Q1FY27 Quarterly Results Review

Early Signs of Stabilisation; Recovery Remains Gradual

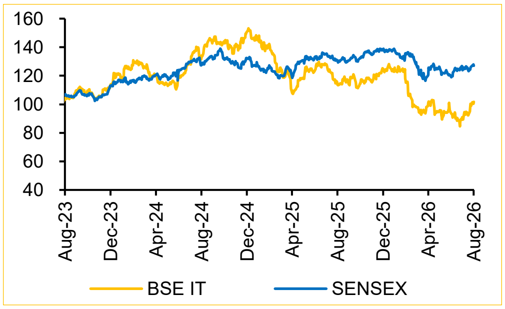
Choice
Institutional Equities

Sector View: Neutral

Recommendation			
Company (Ticker)	CMP (INR)	TP (INR)	Rated
Tata Consultancy Services	2,417	2,320	REDUCE
Infosys	1,179	1,140	REDUCE
Wipro	184	170	REDUCE
HCLTech	1,357	1,330	REDUCE
Tech Mahindra*	1,646	1,780	ADD
LTIMindtree	4,781	4,350	SELL
Persistent Systems	5,452	6,350	BUY
Coforge	1,798	2,050	BUY
Mphasis	2,513	2,520	REDUCE
Zensar Technologies	495	550	ADD
Happiest Minds	389	440	ADD

CMP as on Aug 12, 2026
Ratings have been revised as per CMP

Relative Performance (%)			
YTD	3Y	2Y	1Y
SENSEX	20.0	(1.5)	(2.7)
BSE IT	(2.7)	(24.9)	(10.5)



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Key Takeaways – Q1FY27 Management Commentary
Financial Snapshot
Preferred Investment Ideas

Tier-II Outperformance Widens; Revenue Conversion Remains the Key Constraint

Q1FY27 was broadly balanced, with improving demand indicators offset by muted revenue growth and near-term margin pressures. Deal momentum remained healthy across the sector, led by large transformation, vendor consolidation and AI-led programmes. Growth divergence widened further with Tier-I revenue growth at ~0.2% QoQ, led by TECHM (+2.2%) and INFY (+0.8%), while TCS was flat and HCLT (-0.6%) and WPRO (-2.4%) declined. The muted performance reflects continued discretionary weakness, delayed deal ramp-ups and softness in select verticals, despite healthier demand in BFSI and Healthcare. Tier-II remained the clear outperformer at ~6% QoQ, led by PSYS (+21.1%), COFORGE (+3.8%) and MPHL (+3.4%), supported by stronger execution, large-account ramp-ups and AI-led transformation. Importantly, the divergence is less a function of demand strength alone and increasingly reflects differences in deal conversion and execution velocity, favouring agile Tier-II players in the near term.

Healthy Bookings Contrast with Muted Revenue Conversion

Deal momentum remained healthy, with strong bookings contrasting with subdued revenue conversion. Tier-I continued to secure large transformation deals, led by TCS, while INFY and HCLT maintained healthy pipelines despite elongated decision cycles. Tier-II remained stronger, led by PSYS' record USD 1.15 Bn TCV and COFORGE's robust executable order book. **The key constraint is increasingly conversion rather than demand, with AI-led transformation and vendor consolidation supporting pipelines, but phased ramps delaying revenue recognition. Hence, FY27 visibility is improving, although deal conversion remains the key swing factor.**

Margin Performance Mixed; Productivity Gains Offset Near-Term Cost Pressures

Margins were mixed in Q1, with wage hikes, deal transition costs and continued investments in AI weighing on several players, although utilisation and productivity provided partial offsets. Tier-I was relatively resilient, led by TECHM's ~60 bps QoQ expansion to 14.4% on volume growth, Project Fortius savings and SG&A discipline, while INFY also improved margin. Tier-II was more uneven, with PSYS and MPHL facing pressure from lower utilisation and deal ramp-up cost, while HAPPSTMN expanded margin on higher utilisation and AI-led productivity. **We believe AI investments, proactive hiring and wage hike will cap near-term margin expansion, although productivity gains, utilisation recovery and pricing discipline should provide offsets. Execution and faster conversion of deal pipelines into revenue will remain key differentiators.**

Valuation: Re-rating Now Hinges on Earnings Delivery; Stay Selective

Indian IT valuations have rebounded post Q1FY27, with the Nifty IT Index up ~20% from its July 2026 lows, although still negative on YTD basis. The recovery reflects improving sentiment, healthy deal pipelines and better H2FY27 demand commentary; however, risk-reward has now moved to a more balanced zone, making further upside momentum increasingly dependent on execution and earnings delivery. AI monetisation remains the key structural debate, with early adoption creating near-term deflationary pressure on effort-based revenues before meaningful AI-led scale-up. **Within Tier I, we favour TCS and TechM for stronger margin resilience and deal conversion, while COFORGE and PSYS remains our preferred companies in the mid-cap, given superior growth visibility, sustained deal momentum and consistent execution. We expect the sector's re-rating to become increasingly stock-specific and execution-led, rather than broad-based.**

Q1FY27 Quarterly Results Review

Preferred Long-term Investment Ideas

TECHM Q1FY27 Result Update	PSYS Q1FY27 Result Update	COFORGE Q1FY27 Result Update
TP: 1,780 | Upside: 10.7%	**TP: 6,350 | Upside: 17.2%**	**TP: 2,050 | Upside: 15.0%**
TECHM is positioning itself as an "AI-first" organisation, embedding AI across all service lines to drive operational efficiency.	Consistent execution, led by product engineering capabilities	Hyper-specialisation in Travel, BFS, Public Sector & Healthcare
Introduced an Agentic Payment Assistance solution to help telcos manage AI agents for collections and a Telco Network Operations Reasoning Agent with NVIDIA to move toward autonomous networks.	Strong deal momentum driven by multiple strategic wins across BFSI & HLS	COFORGE's AI readiness is anchored in its AI/GenAI platforms Quasar AI and Forge-X, with the Encora acquisition adding deep digital engineering scale.
Key wins include a 5-year collaboration with Orange Business for global digital transformation and a major deal with a leading North American automotive OEM.	PSYS stands out with proprietary AI platforms - SASVA, iAURA and AssistX, embedding AI into core workflows, supported by a strong IP base with 105 patents and 20+ research publications.	Focus on driving large deal momentum with 5 large deals in Q4 alone, bringing FY26 total to 21 large deals with 12-month executable orderbook at USD 1.75 Bn.

Note: We have raised our Tech Mahindra target price to INR 1,780, based on an 20x FY28E EPS multiple (INR 1,600 earlier).

IT SERVICES

Tier-II IT Leads Sequential Growth; Tier-I Recovery Remains Gradual & Uneven

Company	Revenues (USD)			Change		QoQ growth (USD %)		
	Q1FY27	Q4FY26	Q1FY26	QoQ (%)	YoY (%)	CIE est.	Actual	Difference
TIER I								
TCS	7,624	7,621	7,421	0.0	2.7	0.9	-	(0.9)
INFO	5,082	5,040	4,941	0.8	2.9	1.0	0.8	(0.2)
WPRO	2,615	2,679	2,596	(2.4)	0.7	(0.3)	(1.4)	(1.1)
HCLT	3,661	3,682	3,545	(0.6)	3.3	(0.6)	(0.9)	(0.3)
TECHM	1,660	1,625	1,564	2.2	6.1	0.6	2.2	1.6
LTM	1,224	1,222	1,153	0.1	6.1	0.1	0.1	-
TIER II								
COFORGE	452	436	390	3.8	16.1	2.6	3.8	1.2
PSYS	592	489	442	21.1	33.9	19.9	21.1	1.2
MPHL	471	456	437	3.4	7.8	2.3	1.8	(0.5)
ZENT	160	158	162	0.7	(1.5)	(0.9)	0.7	1.6
HAPPSTMN	66	65	64	1.8	2.9	3.2	4.0	0.8

EBIT Margin Contract Sequentially due to Wage Hikes and AI-led Investments Partially Offset by Operational Efficiency and FX gains

Company	EBIT Margin %			Change		EBIT Margin %		
	Q1FY27	Q4FY26	Q1FY26	QoQ (%)	YoY (%)	CIE est.	Actual	Difference (bps)
TIER I								
TCS	24.0	25.3	24.5	(5.1)	(2.0)	25.4	24.0	(140.0)
INFO	21.1	21.0	20.8	0.5	1.4	20.9	21.1	20.0
WPRO	16.0	17.3	17.3	(7.5)	(7.5)	17.0	16.0	(100.0)
HCLT	16.9	16.5	16.3	2.4	3.7	16.7	16.9	20.0
TECHM	14.4	13.8	11.1	4.3	29.7	14.1	14.4	30.0
LTM	15.5	15.1	14.3	2.6	8.4	15.2	15.5	30.0
TIER II								
COFORGE	16.0	16.3	15.5	(1.8)	3.2	16.5	16.0	(50.0)
PSYS	16.0	16.6	11.4	(3.6)	40.4	14.3	16.0	170.0
MPHL	14.8	15.4	15.3	(3.9)	(3.3)	15.1	14.8	(30.0)
ZENT	12.7	14.7	13.5	(13.6)	(5.9)	12.9	12.7	(20.0)
HAPPSTMN	15.1	13.6	13.0	11.0	16.2	13.9	15.1	120.0

Peer Comparison

Company	CMP (INR)	TP (INR)	Revenue CAGR (FY26-29E)	EPS CAGR (FY26-29E)	EBITM (%)				EPS (INR)				PE (x)			
					FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E
Tier-I																
TCS	2,417	2,320	7.1%	7.8%	25.0	24.4	24.0	24.1	136.0	155.5	156.7	170.6	17.7	15.5	15.4	14.1
INFO	1,179	1,140	6.0%	4.2%	20.9	20.4	20.4	20.6	71.6	73.4	76.1	81.0	16.5	16.1	15.5	14.6
WPRO	184	170	6.4%	4.1%	16.3	16.1	16.0	16.0	13.3	14.0	14.1	15.0	13.8	13.1	13.0	12.3
HCLT	1,357	1,330	7.6%	11.2%	17.2	17.5	17.9	18.7	64.1	71.2	78.4	88.1	21.2	19.0	17.3	15.4
TECHM	1,646	1,780	9.7%	25.9%	12.6	15.9	16.9	17.1	54.3	75.5	89.0	98.1	30.3	19.9	16.6	15.2
LTIM	4,781	4,350	10.8%	18.1%	15.4	15.7	16.2	16.7	168.6	208.4	242.1	277.8	28.4	23.0	19.8	17.2
Tier-II																
PSYS	5,452	6,350	19.7%	22.3%	15.6	15.7	16.7	17.5	123.0	139.9	183.1	225.0	44.3	38.9	29.7	24.2
COFORGE	1,798	2,050	26.4%	40.4%	14.4	15.3	16.0	16.4	33.6	54.8	73.3	92.9	53.6	32.8	24.5	19.4
MPHL	2,513	2,520	12.7%	14.5%	12.6	13.7	13.9	14.1	100.5	116.5	132.1	150.8	25.0	21.5	19.0	16.6
ZENT	495	550	8.5%	10.3%	14.5	13.3	14.4	15.6	28.4	33.7	34.4	39.3	17.4	14.7	14.4	12.6
HAPPSTMN	389	440	10.8%	18.0%	13.6	14.5	14.2	14.8	13.9	17.3	19.2	22.8	28.2	22.6	20.4	17.2

Guidance Across Tier I IT Remained Cautious and below Expectations Owing to Continues Demand Softness & Macro Headwinds

Companies	Q1FY27 Revenue Growth (CC)	FY27 Revenue Growth Guidance	Q1FY27 EBIT Margin	FY27 EBIT Margin Guidance
TCS	0.4%	FY27 growth will be better than FY26	24.0%	Aspiration band of 24% to 26%
INFO	1.0%	FY27 revenue guidance cut to 1.5%–3.0% CC YoY (from prior 1.5%–3.5%).	21.1%	20% to 22%
HCLT	(0.5%)	Revenue growth 1%–4% (CC)	16.9%	17.5% to 18.5%
WPRO*	(1.2%)	-1.5% to +0.5% QoQ in CC for 2QFY27	16.0%	17.0% to 17.5%
TECHM	2.6%	Higher than industry average	14.4%	15%
LTM	0.3%	-	15.5%	-
COFORGE	1.1%	Industry leading growth	16.0%	Consol. EBITDA margin of 20.5% to 21.0% & Consol/Standalone EBIT margins of 15.5 to 16.5%
PSYS	4.1%	-	16.0%	-
MPHL	2.1%	High single-digit to low double-digit CC growth	14.8%	14.75% to 15.75%
ZENT	1.1%	-	12.7%	Margins to be similar to Q1 for Q2 & Q3

**Wipro revenue guidance for Q2FY27*

Tier-I Guidance Remains Cautious; Recovery Likely to be Gradual

Tier-I commentary remains to be cautiously optimistic, with management guidance reflecting continued discretionary softness and near-term margin pressure from AI investments, despite healthy deal wins and strong ramp-ups in Healthcare and BFSI. Infosys lowered the upper end of FY27 CC growth guidance to 3.0% from 3.5%, while HCLT's 1–4% and Wipro's -1.5% to +0.5% Q2FY27E outlook point to persistent macro headwinds and limited near-term growth velocity.

Tier-II remains relatively more constructive, with Coforge guiding for industry-leading growth at 15.5–16.5% EBIT margin, while Persistent remains confident on medium-term execution. Overall, budgets remain intact and demand stable but delayed large-deal ramp-ups and weak discretionary spending suggest a gradual rather than sharp recovery.

Global peers reinforce this view, with Accenture lowering growth guidance to 1–3% CC and Cognizant trimming its upper end to 5.5% CC, citing discretionary weakness despite strong momentum in AI-led and large transformation programs. **Overall, the read-through remains cautious for Indian IT, with AI and cost-efficiency demand supporting deal activity but limiting near-term growth acceleration.**

Outlook

Q1FY27 reinforces our view of a slow-burn recovery, with stable tech budgets and healthy pipelines yet to translate into revenue amid delayed ramp-ups, cautious discretionary spending and AI-led productivity pass-throughs. (Business Standard) We expect FY27E to remain a transition year, with growth increasingly dependent on deal conversion and AI monetisation rather than broad-based demand recovery. Prefer players with stronger execution, vertical depth and AI capabilities; expect sector-wide acceleration only into H2FY27E.

Valuation

Following the sharp de-rating, IT valuations have reset materially, with AI-led deflation, slower growth and weaker near-term revenue visibility increasingly reflected in multiples. Upside from here is likely to be earnings-led rather than multiple-led, with sustained re-rating requiring evidence of faster deal conversion and AI monetisation. Within the sector, valuation comfort is strongest where AI disruption is better absorbed by superior growth, margins and execution.

Global Counterparts Performance

Accenture^					
	Q3 2026	Q2 2026	QoQ	Q3 2025	YoY
Revenue (USD Mn)	18,718	18,044	3.7%	17,728	5.6%
Margin %	17.0	13.8	320 Bps	16.8	20 bps
TCV (USD Mn)	19,320	22,110	(12.6%)	19,700	(1.9%)

Commentary

- Accenture trimmed FY26 growth guidance to 3–4% CC, while raising acquisition spend to USD 9 Bn from earlier USD 5 Bn.
- Large managed-services deals were delayed into FY27, while growing demand for embedded AI/consulting and the USD 240 Bn mid-market opportunity via **Accenture Edge** support longer-term growth.
- Data remains a key enabler, while bookings from OpenAI, Anthropic and Nvidia are expected to more than double YoY; Accenture is also building a **tokenomics** practice to optimize AI costs and ROI.

Cognizant					
	Q2 2026	Q1 2026	QoQ	Q2 2025	YoY
Revenue (USD Mn)	5,481	5,413	1.3%	5,245	4.5%
Margin %	15.9	15.6	30 Bps	15.6	30 bps
TCV (USD Mn)	29,100	29,600	(1.7%)	27,500	5.8%

Commentary

- Cognizant now expects FY26 CC revenue growth of 4–5.5%, including 150 bps inorganic growth, with Q3 growth guided at 3.8–5.3%.
- Cognizant is transitioning towards an “AI builder” model, with >8,000 AI engagements and >40% of software development already AI-assisted.
- Cognizant sees a **cautious demand backdrop**, with discretionary spending under pressure, but strong momentum in large-scale transformations and AI-led initiatives.

Oracle^^					
	Q4 2026	Q3 2026	QoQ	Q4 2025	YoY
Revenue (USD Mn)	19,184	17,190	11.6%	15,903	20.6%
Margin %	45.0	43.0	200 bps	44.0	100 Bps
TCV (USD Mn)	NA	NA	-	NA	-

Commentary

- Strong customer demand and improving revenue visibility underpin management’s FY30 targets of >31% revenue CAGR and >28% EPS CAGR.
- Record cloud infrastructure growth, multi-cloud database momentum and a sharp increase in AI infrastructure contracts support FY27 revenue growth guidance of 34% CC and USD 8.05 non-GAAP EPS.
- However, the USD 70 Bn FY27 net CapEx and USD 40 Bn planned funding highlight significantly higher capital intensity, making funding efficiency and AI monetisation key monitorables.

EPAM					
	Q2 2026	Q1 2026	QoQ	Q2 2025	YoY
Revenue (USD Mn)	1,415	1,400	1.1%	1,353	4.6%
Margin %	16.4	14.3	210 bps	15.0	140 Bps
TCV (USD Mn)	NA	NA	-	NA	-

Commentary

- Demand in North America has shifted away from task-based services, such as manual testing and front-end engineering toward AI-led modernisation and agentic solutions.
- AI-native revenue reached more than USD 160 Mn, or 11% of the business, and remains on track for a USD 600 Mn target this year.

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

Key Takeaways from Management Commentary in Q1FY27

Coverage Companies	Q1FY27 Concall Highlights
TCS	▪ **TCS reported a robust TCV of USD 9.5 Bn, secured six mega deals over the last five quarters, and highlighted the landmark USD 800 Mn AI-led transformation deal with SKF.** ▪ **Annualised AI services revenue reached USD 2.6 Bn (+13.6%), with management noting that AI engagements remain shorter-term and project-based.** ▪ TCS is advancing its Agentic AI strategy, delivering 10–15% productivity gains that are typically reinvested into new initiatives. ▪ **EBIT margin declined 132 bps QoQ to 24.0%**, primarily due to the 170-bps impact of annual wage hike, partly offset by 40 bps of FX tailwinds and operational efficiency. ▪ The management reiterated its target of restoring margin to 25%+ by Q4FY27 through execution discipline, while continuing to invest in AI capabilities, talent and go-to-market initiatives.
INFO	▪ Revenue growth was impacted by a one-off client termination (~50 bps), weaker volumes and pricing pressure, prompting **management to lower FY27 CC revenue guidance to 1.5–3.0% (including ~170 bps inorganic contribution).** ▪ Large-deal bookings remained robust at USD 3.6 Bn with 61% net-new, underpinning medium-term visibility. ▪ **INFY appointed Ashish Dash as CEO-designate and successor to Salil Parekh. A 31-year Infosys veteran with extensive experience across delivery, sales and account management, Dash will assume the CEO role on April 1, 2027.** ▪ INFY's proprietary AI platform – Topaz Fabric enables clients to leverage 15 foundation models while ensuring data sovereignty and control over enterprise knowledge. It also optimises token cost by automatically selecting the most suitable and cost-effective model based on the use case.
HCLT	▪ **ITBS** remained resilient with **4.2% YoY growth** led by Financial Services, while **ERS** was impacted by telecom-led discretionary spending cuts and **HCL Software** saw sequential improvement with ARR growth and the Jaspersoft acquisition strengthening its data management capabilities. ▪ **HCLTech is entering the AI data center business with an initial strategic investment of up to INR 3,500 Cr, with a long-term goal of scaling up to 50MW capacity. The company made a USD-150 Mn strategic investment in Sarvam, a sovereign AI company, to co-innovate multilingual, India-focused AI models.** ▪ HCLTech reported an EBIT margin of 16.9%, up 39 bps QoQ and 56 bps YoY. Excluding restructuring cost, EBIT margin stood at 17.5%, broadly stable as compared to 17.7% in previous quarter. ▪ **Revenue projected between 1% and 4% in CC terms,** with Services revenue expected to grow 1.5% to 4.5%. HCLTech reaffirmed its FY27 **EBIT margin guidance of 17.5%–18.5%,** including an estimated 40–50 bps impact from restructuring costs.
WPRO	▪ IT Services revenue declined 1.2% QoQ, reflecting continued weakness in the Americas and slower discretionary spending, although Technology & Communications ▪ **Total order bookings were USD 3.4 Bn, including 13 large deals totaling USD 1.6 Bn. Notable wins include a global animal healthcare provider and a European specialty chemicals company** ▪ **The management anticipates demand to improve gradually as AI-led transformation spending accelerates, although it guided Q2FY27 revenue between -1.5% and +0.5% QoQ CC, reflecting ongoing macro uncertainty and geopolitical risks.** ▪ IT Services EBIT margin stood at 16.0%, declining 120 bps YoY, affected by annual wage revisions, ramp-up cost on previously won large deals and continued investments in AI capabilities. Margin guidance maintained at 17-17.5%.
TECHM	▪ **Large-deal momentum remained robust, with TCV of USD 1.08bn (+33.3% YoY) marking the 3rd consecutive quarter of USD 1 Bn+ bookings, while the number of USD 50 Mn+ clients increased by seven YoY, reflecting deeper client penetration and improving execution.** ▪ **TechM announces acquisition of Avant Techno Solutions, which specialises in payments modernisation and wealth platforms.** ▪ TECHM strengthened its AI strategy with the launch of TECHM Helix and Agentic Development & Modernisation Services, expanded its portfolio to over 350 deployable AI agents, accelerated internal AI adoption through AI-assisted development and workforce upskilling, and enhanced enterprise AI orchestration with its Orion Marketplace. ▪ Notable AI-led collaborations include a partnership with Microsoft for 5G network digital twins and with Kizza for Agentic AI-driven medical writing in the pharmaceutical industry

Key Takeaways from Management Commentary in Q1FY27

Coverage Companies	Q1FY27 Concall Highlights
LTM	▪ **LTM reported a stable order book at USD 1.68 Bn, which includes two large deal wins.** LTM reported strong deal momentum across iRun, iTransform, Business AI and BlueVerse Voicing, securing infrastructure modernisation, cloud migration, AI transformation and customer service automation engagements across industries. ▪ LTM introduced a new four-segment reporting structure, with Financial Services and Tech & Services delivering strong QoQ growth, Production impacted by seasonal pass-through normalisation and Consumer affected by delayed project ramp-ups despite robust YoY growth. ▪ **The company reported an EBIT margin of 15.5% for Q1 FY27**. This represents a 40 bps sequential improvement. ▪ **AI revenue reached an annualised quarterly run rate of ~USD 150 Mn.** ▪ The Randstad acquisition strengthens LTM's presence in Europe and Australia, supporting its long-term growth strategy, with limited near-term margin dilution and synergy benefits expected to emerge from FY28.
PSYS	▪ **The company reported its highest-ever quarterly TCV of USD 1.146 Bn, including USD 952 Mn of new bookings and USD 537 Mn ACV, underpinned by a USD 650 Mn+ strategic outsourcing engagement with a global technology leader** ▪ **The Nagarro deal is expected to close between Q4 CY26 and Q1 CY27, pending regulatory approvals and an open offer in Germany.** ▪ The management expects the 180–200 bps wage hike impact in Q2FY27, which would be partly offset through productivity initiatives and reiterated its 16–17% medium-term EBIT margin aspiration. ▪ While AI-led operating leverage and large-deal ramp-ups anticipated to support gradual margin recovery, the proposed Nagarro acquisition is likely to dilute near-term margin and introduce execution and integration risks. ▪ Global wage hike for all eligible employees was rolled out effective July 1, 2026, in accordance with the company's annual cycle.
COFORGE	▪ Order intake remained healthy at USD 691 Mn, while the executable 12-month order book reached a record USD 2.23 Bn (+44.2% YoY), providing strong revenue visibility. ▪ **The management indicated Q2 will be another robust growth quarter, with recently signed large deals anticipated to ramp-up more meaningfully from Q3.** ▪ **AI-led engineering, cloud and data services now account for 86% of revenues, positioning Coforge to benefit from the structural shift toward enterprise AI deployment and operationalisation.** ▪ Encora reported 19.1% EBITM, with its SG&A ratio declining from 10.0% to 6.6% within the first quarter of integration, demonstrating faster-than-expected synergy realisation ▪ **The management reiterated confidence in exceeding its 15.5% consolidated EBIT guidance and maintained FY27 EBITDA guidance of 20.5–21.0%, supported by operational efficiency, integration benefits and a richer AI-led services mix.**
MPHL	▪ The company closed 3 large deals in Q1, including one exceeding USD 100 Mn. TTM TCV currently stands at over USD 1.8 Bn ▪ **Red Oak contract consolidation expected contributing revenue beginning late August or early September** ▪ Net new TCV reached USD 461 Mn, exceeding USD 400 Mn consecutively ▪ **Despite near-term pressure, Mphasis reiterated its FY27 EBITM guidance of 14.75%–15.75% and maintained its ~80% OCF conversion target, while continuing to invest in AI platforms and platform-led growth** ▪ TRIA validated its platform-first strategy by converting opportunities into execution within 7 weeks. AI-led opportunities constitute 70% of the pipeline, while net-new TCV reached USD 461 Mn, marking fifth consecutive quarter above USD 400 Mn; 63% of bookings were AI-led, including one deal exceeding USD 100 Mn.

Key Takeaways from Management Commentary in Q1FY27

Coverage Companies	Q1FY27 Concall Highlights
HAPPSTMN	▪ **The company reiterated its FY27 revenue growth guidance of 12.5% and remains confident of achieving its 15% growth aspiration by FY28**. ▪ The management highlighted a strengthening multi-year pipeline, supported by AI and cybersecurity wins across North America, Australia and the Middle East, while 94.4% repeat business reflects strong client retention. ▪ The management continues to invest in AI capabilities, enterprise platforms and go-to-market initiatives, while guiding for the usual Q2 margin moderation due to annual wage hikes and reiterating its **medium-term operating margin target of 17.5%–18.0%**. ▪ **GBS margin** expanded in Q1, driven by higher utilisation and AI services cross-selling. Despite a slight moderation in utilisation to **81%**, AI-led automation continued to improve productivity, including a **two-fold increase in infrastructure provisioning speed**, supporting margin sustainability ▪ HAPPSTMN ended Q1FY27 with cash and cash equivalents of INR 17.4 Bn, up from INR 16.8 Bn in Q4FY26
ZENT	▪ Large-deal momentum remained modest, with TCV declining to USD 149 Mn sequentially. Further, the management's FY27 book-to-bill estimation of 0.9x–1.1x suggests only a gradual improvement in deal conversion rather than a sharp acceleration ▪ Large deals (>USD 25 Mn TCV) account for ~23% of the pipeline, within the historical 20–30% range; however, no mega deal comparable to the USD-210 Mn win is in the pipeline ▪ Q1 order bookings stood at USD 149.2 Mn, down from the exceptional ~USD 430 Mn in Q4FY26, which was boosted by the USD-210 Mn mega deal. The major reason was Q1 seasonality, with renewals typically concentrated in Q3/Q4. ▪ The USD-210 Mn mega deal remains a key growth driver, with revenue contribution expected to ramp up meaningfully in H2 following the transition which began in mid-February. ▪ The management indicated that recently-signed deals are expected to ramp up meaningfully H2FY27 onwards

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

(in %)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
TIER I									
TCS	2.2	1.2	-	(0.8)	(3.3)	0.8	0.8	1.2	0.4
INFO	3.6	3.1	1.7	(3.5)	2.6	2.2	0.6	(1.3)	1.0
WPRO	(1.0)	0.6	0.1	(0.8)	2.0	0.3	1.4	0.2	(1.2)
HCLT	(1.6)	1.6	3.8	(0.8)	(0.8)	2.4	4.2	(3.3)	(0.5)
TECHM	0.7	0.7	1.2	(1.5)	(1.4)	1.6	1.7	0.6	2.6
LTM	2.6	2.3	1.8	(0.6)	0.8	2.4	2.4	1.2	0.3
Average	**1.1**	**1.6**	**1.4**	**(1.3)**	**0.0**	**1.6**	**1.9**	**(0.2)**	**0.4**
TIER II									
COFORGE	1.6	26.3	8.4	3.4	8.0	5.9	4.4	2.0	1.1
PSYS	5.6	5.1	4.6	4.5	3.3	4.4	4.1	3.4	4.1
MPHL	(0.1)	2.4	0.2	2.9	1.0	2.0	1.5	2.5	2.1
ZENT	4.3	0.3	0.5	0.9	1.9	-	(1.3)	(1.9)	1.1
HAPPSTMN	11.4	12.7	0.8	1.1	2.3	2.3	1.2	0.5	2.6
Average	**4.6**	**9.4**	**2.9**	**2.6**	**3.3**	**2.9**	**2.0**	**1.3**	**2.2**

WPRO, HCLT & HAPPSTMN Declined marginally Due to Client Specific Issues; COFORGE & PSYS Reported Strong USD QoQ Growth

(in %)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
TIER I									
TCS	1.9	2.2	(1.7)	(1.0)	(0.6)	0.6	0.6	1.5	0.0
INFO	3.3	3.8	0.9	(4.2)	4.5	2.7	0.5	(1.2)	0.8
WPRO	0.1	1.3	(1.2)	(1.2)	(0.4)	0.7	1.2	0.5	(1.4)
HCLT	(1.9)	2.4	2.5	(1.0)	1.3	2.8	4.1	(2.9)	(0.9)
TECHM	0.7	1.9	(1.4)	(1.2)	1.0	1.4	1.5	0.9	2.2
LTM	2.5	2.8	1.1	(0.7)	2.0	2.3	2.4	1.2	0.1
Average	**1.1**	**2.4**	**0.0**	**(1.6)**	**1.3**	**1.8**	**1.7**	**0.0**	**0.1**
TIER II									
COFORGE	3.7	26.8	5.7	3.3	9.6	4.5	4.1	1.7	21.1
PSYS	5.6	5.3	4.3	4.2	3.9	4.2	4.0	3.2	3.8
MPHL	(0.2)	2.7	(0.4)	2.6	1.6	1.8	1.4	1.8	1.8
ZENT	4.1	1.3	0.6	0.0	3.3	0.5	(1.4)	(1.3)	0.7
HAPPSTMN	10.9	12.3	0.5	0.3	2.3	1.2	1.0	(1.0)	(1.0)
Average	**4.8**	**9.7**	**2.1**	**2.1**	**4.1**	**2.4**	**1.8**	**0.9**	**5.3**

Tier II growth surpasses Tier I; Divergence widens on the back of stronger execution – USD YoY Growth %

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

Source: Company, Choice Institutional Equities

EBIT Margin Softened Slightly as FX and Efficiency Gains Offset Cost Pressure – EBITM %

(in %)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
TIER I									
TCS	24.7	24.1	24.5	24.2	24.5	25.2	25.2	25.3	24.0
INFO	21.1	21.1	21.3	21.0	20.8	21.0	21.2	21.0	21.1
WPRO	16.5	16.8	17.5	17.5	17.3	16.7	17.6	17.3	16.0
HCLT	17.1	18.6	19.5	18.0	16.3	17.4	18.6	16.5	16.9
TECHM	8.5	9.6	10.2	10.5	11.1	12.1	13.1	13.8	14.4
LTM	15.0	15.5	13.8	13.8	14.3	15.9	16.1	15.1	15.5
TIER II									
COFORGE	13.6	11.7	11.9	12.3	11.4	14.0	14.2	16.6	16.0
PSYS	14.0	14.0	14.9	15.6	15.5	16.3	16.7	16.3	16.0
MPHL	15.0	15.4	15.3	15.3	15.3	15.3	15.2	15.4	14.8
ZENT	13.3	13.1	13.8	13.9	13.5	13.7	16.1	14.7	12.7
HAPPSTMN	13.5	13.2	13.7	11.3	13.0	13.3	14.5	13.6	15.1

ZENT, WPRO & TCS Witness sharp Margin compression QoQ due to Deal Ramp up and Investments; TECHM & HAPPSTMN Expanded Margin QoQ on the back of operating efficiency & FX gains – EBITM QoQ Change (bps)

(in %)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
TIER I									
TCS	(130)	(60)	40	(30)	30	70	0	10	(130)
INFO	100	0	20	(30)	(20)	20	20	(20)	10
WPRO	10	30	70	0	(20)	(60)	90	(30)	(130)
HCLT	(50)	150	90	(150)	(170)	110	120	(210)	40
TECHM	110	110	60	30	60	100	100	70	60
LTM	30	50	(170)	0	50	160	20	(100)	40
Average	**12**	**47**	**18**	**(30)**	**(12)**	**67**	**58**	**(47)**	**(18)**
TIER II									
COFORGE	(80)	(190)	20	40	(90)	260	20	240	(60)
PSYS	(50)	0	90	70	(10)	80	40	(40)	(30)
MPHL	10	40	(10)	0	0	0	(10)	20	(60)
ZENT	(130)	(20)	70	10	(40)	20	240	(140)	(200)
HAPPSTMN	(290)	(30)	50	(240)	170	30	120	(90)	150
Average	**(108)**	**(40)**	**44**	**-24**	**6**	**78**	**82**	**(2)**	**(40)**

Hiring Growth Remained Constrained Amid AI-led Productivity Gains - Headcount

(in %)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
TIER I									
TCS	6,06,998	6,12,724	6,07,354	6,07,979	6,13,068	5,93,314	5,82,163	5,84,519	5,93,798
INFO	3,15,332	3,17,788	3,23,379	3,23,578	3,23,788	3,31,991	3,37,034	3,28,594	3,28,062
WPRO	2,34,391	2,33,889	2,32,732	2,33,346	2,33,232	2,35,492	2,42,021	2,42,156	2,43,044
HCLT	2,19,401	2,18,621	2,20,755	2,23,420	2,23,151	2,26,640	2,26,379	2,27,181	2,23,889
TECHM	1,47,620	1,54,273	1,50,488	1,48,731	1,48,517	1,52,714	1,49,616	1,47,623	1,46,760
LTM	81,934	84,438	86,800	84,307	83,889	86,447	87,958	87,950	87,886
Average	**2,67,613**	**2,70,289**	**2,70,251**	**2,70,227**	**2,70,941**	**2,71,100**	**2,70,862**	**2,69,671**	**2,70,573**
TIER II									
COFORGE	26,612	32,483	33,094	33,497	34,187	34,896	35,341	35,777	46,228
PSYS	23,519	23,237	23,942	24,594	25,340	26,224	26,711	27,502	28,640
MPHL	31,645	31,601	31,194	31,442	31,063	30,809	31,272	31,179	32,097
ZENT	10,396	10,240	10,517	10,702	10,620	10,550	10,732	10,779	11,342
HAPPSTMN	6,599	6,580	6,630	6,632	6,523	6,554	6,548	6,497	6,532
Average	**19,754**	**20,828**	**21,075**	**21,373**	**21,547**	**21,807**	**22,121**	**22,347**	**24,968**

Source: Company, Choice Institutional Equities

Financial Snapshot

TCS– Q1FY27 Result Update

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue (USD Mn)	30,179	30,017	30,775	31,944	33,442
Revenue	25,53,240	26,70,210	28,98,946	30,34,654	32,77,342
Gross Profit	10,34,190	11,13,800	11,84,589	12,42,051	13,36,655
EBITDA	6,74,070	7,23,980	7,64,499	7,90,660	8,63,952
Depreciation	52,420	55,600	58,090	63,728	75,379
EBIT	6,21,650	6,68,380	7,06,409	7,26,932	7,88,573
Other Income	39,620	44,020	47,206	43,918	49,594
PAT	4,85,530	4,92,100	5,48,677	5,59,725	6,09,424
EPS	134.2	136.0	155.5	156.7	170.6

INFO – Q1FY27 Result Update

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue (USD Mn)	19,277	20,158	20,469	20,961	21,756
Revenue	16,29,900	17,86,500	19,28,455	20,12,247	21,32,051
Gross Profit	7,70,400	8,35,550	8,96,298	9,17,347	9,72,324
EBITDA	3,92,360	4,22,790	4,49,919	4,66,101	4,98,010
Depreciation	48,120	49,020	55,850	56,343	59,697
EBIT	3,44,240	3,73,770	3,94,068	4,09,758	4,38,313
Other Income	35,990	43,220	41,489	42,232	42,246
PAT	2,67,500	2,94,740	3,04,371	3,15,762	3,35,767
EPS	64.5	71.6	73.4	76.1	81.0

WPRO – Q1FY27 Result Update

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue (USD Mn)	10,512	10,478	10,554	10,894	11,329
Revenue	8,90,917	9,28,093	9,98,285	10,53,413	11,17,897
Gross Profit	2,73,117	2,71,901	2,89,044	3,03,294	3,27,363
EBITDA	1,51,274	1,51,251	1,60,427	1,68,210	1,78,957
Depreciation	29,579	29,107	30,130	34,236	36,332
EBIT	1,51,274	1,51,251	1,60,427	1,68,210	1,78,957
Other Income	38,202	36,491	39,114	33,658	35,258
PAT	1,02,350	1,03,291	1,09,515	1,04,555	1,10,919
EPS	13.3	13.3	14.0	14.1	15.0

HCLT – Q1FY27 Result Update

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue (USD Mn)	13,840	14,664	14,989	15,715	16,533
Revenue	11,70,550	13,01,440	14,11,609	15,08,621	16,20,282
Gross Profit	4,08,980	4,43,330	4,84,901	5,24,285	5,77,571
EBITDA	2,55,040	2,67,520	2,95,536	3,26,656	3,65,315
Depreciation	40,840	43,550	48,227	57,328	61,571
EBIT	2,14,200	2,23,970	2,47,310	2,69,328	3,03,744
Other Income	24,850	15,300	16,192	21,562	22,586
PAT	1,73,990	1,64,150	1,92,577	2,12,090	2,38,220
EPS	64.2	64.1	71.2	78.4	88.1

Source: Company, Choice Institutional Equities

Financial Snapshot

TECHM– Q1FY27 Result Update

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue (USD Mn)	6,265	6,385	6,768	7,199	7,659
Revenue	5,29,883	5,68,154	6,37,317	6,91,124	7,50,558
Gross Profit	2,33,645	2,63,366	3,10,138	3,40,105	3,70,654
EBITDA	69,911	90,341	1,11,925	1,25,976	1,38,846
Depreciation	18,529	18,816	19,192	20,734	22,517
EBIT	51,382	71,525	92,733	1,05,242	1,16,329
Other Income	8,554	319	2,396	4,266	3,846
PAT	42,444	50,794	67,988	80,038	88,091
EPS	48.0	54.3	75.5	89.0	98.1

LTM – Q1FY27 Result Update

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue (USD Mn)	4,493	4,764	5,051	5,440	5,871
Revenue	3,80,081	4,23,076	4,75,904	5,22,255	5,75,320
Gross Profit	1,11,863	1,23,167	1,35,188	1,52,357	1,69,292
EBITDA	64,949	75,552	86,150	97,509	1,10,347
Depreciation	9,915	10,541	11,249	13,056	14,383
EBIT	55,034	65,011	74,901	84,452	95,964
Other Income	9,897	10,944	11,047	15,287	18,207
PAT	46,020	49,827	61,746	71,707	82,271
EPS	155.3	168.6	208.4	242.1	277.8

COFORGE – Q1FY27 Result Update

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue (USD Mn)	1,445	1,875	2,502	2,903	3,381
Revenue	1,20,733	1,64,027	2,34,757	2,78,691	3,31,365
Gross Profit	40,734	55,500	80,018	96,196	1,16,579
EBITDA	17,218	30,464	48,126	58,460	70,851
Depreciation	4,276	6,819	12,282	13,935	16,568
EBIT	12,942	23,645	35,844	44,525	54,283
Other Income	(281)	(1,104)	(1,368)	1,216	1,456
PAT	9,635	16,744	24,379	32,424	41,130
EPS	18.3	33.6	54.8	73.3	92.9

PSYS – Q1FY27 Result Update

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue (USD Mn)	1,409	1,654	1,918	2,225	2,584
Revenue	1,19,387	1,47,485	1,80,765	2,13,640	2,53,199
Gross Profit	40,647	51,720	62,648	76,688	92,679
EBITDA	20,582	27,064	33,240	41,444	50,974
Depreciation	3,069	4,030	4,843	5,723	6,783
EBIT	17,512	23,035	28,397	35,720	44,191
Other Income	1,382	1,409	846	2,173	2,093
PAT	14,001	18,466	21,882	28,649	35,202
EPS	91.2	123.0	139.9	183.1	225.0

Source: Company, Choice Institutional Equities

Financial Snapshot

MPHL– Q1FY27 Result Update

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue (USD Mn)	1,681	1,796	1,962	2,133	2,321
Revenue	1,42,300	1,58,797	1,84,016	2,04,743	2,27,453
Gross Profit	44,698	49,853	57,407	65,077	72,385
EBITDA	26,471	29,836	34,236	38,825	44,082
Depreciation	4,751	5,388	6,441	7,166	7,961
EBIT	21,720	24,448	27,795	31,659	36,121
Other Income	2,550	3,208	3,597	3,981	4,365
PAT	17,034	19,149	22,232	25,201	28,768
EPS	89.9	100.5	116.5	132.1	150.8

ZENT – Q1FY27 Result Update

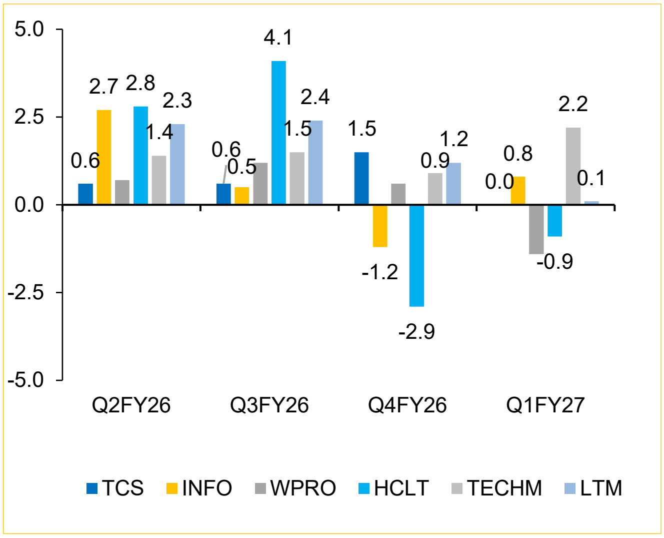
Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue (USD Mn)	624	644	660	696	742
Revenue	52,806	56,874	62,085	66,798	72,669
Gross Profit	15,695	18,217	18,967	21,527	24,417
EBITDA	8,168	9,162	9,323	10,539	12,354
Depreciation	1,019	913	1,035	910	1,020
EBIT	715	825	829	963	1,133
Other Income	1,602	2,339	2,308	2,415	2,496
PAT	6,499	7,747	7,907	9,036	10,384
EPS	28.4	33.7	34.4	39.3	45.2

HAPPSTMN – Q1FY27 Result Update

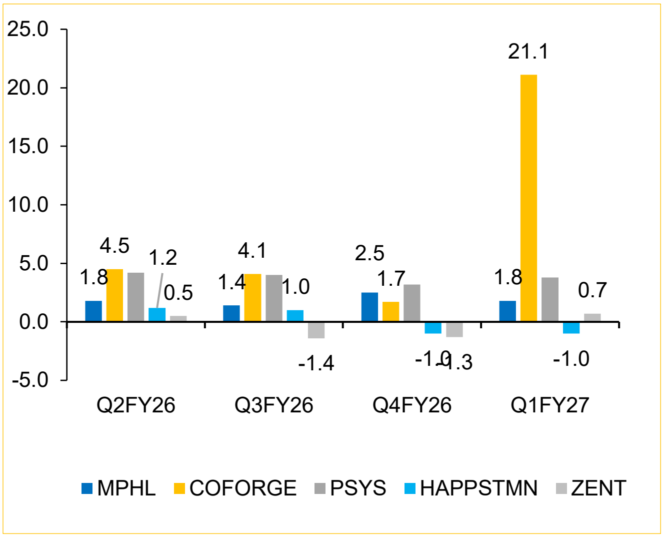
Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue (USD Mn)	244	260	279	306	335
Revenue	20,608	23,151	25,700	28,446	31,512
Gross Profit	6,955	7,542	8,585	9,317	10,403
EBITDA	3,544	4,034	4,654	5,050	5,756
Depreciation	887	882	935	1,022	1,105
EBIT	2,657	3,152	3,719	4,027	4,652
Other Income	1,014	850	797	780	840
PAT	1,847	2,092	2,613	2,896	3,436
EPS	12.3	13.9	17.3	19.2	22.8

Source: Company, Choice Institutional Equities

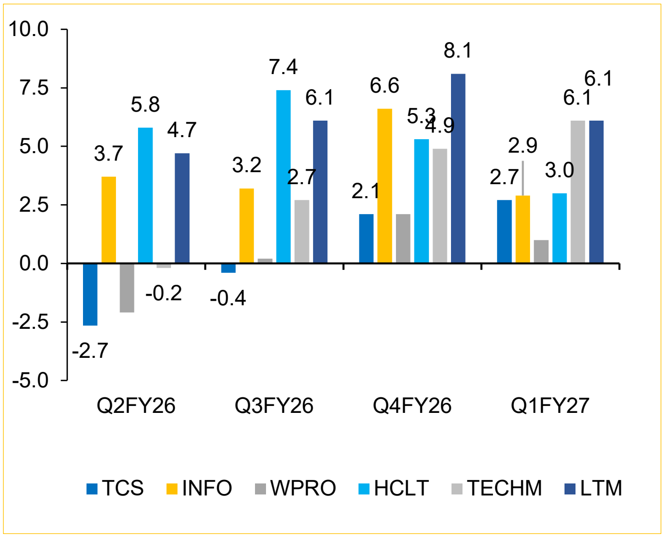
WPRO & HCLT declined due to demand softness (USD QoQ Growth %)



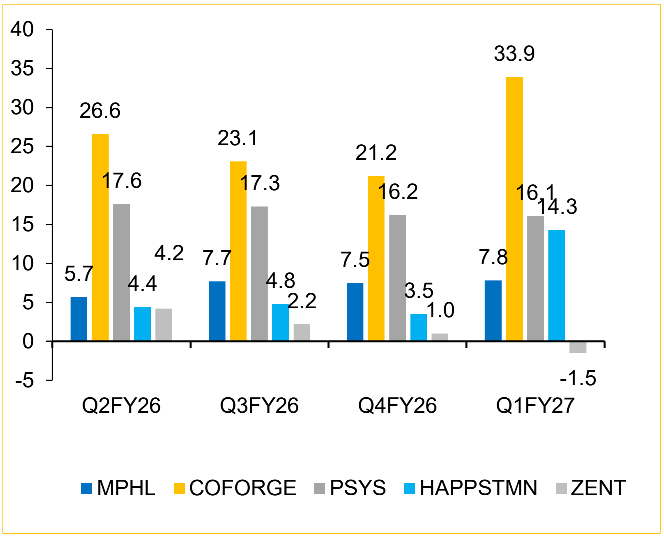
Tier II expand moderately; COFORGE sees sharp increase due to Encora Integration (USD QoQ)



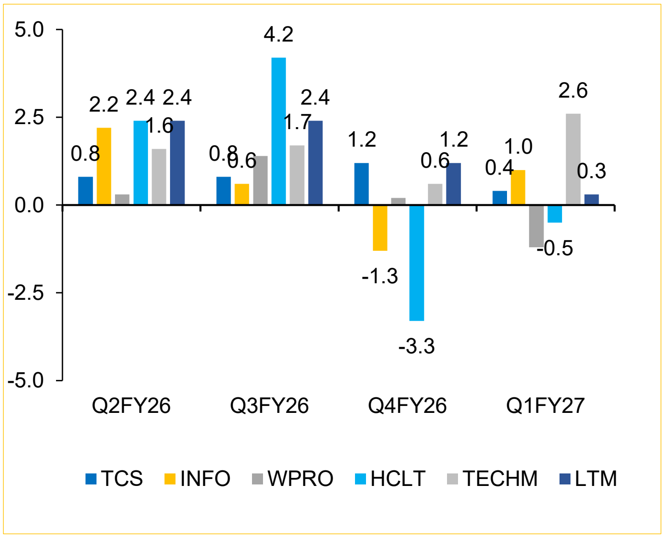
TECHM & LTM lead Growth in Q1FY27 among the Tier 1 Players (USD YoY %)



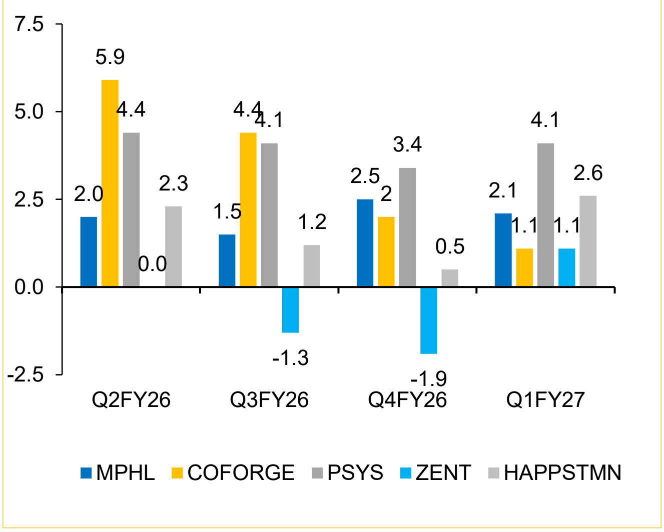
COFORGE, PSYS & HAPPSTMN lead the pack with double-digit USD YoY Growth



TECHM & INFY CC QoQ Growth remains strong across Tier 1



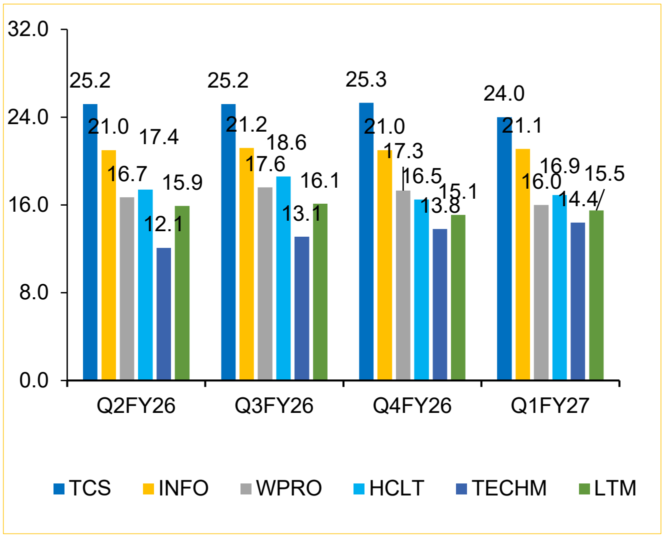
Midcap sustain strong CC QoQ Growth; PSYS, HAPPSTMN & MPHL lead the pack



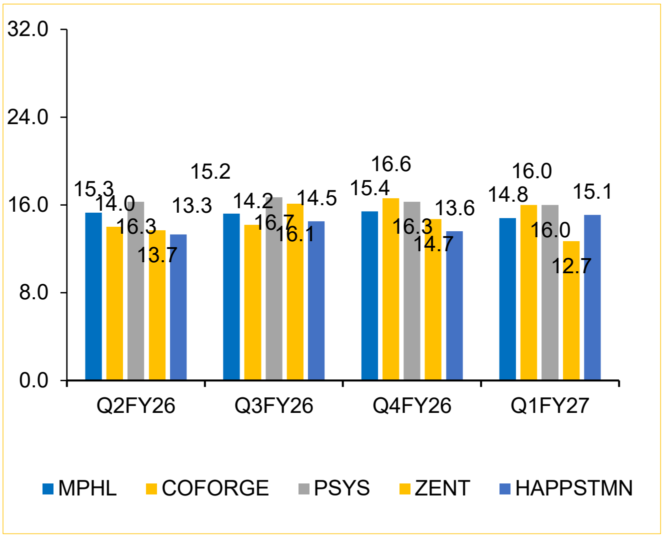
Source: Company, Choice Institutional Equities

Q1FY27 Quarterly Results Review

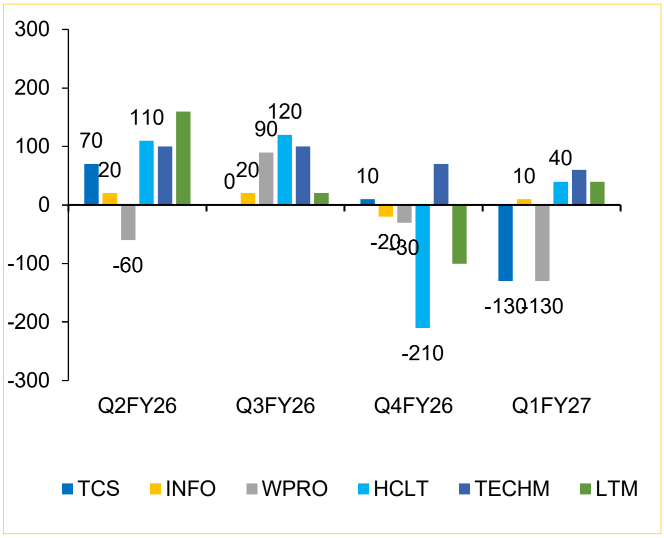
TCS & INFO maintain strong 20%+ EBIT Margin in Q1FY27



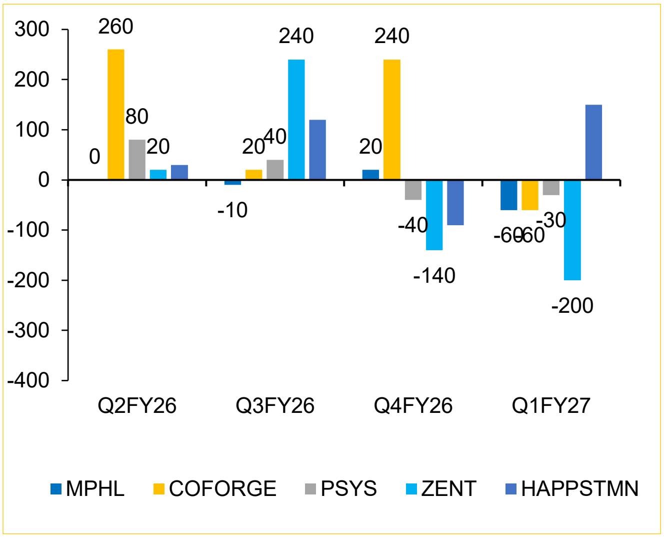
Tier II margin sustained, despite heavy AI investments



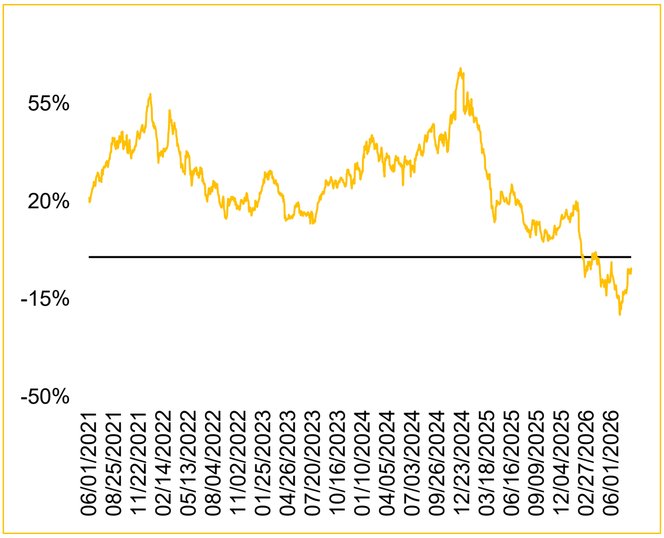
Tier I except TCS & WPRO see slight margin expansion QoQ



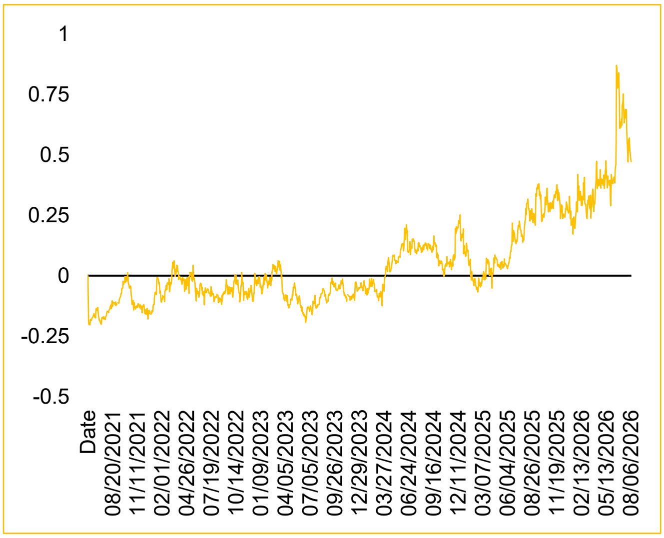
Tier II witness decline in QoQ margin due to wage hike and AI Investments



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



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

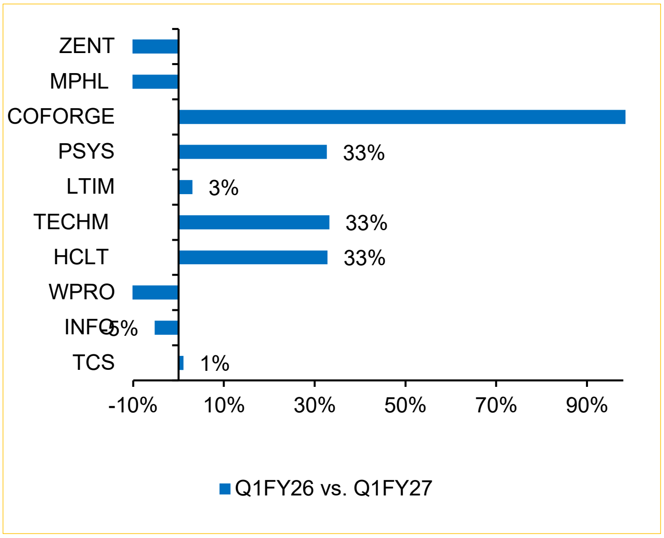


Source: Company, Choice Institutional Equities

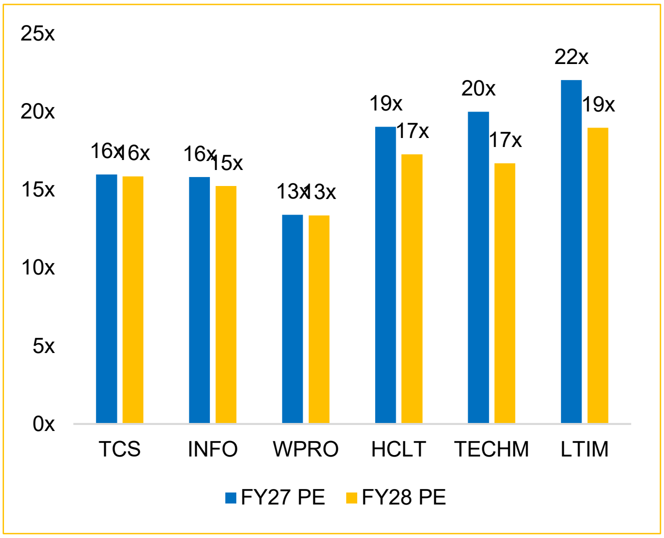
Deal Wins Momentum Drives Confidence, Growth to Gradually follow

TCV Wins (In USD Mn)	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
TCS	9,400	10,000	9300	12,000	9,500
INFO (Large wins only)	3,800	3,100	4800	3,500	3,600
WPRO	4,971	4,688	3335	3,455	3,370
HCLT (Net New only)	1,812	2,569	3006	1,936	2,407
TECHM (Net New only)	809	816	1096	1,073	1,078
LTM	1,630	1,590	1693	1,690	1,680
PSYS	521	609	675	601	691
COFORGE	507	514	593	648	1,146
MPHL (Net New only)	760	528	428	407	461

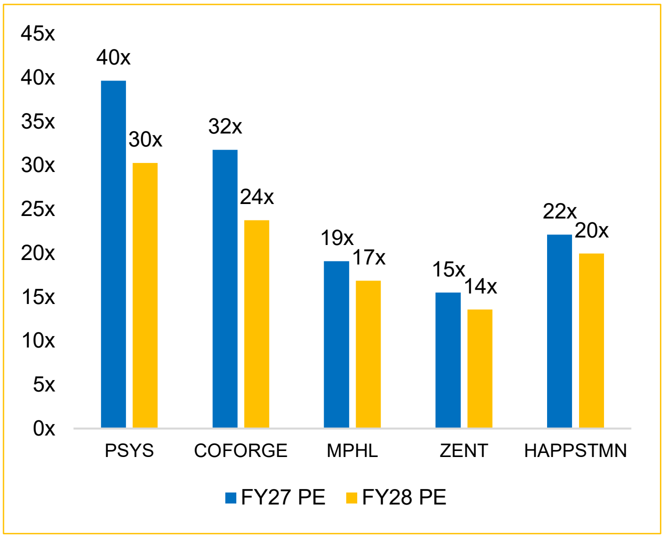
Q1 records stronger deal momentum on a YoY basis, Coforge & Persistent Lead the pack



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



Valuation Premium for PSYS and COFORGE, Reflecting Stronger Growth Profile and Consistent Execution



Source: Company, Choice Institutional Equities

PREFERRED LONG-TERM INVESTMENT IDEAS

Key Financials

INR Bn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	529.9	568.2	637.3	691.1	750.6
YoY (%)	1.9	7.2	12.2	8.4	8.6
EBIT	51.4	71.5	92.7	105.2	116.3
EBITM %	9.7	12.6	14.6	15.2	15.5
Adj PAT	42.4	50.8	68.0	80.0	88.1
EPS	48.0	54.3	75.5	89.0	98.1
ROE %	15.8	16.9	22.2	25.3	26.8
ROCE %	12.5	16.4	20.2	22.6	24.0
PE(x)	34.2	30.2	19.9	16.6	15.1

1. Tech Mahindra Ltd. (TECHM) | Rating: ADD | TP: INR 1,780

Execution Strengthens; Growth Momentum Accelerates: Q1FY27 outperformed expectations, with broad-based growth, strong deal wins and continued margin expansion, highlighting tangible benefits from TECHM's multi-year transformation. Large-deal momentum remained robust, with USD 1.08bn TCV (+33.3% YoY) marking the third consecutive quarter of USD 1bn+ bookings. We forecast TECHM to outperform peers in FY27, supported by improving market share, diversified growth drivers and sustained deal conversion.

View & Valuation: We believe sustained deal conversions, improving execution and continued benefits from Project Fortius positions TECHM for another year of above-industry growth and gradual margin expansion. **We maintain our 'ADD' rating, revising our Target Price upwards with a PE of 20x FY28E EPS translating into a TP of INR 1,780.**

Key Financials

INR Bn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	120.7	164.0	234.8	278.7	331.4
YoY (%)	34.0	35.9	43.1	18.7	18.9
EBIT	12.9	23.6	35.8	44.5	54.3
EBITM %	10.7	14.4	15.3	16.0	16.4
Adj PAT	9.6	16.7	24.4	32.4	41.1
EPS	127.2	44.4	54.8	73.3	92.9
ROE %	16.2	18.7	14.6	13.1	15.1
ROCE %	13.9	20.7	13.5	11.4	13.8
PE(x)	97.9	53.5	32.8	24.5	19.3

2. Coforge Ltd. (COFORGE) | Rating: BUY | TP: INR 2,050

Strong Execution Continues; Encora Scaling Up Well: Q1FY27 reinforces our positive view on Coforge, with resilient execution and accelerating AI-led demand supporting industry-leading growth. Organic revenue grew 1.2% QoQ CC (5.2% excluding portfolio exits), while Encora integration remains ahead of plan, supporting confidence in 15.5%+ FY27 EBIT margin. A record USD 2.23 Bn executable order book (+44% YoY) and strong large-deal momentum provide healthy FY27 earnings visibility.

View & Valuation: We expect AI operationalisation, recurring managed services and continued execution on cost synergies to support further margin expansion while sustaining Coforge's premium growth profile. We also expect deal ramp-ups, AI monetisation and Encora synergies to drive sustained earnings growth. **We maintain our 'BUY' rating, with a target price of INR 2,050.**

Key Financials

INR Bn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	119.4	147.5	180.8	213.6	253.2
YoY (%)	21.6	23.5	22.6	18.2	18.5
EBIT	17.5	23.0	28.4	35.7	44.2
EBITM %	14.7	15.6	15.7	16.7	17.5
Adj PAT	14.0	18.5	21.9	28.6	35.2
EPS	91.2	123.0	139.9	183.1	225.0
ROE %	24.8	26.1	25.8	28.6	29.5
ROCE %	22.4	23.8	24.2	26.2	27.5
PE(x)	59.3	44.0	38.7	29.5	24.0

3. Persistent Systems Ltd. (PSYS) | Rating: BUY | TP: 6,350

Solid Q1 Execution; Order Book Momentum Strong: PSYS reported a record USD 1.146 Bn quarterly TCV, with USD 952.2 Mn in new bookings. The EUR 1.27 Bn Nagarro acquisition strengthens its European presence, vertical diversification and enterprise capabilities, while continued market-share gains through vendor consolidation support above-industry growth. We expect deal ramp-ups, AI-led outsourcing and client consolidation to sustain FY27E growth, with profitability improving as utilisation normalises, deals scale and synergies accrue.

View & Valuation: PSYS delivered a strong quarter, with record USD 1.15 Bn TCV and sustained AI-led outsourcing momentum supporting its growth outlook. The EUR 1.27 Bn Nagarro acquisition strengthens European presence and capabilities, while integration and Nagarro's lower growth/margin profile remain key monitorables. **We raise our TP to INR 6,350 while maintaining our 'BUY' rating.**

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

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

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Q1FY27 Quarterly Results Review