | 18.8  | 19.0  | 19.7  | 20.2  | 20.5  | 21.3  | 21.3  | 19.0   | 20.8   |
| IT Serv. EBIT (%)           | 16.0  | 16.1  | 16.0  | 16.4  | 16.5  | 16.8  | 16.0  | 17.6  | 16.4   | 17.0   |
| EBIT Margin (%)             | 15.1  | 14.8  | 14.8  | 15.9  | 16.4  | 16.7  | 17.5  | 17.5  | 15.2   | 17.0   |
| Other income                | 3     | 2     | 3     | 3     | 4     | 6     | 6     | 4     | 11     | 19     |
| ETR (%)                     | 24.0  | 24.0  | 24.0  | 26.0  | 24.5  | 24.6  | 24.4  | 24.6  | 24.5   | 24.5   |
| PAT                         | 29    | 26    | 27    | 28    | 30    | 32    | 34    | 33    | 110    | 128    |
| QoQ (%)                     | -6.6  | -7.8  | 1.8   | 5.2   | 5.9   | 6.8   | 4.5   | -2.3  |        |        |
| YoY (%)                     | 12.0  | -0.5  | -11.7 | -7.8  | 4.6   | 21.3  | 24.5  | 15.6  | -2.9   | 16.5   |
| EPS (INR)                   | 2.6   | 2.5   | 2.6   | 2.7   | 5.7   | 3.1   | 3.2   | 3.1   | 10.2   | 12.2   |

**Zensar Technologies****Neutral****CMP INR 701 | TP: INR 770 (+10%)****EPS CHANGE (%): FY25|26| 27: -1.5|-1.5|-1.2**

- We expect a decline of 0.5% QoQ CC in 4QFY25.
- The demand environment in healthcare and life sciences segment remains soft. A significant portion of order book can be concentrated in BFSI and Europe.
- We anticipate EBITDA margins to improve by 20bp QoQ to 15.7%. The company is likely to exit FY25 in its guided range of mid-teen EBITDA margins.
- Commentary on the deal pipeline, discretionary spending, and client pyramid—given the company's focus on farming efforts—will be key to monitor.

**Quarterly Performance**

| Y/E March         | FY24   |        |        |        | FY25E  |        |        |        | FY24   | FY25E  |
|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                   | 1Q     | 2Q     | 3Q     | 4Q     | 1Q     | 2Q     | 3Q     | 4QE    |        |        |
| Revenue (USD m)   | 149    | 150    | 145    | 148    | 154    | 156    | 157    | 156    | 592    | 624    |
| QoQ (%)           | 1.2    | 0.6    | -3.7   | 2.3    | 4.3    | 1.2    | 0.5    | -0.5   | -2.0   | 5.3    |
| Revenue (INR m)   | 12,272 | 12,408 | 12,041 | 12,297 | 12,881 | 13,080 | 13,256 | 13,550 | 49,018 | 52,767 |
| YoY (%)           | 2.0    | 0.5    | 0.5    | 1.4    | 5.0    | 5.4    | 10.1   | 10.2   | 1.1    | 7.6    |
| GPM (%)           | 33.6   | 31.8   | 31.1   | 30.6   | 30.4   | 28.1   | 30.1   | 30.5   | 31.8   | 29.8   |
| SGA (%)           | 14.9   | 13.2   | 13.9   | 14.1   | 15.2   | 12.7   | 14.5   | 14.8   | 14.0   | 14.3   |
| EBITDA            | 2,301  | 2,308  | 2,076  | 2,030  | 1,961  | 2,011  | 2,069  | 2,127  | 8,715  | 8,169  |
| EBITDA Margin (%) | 18.8   | 18.6   | 17.2   | 16.5   | 15.2   | 15.4   | 15.6   | 15.7   | 17.8   | 15.5   |
| EBIT              | 1,878  | 1,942  | 1,764  | 1,793  | 1,714  | 1,714  | 1,832  | 1,897  | 7,377  | 7,157  |
| EBIT Margin (%)   | 15.3   | 15.7   | 14.6   | 14.6   | 13.3   | 13.1   | 13.8   | 14.0   | 15.0   | 13.6   |
| Other income      | 224    | 306    | 356    | 493    | 383    | 366    | 270    | 304    | 1,379  | 1,323  |
| ETR (%)           | 25.7   | 22.7   | 23.8   | 24.2   | 24.7   | 25.1   | 24.0   | 24.5   | 24.1   | 24.6   |
| Adj. PAT          | 1,562  | 1,738  | 1,616  | 1,733  | 1,579  | 1,558  | 1,597  | 1,661  | 6,649  | 6,395  |
| QoQ (%)           | 30.9   | 11.3   | -7.0   | 7.2    | -8.9   | -1.3   | 2.5    | 4.0    |        |        |
| YoY (%)           | 108.0  | 206.0  | 111.2  | 45.3   | 1.1    | -10.4  | -1.2   | -4.2   | 102.9  | -3.8   |
| EPS (INR)         | 6.8    | 7.6    | 7.1    | 7.6    | 6.9    | 6.8    | 7.0    | 7.3    | 29.1   | 28.0   |

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Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

Contact: (+65) 8328 0276

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Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263;

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Grievance Redressal Cell:

| Contact Person     | Contact No.                 | Email ID                     |
|--------------------|-----------------------------|------------------------------|
| Ms. Hemangi Date   | 022 40548000 / 022 67490600 | query@motilaloswal.com       |
| Ms. Kumud Upadhyay | 022 40548082                | servicehead@motilaloswal.com |
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