

IT Services

3QFY25 Preview: Furloughs, FX and Fed

3QFY25 will be indented by furloughs. Its impact will likely be similar to last years'. That is hardly encouraging given furloughs were deeper (more clients) and longer last time around. Discretionary spend is restricted to few pockets still. Semblance of stability in manufacturing vertical is balanced by rising caution in Lifesciences'. Sequential decline implied in Accenture's (ACN US; Not Rated) [2Q guide](#) offers some clue of likely 3Q trajectory. In summary, we expect a muted (0.5)-1.4% cc QoQ growth for large-caps (ex-HCL). HCL's growth should however be stronger (5.5% cc QoQ) on specific factors (Software sales, in-organic). USD's strength against a basket of currencies means USD print will be even lower ((1.4)-1.1%). Cross-currency headwind could also erode benefit of INR depreciation on margins, at least partially. We expect 10-50 bps QoQ margin expansion across top-5. Among mid-caps, we expect PSYS/Coforge to outpace larger peers again. Auto ER&D players might witness growth deceleration as OEMs re-prioritise R&D spend. 3Q performance is seldom a reflection of underlying demand. Client budgets, deal wins and uptick in short duration deals would be better gauge. Fed's recent hawkish tone might influence client budgets. On deals, we believe ACN is taking market share. Any evidence to the contrary will be welcome. We don't expect much changes to current full year guidances. PSYS/COFORGE could surprise positively.

- 3QFY25 revenue growth – Furloughed:** We expect large-cap IT Services players (top-6) to report -0.5% to 5.5% cc QoQ growth in 3Q. USD revenue growth could be lower by 30-130bps. Among large-caps, we expect HCLT to report the highest growth (5.5% cc QoQ), aided by seasonal uptick in Software sales (+25% QoQ) and CTG contribution (60bps; JMFe). TCS could report flat cc growth as BSNL turns into a headwind now. INFO could be closer to the top-end of its -0.5% to +0.5% QoQ implied ask rate. Among mid-caps, PSYS/Coforge could report a healthy 4%+ cc growth, aided by large deal ramps. Mphasis might see higher impact of furloughs (-180bps QoQ; **Exhibit 7**) owing to higher T&M based contracts and BFSI/Hi-tech exposure (where furloughs tend to be higher). KPIT could report c.1.5% cc QoQ, marginally ahead of the ask rate for lower end of its guide.
- Margin – FX puts and FX takes:** We expect margins to be stable outside of wage impact as INR depreciation benefit is partially eroded by adverse cross-currency. HCL, LTIM and TATATECH will see full quarter impact of wage hikes while Coforge/PSYS will benefit from its absence (rolled-out in 2Q). We estimate 10-50bps margin expansion among top-5. INFO's project Maximus and TECHM's project Forteus (margin programs) should continue to yield benefits, though a weak top-line might weigh on headline margins. HCLT's margin expansion (+50bps QoQ) will likely be lower than that of previous 3Qs due to unfavourable comp (2Q margin was elevated due to higher Software sales). LTIM could see 220bps QoQ decline weighed by 300bps impact of wage hike. Coforge's adjusted EBITDA margin could expand by 130bps. Higher ESOP expenses would however keep the reported margin flattish. We expect PSYS/KPIT to report 50bps margin expansion.
- Things to watch out for:** ACN's commentary indicated status quo on discretionary spend. Our pre-quarter interactions with the companies also indicate no material change on the ground. Most however hope of a better IT budget for CY25 as uncertainty around US Presidential election and Fed rate cut is behind. Don't expect much clarity to emerge as clients might wait for Trump to take office (20th Jan) before firming up their plans. Any spill over of furloughs (like FY24) into Q4 could be concerning. Pick-up in deal TCV, though unlikely, will be important as FY24's mega deals' contribution come into the base. Durability of smaller deals could be a pre-cursor to discretionary spend revival. We expect INFO to narrow its FY25 guide to 4-4.5%. WPRO could guide for -1% to +1% cc for 4Q.
- Estimate and TP changes:** We tweak our estimates as we build 3Q expectations and update FX (Exhibit 10). Material changes are in Coforge and LTIM. For Coforge, a stronger FY25 exit drives 7-9% increase in FY26-27E USD revenues, resulting in (4)-9% EPS upgrade. For LTIM however, we cut FY25-27E EPS by 5-8% on lower margin estimates. We have raised target PER for Coforge (45x to 40x) and PSYS (55x from 48x) to reflect sustained outperformance. There are no changes to our recommendations.

Abhishek Kumar

abhishek.kumar@jmfml.com | Tel: (91 22) 66303053

Nandan Arekal

nandan.arekal@jmfml.com | Tel: (91 22) 62241874

Tier I	Rating	Target Multiple	TP (INR)	Upside
TCS	HOLD	26X	4,230	1.7%
Infosys	BUY	28X	2,170	13.9%
HCL Tech	HOLD	25X	1,890	-2.0%
Wipro	BUY	24X	350	15.2%
TechM	BUY	22X	1,890	8.6%
LTIM	SELL	25X	4,910	-13.0%

Tier II	Rating	Target Multiple	TP	Upside
Mphasis	BUY	31x	3,520	19.9%
Persistent	BUY	55x	7,530	13.4%
Coforge	BUY	45x	10,420	6.1%

Auto ERD	Rating	Target Multiple	TP	Upside
Tata Tech	BUY	50x	1,120	25.2%
KPIT Tech	BUY	55x	2,120	44.2%

JM Financial Research is also available on:
 Bloomberg - JMFR <GO>,
 Thomson Publisher & Reuters,
 S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Key Exhibits: 3QFY25 preview

Exhibit 1. 3QFY25 expectations for JMF IT Services coverage universe

INR mn, unless specified	3QFY25E	2QFY25	3QFY24	QoQ change	YoY change	Comments
Infosys						
Revenue growth (QoQ CC)	0.6%	3.1%	-1.0%	-250 bps	160 bps	<ul style="list-style-type: none"> We expect 90bps QoQ cross-currency headwind
Revenues (USD Mn)	4,879	4,894	4,663	-0.3%	4.6%	<ul style="list-style-type: none"> We estimate c.130bps impact of furloughs on INFO.
Revenues	412,357	409,860	388,210	0.6%	6.2%	<ul style="list-style-type: none"> Besides furloughs, stabilisation in large deal ramp, which aided 1H growth, could restrict sequential growth.
EBIT	88,893	86,490	79,610	2.8%	11.7%	
EBIT , %	21.6%	21.1%	20.5%	50 bps	110 bps	<ul style="list-style-type: none"> Lower transition cost associated with large deals could benefit margin, though lower growth will limit the extent of expansion
Net profits	67,687	65,060	61,130	4.0%	10.7%	<ul style="list-style-type: none"> Expect Infosys to revise its guidance to 4%-4.5% YoY cc
TCS						
Revenue growth (QoQ CC)	0.0%	1.1%	1.0%	-110 bps	-100 bps	<ul style="list-style-type: none"> We expect cc revenue growth of 0% with 95bps cross currency tailwind translating into -1% QoQ USD rev growth
Revenues (USD Mn)	7,596	7,670	7,281	-1.0%	4.3%	
Revenues	641,388	642,590	605,830	-0.2%	5.9%	<ul style="list-style-type: none"> We estimate c.USD 60mn decline in BSNL deal; ex regional markets (where BSNL is housed), we expect +1% cc QoQ .
EBIT	155,755	154,650	151,550	0.7%	2.8%	
EBIT , %	24.3%	24.1%	25.0%	20 bps	-70 bps	<ul style="list-style-type: none"> Lower revenues from low-margin BSNL deal and operational efficiency to drive 20 bps margin expansion.
Net profits	121,785	119,090	120,160	2.3%	1.4%	
Wipro						
IT Services						
Revenue growth (QoQ CC)	-0.5%	0.6%	-1.7%	-110 bps	120 bps	<ul style="list-style-type: none"> We expect cc revenue growth to decline by 50bps within the guided band of -2% to 0%; ~90bps cross currency headwind should result in a -1.4% QoQ USD revenue growth for IT Services
Revenues - IT (USD Mn)	2,624	2,660	2,656	-1.4%	-1.2%	
IT services Revenues	221,736	221,957	221,508	-0.1%	0.1%	<ul style="list-style-type: none"> BFSI, especially CAPCO, could see decline due to furloughs accentuated by sustained weakness in E&U; Telecom and Hi-Tech could see better performance, also led by ramp of USD 500mn deal
EBIT - IT Services	37,646	37,322	35,426	0.9%	6.3%	
IT Services EBIT , %	17.0%	16.8%	16.0%	20 bps	100 bps	<ul style="list-style-type: none"> We have built in two incremental month of wage hike impact. However, operational efficiencies and favourable FX will likely aid 20bps sequential expansion in EBIT margin to 17.0%.
Consolidated						
Consolidated Revenues	222,541	223,016	222,051	-0.2%	0.2%	
Consolidated EBIT	32,741	37,545	32,603	-12.8%	0.4%	<ul style="list-style-type: none"> We expect Wipro to guide for a -1 to +1% QoQ cc growth in 3QFY25.
Consolidated EBIT , %	14.7%	16.8%	14.7%	-210 bps	bps	
Net profits	29,115	32,088	26,942	-9.3%	8.1%	
HCL Tech						
Revenue growth (QoQ CC)	5.5%	1.6%	6.0%	390 bps	-50 bps	<ul style="list-style-type: none"> We est. c.115 bps cross currency headwind for HCL
Revenues (USD mn)	3,596	3,445	3,415	4.4%	5.3%	<ul style="list-style-type: none"> We have built USD 20mn contribution from one-month consolidation of CTG
Revenues	303,935	288,620	284,460	5.3%	6.8%	<ul style="list-style-type: none"> We are building 1.5%/1.5%/25% QoQ growth in IT Services/ERS/Product & Platform business in USD terms.
EBIT	58,110	53,620	56,150	8.4%	3.5%	
EBIT , %	19.1%	18.6%	19.7%	50 bps	-60 bps	<ul style="list-style-type: none"> Expect 50bps EBIT margin expansion aided by higher contribution of Software sales; Wage hike (-75bps QoQ) will be a key headwind
Net profits	45,935	42,350	43,500	8.5%	5.6%	
Tech Mahindra						
Revenue growth (QoQ CC)	0.3%	1.2%	1.1%	-90 bps	-80 bps	<ul style="list-style-type: none"> We expect TechM to report 0.3% cc growth, 120bps currency headwind should result in a -0.9% USD revenue.
Revenues (USD mn)	1,574	1,589	1,573	-0.9%	0.1%	
Revenues	132,927	133,132	131,013	-0.2%	1.5%	<ul style="list-style-type: none"> We estimate similar growth across Telecom and non-Telecom; Comviva in telecom and BPO in Enterprise will help offset furloughs
EBIT	12,971	12,804	7,030	1.3%	84.5%	
EBIT* , %	9.8%	9.6%	5.4%	10 bps	440 bps	<ul style="list-style-type: none"> Expect 10bps sequential improvement in EBIT margin. Margin Improvement is driven largely by project Fortius;
Net profits	10,356	12,501	5,104	-17.2%	102.9%	
LTIMindtree						
Revenue growth (QoQ CC)	1.4%	2.3%	0.7%	-90 bps	70 bps	<ul style="list-style-type: none"> We est 1.4% QoQ cc rev. growth with a 35bps cross currency tailwind translating into 1.0% QoQ USD rev growth.
Revenues (USD mn)	1,139	1,127	1,084	1.1%	5.1%	
Revenues	96,162	94,329	90,166	1.9%	6.7%	<ul style="list-style-type: none"> We expect Hi-Tech revenues to decline after a strong growth in past few quarters; BFSI growth should sustain.
EBIT	12,710	14,582	13,859	-12.8%	-8.3%	
EBIT , %	13.2%	15.5%	15.4%	-220 bps	-220 bps	<ul style="list-style-type: none"> Expect margin to improve 27bps QoQ to 15.3%. We have not assumed wage hike in our no's as company has deferred appraisals to 3Q.
Net profits	10,836	12,510	11,689	-13.4%	-7.3%	
Mphasis						
Revenue growth (QoQ CC)	0.0%	2.4%	1.0%	-240 bps	-100 bps	<ul style="list-style-type: none"> We est flat QoQ cc rev. growth with a 40bps cross currency tailwind translating into -0.4% QoQ USD rev growth.
Revenue (USD Mn)	419	421	402	-0.4%	4.2%	
Revenue (INR Mn)	35,412	35,286	33,507	0.4%	5.7%	<ul style="list-style-type: none"> We estimate c.USD 8mn impact on revenues due to furloughs
EBIT	5,389	5,368	5,099	0.4%	5.7%	
EBIT margin (%)	15.2%	15.2%	15.2%	bps	bps	<ul style="list-style-type: none"> We expect net new TCV to revert to USD 300mn+ range; Digital Risk revenues could see some uptick post Fed rate cuts.
Net profit	4,083	4,234	3,736	-3.6%	9.3%	

INR mn, unless specified	3QFY25E	2QFY25	3QFY24	QoQ change	YoY change	Comments
Persistent						
Revenue growth (QoQ CC)	4.2%	5.3%	3.0%	-110 bps	120 bps	<ul style="list-style-type: none"> We expect a healthy 4.2% cc QoQ growth, led by continued ramp-up in the healthcare deal We expect deal wins to be healthy driven by a few large net new deals and seasonal uptick in renewals Earn-out reversal should continue in 3Q aiding 50bps margin expansion
Revenues (USD mn)	360	346	301	4.2%	19.8%	
Revenues	30,403	28,972	24,982	4.9%	21.7%	
EBIT	4,401	4,062	3,631	8.3%	21.2%	
EBIT , %	14.5%	14.0%	14.5%	50 bps	-10 bps	
Net profits	3,542	3,250	2,861	9.0%	23.8%	
Coforge*						
Revenue growth(QoQ cc)^	4.4%	6.3%	1.6%	-190 bps	270 bps	<ul style="list-style-type: none"> We expect a 4.4% QoQ c/c revenue with ~10bps cross currency tailwind translating into 4.5% QoQ USD growth. We expect adjusted EBITDA margin (pre-ESOP) to improve by 130bps QoQ as wage hike impact gets into the base Reported EBITDA margin could however be flattish as incremental ESOP expense will likely nullify operational improvement
Revenues (USD mn)	386	369	338	4.5%	14.1%	
Revenues	32,504	30,690	27,913	5.9%	16.4%	
EBIT	3,844	3,598	3,831	6.8%	0.3%	
EBIT , %	11.8%	11.7%	13.7%	10 bps	-190 bps	
Net profits	2,749	2,022	2,921	35.9%	-5.9%	
Tata Technologies						
Revenue growth (QoQ cc)	0.3%	0.8%		-50 bps		<ul style="list-style-type: none"> We are building 0.3% QoQ cc growth, 60bps cross currency headwind translating into -0.3% QoQ USD revenue growth. We expect -0.1/-0.3% QoQ growth in Services/Technology Solutions segment. Expect 80bps QoQ decline in margins, driven largely by wage hike.
Revenues (USD mn)	154	155	155	-0.3%	-0.5%	
Revenues	13,010	12,965	12,895	0.3%	0.9%	
EBIT	1,953	2,056	2,094	-5.0%	-6.7%	
EBIT , %	15.0%	15.9%	16.2%	-80 bps	-120 bps	
Net profits	1,677	1,574	1,703	6.5%	-1.5%	
KPIT Tech						
Revenue growth (QoQ CC)	1.4%	4.7%	4.3%	-330 bps	-337bp	<ul style="list-style-type: none"> We expect 1.4% QoQ cc growth for KPIT; expect minimal cross-currency impact. Higher offshoring is likely to drag growth, as guided by management in 2Q commentary Higher offshoring will however likely drive 50bps margin expansion
Revenues (USD mn)	176	173	149	1.4%	17.8%	
Revenues	14,783	14,714	12,570	0.5%	17.6%	
EBIT	2,548	2,457	2,085	3.7%	22.2%	
EBIT , %	17.2%	16.7%	16.6%	50 bps	60 bps	
Net profits	1,911	2,080	1,568	-8.2%	21.9%	
MapMyIndia						
Revenue (INR mn)	1,107	1,037	920	6.8%	20.3%	<ul style="list-style-type: none"> We expect 15%/33% YoY growth in Map-led/IoT-led segments. Seasonal softness in A&M (due to pre-festive wholesale sales in Q2) could offset full quarter impact of Hyundai-Kia deal ramp. Expect EBITDA margin to improve 110bps sequentially to 38.2%; driven by lower sub-con expense and operating leverage.
EBITDA (INR mn)	423	374.6	360.1	13.0%	17.6%	
EBITDA , %	38.2%	36.1%	39.1%	210 bps	-90 bps	
EBIT (INR mn)	367.7	318.9	322.6	15.3%	14.0%	
EBIT , %	33.2%	30.8%	35.1%	250 bps	-180 bps	
Net profits	356.0	303.5	307.5	17.3%	15.7%	

Note: *Coforge 3QFY24 financials consolidates Cigniti. ^ USD revenue growth stated for 2Q25 and 3Q24, these numbers assumes Cigniti's Consolidation with Coforge. Source: Companies, JM Financial estimates

Exhibit 2. JMF IT services coverage universe – 3QFY25 results calendar and key points to focus on

Company	Key issues to focus on
TCS (9 th Jan, 2025)	(1) Large deal TCV; any improvement in client decision cycles and revenue conversion (2) Update on BSNL revenue contribution; likely trajectory and margin impact thereof (3) Update on client specific challenges highlighted in 2Q; outlook on EU manufacturing and US Life sciences verticals
Infosys (16 th Jan, 2025)	(1) Any changes to FY25 revenue and margin guidance; likely client budgets (2) Large deal TCV; any uptick in net new deal wins; progress on large deal pipeline (3) Update on smaller deal pipeline; outlook on discretionary spend environment especially in BFSI and retail
HCL Tech (13 th Jan, 2025)	(1) Any changes to FY25 revenue and margin guidance; Mix of discretionary in deal wins and pipeline (2) Net new deal TCV; contribution from CTG; outlook in product and platforms; (3) Commentary on ERS in general and Auto/Aero verticals in particular;
Wipro (17 th Jan, 2025)	(1) 4QFY25 CC guidance; outlook on margins. Management commentary on demand outlook in Capco/US BFSI. (2) Any signs of stabilization in Europe and E&U vertical; large deal pipelines, TCV, revenue conversion of recent deal wins (3) Margin outlook; performance of margin levers outlined in 2QFY25; Top accounts performance
LTIMindtree (22 nd Jan, 2025)*	(1) Outlook on BFS and revival of client spending in the segment; outlook in Hi-Tech especially large accounts; (2) Margin outlook and clarity on roadmap to get back to pre-merger margin and synergy realization; (3) Update on deal pipeline and conversion of USD 5bn pipeline to TCV, comments on deal wins through new AI strategy
Mphasis (23 rd Jan, 2025)	(1) Comments on BFSI and discretionary spends and outlook; Deal TCV, deal pipeline and ramp ups (2) Any pickup in mortgage activity and outlook; New logo wins and ramp ups in Non- BFS verticals (3) Any pick up in Deal TCV; comment on revenue conversion; health of a large transportation client
Persistent (24 th Jan, 2025)	(1) Any change to FY25 growth and margin outlook; GenAI led deals and deal pipeline (2) Deal TCV/ACV; any changes to the sales cycle/revenue conversion; Hi-Tech vertical recovery and outlook (3) Margin outlook for Q4 especially with tailing off of earn-out reversal led benefits
Coforge (22 nd Jan, 2025)	(1) Growth in executable order book and any colour on NTM revenue to EOB conversion; update on margin guidance (2) Outlook and update on impending improvement in travel; update on strong growth expected in BFS and future outlook. (3) Update on cross sell and synergies from Cigniti Tech acquisition, Growth/ Margin expectation for merged entity
TechM (3 rd week of Jan)*	(1) Update on CEO's turnaround efforts; any large deal wins and impact of Project Fortius on margins (2) Visibility of growth trajectory/margin outlook for the rest of FY25; (3) Update and outlook in Communication vertical post US elections and rate cut; update on Deal pipeline/TCV
KPIT Tech (29 th Jan, 2025)	(1) Any change to FY25 revenue and margin outlook; Any further deterioration in clients ER&D budgets (2) Update on Deal pipeline/TCV; Commentary and outlook on demand from European OEMs. (3) Update on QIP; any progress on potential acquisition targets
Tata Tech (4 th week of Jan)*	(1) Management commentary on demand environment, any update on revenue growth and margin outlook for FY25. (2) Client spending in anchor and non-anchor accounts; update on BMW JV ramp-up; outlook in Airbus account (3) Update on Telengana deal; any new deal wins in Education business. Update on achieving 20%+ margin target

Note: * - tentative; Source: Company, JM Financial

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

YoY c/c growth (%)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E
TCS	14.3%	15.5%	15.4%	13.5%	10.7%	7.0%	2.8%	1.7%	2.2%	4.4%	5.5%	4.6%
INFO	20.6%	21.4%	18.8%	13.7%	8.8%	4.2%	2.5%	-1.0%	0.0%	2.5%	3.3%	5.0%
HCLT	13.3%	15.6%	15.8%	13.1%	10.5%	6.3%	3.4%	4.3%	6.0%	5.6%	6.2%	5.5%
WIPRO*	28.6%	17.2%	12.9%	10.4%	6.5%	1.1%	-4.8%	-6.9%	-6.4%	-4.9%	-2.3%	-1.1%
TECHM	22.6%	21.2%	16.8%	10.4%	6.3%	-0.9%	-5.9%	-5.4%	-6.4%	-1.2%	2.2%	0.1%
LTIM	13.5%	8.2%	5.2%	3.1%	2.3%	3.7%	4.5%	16.3%	13.5%	3.7%	4.4%	5.2%
Mphasis	26.8%	22.1%	16.8%	5.7%	-3.1%	-8.4%	-10.1%	-6.8%	-0.4%	3.1%	5.4%	4.4%
Persistent	42.2%	44.8%	40.2%	32.8%	26.3%	17.1%	14.1%	13.7%	13.2%	16.0%	18.4%	19.8%
Coforge^	35.0%	20.1%	16.8%	20.7%	22.4%	18.4%	14.1%	12.0%	9.0%	7.8%	33.0%	35.7%
KPIT	21.0%	23.0%	27.0%	44.7%	48.6%	49.0%	51.7%	35.0%	27.6%	23.0%	20.1%	16.7%
QoQ c/c growth (%)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
TCS	3.2%	3.4%	4.1%	2.2%	0.6%	0.0%	0.1%	1.0%	1.1%	2.2%	1.1%	0.0%
INFO	1.2%	5.5%	4.0%	2.4%	-3.2%	1.0%	2.3%	-1.0%	-2.2%	3.6%	3.1%	0.6%
HCLT	1.1%	2.7%	3.8%	5.0%	-1.2%	-1.3%	1.0%	6.0%	0.3%	-1.6%	1.6%	5.5%
WIPRO*	3.1%	1.9%	4.1%	0.6%	-0.7%	-2.8%	-2.0%	-1.7%	-0.3%	-1.0%	0.6%	-0.5%
TECHM	5.3%	3.5%	2.9%	0.2%	0.3%	-4.2%	-2.4%	1.1%	-0.8%	0.7%	1.2%	-0.3%
LTIM	3.2%	5.0%	5.5%	1.9%	0.7%	0.1%	1.6%	0.7%	-1.3%	2.6%	2.3%	1.4%
Mphasis	4.3%	2.0%	1.8%	-2.5%	-4.5%	-3.5%	0.0%	1.0%	1.8%	-0.1%	2.4%	0.0%
Persistent	9.1%	12.0%	6.6%	3.5%	3.5%	3.9%	3.2%	3.1%	3.4%	5.6%	5.3%	4.2%
Coforge	5.0%	4.7%	6.2%	3.7%	4.7%	2.0%	2.3%	1.8%	1.9%	1.6%	26.3%	4.4%
KPIT	5.2%	6.0%	8.3%	19.3%	8.5%	7.1%	9.0%	4.3%	5.1%	4.7%	4.7%	1.4%

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

Exhibit 4. Cross-currency impact – Top-6

	Revenue share				Change (QoQ)				Cross-currency impact (QoQ)			Total impact
	USD	GBP	EUR	AUD	USD	GBP	EUR	AUD	GBP	EUR	Others	
TCS	49%	15%	11%	4%	0.8%	-1.7%	-3.1%	-2.7%	-25bp	-35bp	-35bp	-95bp
INFO	64%	4%	18%	5%	0.9%	-2.5%	-3.4%	-3.6%	-9bp	-60bp	-20bp	-90bp
HCL	65%	9%	19%	7%	0.9%	-2.5%	-3.4%	-3.6%	-23bp	-66bp	-25bp	-114bp
TECHM	52%	10%	12%	5%	0.8%	-1.7%	-3.1%	-2.7%	-16bp	-37bp	-74bp	-127bp
Wipro	61%	11%	10%	4%	0.9%	-2.5%	-3.4%	-3.6%	-28bp	-34bp	-28bp	-89bp
LTIM	79%	3%	7%	0%	0.8%	-1.7%	-3.1%	-	-23bp	-7bp	-5bp	-35bp

Source: JM Financial estimates

Exhibit 5. EBIT Margin movement – we expect marginal improvement in reported EBIT margins outside of wage hike

Companies	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E
Infosys	21.0%	20.8%	21.2%	20.5%	20.1%	21.1%	21.1%	21.6%
TCS	24.5%	23.2%	24.3%	25.0%	26.0%	24.7%	24.1%	24.3%
Wipro	16.3%	16.0%	16.1%	16.0%	16.4%	16.5%	16.8%	17.0%
HCL Tech	18.2%	17.0%	18.5%	19.7%	17.6%	17.1%	18.6%	19.1%
Tech Mahindra	11.2%	6.8%	4.7%	5.4%	7.4%	8.5%	9.6%	9.9%
LTIMindtree	16.4%	16.7%	16.0%	15.4%	14.7%	15.0%	15.5%	13.2%
Mphasis	16.0%	15.9%	16.0%	15.2%	15.0%	15.0%	15.2%	15.2%
Persistent	15.4%	14.9%	13.7%	14.5%	14.5%	14.0%	14.0%	14.5%
Coforge	16.1%	12.0%	12.3%	14.0%	14.5%	13.6%	11.7%	11.8%
KPIT Tech	13.8%	15.4%	16.0%	16.6%	16.2%	17.3%	16.7%	17.2%
Tata Tech	15.7%	18.0%	14.8%	16.2%	16.2%	15.9%	15.9%	15.0%

Source: Company, JM Financial estimates

Exhibit 6. Deal win/Partnerships announced in 3QFY25

Company	Client	Industry
TCS	Department of social protection - Ireland	Public Services
	Air France- KLM	Airline
	SPARSH - Defense personnel pension system	Public Services
	Bank of Bhutan	BFSI
	Telenor Denmark	Telecom
	Bank of Baroda	BFSI
	Landis+Gyr	Energy and Utilities
Infosys	Zooplus	Retail
	Old National bank	BFSI
	RheinEnergie	Energy and Utilities
	StarHub	Media
	Kardex	Logistics
Wipro	Southwark Council	Public Services
	Tourism Authority of Thailand	Public Services
	Marelli	Automotive
	Sipchem	Energy and Utilities
	FORVIA	Automotive
LTIMindtree	Odido	Telecom
	Currys	Retail
Tata Technologies	Dept. of Industries and commerce, Govt. of Tripura	Public Services

Source: Media, Company, JM Financial

Furloughs' impact: An assessment

Given such a pronounced impact of furloughs in 3Q, we have tried to quantify the impact in the exercise below. The assumptions for this exercise are as follows: a) number of days of furloughs; b) % of portfolio which is impacted by furloughs; c) we have also assumed that the impact is predominantly on onsite resources engaged in T&M contract.

With these assumptions, we estimate that Mphasis, due to its higher exposure to BFSI + Hi-tech (75% of revenues), higher onsite presence (23% of resources) and T&M contract (60% of revenues; FY24), the impact is the highest at 1.8%. The sensitivity table below (**Exhibit 8 and 9**) gives the impact for various T&M/onsite share which would give some sense of likely impact on other players.

Exhibit 7. We expect c.1.8% revenue impact for Mphasis

Parameters	Value	Description
Impact of Furloughs		
Number of week days in 3Q (Oct-Nov-Dec)	66	
Number of holidays	4	
Number of working days	62	
Number of days in Furlough	5	
- % of revenues impacted	75%	Assumed impact mainly in Hi-Tech, BFSI verticals for Mphasis
Onsite effort share	23%	Impact largely on onsite work
Impact on Volume (man-days)	-0.9	
- % of working days	-1.4%	
Distribution - By contract Type		
- T&M	60%	Based on last reported metrics;
- FPP	40%	
Distribution of lower volume - By Contract Type		
- T&M	-0.83%	Assuming impact is spread across contract type
- FPP	-0.56%	FPP impact could however by cushioned
Impact on revenue - By Contract Type		
- T&M	-1.83%	2x impact on revenue due to higher billing rates onsite
- FPP	0.00%	Assumed no impact as its milestone based billing
Total Impact on revenue	-1.83%	

Source: JM Financial estimates

Exhibit 8. Sensitivity 1: No. of furlough days and T&M share (onsite share assumed at 23%)

		Revenue Share - Time and Material contract				
		40.0%	50.0%	60.0%	70.0%	75.0%
Furloughs - Number of days	3	-0.7%	-0.9%	-1.1%	-1.3%	-1.4%
	4	-1.0%	-1.2%	-1.5%	-1.7%	-1.8%
	5	-1.2%	-1.5%	-1.8%	-2.1%	-2.3%
	6	-1.5%	-1.8%	-2.2%	-2.6%	-2.7%
	7	-1.7%	-2.1%	-2.6%	-3.0%	-3.2%

Source: JM Financial estimates

Exhibit 9. Sensitivity 2: T&M share and Onsite efforts share (Furlough days assumed at 5)

		Revenue Share - Time and Material contract				
		40.0%	50.0%	60.0%	70.0%	80.0%
Effort Share - Onsite	-1.8%	-0.8%	-1.0%	-1.2%	-1.4%	-1.6%
	15%	-1.1%	-1.3%	-1.6%	-1.9%	-2.1%
	20%	-1.2%	-1.5%	-1.8%	-2.1%	-2.4%
	23%	-1.3%	-1.7%	-2.0%	-2.3%	-2.6%
	25%	-1.6%	-2.0%	-2.4%	-2.8%	-3.2%

Source: JM Financial estimates

Estimate changes: 3Q expectations and FX assumptions baked in

Exhibit 10. What has changed

	NEW			OLD			Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Infosys									
Sales (USD mn)	19,387	20,853	22,922	19,459	21,042	23,081	-0.4%	-0.9%	-0.7%
Sales (INR mn)	1,631,709	1,771,740	1,947,529	1,630,468	1,767,517	1,938,811	0.1%	0.2%	0.4%
EBITDA (INR mn)	395,024	438,913	495,014	392,795	442,861	498,103	0.6%	-0.9%	-0.6%
EBITDA margin	24.2%	24.8%	25.4%	24.1%	25.1%	25.7%	12bp	-28bp	-27bp
EBIT (INR mn)	346,712	387,313	438,307	344,477	391,415	441,401	0.6%	-1.0%	-0.7%
EBIT margin	21.2%	21.9%	22.5%	21.1%	22.1%	22.8%	12bp	-28bp	-26bp
EPS (INR)	63.6	70.8	79.9	63.4	71.5	80.5	0.2%	-1.0%	-0.7%
TCS									
Sales (USD mn)	30,295	31,629	34,758	30,724	32,044	35,208	-1.4%	-1.3%	-1.3%
Sales (INR mn)	2,548,356	2,682,733	2,948,136	2,572,351	2,686,603	2,951,817	-0.9%	-0.1%	-0.1%
EBITDA (INR mn)	676,323	732,548	819,582	688,966	742,782	823,557	-1.8%	-1.4%	-0.5%
EBITDA margin	26.5%	27.3%	27.8%	26.8%	27.6%	27.9%	-24bp	-34bp	-10bp
EBIT (INR mn)	627,140	681,171	760,486	639,327	691,334	764,388	-1.9%	-1.5%	-0.5%
EBIT margin	24.6%	25.4%	25.8%	24.9%	25.7%	25.9%	-24bp	-34bp	-10bp
EPS (INR)	134.5	146.3	168.0	137.0	148.4	168.8	-1.8%	-1.5%	-0.5%
Wipro									
Sales (USD mn)	10,544	10,940	12,006	10,611	11,106	12,188	-0.6%	-1.5%	-1.5%
Sales (INR mn)	890,199	935,757	1,022,982	888,219	932,873	1,023,777	0.2%	0.3%	-0.1%
EBITDA (INR mn)	175,603	179,963	211,862	182,085	195,903	222,160	-3.6%	-8.1%	-4.6%
EBITDA margin	19.7%	19.2%	20.7%	20.5%	21.0%	21.7%	-77bp	-177bp	-99bp
EBIT (INR mn)	144,852	148,360	177,190	150,997	165,119	187,351	-4.1%	-10.1%	-5.4%
EBIT margin	16.3%	15.9%	17.3%	17.0%	17.7%	18.3%	-73bp	-185bp	-98bp
EPS (INR)	11.9	12.6	15.1	12.0	12.9	16.0	-1.0%	-2.2%	-5.1%
HCL Tech									
Sales (USD mn)	14,004	15,125	16,558	13,908	14,795	16,196	0.7%	2.2%	2.2%
Sales (INR mn)	1,178,861	1,285,133	1,406,815	1,163,563	1,239,114	1,356,055	1.3%	3.7%	3.7%
EBITDA (INR mn)	255,626	282,004	312,598	252,765	272,319	301,729	1.1%	3.6%	3.6%
EBITDA margin (%)	21.7%	21.9%	22.2%	21.7%	22.0%	22.3%	-4bp	-3bp	-3bp
EBIT (INR mn)	215,319	239,165	269,384	212,680	230,490	259,683	1.2%	3.8%	3.7%
EBIT margin	18.3%	18.6%	19.1%	18.3%	18.6%	19.1%	-1bp	1bp	bp
EPS (INR)	61.5	69.2	77.7	60.8	66.8	75.1	1.2%	3.5%	3.6%
TechM									
Sales (USD mn)	6,307	6,643	7,285	6,362	6,760	7,413	-0.9%	-1.7%	-1.7%
Sales (INR mn)	530,524	563,415	617,887	532,698	566,737	621,525	-0.4%	-0.6%	-0.6%
EBITDA (INR mn)	68,095	90,605	113,691	69,202	91,139	114,361	-1.6%	-0.6%	-0.6%
EBITDA margin	12.8%	16.1%	18.4%	13.0%	16.1%	18.4%	-16bp	bp	bp
EBIT (INR mn)	49,475	71,048	92,892	50,577	71,502	93,469	-2.2%	-0.6%	-0.6%
EBIT margin	9.3%	12.6%	15.0%	9.5%	12.6%	15.0%	-17bp	-1bp	bp
EPS (INR)	47.0	62.7	81.8	47.9	63.1	82.3	-1.9%	-0.6%	-0.6%
LTMindtree									
Sales (USD mn)	4,526	4,920	5,401	4,527	4,892	5,307	0.0%	0.6%	1.8%
Sales (INR mn)	380,647	417,307	458,112	378,929	410,000	444,910	0.5%	1.8%	3.0%
EBITDA (INR mn)	64,986	72,856	79,978	67,922	77,829	86,208	-4.3%	-6.4%	-7.2%
EBITDA margin	17.1%	17.5%	17.5%	17.9%	19.0%	19.4%	-85bp	-152bp	-192bp
EBIT (INR mn)	55,351	62,218	68,984	58,329	67,377	75,530	-5.1%	-7.7%	-8.7%
EBIT margin	14.5%	14.9%	15.1%	15.4%	16.4%	17.0%	-85bp	-152bp	-192bp
EPS (INR)	157.6	183.6	200.8	165.3	197.8	219.1	-4.7%	-7.2%	-8.3%

	NEW			OLD			Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Mphasis									
Sales (USD mn)	1,682	1,831	2,033	1,695	1,848	2,051	-0.7%	-0.9%	-0.9%
Sales (INR mn)	141,538	155,314	172,420	142,246	156,116	174,359	-0.5%	-0.5%	-1.1%
EBITDA (INR mn)	26,028	29,014	32,713	25,976	29,417	33,375	0.2%	-1.4%	-2.0%
EBITDA margin	18.4%	18.7%	19.0%	18.3%	18.8%	19.1%	9bp	-12bp	-13bp
EBIT (INR mn)	21,748	24,199	27,579	21,682	24,575	28,215	0.3%	-1.5%	-2.3%
EBIT margin	15.4%	15.6%	16.0%	15.2%	15.7%	16.2%	17bp	-12bp	-20bp
EPS (INR)	89.1	101.8	118.6	88.0	102.3	120.1	1.2%	-0.5%	-1.2%
Persistent									
Sales (USD mn)	1,405	1,656	1,973	1,399	1,654	1,968	0.4%	0.1%	0.2%
Sales (INR mn)	118,232	140,442	167,336	117,139	138,688	165,040	0.9%	1.3%	1.4%
EBITDA (INR mn)	20,264	25,671	32,073	20,196	25,230	31,482	0.3%	1.7%	1.9%
EBITDA margin	17.1%	18.3%	19.2%	17.2%	18.2%	19.1%	-10bp	9bp	9bp
EBIT (INR mn)	17,174	22,176	28,205	17,109	21,751	27,633	0.4%	2.0%	2.1%
EBIT margin	14.5%	15.8%	16.9%	14.6%	15.7%	16.7%	-8bp	11bp	11bp
EPS (INR)	88.3	113.7	144.5	88.0	111.6	141.7	0.4%	1.8%	2.0%
Coforge									
Sales (USD mn)	1,449	1,753	2,045	1,433	1,630	1,872	1.1%	7.5%	9.2%
Sales (INR mn)	121,223	148,447	173,162	119,486	136,765	157,030	1.5%	8.5%	10.3%
EBITDA	19,736	25,500	30,893	19,477	23,146	26,829	1.3%	10.2%	15.2%
EBITDA margin	16%	17%	18%	16.3%	16.9%	17.1%	-2bp	25bp	76bp
EBIT	15,214	19,044	24,245	14,973	18,477	21,613	1.6%	3.1%	12.2%
EBIT margin	12.6%	12.8%	14.0%	12.5%	13.5%	13.8%	2bp	-68bp	24bp
EPS (INR)	163.9	183.9	247.1	161.3	192.3	229.2	1.6%	-4.4%	7.8%
KPIT Tech									
Sales (USD mn)	689	769	915	698	792	936	-1.3%	-2.9%	-2.3%
Sales (INR mn)	58,023	65,132	77,481	58,558	66,422	78,495	-0.9%	-1.9%	-1.3%
EBITDA	12,117	13,835	17,006	12,179	14,262	16,718	-0.5%	-3.0%	1.7%
EBITDA margin	20.9%	21.2%	21.9%	20.8%	21.5%	21.3%	9bp	-23bp	65bp
EBIT	9,945	11,379	14,104	10,004	11,791	13,804	-0.6%	-3.5%	2.2%
EBIT margin	17.1%	17.5%	18.2%	17.1%	17.8%	17.6%	6bp	-28bp	62bp
EPS (INR)	29.6	32.2	40.7	29.7	33.3	39.9	-0.6%	-3.5%	2.0%
TATA Tech									
Sales (USD mn)	624	676	764	635	697	787	-1.8%	-3.0%	-3.0%
Sales (INR mn)	52,470	57,358	64,765	53,170	58,425	65,944	-1.3%	-1.8%	-1.8%
EBITDA	9,423	10,572	12,238	9,834	11,192	12,958	-4.2%	-5.5%	-5.6%
EBITDA margin	18.0%	18.4%	18.9%	18.5%	19.2%	19.7%	-54bp	-73bp	-75bp
EBIT	8,208	9,256	10,846	8,611	9,855	11,541	-4.7%	-6.1%	-6.0%
EBIT margin	15.6%	16.1%	16.7%	16.2%	16.9%	17.5%	-55bp	-73bp	-75bp
EPS (INR)	16.6	19.4	22.2	17.4	20.6	23.6	-4.3%	-5.7%	-5.9%
MapMyIndia									
Sales (INR mn)	4,703	6,496	8,818	4,656	6,398	8,659	1.0%	1.5%	1.8%
EBITDA	1,847	2,690	3,674	1,834	2,673	3,641	0.7%	0.6%	0.9%
EBITDA margin	39%	41%	42%	39%	42%	42%	-11bp	-37bp	-39bp
EBIT	1,650	2,471	3,405	1,637	2,456	3,374	0.8%	0.6%	0.9%
EBIT margin	35.1%	38.0%	38.6%	35.2%	38.4%	39.0%	-7bp	-34bp	-36bp
EPS (INR)	28.3	41.7	56.3	28.1	41.4	55.9	0.6%	0.5%	0.8%

Source: JM Financial estimates

How are we different

Exhibit 11. JMFe vs. Consensus estimates

Infosys	Consensus estimates			JMFe estimates			JMFe vs. Consensus		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (USD mn)	19,114	20,730	22,738	19,387	20,853	22,922	1.4%	0.6%	0.8%
Sales (INR mn)	1,630,764	1,768,689	1,940,007	1,631,709	1,771,740	1,947,529	0.1%	0.2%	0.4%
EBITDA (INR mn)	389,950	429,440	475,459	395,024	438,913	495,014	1.3%	2.2%	4.1%
EBITDA margin	23.9%	24.3%	24.5%	24.2%	24.8%	25.4%	30bp	49bp	91bp
EBIT (INR mn)	343,150	378,870	420,592	346,712	387,313	438,307	1.0%	2.2%	4.2%
EBIT margin	21.0%	21.4%	21.7%	21.2%	21.9%	22.5%	21bp	44bp	83bp
EPS (INR)	63.6	71.3	79.2	63.6	70.8	79.9	-0.1%	-0.7%	0.9%
TCS	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (USD mn)	30,200	32,519	35,589	30,295	31,629	34,758	0.3%	-2.7%	-2.3%
Sales (INR mn)	2,576,614	2,774,520	3,036,459	2,548,356	2,682,733	2,948,136	-1.1%	-3.3%	-2.9%
EBITDA (INR mn)	688,118	762,722	841,998	676,323	732,548	819,582	-1.7%	-4.0%	-2.7%
EBITDA margin	26.7%	27.5%	27.7%	26.5%	27.3%	27.8%	-17bp	-18bp	7bp
EBIT (INR mn)	637,159	708,409	783,538	627,140	681,171	760,486	-1.6%	-3.8%	-2.9%
EBIT margin	24.7%	25.5%	25.8%	24.6%	25.4%	25.8%	-12bp	-14bp	-1bp
EPS (INR)	137.4	153.6	170.0	134.5	146.3	168.0	-2.1%	-4.8%	-1.2%
Wipro	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (USD mn)	10,450	11,054	11,878	10,544	10,940	12,006	0.9%	-1.0%	1.1%
Sales (INR mn)	891,626	943,138	1,013,461	890,199	935,757	1,022,982	-0.2%	-0.8%	0.9%
EBITDA (INR mn)	178,465	190,621	206,427	175,603	179,963	211,862	-1.6%	-5.6%	2.6%
EBITDA margin	20.0%	20.2%	20.4%	19.7%	19.2%	20.7%	-29bp	-98bp	34bp
EBIT (INR mn)	146,034	156,827	170,888	144,852	148,360	177,190	-0.8%	-5.4%	3.7%
EBIT margin	16.4%	16.6%	16.9%	16.3%	15.9%	17.3%	-11bp	-77bp	46bp
EPS (INR)	11.5	12.3	13.5	11.9	12.6	15.1	3.6%	2.7%	12.3%
HCL Tech	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (USD mn)	13,711	14,945	16,370	14,004	15,125	16,558	2.1%	1.2%	1.1%
Sales (INR mn)	1,169,778	1,275,087	1,396,659	1,178,861	1,285,133	1,406,815	0.8%	0.8%	0.7%
EBITDA (INR mn)	256,217	282,902	310,843	255,626	282,004	312,598	-0.2%	-0.3%	0.6%
EBITDA margin (%)	21.9%	22.2%	22.3%	21.7%	21.9%	22.2%	-22bp	-24bp	-4bp
EBIT (INR mn)	214,580	238,420	263,745	215,319	239,165	269,384	0.3%	0.3%	2.1%
EBIT margin	18.3%	18.7%	18.9%	18.3%	18.6%	19.1%	-8bp	-9bp	26bp
EPS (INR)	63.8	69.7	77.1	61.5	69.2	77.7	-3.5%	-0.7%	0.9%
TechM	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (USD mn)	6,271	6,745	7,335	6,307	6,643	7,285	0.6%	-1.5%	-0.7%
Sales (INR mn)	535,006	575,500	625,785	530,524	563,415	617,887	-0.8%	-2.1%	-1.3%
EBITDA (INR mn)	71,566	90,530	107,981	68,095	90,605	113,691	-4.9%	0.1%	5.3%
EBITDA margin	13.4%	15.7%	17.3%	12.8%	16.1%	18.4%	-54bp	35bp	114bp
EBIT (INR mn)	52,837	71,122	87,313	49,475	71,048	92,892	-6.4%	-0.1%	6.4%
EBIT margin	9.9%	12.4%	14.0%	9.3%	12.6%	15.0%	-55bp	25bp	108bp
EPS (INR)	49.3	63.9	78.2	47.0	62.7	81.8	-4.7%	-1.9%	4.6%
LTIMindtree	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (USD mn)	4,471	5,018	5,637	4,526	4,920	5,401	1.2%	-2.0%	-4.2%
Sales (INR mn)	381,443	428,170	480,975	380,647	417,307	458,112	-0.2%	-2.5%	-4.8%
EBITDA (INR mn)	67,734	79,109	91,594	64,986	72,856	79,978	-4.1%	-7.9%	-12.7%
EBITDA margin	17.8%	18.5%	19.0%	17.1%	17.5%	17.5%	-68bp	-102bp	-159bp
EBIT (INR mn)	58,134	68,777	80,219	55,351	62,218	68,984	-4.8%	-9.5%	-14.0%
EBIT margin	15.2%	16.1%	16.7%	14.5%	14.9%	15.1%	-70bp	-115bp	-162bp
EPS (INR)	166.2	197.2	228.2	157.6	183.6	200.8	-5.1%	-6.9%	-12.0%

Mphasis	Consensus estimates			JMFe estimates			JMFe vs. Consensus		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (USD mn)	1,671	1,871	2,115	1,682	1,831	2,033	0.7%	-2.1%	-3.9%
Sales (INR mn)	142,568	159,606	180,432	141,538	155,314	172,420	-0.7%	-2.7%	-4.4%
EBITDA (INR mn)	26,107	29,531	33,475	26,028	29,014	32,713	-0.3%	-1.8%	-2.3%
EBITDA margin	18.3%	18.5%	18.6%	18.4%	18.7%	19.0%	8bp	18bp	42bp
EBIT (INR mn)	22,030	25,258	28,839	21,748	24,199	27,579	-1.3%	-4.2%	-4.4%
EBIT margin	15.5%	15.8%	16.0%	15.4%	15.6%	16.0%	-9bp	-24bp	1bp
EPS (INR)	90.0	103.3	118.2	89.1	101.8	118.6	-1.1%	-1.4%	0.3%
Persistent	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (USD mn)	1,372	1,611	1,892	1,405	1,656	1,973	2.4%	2.7%	4.3%
Sales (INR mn)	117,073	137,492	161,410	118,232	140,442	167,336	1.0%	2.1%	3.7%
EBITDA (INR mn)	19,875	24,636	29,544	20,264	25,671	32,073	2.0%	4.2%	8.6%
EBITDA margin	17.0%	17.9%	18.3%	17.1%	18.3%	19.2%	16bp	36bp	86bp
EBIT (INR mn)	16,827	21,178	25,688	17,174	22,176	28,205	2.1%	4.7%	9.8%
EBIT margin	14.4%	15.4%	15.9%	14.5%	15.8%	16.9%	15bp	39bp	94bp
EPS (INR)	86.8	109.0	132.4	88.3	113.7	144.5	1.7%	4.3%	9.2%
Coforge	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (USD mn)	1,404	1,686	1,929	1,449	1,753	2,045	3.2%	4.0%	6.0%
Sales (INR mn)	119,750	143,828	164,556	121,223	148,447	173,162	1.2%	3.2%	5.2%
EBITDA	19,726	24,810	28,903	19,736	25,500	30,893	0.1%	2.8%	6.9%
EBITDA margin	16.5%	17.2%	17.6%	16.3%	17.2%	17.8%	-19bp	-7bp	28bp
EBIT	15,217	19,575	23,201	15,214	19,044	24,245	0.0%	-2.7%	4.5%
EBIT margin	12.7%	13.6%	14.1%	12.6%	12.8%	14.0%	-16bp	-78bp	-10bp
EPS (INR)	146.0	206.6	249.7	163.9	183.9	247.1	12.2%	-11.0%	-1.1%
KPIT Tech	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (USD mn)	688	801	942	689	769	915	0.2%	-4.0%	-2.9%
Sales (INR mn)	58,711	68,331	80,390	58,023	65,132	77,481	-1.2%	-4.7%	-3.6%
EBITDA	12,329	14,643	17,375	12,117	13,835	17,006	-1.7%	-5.5%	-2.1%
EBITDA margin	21.0%	21.4%	21.6%	20.9%	21.2%	21.9%	-11bp	-19bp	33bp
EBIT	10,088	12,180	14,617	9,945	11,379	14,104	-1.4%	-6.6%	-3.5%
EBIT margin	17.2%	17.8%	18.2%	17.1%	17.5%	18.2%	-4bp	-35bp	2bp
EPS (INR)	28.7	33.7	41.2	29.6	32.2	40.7	3.0%	-4.6%	-1.2%
TATA Tech	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (USD mn)	627	714	814	624	676	764	-0.5%	-5.3%	-6.2%
Sales (INR mn)	53,464	60,903	69,429	52,470	57,358	64,765	-1.9%	-5.8%	-6.7%
EBITDA	9,761	11,604	13,463	9,423	10,572	12,238	-3.5%	-8.9%	-9.1%
EBITDA margin	18.3%	19.1%	19.4%	18.0%	18.4%	18.9%	-30bp	-62bp	-49bp
EBIT	8,536	10,286	11,989	8,208	9,256	10,846	-3.8%	-10.0%	-9.5%
EBIT margin	16.0%	16.9%	17.3%	15.6%	16.1%	16.7%	-32bp	-75bp	-52bp
EPS (INR)	17.0	20.8	24.2	16.6	19.4	22.2	-2.3%	-6.7%	-7.9%

Source: Visible Alpha, JM Financial estimates

Valuation table and charts

Exhibit 12. JM IT Services – Coverage universe: Changes in Multiple, TP and Rating

Company	Rating		TP (INR)			Target Multiple	
	OLD	New	OLD	New	Change	OLD	New
Infosys	BUY	BUY	2,150	2,170	0.9%	28.0x	28.0x
TCS	HOLD	HOLD	4,140	4,230	2.2%	26.0x	26.0x
HCL	HOLD	HOLD	1,780	1,890	6.2%	25.0x	25.0x
WIPRO	BUY	BUY	320	350	9.4%	22.0x	24.0x
TechM	BUY	BUY	1,830	1,890	3.3%	22.0x	22.0x
LTIM	SELL	SELL	5,050	4,910	-2.8%	25.0x	25.0x
Mphasis	BUY	BUY	3,590	3,520	-1.9%	31.0x	31.0x
Persistent	BUY	BUY	6,170	7,530	22.0%	48.0x	55.0x
Coforge	BUY	BUY	8,530	10,420	22.2%	40.0x	45.0x
TATA Tech	BUY	BUY	1,290	1,120	-13.2%	55.0x	50.0x
KPIT Tech	BUY	BUY	2,040	2,120	3.9%	55.0x	55.0x
MapMyIndia	BUY	BUY	2,810	2,900	3.2%	55.0x	55.0x

Source: JM Financial estimates

We have raised target multiple for PSYS and Coforge given sustained momentum and better outlook;

We have cut multiple for Tata Tech, restoring the discount to KPIT

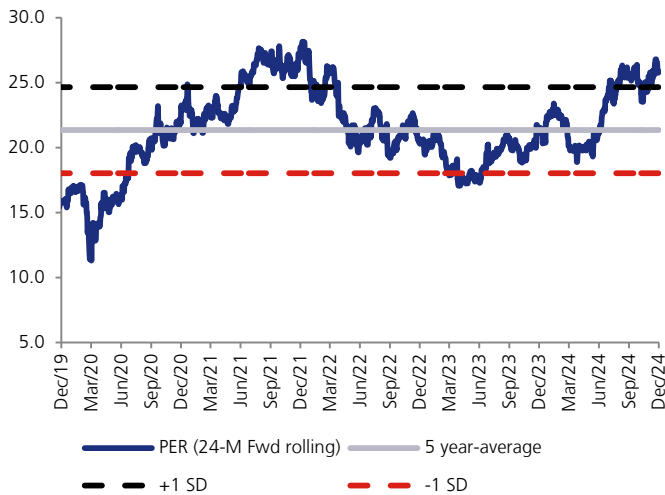
There has been no changes to our recommendations.

Exhibit 13. JM Financial IT Services Coverage Universe – Price Target and Recommendation

Co Name	CMP (INR)	Reco.	Target Multiple (x)	Target Price (INR)	USD revenue growth (%)			EPS			P/E			EV/EBIT			ROE		
					FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
TCS	4,159	HOLD	26.0x	4,230	4.2%	4.4%	9.9%	134.5	146.3	168.0	30.9x	28.4x	24.8x	23.3x	21.4x	19.2x	53%	51%	50%
Infosys	1,906	BUY	28.0x	2,170	4.4%	7.6%	9.9%	63.6	70.8	79.9	30.0x	26.9x	23.9x	22.0x	19.7x	17.4x	31%	33%	35%
HCL Tech	1,929	HOLD	25.0x	1,890	5.5%	8.0%	9.5%	61.5	69.2	77.7	31.3x	27.9x	24.8x	23.1x	20.8x	18.5x	24%	27%	29%
Wipro*	304	BUY	24.0x	350	-2.4%	3.7%	9.7%	11.9	12.6	15.1	25.5x	24.0x	20.0x	20.1x	19.6x	16.4x	15%	15%	17%
Tech Mahindra	1,741	BUY	22.0x	1,890	0.5%	5.3%	9.7%	47.0	62.7	81.8	37.1x	27.8x	21.3x	33.7x	23.4x	17.9x	16%	21%	25%
LTIMindtree	5,644	SELL	25.0x	4,910	5.6%	8.7%	9.8%	157.6	183.6	200.8	35.8x	30.7x	28.1x	28.7x	25.5x	23.0x	22%	23%	22%
Coforge	9,818	BUY	45.0x	10,420	29.5%	21.0%	16.6%	163.9	183.9	247.1	33.0x	28.8x	24.7x	26.3x	23.7x	20.8x	18%	18%	18%
Persistent Systems	6,638	BUY	55.0x	7,530	18.5%	17.9%	19.1%	88.3	113.7	144.5	59.9x	53.4x	39.7x	43.2x	34.5x	27.1x	23%	20%	23%
Mphasis	2,935	BUY	31.0x	3,520	4.5%	8.8%	11.0%	89.1	101.8	118.6	75.2x	58.4x	45.9x	59.5x	46.1x	36.2x	26%	28%	30%
KPIT Tech	1,470	BUY	55.0x	2,120	17.4%	11.6%	19.0%	29.6	32.2	40.7	49.7x	45.7x	36.1x	39.7x	34.7x	28.0x	34%	30%	30%
Tata Tech	895	BUY	50.0x	1,120	0.9%	8.5%	12.9%	16.6	19.4	22.2	53.8x	46.2x	40.2x	43.1x	38.2x	32.6x	21%	24%	25%

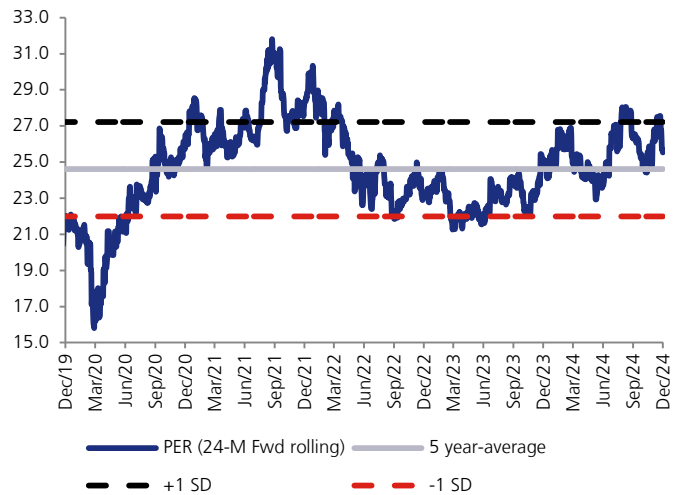
Note: IT Services revenue for Wipro; Source: Bloomberg, JM Financial estimates, Note: Price as on 30th Dec 2024

Exhibit 14. Infosys- 2yr fwd PER



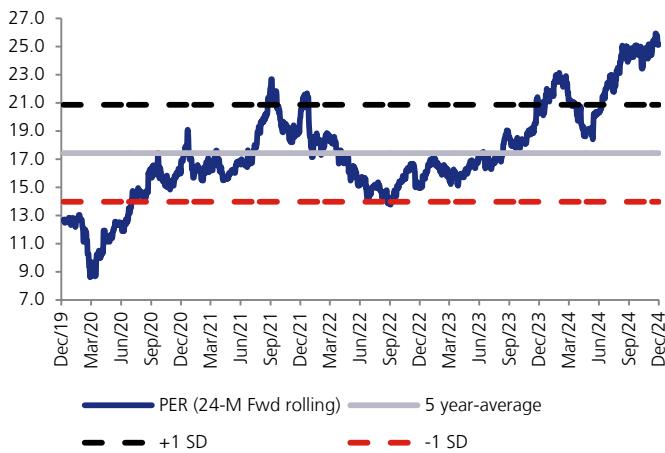
Source: Bloomberg, JM Financial

Exhibit 15. TCS- 2yr fwd PER



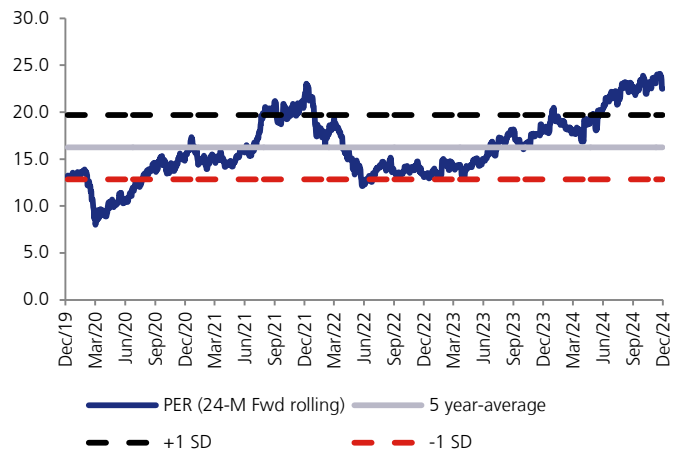
Source: Bloomberg, JM Financial

Exhibit 16. HCL Tech- 2yr fwd PER



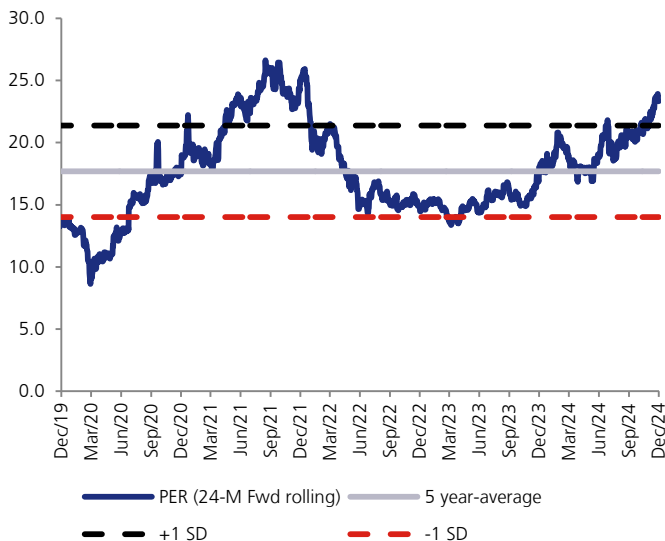
Source: Bloomberg, JM Financial

Exhibit 17. TechM- 2yr fwd PER



Source: Bloomberg, JM Financial

Exhibit 18. Wipro – 2 yr fwd PER



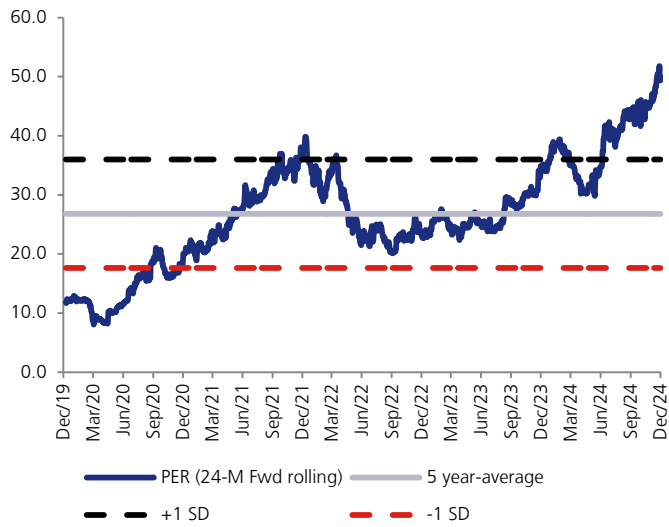
Source: Bloomberg, JM Financial

Exhibit 19. Coforge – 2 yr fwd PER



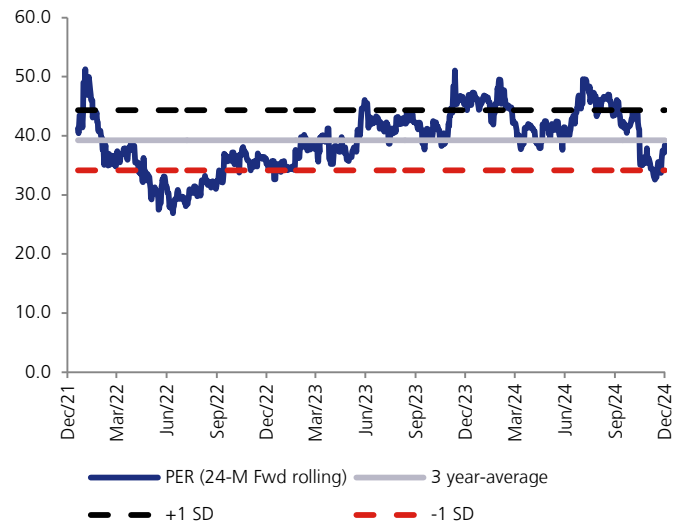
Source: Bloomberg, JM Financial

Exhibit 20. Persistent – 2 yr fwd PER



Source: Bloomberg, JM Financial

Exhibit 21. KPIT Tech – 2 yr fwd PER



Source: Bloomberg, JM Financial

APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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

* REITs refers to Real Estate Investment Trusts.

Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject JM Financial Institutional Securities and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

Additional disclosure only for U.S. persons: JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1325 Avenue of the Americas, 28th Floor, Office No. 2821, New York, New York 10019. Telephone +1 (332) 900 4958 which is registered with the SEC and is a member of FINRA and SIPC.

Additional disclosure only for U.K. persons: Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

Additional disclosure only for Canadian persons: This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.