

We expect IT Services companies to commence the year on a subdued note in FY26, owing to weak discretionary spending, slower decision making, and cautious approach by clients, amid the macro and geopolitical uncertainty and AI-led tech disruption. Muted sequential revenue growth in Tier-1 companies is expected to result in a slowdown, to low single-digit growth or even a decline on YoY basis, in CC terms. The BFSI recovery trend continued in Q1. The imposition of reciprocal tariffs by the US will impact spending in Manufacturing, Logistics, and Retail. Given this backdrop, QoQ growth is expected to remain muted in Q1, while the weakening USD would lead to 90-220bps cross currency benefits on reported USD revenue growth. Except INFO and LTIM, all Tier-1 players are expected to report muted CC QoQ revenue growth in Q1. Tier-2 companies are expected to see a divergence in growth performance, with COFORGE, PSYS, and ECLX likely to report strong sequential revenue growth, while BSOFT, CYL, and LTTS would register muted growth. Easing of global trade tension, Isarel-Iran ceasefire, and potential interest rate cuts in the US suggest some stability returning in the macro and geopolitical situation. This is likely to improve the overall sentiment and the decision-making cycle, driving some uptick in tech spending. The NIFTY IT index underperformed the broader markets by 2.9% in the last 3M due to elevated macro uncertainties and risks of earnings downgrade. We downgrade HCLT and TechM to REDUCE from Add (refer to Exhibit 6 for change in our estimates).

Softening growth in Q1; BFSI continues to shine

IT Services firms are likely to post another soft quarter, with continued caution around discretionary spending, delayed decision-making, and tighter project scrutiny weighing on deal ramp-ups and execution. Reported USD revenue may see modest QoQ growth, supported by currency tailwinds from a weakening USD against major global currencies such as the EUR, GBP, and Rupee. Tier-1 companies, except INFO and LTIM, are expected to report muted constant currency sequential revenue growth in Q1. Tier-2 companies are expected to see a divergence in growth performance, with COFORGE, PSYS, and ECLX likely to lead sequential revenue growth in Q1, while BSOFT, CYL, and LTTS would report muted growth. Tier-1 players are expected to post CC revenue growth of -2% to 2%, while reported USD revenue growth would be aided by 90-220bps cross-currency tailwinds. Tier-2 companies may see CC revenue growth of -2.5% to 7%, with tailwinds of 40-210bps on reported USD revenue. Among verticals, BFSI continues to show encouraging signs, while Communication and Manufacturing (particularly Auto) remain weak. Growth trends continue to be mixed across all other verticals like Hi-tech, Retail, and Healthcare. Performance of ER&D companies is likely to be impacted by the slowdown in Auto and the tariff-related uncertainties. We expect INFO and HCLT to narrow their FY26 revenue growth guidance to 1-3% CC YoY and 3-5% CC YoY, while retaining their EBITM guidance of 20-22% and 18-19%, respectively. We expect WPRO to give guidance of -1% to +1% growth for Q2FY26E.

EBITM to remain largely steady

IT companies under our coverage are expected to report a mixed performance on margins, contingent on salary hike (INFO: mid-to-senior level; ECLX), higher travel costs (visa-related), pressure on utilization due to muted revenue growth, and business mix changes. Tier-1 companies, except LTIM and TECHM, are expected to log broadly stable margins sequentially. Mid-cap companies may experience a wider margin fluctuation, ranging from -300bps to +50bps.

Key monitorables

i) FY26 revenue/margin guidance; ii) CY25 IT budget and impact on client spending behavior amid macro uncertainties; iii) recovery in discretionary spending; iv) deal intake and pipeline; v) pace of decision-making, project deferment/cancellation, and any client-specific ramp-downs; vi) demand trends in key verticals like BFSI, Retail, Manufacturing, Hi-Tech, Communications; vii) pricing environment; viii) headcount change owing to constrained macro indicators and productivity gains from AI; and ix) adoption and integration of Gen AI across workstreams.

Dipeshkumar Mehta

dipeshkumar.mehta@emkayglobal.com
+91-22-66121253

Jimit Gandhi

jimit.gandhi@emkayglobal.com
+91-22-66121255

Shivang Bagla

shivang.bagla@emkayglobal.com
+91-22-66242491

Exhibit 1: Indian IT – Rating and Target Price

Company	CMP (Rs)	Mkt Cap (USD bn)	Target (Rs)	Rating	P/E (x)		EV/EBITDA (x)	
					FY26E	FY27E	FY26E	FY27E
TCS	3,462	146.0	3,500	ADD	24.8	22.7	17.0	15.6
INFO	1,602	77.6	1,750	BUY	23.3	21.4	14.4	13.2
HCLT	1,729	54.7	1,750	REDUCE	25.5	23.3	16.1	14.7
WPRO	266	32.5	280	REDUCE	20.2	19.1	12.6	11.7
TECHM	1,687	19.3	1,600	REDUCE	27.2	21.8	15.9	13.1
LTIM	5,317	18.4	5,400	ADD	31.2	26.4	21.8	18.8
MPHL	2,845	6.3	2,950	ADD	29.4	25.8	17.8	16.0
COFORGE	1,925	7.5	1,960	ADD	46.1	37.2	22.9	19.2
PSYS	6,042	11.0	6,000	REDUCE	52.1	42.4	35.1	28.8
LTTS	4,402	5.4	4,750	ADD	32.5	26.8	20.8	17.1
CYL	1,289	1.7	1,330	REDUCE	20.4	17.0	10.7	9.0
SSOF	410	1.3	475	BUY	24.6	19.0	15.8	12.7
BSOFT	434	1.4	450	ADD	22.8	18.6	13.7	10.9
FSOL	375	3.0	370	REDUCE	34.3	26.4	18.3	15.0
ECLX	3,493	1.9	3,950	ADD	26.1	21.8	15.8	13.2
ROUTE	1,024	0.8	1,250	BUY	19.0	15.5	9.8	8.2
QUESS	302	0.5	360	ADD	20.8	17.0	14.8	12.3
TEAM	2,023	0.4	2,050	ADD	24.4	18.0	18.1	13.6
AURUM	197	0.2	290	BUY	-41.5	-93.3	19.8	11.6

Source: Company, Emkay Research

Deal intake remains healthy; cost takeout, consolidation, legacy modernization lead the charge

Deal intake is expected to remain healthy on the back of cost takeouts, legacy modernization, and vendor consolidation. Such deals are being prioritized, as enterprises aim to save costs and reallocate budgets toward RoI-justified outcomes. The deal pipeline remains healthy across companies. Pace of decision making, revival in discretionary spending, and timely ramp up of signed deals could lead to better correlation between revenue and deal intake, thereby driving uptick in revenue growth.

Gen AI steam continues to shape up

AI continues to gain strong momentum within the Indian IT Services sector, influencing both—internal operations and client engagements. With the rapid evolution of Gen AI, Indian IT companies are intensifying their focus on AI-readiness. This includes strategic investments in talent acquisition, large-scale reskilling and upskilling programs, and the integration of AI into existing service offerings (refer below Exhibit 2). The nature of AI engagements is shifting – moving beyond POC (proof-of-concept) work and toward scaled implementations, particularly in areas like customer service, software development automation, and enterprise productivity tools. However, despite the rising interest and an expanding pipeline of Gen AI opportunities, AI's direct contribution to revenue remains limited at this stage. Most AI-related spending continues to come from reallocations within existing IT budgets rather than incremental budget expansion, indicating that AI spend is currently replacing, albeit not yet adding to, the overall tech spend.

Looking ahead, as clients gain more clarity on Gen AI's business impact and use cases mature, we expect AI monetization to improve gradually. Indian IT firms, which can effectively scale up Gen AI offerings, link such offerings to measurable business outcomes, and differentiation through domain expertise will be better positioned to capture the long-term value.

Accenture indicated that it generated revenue of ~USD700mn (~3.9% of revenue) and USD1.5bn (~7.6% of booking) from deal booking in Q3FY25. Accenture is the only player that explicitly reports revenue and bookings from Gen AI. Management commentary by peers increasingly positions Gen AI at the center of discussions, with growing emphasis during the earnings calls as well; the translation of these narratives into specific number disclosures like revenue/booking contribution from Gen AI remains limited.

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Earnings revision and valuation

The revenue growth trajectory for IT companies in the last few quarters was impacted by: i) slower client decision-making amid macro uncertainties, b) re-prioritization of spending, with increased focus on cost efficiencies and optimization, which usually have a slower revenue conversion cycle, and c) focus on projects with immediate RoI. While the demand trend has not worsened, enterprises continue to face increased macro uncertainty, which has kept discretionary spending under pressure.

FY26 is expected to commence on a subdued note for IT players, as clients remain cautious on tech spending, particularly discretionary spending. Elevated macro and geopolitical uncertainty dampen the outlook for IT spending and could delay a broad-based recovery in client spending. While select green shoots in BFSI have persisted, especially in areas like digital banking and regulatory tech, demand in manufacturing (notably auto), retail, and logistics remains under pressure.

Clients continue to prioritize cost-takeout initiatives, while the flow of smaller deals remains under pressure. The pricing environment remains competitive due to the growing share of cost takeout and vendor consolidation deals, amid a constrained budget and tech spending by enterprises.

ACN has narrowed its FY25 LC revenue growth guidance to 6-7% (earlier 5-7%), toward the upper end of the range. However, moderating revenue growth guidance in Q4 and another quarter of weak deal booking (declined 7%/2% YoY in LC in Q3/9MFY25, respectively) raise concerns on growth momentum sustainability, especially during a period of elevated uncertainty.

We have revised our earnings estimates for our IT universe, factoring in the FY25 annual report data (for companies that have published their AR so far), continued weak discretionary spending environment, and cross currency movement. We have increased our target multiple for HCLT to 23x, for WPRO to 20x, LTIM to 26x, MPHL to 26x, PSYS to 40x, COFORGE to 36x (10% discount to PSYS), and for FSOL to 25x, considering our growth and margin expectations. We roll forward our TP to Jun-26E across our IT coverage companies. TP of our IT coverage companies has seen a change of up to 20%, as we account for the above-mentioned factors. We downgrade HCLT and TECHM to REDUCE from Add, while retaining our rating on other stocks under our coverage. Recession in the US remains a key risk to our earnings estimates and target multiple.

The NIFTY IT Index has underperformed the broader markets by 2.9%/18.0% in the last 3M/6M, respectively, owing to cautious spending behavior by clients amid elevated macro uncertainties and risks of earnings downgrade. However, it has partially recovered in the past 1M, up 4.4%, and outperformed broader markets by 1.3% on the back of no further deterioration in the demand environment, expectations of easing tariffs, and hope of further interest rate-cut in the US.

We downgrade HCLT to REDUCE from Add, considering the limited upside and relative valuation after the 8.5%/18.8% returns in the last 3M/12M, respectively. We remain positive about the medium-term growth prospects, although we believe the optimal valuation is baked in, at the current price.

We downgrade TECHM to REDUCE from Add, considering the limited upside after the 18.9% returns in the last 3M. TECHM is undergoing a turnaround journey and there are early signs of success; however, its higher exposure to the communications vertical, coupled with its rich valuations, leaves no scope of error. As a result, we downgrade the stock as we await a more favorable entry price.

Our pecking order is INFO, TCS, LTIM, WPRO, HCLT, and TECHM in large-caps. Among our other IT coverage stocks, we prefer COFORGE, MPHL, ECLX, and SSOF.

Exhibit 2: Emerging architecture of the Gen AI engine

Company	Key platforms	Key developments	AI trained workforce	Excerpts from the 2025 Annual Report
TCS	Pace AI, Cognix Interactive, WisdomNext	<ul style="list-style-type: none"> AI/Gen AI-led project pipeline doubled to ~600 in Q4FY25 (~270 in Q1FY25), in various stages of deployment Deployed >150 agentic AI solutions tailored to sectors such as financial services, accounting, and supply chain management 	>350,000 (~60% of the total workforce)	"...The single most transformative force in 2024 was Generative AI. GenAI is not just another tech cycle—it is a civilizational shift. I believe every industry stands to benefit from GenAI..."
INFY	Topaz, Cortex, Nia, Cobalt	<ul style="list-style-type: none"> 400 Gen AI projects in Q4FY25 200 agents deployed and 30 agentic AI engagements Built 4 small LLMs – Tailored for Banking, IT Operations, Cybersecurity, and Enterprise 	>350,000 (~60% of the total workforce)	"...The advent of AI with all its possibilities and potential creates another arc of uncertainty. As enterprises look at applying AI to every aspect of the business, some longstanding challenges will become imperative and self-evident to firms. For example, the need to modernize legacy systems, and the need to create data architecture so that all the firm's data is consumable by AI, in a holistic manner, can no longer be put off. Firms will need to have an AI foundry for rapid innovation and an AI factory to scale successful innovations across the enterprise..."
WPRO	ai360, WeGA, HOLMES, Lab45	<ul style="list-style-type: none"> >130 active GenAI projects in the development phase 65% increase in AI use cases, with 140% increase in AI adoption in existing engagements since launch of the AI360 strategy Committed USD1bn over 3 years to ai360 GenAI ecosystem, over CY23-26 	>230,000, of which 195,000 are trained in basic Gen AI fundamentals	"...Generative AI became central to business strategy, enhancing productivity, reimagining processes, unlocking growth, and creating meaningful experiences..."
LTIM	Canvas.ai, Navisource.ai, AgentHub, Eureka, Kraft.ai, BlueVerse	<ul style="list-style-type: none"> >65 GenAI projects in various stages of development LTIM and engineering services company L&T Technology Services (LTTTS) together have a Gen AI deal pipeline worth USD200mn Strategic partnership with Google Cloud to develop industry-specific GenAI solutions using Vertex AI 	>75,000 associates trained in Gen AI	"...Our strategic pivot to an AI-first approach has been instrumental in reimagining our operations and client relationships. By embedding AI in every aspect of our services, we have harnessed its power to enhance decision-making, optimize processes, and elevate customer experiences. This transformation, rooted in our three-pronged strategy — AI in Everything, Everything for AI, and AI for Everyone — underscores our dedication to deploying AI at scale and making it accessible to all..."
TECHM	agentX suite, GAIA, AmplifAI, Altavec	<ul style="list-style-type: none"> >45 GenAI engagements in the development phase 57% of the clients have been infused with AI/GenAI offerings Announced a new Large Language Model (LLM) for telecom operators, developed using AWS cloud infrastructure, and NVIDIA AI Enterprise software 	~65% associates skilled in AI / Gen AI	"...This year, the focus is on moving from shiny prototypes to real and measurable returns. The next stage of AI belongs to companies that can help their clients to fulfil its promise. According to a recent BCG survey, 74 percent of companies are struggling to achieve scale and value through AI. With its 'AI Delivered Right' strategy, it is TechM's goal to help them bridge that gap..."
HCLT	AI Force, AI Foundry, DRYiCE	<ul style="list-style-type: none"> Over 200 PoCs have already been delivered to clients Delivered 500 AI and Gen AI engagements for 400 clients Secured 12 exclusive GenAI/agentic AI deals in Q4FY25 Investing in four key AI areas: AI Force, AI Labs, AI Foundry, and AI Engineering Partnered with Open AI to drive large-scale enterprise AI transformation across above-mentioned 4 platforms Generative AI can boost productivity by 30-40% in multiple areas: Coding (25-30%) / Testing (40%-45%) / Legacy modernization (50%-60%) / Application support (15%-20%) / BPO (40%-50%) / IMS (10%-15%) 	> 78,000 (~35% of the total workforce)	"...The technology landscape today is perhaps the most exciting in over a decade. Generative AI (GenAI) is beginning to make an impact and we are beginning to see use cases moving out of innovation labs to real business environments. Last year, HCLTech built and implemented cutting-edge GenAI use cases to address several business problems across industries. With our comprehensive portfolio, strong engineering heritage and ecosystem of partners, we are well equipped to help clients thrive as GenAI begins to touch almost every aspect of business..."

Source: Company, Emkay Research This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions.com) use and downloaded a

Exhibit 3: Jun-25 quarterly estimates for IT Services companies under our coverage

Company	Revenue	Revenue growth (%)		EBIT	EBITM	EBITM change (bps)		Net profit	Net profit growth (%)		Cross currency impact (bps)	Constant currency growth QoQ (%)
	(USD mn)	QoQ	YoY	(Rs mn)	(%)	QoQ	YoY	(Rs mn)	QoQ	YoY		
TCS	7,577	1.5	1.0	157,607	24.3	10	(40)	122,500	0.2	1.7	220	(0.7)
INFO	4,905	3.7	4.1	87,777	20.9	0	(20)	67,989	-3.3	6.8	170	2.0
WPRO	2,586	-0.4	-1.5	38,288	17.3	(10)	80	33,906	-5.0	12.9	160	(2.0)
HCLT	3,545	1.4	5.4	54,454	17.9	0	90	43,238	0.4	1.6	200	(0.6)
TECHM	1,571	1.5	0.8	15,239	11.3	80	290	11,923	2.5	39.1	180	(0.3)
LTIM	1,152	1.9	5.1	14,231	14.4	70	(60)	11,864	5.1	4.6	90	1.0
MPHL	437	1.6	6.6	5,757	15.4	10	40	4,414	-1.2	9.1	70	0.9
PSYS	394	5.0	20.0	5,203	15.4	(20)	140	4,161	5.1	35.8	60	4.4
COFORGE	439	8.8	53.2	5,137	13.7	50	0	3,243	12.9	41.9	180	7.0
LTTS	341	-1.1	15.7	3,949	13.5	30	(210)	3,259	4.8	3.9	140	(2.5)
CYL	170	-0.1	0.1	2,160	12.1	(30)	20	1,636	-4.1	13.7	210	(2.2)
SSOF	82	1.0	-0.7	1,523	5.6	(10)	(10)	1,133	5.4	7.3	80	0.2
BSOFT	151	-1.1	-5.4	1,409	10.9	(60)	(220)	1,248	2.2	-16.9	40	(1.5)
FSOL	262	4.7	21.7	2,592	15.7	30	70	1,779	10.7	31.5	190	2.8
ECLX	109	3.8	16.7	1,702	18.3	(300)	110	1,320	-13.3	18.2	80	3.0

Source: Company, Emkay Research

Exhibit 4: Foreign exchange movement during the quarter

Particulars	INR/USD	INR/GBP	INR/EUR	USD/GBP	USD/EUR	JPY/USD	USD/AUD	USD/CAD
High	86.8	117.8	100.5	1.4	1.2	149.6	0.7	1.4
Low	84.3	109.9	92.1	1.3	1.1	140.9	0.6	1.4
Avg Rate	85.6	114.3	97.1	1.3	1.1	144.5	0.6	1.4
QoQ chg	-1.2%	4.8%	6.6%	6.0%	7.8%	-5.2%	2.1%	-3.6%
YoY chg	2.6%	8.6%	8.2%	5.9%	5.4%	-7.3%	-2.8%	1.1%
Last date closing	85.8	117.4	100.5	1.4	1.2	144.2	0.7	1.4
QoQ chg	0.3%	6.3%	9.2%	6.0%	8.4%	-3.8%	4.5%	-4.9%
YoY chg	2.8%	11.3%	12.6%	8.3%	9.4%	-10.4%	-2.1%	0.0%

Source: Bloomberg, Emkay Research

Exhibit 5: Change in estimates (Revenue and Margins)

Change in Estimates	Revenue - New (Rs bn)			Revenue - Old (Rs bn)			Change			EBIT Margin - New (%)			EBIT Margin - Old (%)			Change (bps)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
TCS	2,658	2,844	3,032	2,645	2,836	-	0.5%	0.3%	NA	24.5	25.0	25.0	24.9	25.1	-	-45	-13	NA
INFO	1,729	1,858	1,980	1,688	1,793	-	2.4%	3.6%	NA	21.4	21.5	21.5	21.4	21.5	-	-1	5	NA
HCLT	1,263	1,357	1,446	1,238	1,321	-	2.0%	2.7%	NA	18.4	18.6	18.7	18.4	18.6	-	-1	-0	NA
WPRO	906	956	1,005	901	965	-	0.6%	-1.0%	NA	17.2	17.3	17.3	17.2	17.3	-	-5	0	NA
TECHM	550	589	628	552	589	-	-0.3%	0.0%	NA	12.5	14.5	15.0	12.6	14.5	-	-9	-1	NA
LTIM	408	447	486	406	443	-	0.6%	0.9%	NA	15.0	16.1	16.2	14.9	16.0	-	2	2	NA
MPHL	155	170	186	154	169	-	0.4%	0.6%	NA	15.4	15.5	15.5	15.4	15.5	-	-1	-1	NA
COFORGE	160	187	216	156	182	-	2.6%	2.9%	NA	13.7	14.0	14.0	13.5	13.9	-	17	11	NA
PSYS	145	171	199	144	170	-	0.4%	0.7%	NA	15.5	16.0	16.5	15.3	15.9	-	24	12	NA
LTTS	122	138	154	122	137	154	0.3%	0.6%	0.5%	14.4	15.5	16.3	14.4	15.5	16.3	-4	1	1
CYL	77	87	97	77	87	-	0.3%	0.1%	NA	12.2	12.9	13.4	12.3	12.9	-	-12	-5	NA
SSOF	104	115	131	104	115	-	-0.1%	0.0%	NA	6.0	6.8	6.9	6.3	6.9	-	-29	-7	NA
BSOFT	54	59	65	54	59	65	-0.4%	-0.1%	-0.1%	11.3	12.6	12.9	11.3	12.6	12.9	-1	-0	-0
FSOL	95	109	121	94	107	-	0.9%	1.6%	NA	11.6	12.5	12.8	11.6	12.5	-	-2	6	NA
ECLX	39	45	50	39	44	50	0.6%	0.8%	0.8%	20.4	20.7	20.7	20.4	20.7	20.7	3	1	1
ROUTE	50	56	61	51	57	-	-3.2%	-3.2%	NA	9.0	9.3	9.0	9.2	9.4	-	-24	-5	NA
QUESS	158	184	213	159	184	213	-0.3%	0.3%	0.1%	3.7	1.9	1.9	3.7	1.9	1.9	1	0	1
TEAM	133	159	188	132	157	-	0.9%	1.1%	NA	1.3	1.4	1.5	1.4	1.5	-	-5	-5	NA
AURUM	4	5	6	4	5	6	0.0%	0.0%	0.0%	-10.4	-2.8	4.1	-10.4	-2.8	4.1	-	-	-

Source: Company, Emkay Research

Exhibit 6: Change in estimates (EPS, Target Multiple, and Target Price)

Change in Estimates	EPS - New (Rs)			EPS - Old (Rs)			Change in EPS			Rating		Target Multiple (x)		Target Price (Rs)	
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	Old	New	Old	New	Old	New
TCS	139.5	152.3	162.3	141.2	152.3	-	-1.2%	0.0%	-	ADD	ADD	23	23	3,500	3,500
INFO	68.6	74.7	80.3	67.1	72.1	-	2.2%	3.7%	-	BUY	BUY	23	23	1,650	1,750
HCLT	67.8	74.1	79.6	66.6	72.2	-	1.9%	2.6%	-	ADD	REDUCE	22	23	1,600	1,750
WPRO	13.1	13.9	14.5	13.1	14.1	-	0.3%	-0.8%	-	REDUCE	REDUCE	18	20	260	280
TECHM	61.9	77.4	85.5	62.4	77.3	-	-0.8%	0.1%	-	ADD	REDUCE	20	20	1,600	1,600
LTIM	170.7	201.4	223.7	169.5	199.5	-	0.7%	0.9%	-	ADD	ADD	24	26	4,800	5,400
MPHL	96.8	110.3	121.5	96.9	109.8	-	-0.1%	0.5%	-	ADD	ADD	25	26	2,800	2,950
COFORGE	41.7	51.7	62.0	40.0	49.6	-	4.4%	4.2%	-	ADD	ADD	33	36	1,640	1,960
PSYS	116.0	142.4	172.4	113.5	140.5	-	2.2%	1.4%	-	REDUCE	REDUCE	36	40	5,000	6,000
LTTS	135.3	164.0	193.8	135.2	163.1	192.7	0.1%	0.6%	0.6%	ADD	ADD	28	28	4,750	4,750
CYL	63.1	75.6	88.0	64.0	75.4	-	-1.4%	0.2%	-	REDUCE	REDUCE	16	16	1,270	1,330
SSOF	16.7	21.6	25.6	17.6	21.9	-	-4.9%	-1.6%	-	BUY	BUY	22	22	475	475
BSOFT	19.0	23.2	26.0	19.0	23.2	26.0	-0.2%	0.0%	0.0%	ADD	ADD	18	18	450	450
FSOL	10.9	14.2	16.7	11.0	14.1	-	-0.4%	0.4%	-	REDUCE	REDUCE	24	25	350	370
ECLX	133.9	160.3	186.3	132.9	159.0	184.8	0.8%	0.8%	0.8%	ADD	ADD	24	24	3,950	3,950
ROUTE	54.0	66.1	72.6	57.3	68.6	-	-5.9%	-3.6%	-	BUY	BUY	18	18	1,250	1,250
QUESS	15.0	17.8	21.2	15.0	17.7	21.0	0.0%	0.3%	0.9%	ADD	ADD	NA	NA	360	360
TEAM	83	112	139	85	113	-	-1.7%	-0.5%	-	ADD	ADD	NA	NA	2,050	2,050
AURUM	-4.8	-2.1	1.5	-4.8	-2.1	1.5	0.0%	0.0%	0.0%	BUY	BUY	NA	NA	290	290

Source: Company, Emkay Research

Exhibit 7: Valuation Summary

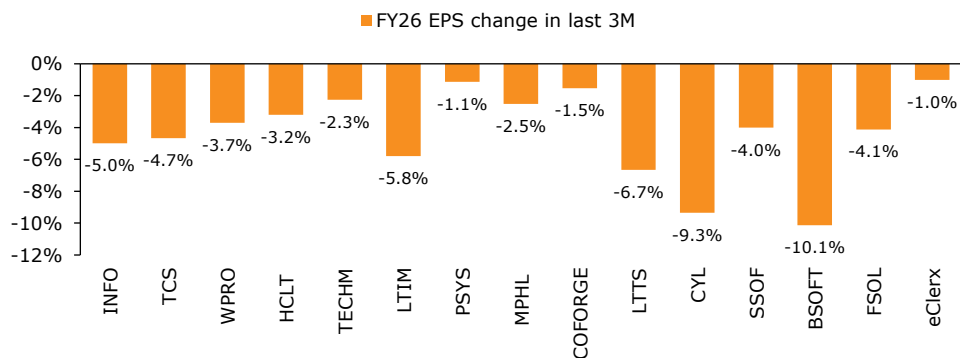
Company	CMP (Rs)	Mkt Cap (USD bn)	Promoter Holding (%)	ADTV 6M (USD mn)	Target Price (Rs)	Rating	P/E (x)				EV/EBITDA (x)				ROE (%)			
							FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
TCS	3,462	146.0	71.0	107.0	3,500	ADD	25.8	24.8	22.7	21.3	17.9	17.0	15.6	14.6	51.2	50.7	52.5	53.1
INFO	1,602	77.6	14.0	141.2	1,750	BUY	24.9	23.3	21.4	20.0	15.7	14.4	13.2	12.2	28.9	28.4	28.4	28.1
HCLT	1,729	54.7	60.0	59.4	1,750	REDUCE	27.0	25.5	23.3	21.7	17.6	16.1	14.7	13.9	25.2	26.0	27.5	28.6
WPRO	266	32.5	72.7	39.0	280	REDUCE	21.2	20.2	19.1	18.3	13.2	12.6	11.7	11.0	16.6	16.2	16.4	16.2
TECHM	1,687	19.3	35.0	37.6	1,600	REDUCE	35.1	27.2	21.8	19.7	20.3	15.9	13.1	11.8	15.8	19.6	23.2	24.3
LTIM	5,317	18.4	68.0	22.1	5,400	ADD	34.3	31.2	26.4	23.8	23.9	21.8	18.8	15.9	21.5	20.9	21.8	21.3
MPHL	2,845	6.3	40.0	18.4	2,950	ADD	31.8	29.4	25.8	23.4	19.6	17.8	16.0	14.5	18.5	18.5	19.8	20.4
COFORGE	1,925	7.5	-	57.5	1,960	ADD	79.2	46.1	37.2	31.1	37.9	22.9	19.2	16.4	16.2	20.5	22.0	22.8
PSYS	6,042	11.0	30.0	40.7	6,000	REDUCE	67.0	52.1	42.4	35.0	44.8	35.1	28.8	23.8	24.9	26.3	27.3	27.9
LTTS	4,402	5.4	73.0	8.5	4,750	ADD	36.8	32.5	26.8	22.7	23.3	20.8	17.1	14.3	22.1	22.0	23.5	24.3
CYL	1,289	1.7	23.0	12.1	1,330	REDUCE	23.2	20.4	17.0	14.6	11.5	10.7	9.0	7.7	13.0	12.8	14.2	15.3
SSOF	410	1.3	28.0	14.2	475	BUY	27.1	24.6	19.0	16.0	16.9	15.8	12.7	10.7	27.3	25.1	27.0	26.5
BSOFT	434	1.4	40.0	9.9	450	ADD	23.3	22.8	18.6	16.6	14.1	13.7	10.9	9.3	15.8	14.5	16.1	16.2
FSOL	375	3.0	53.0	13.1	370	REDUCE	43.9	34.3	26.4	22.5	22.7	18.3	15.0	13.1	15.0	17.7	20.7	21.7
ECLX	3,493	1.9	53.0	2.9	3,950	ADD	30.8	26.1	21.8	18.7	19.4	15.8	13.2	11.1	23.8	25.6	27.0	25.9
ROUTE	1,024	0.8	74.0	2.9	1,250	BUY	20.2	19.0	15.5	14.1	10.5	9.8	8.2	7.2	14.7	13.3	14.7	14.5
QUESS	302	0.5	56.0	2.6	360	ADD	100.8	20.8	17.0	14.2	16.6	14.8	12.3	10.4	10.8	19.5	21.8	23.3
TEAM	2,023	0.4	31.0	1.3	2,050	ADD	31.2	24.4	18.0	14.6	23.6	18.1	13.6	10.8	12.8	14.3	16.5	17.2
AURUM	197	0.2	49.8	0.2	290	BUY	-32.0	-41.5	-93.3	132.0	24.4	19.8	11.6	7.5	-14.7	-10.7	-4.2	3.0

Source: Company, Bloomberg, Emkay Research

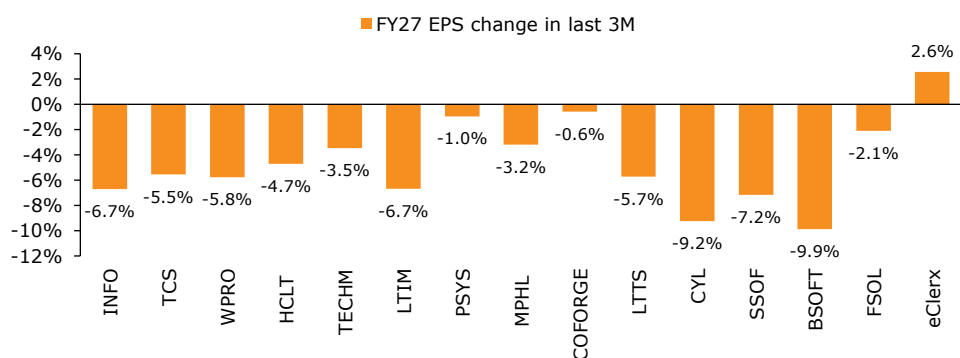
Exhibit 8: Price performance

Index / Stock	CMP (Rs)	Return					Outperformance / Underperformance wrt Nifty				
		1M	3M	6M	1Y	3Y	1M	3M	6M	1Y	3Y
NIFTY 50	25,517	3.1%	8.5%	7.9%	6.3%	61.7%					
NIFTY IT	38,950	4.4%	5.6%	-10.1%	7.7%	39.9%	1%	-3%	-18%	1%	-22%
TCS	3,462	0.0%	-4.0%	-14.1%	-9.9%	6.0%	-3%	-12%	-22%	-16%	-56%
INFO	1,602	2.5%	2.0%	-14.8%	2.2%	9.6%	-1%	-7%	-23%	-4%	-52%
WPRO	266	6.5%	1.4%	-11.9%	3.3%	27.9%	3%	-7%	-20%	-3%	-34%
HCLT	1,729	5.6%	8.5%	-9.5%	18.8%	77.6%	3%	0%	-17%	13%	16%
TECHM	1,687	7.2%	18.9%	-1.1%	17.9%	68.7%	4%	10%	-9%	12%	7%
LTIM	5,317	4.9%	18.4%	-4.8%	-1.3%	33.7%	2%	10%	-13%	-8%	-28%
MPHL	2,845	11.2%	13.8%	-0.1%	15.8%	24.0%	8%	5%	-8%	10%	-38%
PSYS	6,042	7.2%	9.6%	-6.4%	42.4%	255.2%	4%	1%	-14%	36%	193%
COFORGE	1,925	12.5%	18.7%	-0.4%	76.3%	171.9%	9%	10%	-8%	70%	110%
LTTS	4,402	0.8%	-2.2%	-7.1%	-10.3%	45.2%	-2%	-11%	-15%	-17%	-16%
CYL	1,289	-4.3%	1.9%	-29.9%	-29.9%	70.3%	-7%	-7%	-38%	-36%	9%
SSOF	410	0.2%	18.6%	-31.6%	-30.8%	63.3%	-3%	10%	-40%	-37%	2%
BSOFT	434	8.2%	11.8%	-22.6%	-37.2%	22.7%	5%	3%	-31%	-43%	-39%
FSOL	375	0.9%	10.1%	-0.4%	78.4%	264.1%	-2%	2%	-8%	72%	202%
ECLX	3,493	-1.4%	25.8%	0.3%	44.4%	172.9%	-4%	17%	-8%	38%	111%
ROUTE	1,024	7.8%	9.8%	-26.5%	-43.9%	-17.6%	5%	1%	-34%	-50%	-79%
QUESS	302	-3.7%	-5.2%	-6.7%	2.6%	0.6%	-7%	-14%	-15%	-4%	-61%
TEAM	2,023	3.4%	11.8%	-31.0%	-31.6%	-37.5%	0%	3%	-39%	-38%	-99%
AURUM	197	-2.1%	21.1%	-16.7%	27.5%	149.6%	-5%	13%	-25%	21%	88%

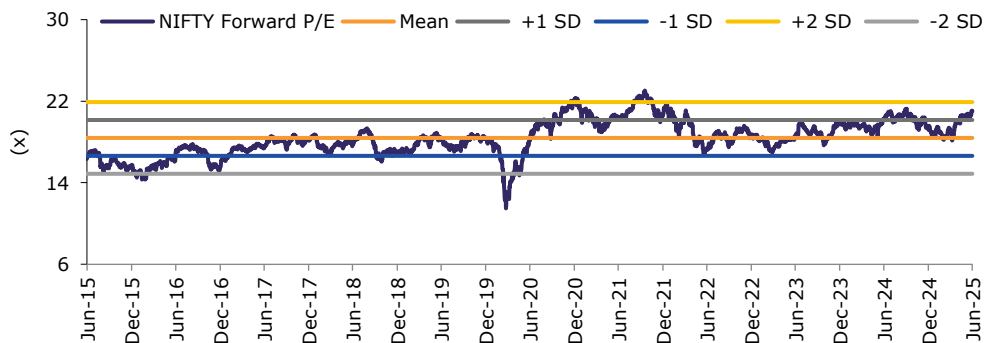
Source: Bloomberg, Emkay Research

Exhibit 9: Consensus estimates (FY26 EPS) – Changes in the past 3 months

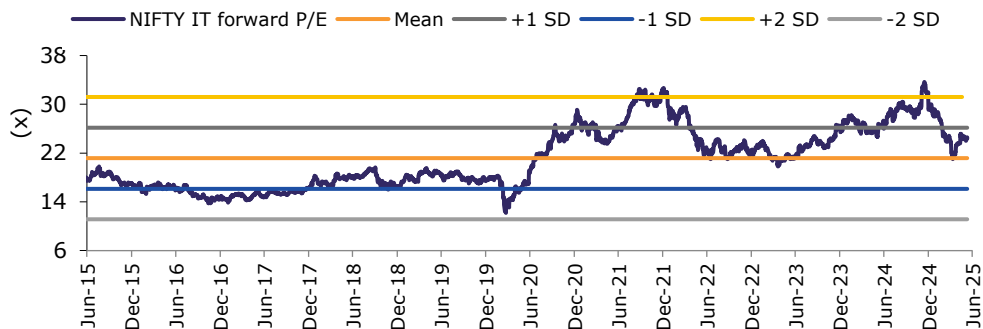
Source: Bloomberg, Emkay Research

Exhibit 10: Consensus estimates (FY27 EPS) – Changes in the past 3 months

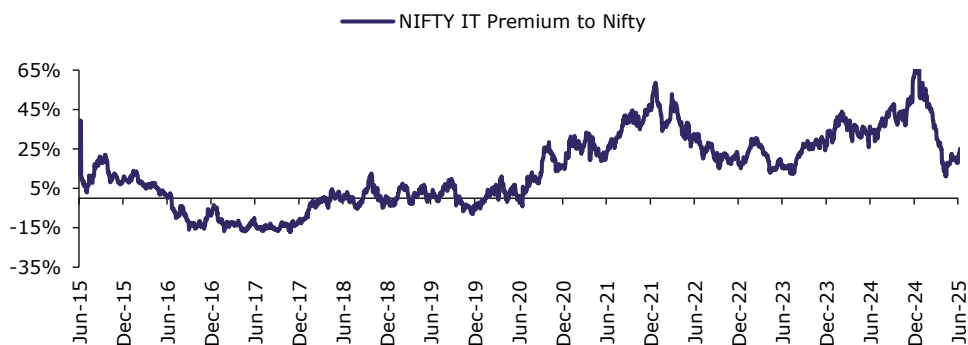
Source: Bloomberg, Emkay Research

Exhibit 11: NIFTY – One-year forward P/E is currently trading a tad below the mean+2SD

Source: Bloomberg, Emkay Research

Exhibit 12: NIFTY IT – One-year forward P/E is currently trading below the mean+1SD

Source: Bloomberg, Emkay Research

Exhibit 13: NIFTY IT's valuation premium has dropped in the last 3 months

Source: Bloomberg, Emkay Research

Exhibit 14: Deals signed during Q1FY26...

Customer	Company	Deal size (USD mn)	Deal duration (no of years)	Geography	Deal structure
PHINIA	LTIMindtree	Not disclosed	Not disclosed	USA	PHINIA is a global, market-leading premium fuel systems, electrical systems and aftermarket solutions and components provider. Through this partnership, LTIMindtree will provide seamless support and transformation of PHINIA's IT infrastructure, while enhancing application maintenance and development services. As a part of this partnership, LTIMindtree will leverage the power of AI as well as automation tools to assist PHINIA with managing operational risk and reducing application complexity while enabling business efficiency and agility through AI led IT transformation.
AIB	Infosys	Not disclosed	Not disclosed	Ireland	Infosys announced it is extending its strategic collaboration with AIB, a financial services group operating predominantly in the Republic of Ireland and the UK. Building further on its 10-year relationship, Infosys will take on a renewed and expanded role to support AIB as it further accelerates its transformation initiatives and delivers support and value to its customers and stakeholders.
Spark New Zealand (Spark)	Infosys	Not disclosed	Not disclosed	New Zealand	Infosys and Spark New Zealand (Spark), New Zealand's largest telecommunications and digital services company, recently announced a strategic agreement that will support the transformation of Spark's technology delivery model through digital innovation. Leveraging Infosys Topaz, an AI-first set of services, solutions, and platforms using generative AI technologies, and Infosys Cobalt, a set of services, solutions and platforms for enterprises to accelerate their cloud journey, the collaboration will contribute to reduced IT operating costs while accelerating Spark's strategy of enabling digital and AI-driven customer experiences.
ICICI Securities	TCS	Not disclosed	Not disclosed	India	TCS has partnered with ICICI Securities to modernize its industry leading retail trading and brokerage platform. Through this collaboration, TCS aims to deliver a scalable, high-performance trading solution for ICICI Securities customers, driving innovation in India's capital markets. As part of this initiative, TCS will deploy the Trading solution of TCS BaNCS, a market leader in the Indian brokerage segment.
Vorwerk	Wipro	Not disclosed	5 years	Germany	Wipro announced its selection by Vorwerk, the number one direct sales company in Europe and the world-leading direct seller of high-quality household appliances, to manage and transform the company's IT landscape. In the five-year engagement, Wipro will future-proof Vorwerk's IT infrastructure, by harnessing its AI-powered infrastructure operations solution focused on enabling enterprise transformations of this scale.
US-based TMT company	Sonata Software	USD73mn	5 years	USA	Sonata Software announced a landmark USD73million, five-year transformational engagement with a major US-based company in the Technology, Media, and Telecom (TMT) sector. This multi-year partnership marks a pivotal step in the client's digital strategy to enhance global scalability, accelerate innovation, and optimize IT operations through a strategic, AI-first outsourcing model. Sonata was chosen as the partner because of its deep engineering expertise, nimble delivery model, and proven track record in driving AI-powered business transformation.
Yorkshire Building Society	Infosys	Not disclosed	Not disclosed	UK	Infosys announced a strategic collaboration with Yorkshire Building Society, one of the largest member-owned financial institutions in the UK, to accelerate its digital transformation. As part of the engagement, Infosys will help Yorkshire Building Society deliver a mobile-first, data enabled, and efficient banking experience for their mortgage, commercial, and savings members.
Jazeera Airways	TCS	Not disclosed	Not disclosed	Kuwait	TCS has partnered with Jazeera Airways, Kuwait's leading low-cost carrier, to drive the next phase of its digital transformation. By leveraging TCS' expertise in agentic AI and platform engineering, Jazeera Airways aims to unlock new revenue streams, enhance its digital channels, and deliver hyper-personalized customer experiences, positioning itself at the forefront of innovation and customer-centric transformation in the aviation sector.
Taylor Wimpey	HCL Tech	Not disclosed	Not disclosed	UK	HCLTech announced that it had been selected as an end-to-end IT services partner by Taylor Wimpey, one of the UK's largest residential developers. As part of the multi-year collaboration, HCLTech will deploy a comprehensive suite of IT services to modernize Taylor Wimpey's IT landscape. These will include data services, AI capabilities, application and infrastructure management, network services, cyber security and workplace solutions. By leveraging GenAI capabilities including HCLTech AI Force, Taylor Wimpey will accelerate its software development cycle to enhance productivity, improve quality and elevate user experiences. HCLTech will also automate infrastructure and end-user services, further streamlining operations and improving efficiency.

Source: Company, Emkay Research

Exhibit 15: ...(contd)...Deals signed during Q1FY26...

Customer	Company	Deal size (USD mn)	Deal duration (no of years)	Geography	Deal structure
Dhofar Insurance Company	TCS	Not disclosed	Not disclosed	Oman	TCS has partnered with Dhofar Insurance Company (DIC), the largest insurance enterprise in Oman. DIC will implement TCS's flagship offering, TCS BaNCS for Insurance, as part of its long-term growth and transformation program. As part of the collaboration, TCS will accelerate DIC's digital transformation journey, by setting up a modern insurance platform with next-gen technologies and improve customer and advisor experience across its key business offerings including life, medical, general and motor insurance. TCS will help DIC harmonize several existing product lines and drive business agility while rolling out new products.
Global agribusiness leader	LTIMindtree	USD 450 mn	7 years	USA	LTIMindtree today announced a strategic agreement with a leader in the global agribusiness sector. This is the largest deal in the history of LTIMindtree, valued at USD450million across seven years. As part of this deal, LTIMindtree will implement an AI-powered operating model to deliver application management, infrastructure support, and cybersecurity services. This comprehensive suite of future-ready IT services, built on platforms such as SAP S/4HANA, ServiceNow, Microsoft Azure, as well as proprietary AI frameworks are aimed at enhancing the client's operational efficiency, scalability, and global growth.
Khan Bank	TCS	Not disclosed	Not disclosed	Mongolia	TCS has entered a strategic alliance with Mongolia's Khan Bank to help modernize its core digital banking platform and transform its banking operations. Leveraging the flagship TCS BaNCS Global Banking Platform (GBP), Khan Bank is set to embark on a digital transformation program to streamline processes, improve efficiency, and enhance customer experience.
Hachette UK	Wipro	Not disclosed	Not disclosed	UK	Wipro announced a digital transformation partnership with Hachette UK (HUK), a leading publishing group based in the United Kingdom. Wipro will help modernize Hachette UK's IT infrastructure through the implementation of SAP S/4HANA. This adoption of the SAP S/4HANA system, delivered on RISE with SAP, will allow HUK to transform its finance operations and core enterprise applications, providing increased agility and speed and significantly enhancing source-to-pay operations.
DNB Bank ASA	Infosys	Not disclosed	Not disclosed	Norway	Infosys announced an expansion of its strategic collaboration with DNB Bank ASA (DNB), Norway's largest bank, to accelerate the bank's digital transformation. The collaboration will leverage Infosys' services, solutions, and platforms, including the Infosys Finacle platform to accelerate their IT modernization journey, improve resilience, and deliver enhanced customer experience.
Bank of Sydney(BoS)	Infosys	Not disclosed	Not disclosed	Australia	Infosys announced the bank's decision to select the Infosys Finacle Digital Banking Suite to power its transformation. Through this strategic collaboration, Bank of Sydney aims to deliver a best-in-class staff and customer experience, reduce cost and complexity through automation and digitization, and position itself strongly for future growth.
DNA	TCS	Not disclosed	5 years	Finland	TCS has announced a five-year partnership with DNA, one of Finland's leading telecommunications providers, to accelerate its cloud transformation program. Under the agreement, TCS will lead the migration of up to 80% of DNA's enterprise applications to the public cloud by CY30. Building on the successful 17-year collaboration between TCS and DNA, this partnership is designed to enhance customer experience, drive operational efficiency, and deliver significant cost optimization.
E.ON	Infosys	Not disclosed	Not disclosed	Germany	Infosys announced a strategic collaboration with E.ON, one of Europe's largest energy companies with business in energy networks, energy infrastructure solutions, and retail. This collaboration will help create an experience-led, data-driven, sustainability-focused digital workplace ecosystem, facilitating E.ON's transition to a full stack digital energy company that will aim to realize business value through AI.
Virgin Atlantic	TCS	Not disclosed	Not disclosed	UK	TCS has expanded its two-decade-long strategic partnership with Virgin Atlantic, a premium long haul UK airline, to accelerate its digital transformation journey. Under this renewed seven-year agreement, the two organizations will deepen their collaboration to strengthen the technological foundations of Virgin Atlantic, enable modern airline retailing, deliver greater operational resilience, and enhance customer experience. As part of this long-term engagement, TCS will modernize Virgin Atlantic's core technology operations by implementing a cloud-first, AI-powered digital core that enhances business agility, improves resilience of systems, and allows for higher scale of operations.
Entrust	Wipro	Not disclosed	2 years	USA	Wipro has won a multiyear deal with Entrust, a global leader in identity-centric security solutions, where Wipro will provide strategic resources, scale, and agility to help Entrust accelerate its growth. Wipro will utilize cutting-edge industry practices to assist Entrust in product development, infrastructure, and application modernization. Wipro will deploy Gen AI-powered solutions to redefine self-service, resulting in improved user experiences, swift query resolution, and reduced support response times. Additionally, the Wipro team will bolster application security by integrating advanced analytics to proactively identify vulnerabilities and offer actionable insights for intelligent software development.

Source: Company, Emkay Research

Exhibit 16: ...(contd)...Deals signed during Q1FY26...

Customer	Company	Deal size (USD mn)	Deal duration (no of years)	Geography	Deal structure
Tennant Company	LTTS	Not disclosed	Not disclosed	USA	LTTS has signed a strategic agreement with Tennant Company, a world leader in sustainable cleaning solutions. As part of the agreement, LTTS will set up a dedicated state-of-the-art Offshore Development Center (ODC) with a scalable engineering team to support Tennant's efforts across New Product Development, product Life Cycle Management, and key business functions.
Standard Insurance Company	HCL Tech	Not disclosed	Not disclosed	USA	HCLTech announced expansion of its partnership with Standard Insurance Company (The Standard), a leading provider of financial protection products and services for employers and individuals. This expanded partnership with The Standard will deliver AI-driven infrastructure and application services to boost efficiency, support rapid growth and enhance customer experience. This collaboration will also accelerate The Standard's shift to an IT products and services-based operating model, enabling greater agility, customer value and progress toward the company's long-term digital transformation goals.
Metro AG	Wipro	Not disclosed	2 years	Germany	Wipro announced extending its partnership with Metro AG, an international food wholesaler, by two years. Per the renewed agreement, Wipro will continue to provide Metro with integrated digital services across cloud, data, application development, and AI-enabled IT support services.
Volvo Cars	HCL Tech	Not disclosed	Not disclosed	Sweden	HCLTech announced that Volvo Cars has chosen HCLTech as one of its strategic suppliers for engineering services. Volvo Cars has been at the forefront of automotive innovation for many years and has set out to shape the future of mobility with strong ambitions on sustainable growth, as it seeks to offer clients the freedom to move in a personal, sustainable, and safe manner. The strategic collaboration will see the company support Volvo Cars's engineering future ambitions from its automotive Centre of Excellence in Gothenburg, as well as its global offshore and nearshore delivery centers.
E.ON	HCL Tech	Not disclosed	Not disclosed	Germany	HCLTech recently announced a strategic partnership with E.ON, one of Europe's largest energy companies. This makes HCLTech a key partner for the continuous cloud journey of E.ON. Under the new multi-year agreement, HCLTech will establish a new private cloud and provide cloud and network management across the hyperscalers of E.ON globally. HCLTech will leverage its solutions like AI Force to enable E.ON to scale hyper-automation and enhance cloud and network maturity to accelerate its DevOps-led, product-based transformation. The collaboration will enable E.ON adopt predictive operations, enhance efficiency, foster innovation and respond swiftly to evolving market demands.
Council of Europe Development Bank (CEB)	TCS	Not disclosed	Not disclosed	France	TCS has partnered with the Council of Europe Development Bank (CEB) to modernize its operations and drive greater efficiency. As part of this collaboration, TCS will deploy TCS BaNCSTM for Reconciliations to help the bank streamline complex transactions and automate key reconciliation processes using artificial intelligence and automation. With the implementation of TCS BaNCS for Reconciliations, the CEB will be able to automate the entire reconciliation lifecycle—from transaction matching and exception handling to investigation and reporting. The product will provide real-time visibility and greater transparency, while reducing manual effort and turnaround times.
Salling Group	TCS	Not disclosed	Not disclosed	Denmark	TCS has entered a long-term, strategic partnership with Salling Group to drive sustainability, technology innovations and improve organizational efficiency. The collaboration will cover Salling Group's 2,100 stores, brands, and 68,000 employees across Denmark, Poland, Germany, Estonia, Lithuania, and Latvia including BR (a nationwide toy store chain), franchise quick-service restaurants Carl's Jr and Starbucks, and grocers foteX, Bilka, Netto, and RIMI Baltic. As part of this partnership, TCS will help the Salling Group's cloud adoption journey and subsequently stabilize the operations with the aim to drive more agility, scalability, and sustainability.
ASISA	HCL Tech	Not disclosed	Not disclosed	Spain	HCLTech has been selected by ASISA, a prominent health insurance provider in Spain, as its strategic IT partner to accelerate business transformation and expansion in Iberia. This partnership aims to accelerate ASISA's digital transformation journey to enhance the experience for its 2.2 million customers and position the company at the forefront of innovation in the region. HCLTech will modernize ASISA's IT platforms and leverage AI-based solutions to enhance business efficiency. The comprehensive mainframe modernization and solutions from HCLTech will enable ASISA create a more agile, responsive IT infrastructure.
Just Energy	HCL Tech	Not disclosed	Not disclosed	Canada	HCLTech announced that it has been selected by Just Energy, a leading US-based energy supply company, to enhance Just Energy's operations and customer experience. HCLTech will leverage its integrated Digital Process Outsourcing solutions suite and GenAI platform AI Force to enhance operational efficiency across Just Energy's IT, finance, analytics, customer care, sales and renewals functions.
Zoetis	Infosys	Not disclosed	Not disclosed	USA	Infosys announced a strategic collaboration with Zoetis, the world's leading animal health company. This long-term engagement aims to enhance Zoetis's IT operations and digital capabilities by integrating advanced AI solutions and automation services, providing greater agility to respond to evolving business landscape and customer needs.
Global energy major	LTTS	USD50mn	5 years	Not Disclosed	LTTS announced that its Sustainability segment has been selected by one of the world's leading energy companies as its exclusive global engineering partner for Enterprise Data and Digital Services. The five-year agreement, valued at over USD50million, underscores the client's long-term commitment to sustainability, innovation and digital transformation. This strategic partnership builds on a trusted relationship between the Client and LTTS spanning over a decade.

Source: Company, Emkay Research

Exhibit 17: Emkay's IT universe – Q1FY26 preview...

Name (Results date)			Jun-25	Mar-25	Jun-24	YoY chg	QoQ chg	Comments
TCS (10-Jul-25)								We expect 1.2% QoQ USD revenue growth after factoring in the 220bps cross currency tailwinds. EBIT margin is likely to be flattish QoQ owing to lower utilization due to slower revenue growth negated by operating efficiencies and lower revenue contribution from BSNL. Key things to watch: 1) CY25 IT budget, possibility of growth uptick, and discretionary spending recovery in H2CY25; 2) any change in projects ramp-up, deferment, cancellation trend with increased macro and geopolitical uncertainties; 3) demand trends in key verticals like BFSI, Retail, Hi Tech, Manufacturing, and Communications; 4) deal intake and deal pipeline (including AI/Gen AI). 5) pricing environment; 6) margin outlook; 7) management commentary on demand environment across geographies; 8) hiring plan including freshers; 9) update on deal signing and revenue conversion on the recent Rs29bn APO from BSNL.
CMP (Rs)	3,462	Net Sales (Rs mn)	648,589	644,790	626,130	3.6%	0.6%	
Mkt Cap (Rs bn)	12,526	EBITDA (Rs mn)	171,228	169,800	166,620	2.8%	0.8%	
Reco	ADD	EBITDA Margin (%)	26.4	26.3	26.6	-21bps	7bps	
Target Price (Rs)	3,500	PAT (Rs mn)	122,500	122,240	120,400	1.7%	0.2%	
Upside	1%	EPS (Rs)	33.9	33.8	33.3	1.7%	0.2%	
Infosys (23-Jul-25)								We expect 3.7% QoQ USD revenue growth after factoring in the 170bps cross currency tailwinds. BIT margin is expected to be flattish sequentially. Key monitorables: 1) FY26 guidance: we expect the company to narrow its revenue growth guidance to 1-3% CC YoY (earlier 0-3%), while retaining EBITM guidance of 20-22%; 2) large deals intake with share in the net new deal intake; 3) update on discretionary spending and flow of smaller deals; 4) demand environment across geographies; 5) management commentary on i) CY25 technology budget, spending behaviour by clients amid increased macro uncertainties, and possibility of discretionary spending uptick in H2; ii) any change in projects ramp-up, deferment, cancellation trend, with increased macro and geopolitical uncertainties; iii) demand environment in BFSI, Hitech, Manufacturing, Retail, and Communications; iv) pricing environment; v) deal pipeline, pace of decision making, and deal closure momentum, vi) hiring plan.
CMP (Rs)	1,602	Net Sales (Rs mn)	419,869	409,250	393,150	6.8%	2.6%	
Mkt Cap (Rs bn)	6,654	EBITDA (Rs mn)	100,609	98,740	94,370	6.6%	1.9%	
Reco	BUY	EBITDA Margin (%)	24.0	24.1	24.0	-4bps	-17bps	
Target Price (Rs)	1,750	PAT (Rs mn)	67,989	70,330	63,680	6.8%	-3.3%	
Upside	9%	EPS (Rs)	16.4	16.9	15.3	6.7%	-3.3%	
Wipro								We expect 0.4% sequential USD revenue decline in the IT Services segment, after factoring in the 160bps cross currency tailwinds. Wipro had given guidance for revenue growth to range at -1.5% to -3.5% QoQ in CC terms. We expect IT Services EBITM to decline by 20bps sequentially. Key things to look out for: 1) Q2FY26 outlook: we expect -1 to 1% revenue growth guidance; 2) Management commentary on i) CY25 IT budget and any impact on client spending behaviour due to increased macro uncertainties, ii) demand trends in key verticals like BFSI, Consumer, Communications, Technology, Manufacturing, Healthcare, and E&U, iii) Capco/consulting business growth momentum and any signs of improvement in discretionary spending in H2, iv) attrition trends and hiring plan, v) deal intake/pipeline, trends seen in leakage in base business, update on ramp-ups of recently won large deals (including Phoenix deal), f) change in deal pipeline composition in terms of cost takeouts vs discretionary/transformational spends and the company's ability to participate effectively to retain/capture wallet share.
CMP (Rs)	266	Net Sales (Rs mn)	221,840	225,042	219,638	1.0%	-1.4%	
Mkt Cap (Rs bn)	2,788	EBITDA (Rs mn)	45,758	46,080	43,564	5.0%	-0.7%	
Reco	REDUCE	EBITDA Margin (%)	20.6	20.5	19.8	79bps	15bps	
Target Price (Rs)	280	PAT (Rs mn)	33,906	35,696	30,032	12.9%	-5.0%	
Upside	5%	EPS (Rs)	3.2	3.4	5.7	-43.6%	-5.0%	

Source: Company, Emkay Research

Exhibit 18: ...(contd) Emkay's IT universe – Q1FY26 preview...

Name (Results date)			Jun-25	Mar-25	Jun-24	YoY chg	QoQ chg	Comments
HCL Tech (14-Jul-25)								We build in 1.4% QoQ USD revenue growth after factoring in the 200bps cross currency tailwinds. Seasonality of productivity benefits pass-on is expected to weigh on sequential growth in services revenue in Q1. We expect EBIT margin to be flattish sequentially. Things to watch: 1) FY26 outlook – we expect the company to narrow its revenue growth guidance to 3-5% CC (earlier 3-6%) while retaining its 18-19% EBITM guidance; 2) CY25 IT budget and any impact on clients' spending behaviour due to increased macro and geopolitical uncertainties; 3) Deal wins, deal pipeline and pace of deal closures; 4) growth outlook for ER&D and Software businesses; 5) Demand outlook for major verticals like BFSI, Manufacturing, Technology, Communications, Retail, and Healthcare; 6) pricing environment; 7) Progress on AI Force platform deployment across clients; and 8) Hiring plan and attrition trends.
CMP (Rs)	1,729	Net Sales (Rs mn)	303,490	302,460	280,570	8.2%	0.3%	
Mkt Cap (Rs bn)	4,691	EBITDA (Rs mn)	64,947	64,820	57,930	12.1%	0.2%	
Reco	REDUCE	EBITDA Margin (%)	21.4	21.4	20.6	75bps	-3bps	
Target Price (Rs)	1,750	PAT (Rs mn)	43,238	43,070	42,570	1.6%	0.4%	
%Upside	1%	EPS (Rs)	15.9	15.9	15.7	1.6%	0.4%	
Tech Mahindra								We expect USD revenue to grow 1.5% QoQ after factoring in the 180bps cross currency tailwinds. We believe EBIT margin would expand by 80bps sequentially. Key things to watch: 1) FY26 growth and margin aspirations; 2) CY25 IT budget and any impact from increased macro uncertainties on clients' confidence and discretionary spending; 3) CME and Enterprise business outlook; 4) Demand trends across major verticals in the Enterprise business; 5) Deal intake/pipeline and deal closure momentum; 6) Hiring plan and attrition trends; and 7) Pricing.
CMP (Rs)	1,687	Net Sales (Rs mn)	134,515	133,840	130,055	3.4%	0.5%	
Mkt Cap (Rs bn)	1,652	EBITDA (Rs mn)	19,908	18,674	15,645	27.3%	6.6%	
Reco	REDUCE	EBITDA Margin (%)	14.8	14.0	12.0	277bps	85bps	
Target Price (Rs)	1,600	PAT (Rs mn)	11,923	11,940	8,515	40.0%	-0.1%	
Upside	-5%	EPS (Rs)	13.5	13.5	9.6	40.0%	-0.1%	
LTIMindtree (17-Jul-25)								We expect 1.9% QoQ USD revenue growth after factoring in the 90bps cross currency tailwinds. EBIT margin is expected to expand by 70bps sequentially on the back of operating efficiencies. Things to look out for: 1) FY26 revenue and margin outlook, 2) Management commentary on the CY25 IT budget, client conversations amid elevated macro and geopolitical uncertainties, and possibility of recovery in discretionary spending in H2, 3) deal intake and pipeline, 4) growth outlook in Hi-tech – top account and non-top accounts, 5) Demand outlook across BFSI (update on insourcing plan at a large account), Travel, RCM, E&U, 6) Ramp up plan for the recently announced USD450mn large deal, and 7) Hiring plan and attrition trends.
CMP (Rs)	5,317	Net Sales (Rs mn)	98,653	97,717	91,426	7.9%	1.0%	
Mkt Cap (Rs bn)	1,576	EBITDA (Rs mn)	16,771	15,962	16,061	4.4%	5.1%	
Reco	ADD	EBITDA Margin (%)	17.0	16.3	17.6	-57bps	67bps	
Target Price (Rs)	5,400	PAT (Rs mn)	11,864	11,285	11,338	4.6%	5.1%	
Upside	2%	EPS (Rs)	40.0	38.1	38.3	4.6%	5.1%	

Source: Company, Emkay Research

This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions.com) use and downloaded a

Exhibit 19: ...(contd) Emkay's IT universe – Q1FY26 preview...

Name (Results date)			Jun-25	Mar-25	Jun-24	YoY chg	QoQ chg	Comments
Mphasis (24-Jul-25)								We expect 1.8% net USD revenue growth after factoring in the 70bps cross currency tailwinds. We expect EBIT margins to improve by 10bps sequentially. Things to watch: 1) management commentary on the CY25 IT budget, pace of deal pipeline conversion and deal-to-revenue conversion. 2) Outlook for the Digital Risk/mortgage and DXC business. 3) Possibility of uptick in discretionary spending recovery and overall growth uptick in H2FY26. 4) Order booking, deal pipeline, and pace of deal closure. 5) Growth outlook across the BFS, Insurance, High tech, and Logistics verticals. 6) Account specific issues, if any, in the top-20 accounts. 7) Progress on growing non-top 10 clients.
CMP (Rs)	2,845	Net Sales (Rs mn)	37,428	37,101	34,225	9.4%	0.9%	
Mkt Cap (Rs bn)	541	EBITDA (Rs mn)	6,999	7,026	6,185	13.2%	-0.4%	
Reco	ADD	EBITDA Margin (%)	18.7	18.9	18.1	63bps	-24bps	
Target Price (Rs)	2,950	PAT (Rs mn)	4,414	4,466	4,044	9.1%	-1.2%	
Upside	4%	EPS (Rs)	23.2	23.5	21.4	8.6%	-1.2%	
Coforge (23-Jul-25)								We expect 8.8% QoQ USD revenue growth after factoring in the 180bps cross currency tailwinds. EBITM is expected to improve by 50bps QoQ. Key things to look out for: 1) FY26 revenue and margin outlook. 2) Order bookings, growth in the NTM executable order book and deal pipeline. 3) Update on Cigniti merger timelines. 4) Demand trends across BFS, Insurance, Manufacturing, and Travel verticals. 5) Management commentary on a) CY25 IT budget, b) Impact of US tariff, c) Capital allocation, d) Hiring plan and attrition trends, and e) Update on medium term revenue target of USD2bn and 150-250bps margin expansion.
CMP (Rs)	1,925	Net Sales (Rs mn)	37,580	34,099	24,008	56.5%	10.2%	
Mkt Cap (Rs bn)	644	EBITDA (Rs mn)	6,501	5,748	4,087	59.1%	13.1%	
Reco	ADD	EBITDA Margin (%)	17.3	16.9	17.0	28bps	44bps	
Target Price (Rs)	1,960	PAT (Rs mn)	3,243	2,873	2,285	41.9%	12.9%	
Upside	2%	EPS (Rs)	9.7	39.1	20.0	-51.4%	-75.2%	
Persistent Systems (23-Jul-25)								We expect a 5% QoQ USD revenue growth, factoring in the 60bps cross currency tailwind. We expect EBITM to decline by 20bps sequentially owing to visa costs and absence of earn-out reversals benefit. Things to watch: 1) FY26 revenue growth and margin outlook, 2) management commentary on recovery in discretionary spending, CY25 IT budget and impact of increased macro and geopolitical uncertainties on tech spending and pace of decision making, 3) deal intake and pipeline, 4) Demand trends across BFSI, Healthcare and Technology verticals, 5) Outlook on major clients, 6) M&A focus areas, and 7) Hiring plan and attrition trends.
CMP (Rs)	6,042	Net Sales (Rs mn)	33,723	32,421	27,372	23.2%	4.0%	
Mkt Cap (Rs bn)	945	EBITDA (Rs mn)	6,060	5,844	4,552	33.1%	3.7%	
Reco	REDUCE	EBITDA Margin (%)	18.0	18.0	16.6	134bps	-6bps	
Target Price (Rs)	6,000	PAT (Rs mn)	4,161	3,958	3,064	35.8%	5.1%	
Upside	-1%	EPS (Rs)	26.7	25.4	19.9	34.2%	5.1%	

Source: Company, Emkay Research

Exhibit 20: ...(contd) Emkay's IT universe – Q1FY26 preview...

Name (Results date)			Jun-25	Mar-25	Jun-24	YoY chg	QoQ chg	Comments
L&T Technology Services (16-Jul-25)								We expect 1.1% QoQ decline in USD revenue due to SWC seasonality and softness in mobility, and after factoring in the 140bps cross currency tailwind. We expect margins to improve by 30bps sequentially. Key things to look out for: 1) FY26 revenue growth and margin guidance - We expect the company to retain double-digit revenue growth guidance and guidance of reaching ~16.5% EBITM by Q1FY28. 2) Growth outlook across verticals. 3) CY25 IT budget and likely impact from elevated macro and geopolitical uncertainties on deal decision making and revenue conversion. 4) Deal intake and pipeline trends. 5) Expected revenue growth synergies benefits from the Intelliswift acquisition. 6) Hiring plan.
CMP (Rs)	4,402	Net Sales (Rs mn)	29,229	29,824	24,619	18.7%	-2.0%	
Mkt Cap (Rs bn)	467	EBITDA (Rs mn)	4,764	4,755	4,562	4.4%	0.2%	
Reco	ADD	EBITDA Margin (%)	16.3	15.9	18.5	-223bps	36bps	
Target Price (Rs)	4,750	PAT (Rs mn)	3,259	3,111	3,136	3.9%	4.8%	
% Upside	8%	EPS (Rs)	30.8	29.4	29.7	3.8%	4.7%	
Cyient								We expect flattish USD revenue in the DET business after factoring in the 210bps cross currency tailwinds. Overall revenue is expected to decline 5% in USD terms, on sequential basis. DET's EBITM is expected to expand by 30bps QoQ. Overall EBITM is expected to decline by 20bps sequentially. Things to watch: 1) FY26 revenue and margin outlook for the DET business. 2) Steps taken to improve execution. 3) Management commentary on CY25 ER&D budget across major clients and overall ER&D spending. 4) Deal intake and pipeline. 5) Demand outlook across Connectivity, Transportation, Sustainability, and new growth areas. 6) Progress made on scaling the semiconductor business. 7) Hiring plan and attrition trends.
CMP (Rs)	1,289	Net Sales (Rs mn)	17,919	19,092	16,757	6.9%	-6.1%	
Mkt Cap (Rs bn)	143	EBITDA (Rs mn)	2,826	3,029	2,651	6.6%	-6.7%	
Reco	REDUCE	EBITDA Margin (%)	15.8	15.9	15.8	-5bps	-10bps	
Target Price (Rs)	1,330	PAT (Rs mn)	1,636	1,706	1,439	13.7%	-4.1%	
Upside	3%	EPS (Rs)	14.7	15.4	13.0	13.5%	-4.1%	
Sonata Software								We expect 1% QoQ USD revenue growth in the IITS business after factoring in the 80bps cross currency tailwinds. The IITS EBITDAM is expected to expand by 50bps QoQ. Overall EBITM is expected to decline by 10bps sequentially. Things to watch: 1) Management commentary on the CY25 IT budget, recovery in discretionary spending, Q2FY26 growth outlook, and medium-term growth aspiration in the IITS and domestic business. 2) Growth outlook across the BFSI, RMD, TMT, and HLS verticals. 3) Quant business performance and update on earnout payment on term extension. 4) Deal intake and pipeline. 5) M&A focus areas. 6) Outlook on the top client and other major clients in IITS. 7) Implication of change in the Microsoft Enterprise licensing agreement wef Jan-25, on account of profit growth in the domestic business.
CMP (Rs)	410	Net Sales (Rs mn)	27,318	26,172	25,274	8.1%	4.4%	
Mkt Cap (Rs bn)	115	EBITDA (Rs mn)	1,805	1,727	1,762	2.5%	4.6%	
Reco	BUY	EBITDA Margin (%)	6.6	6.6	7.0	-36bps	1bps	
Target Price (Rs)	475	PAT (Rs mn)	1,133	1,075	1,056	7.3%	5.4%	
Upside	16%	EPS (Rs)	4.1	3.9	3.8	7.1%	5.4%	

Source: Company, Emkay Research

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Exhibit 21: ...(contd) Emkay's IT universe – Q1FY26 preview...

Name (Results date)			Jun-25	Mar-25	Jun-24	YoY chg	QoQ chg	Comments
Birlasoft								We expect 1.1% USD revenue decline on sequential basis after factoring in the 40bps cross currency tailwinds. EBIT margins expected to decline by 60bps sequentially. Key things to watch: 1) FY26 revenue growth and margin outlook after a tough FY25, 2) CY25 IT budget and demand trends across top clients, 3) Impact from elevated macro and geopolitical uncertainties on demand, pace of deal closures, and deal to revenue conversion, 4) Order wins during the quarter and deal pipeline, 5) Demand trends in the enterprise solutions business, 6) outlook for key industries like Manufacturing, Life Sciences, BFSI, and E&U, 7) Growth outlook in the Infra business, and 8) Hiring plan and attrition trends.
CMP (Rs)	434	Net Sales (Rs mn)	12,885	13,169	13,274	-2.9%	-2.2%	
Mkt Cap (Rs bn)	120	EBITDA (Rs mn)	1,636	1,736	1,951	-16.1%	-5.7%	
Reco	ADD	EBITDA Margin (%)	12.7	13.2	14.7	-200bps	-48bps	
Target Price (Rs)	450	PAT (Rs mn)	1,248	1,221	1,502	-16.9%	2.2%	
Upside	4%	EPS (Rs)	4.5	4.4	5.4	-16.9%	2.2%	
Firstsource Solutions (30-Jul-25)								We build in 4.7% USD revenue growth, factoring in the 190bps cross currency tailwinds. EBIT margins are expected to improve by 40bps sequentially. Key things to look out for: 1) FY26 revenue and margin outlook – expect the company to retain revenue growth guidance of 12-15% in constant currency terms and EBITM guidance of 11.25-12%, 2) Progress on driving synergy benefits with Ascensos, 3) Gen AI impact on growth prospects and severity of impact across segments, 4) Outlook on Mortgage, Provider, Payer, and Collections business, 5) Demand trends and outlook in BFS, CMT and Healthcare verticals, 6) Impact from elevated macro and geopolitical uncertainties on demand, pace of deal closures and deal to revenue conversion, and 7) Deal intake and deal pipeline momentum.
CMP (Rs)	375	Net Sales (Rs mn)	22,357	21,615	17,911	24.8%	3.4%	
Mkt Cap (Rs bn)	261	EBITDA (Rs mn)	3,518	3,328	2,699	30.4%	5.7%	
Reco	REDUCE	EBITDA Margin (%)	15.7	15.4	15.1	67bps	34bps	
Target Price (Rs)	370	PAT (Rs mn)	1,779	1,607	1,352	31.5%	10.7%	
Upside	-1%	EPS (Rs)	2.6	2.3	1.9	31.5%	10.7%	
Eclerx Services								We expect a 3.8% QoQ USD revenue growth after factoring in the 80bps cross currency tailwinds. EBIT margins are expected to decline by 300bps sequentially due to wage hikes. Management commentary on a) FY26 revenue growth and margin outlook, b) Medium term revenue growth/margins aspirations and focus areas of investments, c) Update on geographical diversification strategy on delivery capabilities and its implication on margins, d) Deal intake, deal pipeline, and roll-off trends, e) Growth outlook across the BFSI, CMT, Hitech and M&D, Fashion, Luxury and Retail, and emerging industries, f) Progress on AI/Gen AI, and g) M&A focus areas.
CMP (Rs)	3,493	Net Sales (Rs mn)	9,299	8,983	7,819	18.9%	3.5%	
Mkt Cap (Rs bn)	166	EBITDA (Rs mn)	2,083	2,323	1,661	25.4%	-10.3%	
Reco	ADD	EBITDA Margin (%)	22.4	25.9	21.2	116bps	-346bps	
Target Price (Rs)	3,950	PAT (Rs mn)	1,320	1,522	1,116	18.2%	-13.3%	
Upside	13%	EPS (Rs)	27.7	31.9	22.8	21.6%	-13.3%	

Source: Company, Emkay Research

Exhibit 22: ...(contd) Emkay's IT universe – Q1FY26 preview...

Name (Results date)			Jun-25	Mar-25	Jun-24	YoY chg	QoQ chg	Comments
Route Mobile								We expect revenue to decline 2% sequentially. EBITM is likely to decline by 30bps sequentially. Key monitorables: 1) FY26 revenue growth and margin outlook, 2) Progress on deriving synergies benefits with Proximus, likely share of revenue from RPT, and steps taken for managing margins with growing share of RPT revenue, 3) Expected benefits from partnerships with Microsoft, Infosys, Nokia, etc, 4) Cash conversion and capital allocation, 5) Traction in demand for non-SMS products, 6) M&A focus areas.
CMP (Rs)	1,024	Net Sales (Rs mn)	11,518	11,750	11,034	4.4%	-2.0%	
Mkt Cap (Rs bn)	64	EBITDA (Rs mn)	1,175	1,227	1,357	-13.4%	-4.3%	
Reco	BUY	EBITDA Margin (%)	10.2	10.4	12.3	-209bps	-24bps	
Target Price (Rs)	1,250	PAT (Rs mn)	736	813	785	-6.2%	-9.4%	
Upside	22%	EPS (Rs)	11.7	9.0	12.5	-6.5%	30.1%	
Quess Corp*								Demand environment remains a tad soft for the General Staffing segment owing to weakness in the NBFC sector. GCC demand continues to drive growth in Professional Staffing, while IT Services demand remains subdued. Overseas business is likely to be flattish QoQ. On a consolidated level, we build in 0.8% QoQ revenue decline with broadly stable margin sequentially in Q1FY26.
CMP (Rs)	302	Net Sales (Rs mn)	36,285	36,564	50,031	-27.5%	-0.8%	
Mkt Cap (Rs bn)	45	EBITDA (Rs mn)	675	674	1,838	-63.3%	0.2%	
Reco	ADD	EBITDA Margin (%)	1.9	1.8	3.7	-181bps	2bps	
Target Price (Rs)	360	PAT (Rs mn)	507	625	867	-41.5%	NM	
Upside	19%	EPS (Rs)	3.4	-6.4	7.0	-51.2%	NM	
Teamlease								We estimate 15.5% YoY growth in revenue for Teamlease, with growth of 4.3% sequentially due to volume growth in the core general staffing segment. While General Staffing margins are expected to be flattish QoQ, consolidated EBITDA is likely to decline sequentially due to absence of catch-up revenue uptick in EdTech, leading to a profitability reversal in Other HR Services. Specialized Staffing should benefit on integration of the Ikigai acquisition on YoY basis, and traction in GCCs and Telecom, negating the softness in IT Services.
CMP (Rs)	2,023	Net Sales (Rs mn)	29,795	28,579	25,799	15.5%	4.3%	
Mkt Cap (Rs bn)	34	EBITDA (Rs mn)	316	475	223	42.1%	-33.4%	
Reco	ADD	EBITDA Margin (%)	1.1	1.7	0.9	20bps	-60bps	
Target Price (Rs)	2,050	PAT (Rs mn)	234	350	208	12.4%	-33.2%	
Upside	1%	EPS (Rs)	13.9	20.8	12.4	12.4%	-33.2%	
Aurum								We expect 19.6% YoY revenue growth on the back of continued momentum in the Rental segment and Analytica. EBIT margin is expected to remain broadly similar on YoY basis, while being down sequentially as the rental business scales up further. Key monitorables: 1) Growth across business segments; 2) Trend in rental units under management and occupancy rate; 3) Improvement in profitability metrics; 4) Management commentary on the demand environment and geographical expansion; 5) Status of the SM REIT application.
CMP (Rs)	197	Net Sales (Rs mn)	776	704	649	19.6%	10.3%	
Mkt Cap (Rs bn)	14	EBITDA (Rs mn)	125	156	78	59.5%	-19.9%	
Reco	BUY	EBITDA Margin (%)	16.1	22.2	12.1	403bps	-607bps	
Target Price (Rs)	290	PAT (Rs mn)	-130	-72	-100	29.6%	79.9%	
Upside	47%	EPS (Rs)	-1.8	-1.3	-2.5	-28.8%	34.8%	

Source: Company, Emkay Research; Note: *The YoY comparison for Quess may not reflect the accurate picture, as it is affected by the recent demerger

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ADD	5-15% upside
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Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

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