

Q1FY25 revenue growth is likely to reflect seasonal strength and benefits of large deal ramp ups, although discretionary spending remains weak. We expect YoY growth trajectory to show improvement on the back of large deal ramp ups, broadly stable demand environment, and no further deterioration in discretionary spending. Delay in decision-making on account of macroeconomic uncertainties continue to restrict meaningful pick-up in growth momentum. Margin performance is likely to be mixed depending on wage-hike cycle (few select companies), higher travel costs, and transition costs of large deals. Commentary on recovery in demand will be keenly watched to gain confidence on sustainable improvement in YoY revenue growth trajectory. Large deal announcements reflect some moderation in deal wins in Q1. Going ahead, we believe the interest rate cuts will act as a trigger for revival in discretionary spending and an uptick in technology spending. NIFTY IT underperformed the broader market by ~4% over a period of 3M due to delayed demand recovery. However, it outperformed over a 1M period due to the recent portfolio shift after the election outcome, and hope for better CY25. We continue to prefer large caps over mid-caps. Our pecking order is INFO, HCLT, WPRO, TECHM, TCS, and LTIM in large caps. Among mid-caps, we prefer BSOFT, FSOL, MPHL, CYL, and Zomato.

Revenue growth to reflect seasonal uptick

We expect revenue growth to improve sequentially for most companies under our coverage universe on the back of seasonal strength, benefits from large deal ramp ups, and stability in the BFSI vertical. We expect select mid-cap companies to outgrow large caps; however, overall growth between large caps and mid-caps is expected to narrow on sequential basis in Q1. For Tier-1 companies (except WPRO and HCLT), we estimate revenue growth of 0.6-2.0% QoQ while mid-caps (except LTTS and CYL) are expected to grow 1.0-5.0%. Among verticals, select companies highlighted early green shoots in BFSI (particularly in North America) in Q4FY24, and the trend continued in Q1 as well. Healthcare and Manufacturing are expected to remain relatively resilient. Communications should benefit from large deal ramp ups in select companies, although the underlying demand remains weak. Deal wins should moderate this quarter. We expect INFO (1-3% CC YoY; 20-22% EBITM) and HCLT (3-5%; 18-19% EBITM) to retain their FY25E guidance. We expect WPRO to guide for -1% to +1% growth for Q2FY25E.

Margin trajectory to vary basis companies

Margin performance is likely to be mixed depending on wage-hike cycle (few select companies), higher travel costs (visa costs), and large deal transition costs. EBITM trajectory on YoY basis should be stable/show improvement for most of our coverage companies. For Tier-1 companies, we expect margin swing of -150 to 100bps QoQ, while the same for Tier-2 companies should be -90 to 40bps QoQ. Attrition is again expected to remain steady, whereas lateral hiring trends should remain muted given uncertain demand.

Key monitorables

1) FY25 revenue/margin guidance, 2) Recovery in discretionary spending, 3) Pace of decision-making, 4) Demand trends in key verticals of BFSI, Retail, Manufacturing, Communications, and Hi-Tech, 5) Deal intake and pipeline, 6) Attrition and hiring trends, 7) Progress on Gen AI, 8) Pricing environment, and 9) impact of insourcing/GCC on growth.

Indian IT - Rating and Target Price

Company	CMP (Rs)	Mkt Cap (Rs bn)	Target (Rs)	Rating	P/E (x)		EV/EBITDA	
					FY25E	FY26E	FY25E	FY26E
TCS	3,904	169.4	3,950	REDUCE	27.8	25.3	19.3	17.5
INFO	1,567	78.0	1,850	BUY	25.3	22.4	15.7	13.8
HCLT	1,460	47.5	1,600	ADD	23.7	21.2	14.8	12.7
WPRO	515	32.3	525	ADD	21.9	19.5	13.0	11.6
TECHM	1,430	16.8	1,425	ADD	29.0	20.2	16.1	11.9
LTIM	5,385	19.1	5,250	REDUCE	32.6	27.1	22.7	19.2
MPHL	2,457	5.6	2,550	ADD	28.4	24.5	16.9	14.8
COFORGE	5,459	4.4	5,500	REDUCE	36.8	29.1	19.3	15.4
PSYS	4,241	7.8	3,900	REDUCE	49.7	39.1	31.8	25.2
LTTS	4,909	6.2	4,750	REDUCE	38.0	31.7	24.4	20.3
CYL	1,837	2.4	2,600	BUY	25.2	20.5	14.2	12.1
BSOFT	690	2.3	800	ADD	28.9	24.1	18.3	15.1
FSOL	210	1.8	230	ADD	23.9	19.3	13.5	11.1
ROUTE	1,823	1.4	1,800	ADD	28.8	23.8	17.8	14.8
ZOMATO	201	21.2	230	BUY	118.8	58.4	136.8	54.4

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Deal wins to moderate

Deal wins are expected to moderate in Q1FY25 based on large deal announcements, barring WPRO (signed deal with Nokia, and a USD500mn deal with a US telecom service provider). The construct of the deal wins should also remain similar to prior quarters, with cost takeout and vendor consolidation deals maintaining dominance. The deal pipeline remains healthy across companies and improvement in decision-making and revival in discretionary spending may drive acceleration in deal wins.

Earnings revision and valuation

After a weak FY24, which was impacted by slower pace of discretionary spending, FY25 should benefit from large deals ramp ups and no incremental deterioration in discretionary spending; however, no meaningful change in the demand scenario would restrict upside. Among verticals, select companies highlighted early green shoots in BFSI (particularly in North America) in Q4FY24, and the trend continued in Q1 as well.

ACN maintained the mid-point of its FY24 revenue growth guidance, reflecting a broadly stable demand environment. Most global IT companies have highlighted that growth will gradually improve through the year as stable demand environment would support improvement in growth over a weak base. We expect the start of the interest rate-cut cycle to act as a signaling trigger for clients to gain confidence on the inflation trajectory and macro stability, which may drive demand recovery and an uptick in discretionary spending.

We have revised the earnings estimates (Exhibit 4) for our coverage universe factoring in the Q1 performance and FY24 annual reports (for select companies). We have incorporated Cigniti transaction and the recent QIP in Coforge estimates. We also roll forward the valuation to Jun-25E across our coverage universe.

We do not expect any material revision in FY25E revenue growth guidance (except CYL) as the demand environment remains largely stable since the last quarter. For WPRO, we expect the company to guide for -1% to +1% growth in Q2FY25E.

Our pecking order is INFO, HCLT, WPRO, TECHM, TCS, and LTIM in large caps. Among mid-caps, we prefer BSOFT, FSOL, MPHL, CYL, and Zomato.

Exhibit 1: Jun-24 quarterly estimates for IT services companies

Co Name	Revenues		Revenue growth (%)		EBIT		EBITM		EBITM change (bps)		Net profits		Net profit growth (%)		Cross currency impact (bps)	Constant currency growth QoQ (%)
	(USD mn)		QoQ	YoY	(Rs mn)		(%)	QoQ	YoY	(Rs mn)		QoQ	YoY			
TCS	7,481	1.6	3.5	152,855	24.5	(150)	130	120,075	-4.0	8.0	-40	2.0				
INFO	4,655	2.0	0.8	80,884	20.8	70	0	61,869	-22.4	4.1	-20	2.2				
WPRO	2,652	-0.2	-4.5	36,046	16.2	30	110	29,872	5.4	4.1	-20	-				
HCLT	3,360	-2.0	5.0	47,404	16.9	(70)	0	38,148	-4.5	8.0	-20	(1.8)				
TECHM	1,557	0.6	-2.7	10,813	8.3	100	160	8,636	-10.9	24.7	-20	0.8				
LTIM	1,091	2.0	3.0	13,805	15.2	50	(150)	11,443	4.0	-0.7	-10	2.1				
MPHL	415	1.1	4.8	5,197	15.0	10	(30)	3,948	0.4	-0.3	-10	1.2				
PSYS	326	5.0	15.4	3,739	13.7	(70)	90	2,958	-6.2	29.3	-10	5.1				
COFORGE	292	1.7	7.3	3,325	13.7	(80)	220	2,314	-0.8	27.3	-20	1.9				
LTTS	302	-1.0	7.9	4,015	15.9	(90)	(120)	3,222	-5.5	3.6	0	(1.0)				
CYL	218	-2.9	6.0	2,527	13.9	(50)	(80)	1,824	-3.7	3.2	-30	(2.6)				
BSOFT	166	1.0	7.8	1,991	14.4	(30)	80	1,607	-10.8	16.8	0	1.0				
FSOL	210	4.7	13.2	1,953	11.1	20	(60)	1,418	6.2	12.5	-20	4.9				

Source: Company, Emkay Research

Exhibit 2: Foreign exchange movement during the quarter

Particulars	INR/USD	INR/GBP	INR/EUR	USD/GBP	USD/EUR	JPY/USD	USD/AUD	USD/CAD
High	83.65	106.80	90.83	1.28	1.09	160.81	0.67	1.38
Low	83.10	102.92	88.80	1.24	1.06	151.34	0.64	1.35
Avg Rate	83.41	105.28	89.82	1.26	1.08	155.85	0.66	1.37
QoQ chg.	0.4%	0.0%	-0.4%	-0.5%	-0.8%	4.9%	0.2%	1.5%
YoY chg.	1.5%	2.4%	0.4%	0.8%	-1.1%	13.4%	-1.4%	1.9%
Last date closing	83.39	105.48	89.30	1.26	1.07	160.59	0.67	1.37
QoQ chg.	0.0%	0.3%	-0.6%	0.2%	-0.8%	6.1%	2.1%	1.1%
YoY chg.	1.6%	1.8%	0.3%	0.0%	-1.3%	11.0%	0.6%	3.2%

Source: Bloomberg, Emkay Research

Exhibit 3: Change in estimates (Revenue and Margin)

Change in Estimates	Revenues, Rs bn (New)			Revenues, Rs bn (Old)			Change			EBIT Margins, % (New)			EBIT Margins, % (Old)			% change (bps)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
TCS	2,585	2,778	3,007	2,600	2,789	3,019	-0.6%	-0.4%	-0.4%	25.2	25.5	25.5	25.2	25.5	25.5	0	0	0
Infosys	1,603	1,771	1,935	1,609	1,774	1,938	-0.4%	-0.2%	-0.2%	21.0	21.4	21.6	21.1	21.4	21.6	-6	-1	-1
Wipro	912	984	1,065	915	986	1,067	-0.4%	-0.2%	-0.2%	16.3	16.8	16.9	16.4	16.8	16.9	-5	0	0
HCL Tech	1,151	1,259	1,377	1,155	1,262	1,379	-0.4%	-0.2%	-0.2%	18.1	18.5	18.7	18.3	18.7	18.7	-15	-20	-3
TechM	533	589	650	538	594	655	-0.9%	-0.7%	-0.7%	10.3	13.5	14.6	10.3	13.5	14.6	4	-2	-2
LTIM	379	427	484	380	427	484	-0.2%	0.0%	0.0%	15.6	16.7	17.2	16.0	16.8	17.2	-36	-10	-6
Mphasis	142	157	174	143	158	176	-1.1%	-1.0%	-1.1%	15.3	15.6	16.0	15.4	15.6	16.1	-13	-3	-3
Persistent	114	135	158	114	133	157	0.7%	0.9%	0.9%	14.6	15.8	16.1	14.8	15.8	16.1	-18	-6	-3
Coforge	117	140	161	103	117	134	14.0%	19.8%	19.6%	12.4	13.2	13.6	12.9	13.9	14.1	-51	-63	-49
LTTS	106	121	137	107	121	137	-0.2%	0.0%	0.0%	16.1	17.0	17.6	16.3	17.2	17.6	-17	-29	-1
Cyient	78	90	104	79	91	105	-2.0%	-1.7%	-1.7%	14.4	15.1	15.3	14.6	15.1	15.3	-13	-3	0
Birlasoft	58	66	75	58	66	75	-0.2%	0.0%	0.0%	14.5	15.0	15.0	14.5	15.0	15.0	2	0	0
Firstsource	73	82	91	72	81	90	0.8%	0.5%	0.6%	11.5	12.2	12.5	11.5	12.2	12.2	-1	-5	24
Route	48	55	62	48	55	62	0.0%	0.0%	0.0%	10.5	11.0	11.4	10.5	11.0	11.4	0	0	0
Zomato	173	234	301	173	234	301	0.0%	0.0%	0.0%	3.5	9.9	13.1	3.5	9.9	13.1	NM	0	0

Source: Company, Emkay Research

Exhibit 4: Change in estimates (EPS, target multiple, and target price)

Change in Estimates	EPS, Rs (New)			EPS, Rs (Old)			Change in EPS			Rating		Target Price (Rs/sh)	
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	New	Old	New	Old
TCS	140.6	154.1	168.4	141.4	154.7	169.1	-0.6%	-0.4%	-0.4%	REDUCE	REDUCE	3,950	3,950
Infosys	61.8	69.9	77.4	62.2	70.1	77.6	-0.6%	-0.2%	-0.2%	BUY	BUY	1,850	1,750
Wipro	23.5	26.4	29.0	23.7	26.5	29.0	-0.6%	-0.2%	-0.2%	ADD	ADD	525	500
HCL Tech	61.5	69.0	75.8	62.2	69.8	76.1	-1.1%	-1.2%	-0.4%	ADD	ADD	1,600	1,600
TechM	49.3	70.8	83.9	49.4	71.4	85.0	-0.2%	-0.8%	-1.4%	ADD	ADD	1,425	1,350
LTIM	165.0	198.7	233.3	168.6	199.6	234.0	-2.1%	-0.5%	-0.3%	REDUCE	REDUCE	5,250	5,000
Mphasis	86.6	100.3	116.1	88.6	101.6	117.7	-2.3%	-1.3%	-1.4%	ADD	ADD	2,550	2,550
Persistent	85.3	108.6	131.0	85.5	108.1	130.2	-0.3%	0.4%	0.6%	REDUCE	REDUCE	3,900	3,700
Coforge	148.3	187.4	229.4	150.5	186.6	225.4	-1.5%	0.4%	1.8%	REDUCE	REDUCE	5,500	5,200
LTTTS	129.3	154.8	182.7	130.9	157.5	183.1	-1.2%	-1.7%	-0.2%	REDUCE	REDUCE	4,750	4,750
Cyient	72.8	89.7	105.5	75.5	91.6	107.5	-3.6%	-2.1%	-1.8%	BUY	BUY	2,600	2,600
Birlasoft	23.9	28.7	33.0	23.9	28.7	33.0	0.0%	0.0%	0.0%	ADD	ADD	800	760
Firstsource	8.8	10.9	12.9	8.8	11.1	12.8	0.4%	-1.5%	0.9%	ADD	ADD	230	220
Route	63.2	76.7	92.2	63.2	76.7	92.2	0.0%	0.0%	0.0%	ADD	ADD	1,800	1,700
Zomato	1.7	3.4	4.5	1.7	3.4	4.5	NM	0.0%	0.0%	BUY	BUY	230	230

Source: Company, Emkay Research

Exhibit 5: Valuation summary

Company	CMP (Rs/sh)	Mkt Cap (USD bn)	Promoter Holding (%)	ADTV 6M (USD mn)	Target (Rs/sh)	Rating	P/E (x)				EV/EBITDA (x)				ROE (%)			
							FY24	FY25e	FY26e	FY27e	FY24	FY25e	FY26e	FY27e	FY24	FY25e	FY26e	FY27e
TCS	3,904	169.4	71.8	112.2	3,950	REDUCE	30.8	27.8	25.3	23.2	21.7	19.3	17.5	15.9	49.6	50.0	46.1	42.9
INFO	1,567	78.0	14.7	138.9	1,850	BUY	24.8	25.3	22.4	20.2	16.8	15.7	13.8	12.3	31.9	27.6	28.3	28.3
HCLT	1,460	47.5	60.8	59.8	1,600	ADD	25.2	23.7	21.2	19.3	15.5	14.8	12.7	11.2	23.5	22.1	20.6	19.7
WPRO	515	32.3	72.9	48.1	525	ADD	24.4	21.9	19.5	17.8	14.1	13.0	11.6	10.4	14.4	15.8	16.5	16.7
TECHM	1,430	16.8	35.1	35.2	1,425	ADD	53.5	29.0	20.2	17.1	24.1	16.1	11.9	10.0	10.3	16.1	22.0	24.4
LTIM	5,385	19.1	68.6	30.6	5,250	REDUCE	34.8	32.6	27.1	23.1	24.7	22.7	19.2	16.5	25.0	22.8	23.9	24.3
MPHL	2,457	5.6	55.5	25.2	2,550	ADD	29.9	28.4	24.5	21.2	18.4	16.9	14.8	13.0	18.6	18.0	19.5	21.0
COFORGE	5,459	4.4	-	34.6	5,500	REDUCE	41.8	36.8	29.1	23.8	22.4	19.3	15.4	13.2	24.9	19.9	19.0	21.3
PSYS	4,241	7.8	31.0	27.4	3,900	REDUCE	59.8	49.7	39.1	32.4	38.0	31.8	25.2	21.0	24.5	24.4	26.4	26.8
LTTTS	4,909	6.2	73.7	12.0	4,750	REDUCE	39.8	38.0	31.7	26.9	26.0	24.4	20.3	17.0	26.6	23.8	24.8	25.3
CYL	1,837	2.4	23.2	8.4	2,600	BUY	27.7	25.2	20.5	17.4	15.5	14.2	12.1	10.3	19.0	18.2	20.5	21.8
BSOFT	690	2.3	40.9	19.3	800	ADD	31.2	28.9	24.1	20.9	20.9	18.3	15.1	12.9	22.7	20.5	21.4	21.2
FSOL	210	1.8	53.7	6.8	230	ADD	28.2	23.9	19.3	16.3	15.8	13.5	11.1	9.5	14.7	15.8	17.5	18.4
ROUTE	1,823	1.4	58.0	4.9	1,800	ADD	30.5	28.8	23.8	19.8	22.0	17.8	14.8	12.4	18.0	17.2	18.1	18.8
ZOMATO	201	21.2	NA	104.5	230	BUY	521.8	118.8	58.4	44.6	NM	136.8	54.4	34.2	1.8	7.3	13.3	15.4

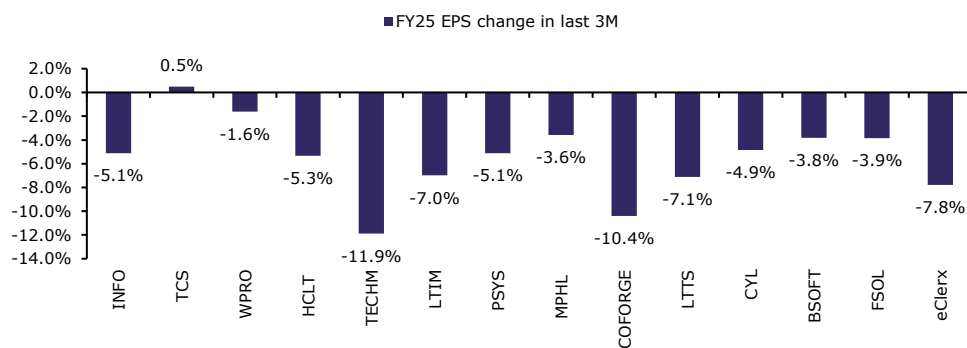
Source: Company, Bloomberg, Emkay Research

Exhibit 6: Price performance

Index/Stock	CMP (Rs/sh)	Return (%)					% Outperformance/Underperformance wrt Nifty				
		1M	3M	6M	1Y	3Y	1M	3M	6M	1Y	3Y
Nifty 50	24,011	5%	8%	10%	27%	52%					
Nifty IT	36,158	7%	4%	1%	25%	24%	2%	-4%	-9%	-1%	-27%
TCS	3,904	2%	1%	3%	22%	17%	-3%	-7%	-7%	-5%	-35%
INFO	1,567	7%	5%	1%	22%	0%	3%	-2%	-9%	-5%	-52%
WPRO	515	13%	7%	10%	35%	-6%	8%	0%	-1%	8%	-58%
HCLT	1,460	7%	-5%	-1%	25%	48%	3%	-13%	-11%	-2%	-4%
TECHM	1,430	9%	15%	11%	29%	29%	4%	7%	1%	3%	-22%
LTIM	5,385	10%	9%	-14%	6%	31%	5%	2%	-24%	-21%	-21%
MPHL	2,457	2%	3%	-10%	33%	20%	-3%	-5%	-20%	6%	-32%
PSYS	4,241	15%	6%	13%	74%	214%	10%	-1%	3%	48%	162%
COFORGE	5,459	6%	-1%	-13%	17%	32%	1%	-8%	-23%	-10%	-19%
LTTS	4,909	6%	-10%	-5%	28%	70%	1%	-18%	-15%	1%	18%
CYL	1,837	2%	-8%	-19%	24%	121%	-3%	-16%	-29%	-2%	69%
BSOFT	690	11%	-7%	-4%	96%	79%	6%	-15%	-15%	70%	27%
FSOL	210	9%	6%	13%	61%	21%	4%	-1%	3%	34%	-31%
ROUTE	1,823	28%	14%	15%	15%	7%	24%	6%	5%	-12%	-44%
Zomato	201	10%	10%	63%	168%	164%	6%	3%	53%	141%	112%

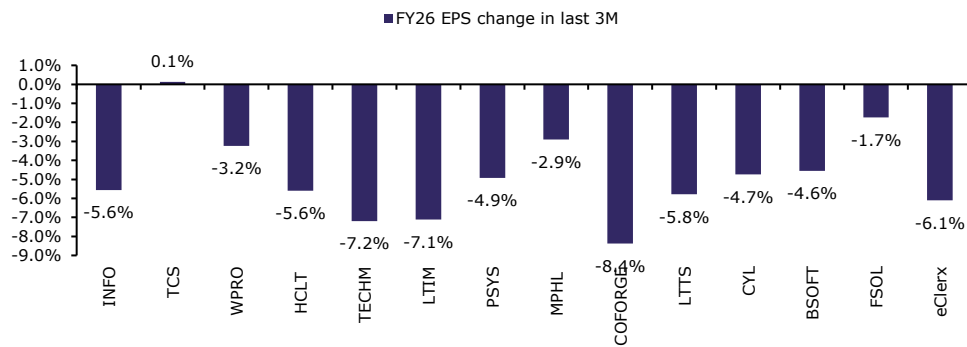
Source: Bloomberg, Emkay Research

Exhibit 7: Consensus estimates (FY25 EPS) – Changes in the past 3 months



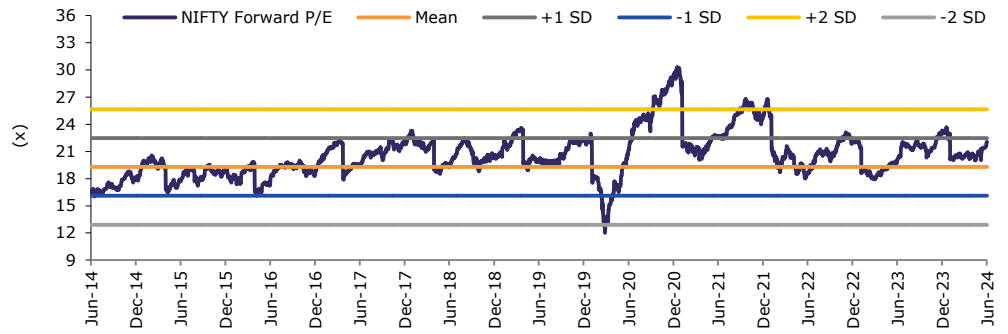
Source: Bloomberg, Emkay Research

Exhibit 8: Consensus estimates (FY26 EPS) – Changes in the past 3 months



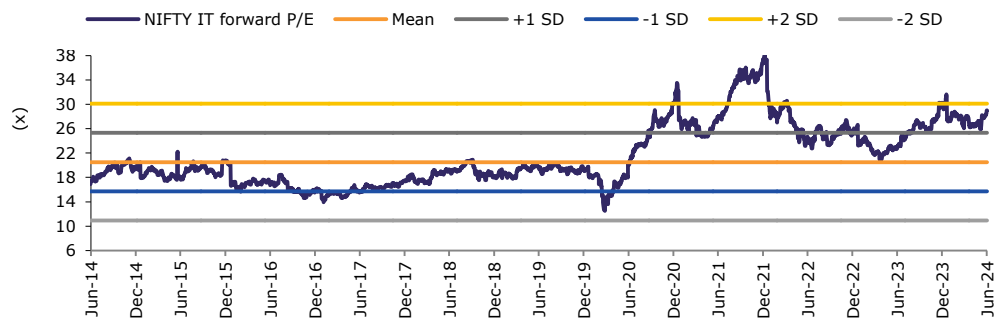
Source: Bloomberg, Emkay Research

Exhibit 9: NIFTY – One-year forward P/E is currently trading closer to mean +1SD



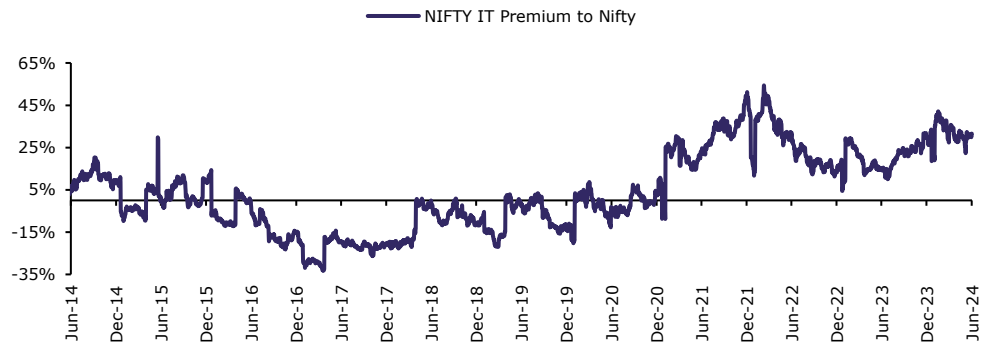
Source: Bloomberg, Emkay Research

Exhibit 10: NIFTY IT – One-year forward P/E is currently trading closer to mean+2SD



Source: Bloomberg, Emkay Research

Exhibit 11: NIFTY IT's valuation premium has remained ~30% in the past 3 months



Source: Bloomberg, Emkay Research

Exhibit 12: Deals signed during Q1FY25

Customer	Company	Deal Duration (years)	Deal details
Burgan Bank	TCS	Not disclosed	The bank will deploy TCS BaNCSTM to consolidate multiple standalone legacy applications into a contemporary universal banking solution that drives innovation and strengthens customer relationships. The solution will enable the bank to manage higher transaction volumes, enhance automation, and improve staff productivity. With TCS BaNCSTM's rich set of APIs, the bank will serve its diversified customer base of corporate, retail, and private-banking segments with an integrated solution.
Xerox	TCS	Not disclosed	TCS has expanded its strategic partnership with Xerox. Under the agreement, TCS will consolidate Xerox's technology services to improve business outcomes, migrate complex legacy data centers to the Azure public cloud, deploy a cloud-based Digital ERP platform to transform business processes, and incorporate generative artificial intelligence (GenAI) into operations to drive sustainable growth.
Yunex Traffic	Infosys	Not disclosed	Infosys will help accelerate Yunex Traffic's SAP S/4HANA-led digital transformation journey across 16 countries, including the US, UK, and Germany. This will help advance the 'Yunex OneERP' program, which aims to drive harmonization across diverse business units. In addition, Infosys will help Yunex Traffic consolidate disparate business processes and IT systems in the Enterprise Resource Planning (ERP) space into a cloud-based unified system powered by Infosys Cobalt — a set of services, solutions and platforms for enterprises to accelerate their cloud journey.
First Abu Dhabi Bank	Infosys	Not disclosed	Infosys signed a multi-year strategic collaboration with First Abu Dhabi Bank to optimize and modernize FAB's IT infrastructure services. Infosys will help integrate a suite of enterprise tools to drive significant improvements in FAB's service quality, risk reduction, and business outcomes. The collaboration aims to transition to an outcome-oriented, automated-managed services model that delivers high-quality, compliant IT services with increased speed and agility. In the long term, it will also establish a highly scalable and flexible IT infrastructure.
Colt Technology Services	Infosys	5 years	Infosys will aim to accelerate Colt's digital transformation program to build Colt IO, which will automate and simplify services, systems, and processes using next-generation platforms. This will make it easier and faster to service customers and to respond to changing market dynamics. In addition, Infosys will also help Colt boost its innovative product roadmap and grow its managed network-as-a-service and application-centric infrastructure solutions.
Telstra	Infosys	Not disclosed	Infosys signed a strategic multi-year collaboration with Telstra to accelerate its software engineering and IT-transformation journey and to further enhance their customer experience. Infosys' AI-first suite of offerings (Infosys Topaz) and cloud suite of offerings (Infosys Cobalt), will offer a robust engineering backbone to simplify the technology landscape and enable Telstra to continue its transformation toward an innovation-led enterprise. In addition, Infosys will introduce modern product engineering practices to elevate its customer and employee experience.
Nihon Chouzai	Infosys	Not disclosed	Infosys collaborates with Nihon Chouzai to expand healthcare access in Japan with enhanced online medication guidance services and payment solutions. As part of this collaboration, Infosys has developed a mobile application, NiCOMS — a pioneering telemedicine service that enables patients to receive remote medication guidance from registered pharmacists, eliminating the need for pharmacy visits.
State Bank of India	HCL Tech	5 years	Under this deal, HCLSoftware will deploy the HCL Unica platform to enable SBI to digitally transform its customer interaction framework and provide hyper-personalized communication across the bank's diverse digital marketing channels, while adhering to the Digital Personal Data Protection Act (DPDPA) and other stringent security requirements. HCL Unica's powerful Customer Data Platform will organize and aggregate SBI's customer data from various touchpoints, creating a unified view that facilitates deeper insights and targeted marketing initiatives.
apoBank	HCL Tech	Not disclosed	HCLTech will help apoBank with an outcome-oriented managed services model that delivers resilient, scalable, high quality, and compliant Digital Foundation services, enabling apoBank to deliver fast and secured banking services to its customers.
Olympus	HCL Tech	Not disclosed	HCLTech and Olympus have expanded their strategic partnership to enable advanced and affordable healthcare for patients through cutting-edge engineering technologies. HCLTech will establish a dedicated product innovation center in Hyderabad, India to serve Olympus' operations across US, Europe, Middle East, and Africa. The center is expected to commence operations by July-2024 and boost Olympus' business expansion plans and drive advancements in medical technology.
Nokia	Wipro	Not disclosed	Wipro has been selected by Nokia to overhaul its employee service desk and provide seamless, real-time IT support to a global network of employees. The Wipro team will build a bespoke AI-powered, cloud-based solution for Nokia's workforce comprising of around 86,700 users globally in 130 countries of operations. The solution aims to enhance the employee experience by providing highly available, modular, secure, and automated services.
Forvia	LTTS	5 years	Under this, ~300 engineers from FORVIA's Augsburg (Germany) and Bangalore (India) sites have been transferred to LTTS. This represents a 95% transfer success rate, securing the skills of these teams, which will develop internal combustion engine-related engineering activities from within LTTS. A key part of the agreement is the capacity given by FORVIA to LTTS to train and reskill these engineers, who supported by LTTS's Global Engineering Academy, will be repositioned over time to work in other fields within LTTS's commercial network.
Leading US Communication Service Provider	Wipro	5 years	Wipro shall provide managed services for some products and industry-specific solutions.

Source: Company, Emkay Research

Exhibit 13: Q1FY25 preview

			Jun-24	Mar-24	Jun-23	YoY chg	QoQ chg	Comments
TCS (Jul-11)								
CMP (Rs/sh)	3,904	Net Sales (Rs mn)	623,899	612,370	593,810	5.1%	1.9%	We build in a 1.6% QoQ USD revenue growth after factoring 40bps cross-currency headwinds. We are building incremental 0.4% QoQ contribution (USD30mn) from the BSNL deal. EBIT margin is likely to decline by ~150bps QoQ due to wage hikes. Key things to watch out for: i) CY24 IT budget, possibility of growth uptick, and discretionary spending recovery in H2CY24, ii) Demand trends in key verticals like BFSI, Retail, Hi Tech, Manufacturing, and Communications, iii) Deal intake and deal pipeline (including AI and Gen AI), iv) Likely trajectory of revenue booking in the BSNL deal and its implications on margin, v) Pricing environment considering macro uncertainties and deal mix shift toward cost takeouts, vi) Margin outlook, vii) Management commentary on demand environment across geographies, and viii) Hiring plan including freshers.
Mkt Cap (Rs bn)	14,126	EBITDA (Rs mn)	165,333	171,640	149,980	10.2%	-3.7%	
Reco	Reduce	EBITDA Margin (%)	26.5	28.0	25.3	124 bps	-153 bps	
Target Price (Rs/sh)	3,950	PAT (Rs mn)	119,596	124,340	110,740	8.0%	-3.8%	
% Upside	1%	EPS (Rs)	33.1	34.4	30.3	9.2%	-3.8%	
Infosys (Jul-18)								
CMP (Rs/sh)	1,567	Net Sales (Rs mn)	388,250	379,230	379,330	2.4%	2.4%	We expect 2% QoQ USD revenue growth in Q1 after factoring 20bps cross-currency headwinds. EBIT margin is expected to expand by 70bps sequentially, partly benefiting from absence of one-time costs pertaining to the cyber incident at Infosys McCamish. Key monitorables: 1) FY25 guidance - we expect Company to retain 1-3% CC YoY revenue growth (excluding in-tech acquisition) and 20-22% EBITM; 2) Large deals intake with share in net-new deal intake and planned ramp-up schedule; 3) Update on discretionary spending; 4) Demand environment across geographies; and 5) Management commentary on: i) CY24 IT budget and possibility of an uptick in H2, ii) Demand environment in BFSI, Hitech, Manufacturing, Retail, and Communications, iii) Pricing environment, iv) Deals pipeline, pace of decision-making, and deal closure momentum, (v) Hiring plan.
Mkt Cap (Rs bn)	6,505	EBITDA (Rs mn)	92,450	87,840	90,640	2.0%	5.2%	
Reco	Buy	EBITDA Margin (%)	23.8	23.2	23.9	-8 bps	65 bps	
Target Price (Rs/sh)	1,850	PAT (Rs mn)	61,799	79,690	59,450	4.0%	-22.5%	
% Upside	18.1%	EPS (Rs)	14.9	19.2	14.3	3.9%	-22.5%	
Wipro								
CMP (Rs/sh)	515	Net Sales (Rs mn)	221,878	222,083	228,310	-2.8%	-0.1%	We expect -0.2% USD revenue growth in IT Services after factoring 20bps cross-currency headwinds. Wipro guided revenue growth in range of -1.5% to +0.5% QoQ in CC terms. We expect IT Services EBIT margins to remain flattish sequentially. Overall EBITM to expand by 30bps QoQ. Key things to watch for: i) Q2FY25 outlook - we expect -1 to 1% revenue growth guidance; 2) Management commentary on- a) CY24 IT budget, b) Demand trends in key verticals like BFSI, Consumer, Communications, Technology, Manufacturing, Healthcare, and E&U, c) Consulting business and discretionary spending outlook, d) Attrition trends and hiring plan; e) Deal intake/pipeline, trends seen in base business leakage, update on ramp-ups of recently won large deals, f) Change in composition of deal pipeline in terms of cost takeouts vs discretionary/transformational spends and Company's ability to effectively retain/capture wallet share.
Mkt Cap (Rs bn)	2,693	EBITDA (Rs mn)	43,888	43,907	41,958	4.6%	0.0%	
Reco	Add	EBITDA Margin (%)	19.8	19.8	18.4	140 bps	1 bps	
Target Price (Rs/sh)	525	PAT (Rs mn)	29,872	28,347	28,701	4.1%	5.4%	
% Upside	2.0%	EPS (Rs)	5.7	5.4	5.2	9.3%	5.4%	

Source: Company, Emkay Research

Q1FY25 preview (Contd.)

Name		Jun-24	Mar-24	Jun-23	YoY chg	QoQ chg	Comments	
HCL Tech (Jul-12)								
CMP (Rs/sh)	1,460	Net Sales (Rs mn)	280,218	284,990	262,960	6.6%	-1.7%	We are building in 2% QoQ USD revenue decline after factoring 20bps cross-currency headwinds, impacted by offshoring in large client, continued weak discretionary spending, passing of productivity benefits, and overall softness in demand environment. Expect EBIT margins to decline by 70bps sequentially, impacted by revenue weakness and productivity benefits pass on. Things to watch out for: i) FY25 outlook - we expect Company to retain its 3-5% CC revenue growth with 18-19% EBITM, ii) CY24 IT budget and possibility of demand uptick in H2, iii) Deal wins, deal pipeline, and pace of deal closures, iv) Growth outlook for ER&D and Software businesses, v) Updates on certain CTG assets acquisition deal with HPE and anticipated financial impact of State Street divestment and, vi) Demand outlook for major verticals like BFSI, Manufacturing, Technology, Communications, Retail, and Healthcare, vii) Pricing environment, viii) Wage hike, and ix) Hiring plan and attrition trends.
Mkt Cap (Rs bn)	3,961	EBITDA (Rs mn)	57,445	61,110	53,870	6.6%	-6.0%	
Reco	Add	EBITDA Margin (%)	20.5	21.4	20.5	1 bps	-94 bps	
Target Price (Rs/sh)	1,600	PAT (Rs mn)	38,148	39,860	35,340	7.9%	-4.3%	
% Upside	9.6%	EPS (Rs)	14.1	14.7	13.0	7.9%	-4.3%	
Tech Mahindra (Jul-25)								
CMP (Rs/sh)	1,430	Net Sales (Rs mn)	129,867	128,713	131,590	-1.3%	0.9%	We expect USD revenue to grow 0.6% QoQ after factoring 20bps cross-currency headwinds. Expect EBIT margins to expand by ~100bps sequentially. Key things to watch out for: i) Progress made on improving cost structure, ii) FY25 growth and margin aspirations, iii) CY24 IT budget and possibility of an uptick in H2, iv) CME and Enterprise business outlook, v) Demand trends across major verticals in Enterprise business, vi) Deal intake/pipeline and deal closure momentum, vii) Hiring plan and attrition trends, and viii) Pricing.
Mkt Cap (Rs bn)	1,399	EBITDA (Rs mn)	15,454	14,078	13,380	15.5%	9.8%	
Reco	Add	EBITDA Margin (%)	11.9	10.9	10.2	173 bps	96 bps	
Target Price (Rs/sh)	1,400	PAT (Rs mn)	8,636	9,697	6,925	24.7%	-10.9%	
% Upside	-0.4%	EPS (Rs)	9.8	11.0	7.9	24.4%	-10.9%	
LTIMindtree								
CMP (Rs/sh)	5,385	Net Sales (Rs mn)	90,972	88,929	87,021	4.5%	2.3%	We expect 2.0% QoQ USD revenue growth after factoring 10bps cross-currency headwinds. EBIT margins are expected to expand by 50bps sequentially on the back of absence of one-off impact of projects cancellation, partly negated by higher visa costs and planned investments. Things to watch out for: i) FY25 revenue and margin outlook, ii) Management commentary on recovery in discretionary spending, CY24 IT budget and spending pattern, iii) Deal intake and pipeline, iv) Growth outlook in Hi-tech – top account and non-top accounts, v) Demand outlook across BFSI, Travel, RCM, and E&U, vi) Progress made on driving synergy benefits from merger in terms of deal participation/win rates and costs/margin, and viii) Hiring plan and attrition trends, particularly the senior leadership churn.
Mkt Cap (Rs bn)	1,595	EBITDA (Rs mn)	16,011	15,357	16,355	-2.1%	4.3%	
Reco	Reduce	EBITDA Margin (%)	17.6	17.3	18.8	-119 bps	33 bps	
Target Price (Rs/sh)	5,250	PAT (Rs mn)	11,438	10,999	11,515	-0.7%	4.0%	
% Upside	-2.5%	EPS (Rs)	38.7	37.2	38.9	-0.7%	4.0%	

Source: Company, Emkay Research

Q1FY25 preview (Contd.)

Name		Jun-24	Mar-24	Jun-23	YoY chg	QoQ chg	Comments	
Mphasis (Jul-25)								
CMP (Rs/sh)	2,457	Net Sales (Rs mn)	34,584	34,120	32,520	6.3%	1.4%	We expect 1.1% net USD revenue growth after factoring 10bps cross-currency headwinds. We expect EBIT margins to expand by 10bps sequentially. Things to watch out for: i) FY25 revenue growth and margin outlook, ii) Expected revenue conversion timeline from strong deal wins in FY24 and organic revenue growth recovery trajectory, iii) Outlook for Digital Risk/mortgage and DXC business, iv) Management commentary on CY24 IT budget and growth outlook across major clients, v) Order booking, deal pipeline, and pace of deal closure, vi) Growth outlook across BFS, Insurance, Hi-tech, and Logistics verticals, and vii) Progress on growing non-Top 10 clients.
Mkt Cap (Rs bn)	465	EBITDA (Rs mn)	6,260	6,388	5,869	6.7%	-2.0%	
Reco	Add	EBITDA Margin (%)	18.1	18.7	18.0	5 bps	-62 bps	
Target Price (Rs/sh)	2,550	PAT (Rs mn)	3,948	3,932	3,961	-0.3%	0.4%	
% Upside	3.8%	EPS (Rs)	20.9	20.8	21.0	-0.6%	0.4%	
Coforge (Jul-22)								
CMP (Rs/sh)	5,459	Net Sales (Rs mn)	24,320	23,585	22,210	9.5%	3.1%	We expect 1.7% QoQ USD revenue growth after factoring 10bps cross-currency headwind and 20bps benefits from hedge gain. EBITM is expected to decline by 80bps QoQ due to visa costs and lower utilization. Wage hike is expected to be deferred by a quarter. Key things to watch out for: i) FY25 revenue and margin outlook, ii) Order bookings, growth in NTM executable order book and deal pipeline, iii) Demand trends across BFS, Insurance, Manufacturing, and Travel verticals, iv) Management commentary on — a) Update on Cigniti transaction, b) Progress made on deriving synergies with Cigniti and profitability improvement, iii) Any tweaking of capital allocation policy, iv) Hiring plan and attrition trends, and v) Update on revenue target of USD2bn and 150-250bps margin expansion target timelines post-Cigniti transaction.
Mkt Cap (Rs bn)	364	EBITDA (Rs mn)	4,183	4,251	3,316	26.1%	-1.6%	
Reco	Reduce	EBITDA Margin (%)	17.2	18.0	14.9	227 bps	-82 bps	
Target Price (Rs/sh)	5,500	PAT (Rs mn)	2,314	2,334	1,818	27.3%	-0.8%	
% Upside	0.8%	EPS (Rs)	34.7	37.8	29.8	16.6%	-8.1%	
Persistent Systems (Jul-18)								
CMP (Rs/sh)	4,241	Net Sales (Rs mn)	27,225	25,905	23,212	17.3%	5.1%	We expect a 5% QoQ USD revenue growth with 10bps cross-currency headwind. Expect EBITM to decline by 70bps sequentially. Things to watch out for: i) FY25 revenue growth and margin outlook, ii) Management commentary CY24 IT budget and recovery in discretionary spending, iii) Deal intake and pipeline, iv) Demand trends across BFSI, Healthcare, and Technology verticals, v) Outlook on major clients, vi) M&A focus areas, and vii) Hiring plan and attrition trends.
Mkt Cap (Rs bn)	653	EBITDA (Rs mn)	4,511	4,544	3,743	20.5%	-0.7%	
Reco	Reduce	EBITDA Margin (%)	16.6	17.5	16.1	44 bps	-97 bps	
Target Price (Rs/sh)	3,900	PAT (Rs mn)	2,958	3,153	2,288	29.3%	-6.2%	
% Upside	-8%	EPS (Rs)	19.2	20.5	14.9	29.1%	-6.2%	

Source: Company, Emkay Research

Q1FY25 preview (Contd.)

Name		Jun-24	Mar-24	Jun-23	YoY chg	QoQ chg	Comments
L&T Technology Services							
CMP (Rs/sh)	4,909	Net Sales (Rs mn)	25,186	25,375	23,014	9.4%	-0.7%
Mkt Cap (Rs bn)	520	EBITDA (Rs mn)	4,760	5,028	4,528	5.1%	-5.3%
Reco	Reduce	EBITDA Margin (%)	18.9	19.8	19.7	-77 bps	-91 bps
Target Price (Rs/sh)	4,750	PAT (Rs mn)	3,222	3,409	3,111	3.6%	-5.5%
% Upside	-3.2%	EPS (Rs)	30.5	32.2	29.5	3.4%	-5.5%
Cyient (Jul-25)							
CMP (Rs/sh)	1,837	Net Sales (Rs mn)	18,148	18,607	16,865	7.6%	-2.5%
Mkt Cap (Rs bn)	204	EBITDA (Rs mn)	3,210	3,353	3,156	1.7%	-4.3%
Reco	Buy	EBITDA Margin (%)	17.7	18.0	18.7	-103 bps	-33 bps
Target Price (Rs/sh)	2,600	PAT (Rs mn)	1,824	1,893	1,767	3.2%	-3.7%
% Upside	42%	EPS (Rs)	16.4	17.1	16.0	3.0%	-3.7%
BirlaSoft							
CMP (Rs/sh)	690	Net Sales (Rs mn)	13,806	13,625	12,628	9.3%	1.3%
Mkt Cap (Rs bn)	191	EBITDA (Rs mn)	2,209	2,217	1,931	14.4%	-0.3%
Reco	Add	EBITDA Margin (%)	16.0	16.3	15.3	71 bps	-27 bps
Target Price (Rs/sh)	800	PAT (Rs mn)	1,607	1,801	1,375	16.8%	-10.8%
% Upside	15.9%	EPS (Rs)	5.7	6.4	4.9	15.9%	-10.8%

Source: Company, Emkay Research

Q1FY25 preview (Contd.)

Name			Jun-24	Mar-24	Jun-23	YoY chg	QoQ chg	Comments
Firstsource Solutions								
CMP (Rs/sh)	210	Net Sales (Rs mn)	17,574	16,705	15,292	14.9%	5.2%	We are building in 4.7% sequential USD revenue growth factoring 20bps cross-currency headwinds. EBIT margins expected to improve by 10bps sequentially. Key things to look out for: i) FY25 revenue and margin outlook — expect Company to retain its guidance of 10-13% CC YoY revenue growth and 11-12% normalized EBITM, ii) Gen AI impact on growth prospects and severity of impact across segments, iii) Outlook on Mortgage, Provider, and Collections business, iv) Demand trends and outlook in BFS, CMT, and Healthcare verticals, and v) Deal intake momentum.
Mkt Cap (Rs bn)	146	EBITDA (Rs mn)	2,670	2,503	2,402	11.2%	6.7%	
Reco	Add	EBITDA Margin (%)	15.2	15.0	15.7	-51 bps	21 bps	
Target Price (Rs/sh)	230	PAT (Rs mn)	1,418	1,335	1,260	12.5%	6.2%	
% Upside	10%	EPS (Rs)	2.0	1.9	1.8	12.5%	6.2%	
Route Mobile								
CMP (Rs/sh)	1,823	Net Sales (Rs mn)	11,060	10,170	9,673	14.3%	8.7%	We expect revenue to grow 8.7% sequentially. Revenue growth is likely to benefit from recently won deals, which will be offset by devaluation of Nigerian Naira. EBITM is likely to expand by 20bps sequentially. Key monitorables: i) FY25 revenue growth and margin outlook — Company is likely to guide 20-25% revenue growth and 10-11% EBITM considering benefits accruing from ramp up of Vodafone and e-commerce major deals, and Proximus termination traffic after transaction, ii) Any tweaking planned in growth strategy under Proximus ownership, iii) Cash conversion, iv) Traction in demand for non-SMS products, and v) M&A focus areas.
Mkt Cap (Rs bn)	114	EBITDA (Rs mn)	1,371	1,254	1,232	11.4%	9.3%	
Reco	Add	EBITDA Margin (%)	12.4	12.3	12.7	-33 bps	7 bps	
Target Price (Rs/sh)	1,800	PAT (Rs mn)	888	863	924	-3.9%	2.9%	
% Upside	-1.3%	EPS (Rs)	14.1	13.7	14.8	-4.4%	2.9%	
Name			Jun-24	Mar-24	Jun-23	YoY chg	QoQ chg	Comments
Zomato								
CMP (Rs/sh)	201	Net Sales (Rs mn)	38,061	35,620	24,160	57.5%	6.9%	Food delivery business should maintain momentum with GOV growing at 2.4% sequentially (32% YoY). Blinkit is expected to sustain double-digit growth in GOV sequentially. Overall, we expect revenue growth of 5.7%/69.1% QoQ/YoY. EBITDA is expected to improve as food delivery is expected to sustain operational improvement and losses will be contained in Hyperpure and Blinkit with continued momentum and improving efficiencies. Key things to watch: i) Growth trends across MTU, GOV, AOV, transaction frequency, contribution margin in the food delivery business, and the management expectations on consumer discretionary spending improvement, ii) Blinkit business' key operating parameters and Management commentary on path to profitability, and plans on implementing platform fee (after Zepto introduced the same), iii) Management guidance on adjusted EBITDA/profit breakeven in overall Zomato (incl. Blinkit) business, iv) Zomato Gold membership addition, v) Progress on growing advertisement revenue across platforms, and vi) Any implications on customer stickiness and order volume growth while the company attempts to improve profitability through measures like surge pricing, platform fees, etc across platforms.
Mkt Cap (Rs bn)	1,770	EBITDA (Rs mn)	1,611	860	-480		87.3%	
Reco	Buy	EBITDA Margin (%)	4.2	2.4	-2.0	622 bps	182 bps	
Target Price (Rs/sh)	230	PAT (Rs mn)	2,543	1,750	20	NM	45.3%	
% Upside	15%	EPS (Rs)	0.3	0.2	0.0	NM	44.9%	

Source: Company, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

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