

IT Sector

Seasonal weakness, improving visibility

The Indian IT services sector is headed for a seasonally weak Q3FY26, with Tier-1 players expected to deliver ~0.6-2.1% QoQ CC growth and mid-tier vendors in the range of -1.8% to +3.4%, as furloughs and continued macro uncertainty keep near-term revenue traction subdued while rupee depreciation lends some margin support. Despite this soft print and still-cautious client decision-making through Q3, the market's focus has shifted to early signals from the CY26 budget cycle, where enterprises are progressively scaling AI programs beyond POC into full deployments, sustaining a steady pipeline in AI-led transformation and infrastructure modernization deals. Gen AI is emerging as a structural growth driver rather than a deflationary shock, with Indian IT vendors increasingly embedded in large, multi-year AI-centric contracts and ecosystem partnerships, and sector-level commentary indicating that AI services will move to the core of enterprise technology roadmaps over the next 12-24 months. As macro and trade-related headwinds gradually ease and client confidence improves, growth recovery is anticipated from FY27E onwards, with AI-led services shaping the next long-term upcycle for Indian IT, supporting a constructive stance on the sector (recent sector upgrade) and a preference for Infosys and Tech Mahindra among Tier-1, and LTIMindtree, Mphasis, and Birlasoft within the mid-tier segment.

Q3FY26E expectations: The cross-currency impact for the quarter will range between -10 to -80bps. All the six tier-1 companies will report positive QoQ growth. The tier-1 QoQ growth will range between +0.2% to +2.0%, and YoY growth will be between -0.8% to +5.7%. HCLT, Wipro, and LTIM are expected to lead growth within tier-1, with +1.7/1.1/2.0% QoQ respectively, while TCS, INFY, and TECHM will be <1% QoQ growth. For mid-tier companies, growth ranges from +3.3% to -2.0% QoQ in USD terms. Within mid-tier IT, growth is expected to be led by Persistent at +3.3% QoQ (BFSI and Tech), Mphasis at +1.5% QoQ (BFSI-led growth), and TELX at +2.4% QoQ (deal ramp-up). The growth laggards in mid-tier will be Zensar (weak TMT and BFSI) and Sonata (BFSI client-specific impact) while Cyient and LTTS will witness growth recovery. Mastek will report ~1% QoQ growth, led by NHS, offset by higher furloughs. Birlasoft will witness ~1.1% QoQ growth after four quarters, led by manufacturing recovery and improving outlook.

Guidance: We anticipate Infosys will increase its FY26E revenue growth guidance by 1% to 3-4% (low ask rate for 2H) while HCL Tech will retain its guidance of 3-5% (4-5% for Services) for FY26E. Wipro is likely to guide 0% to +1% QoQ for Q4FY26E and L&T Tech is expected to uphold its double-digit growth outlook for FY26E. The management commentary on demand outlook and client budgets for CY26 should witness some positivity. Margin guidance across companies is expected to remain stable, supported by currency and peak utilization levels. Infosys is likely to maintain a margin band of 20-22%, HCL Tech 17-18%, and TCS 26-28%. For FY26/27E, we expect margin to improve by 44/68bps YoY (+40/59bps for tier-1 and 1/88bps for mid-tier), led by currency depreciation, muted hiring, and improving productivity. TCVs are expected to improve with deals coming from GenAI initiatives (TCS at ~USD 8-10bn and Infosys at ~USD 3bn).

Outlook and valuation: The IT index is up ~13% in the past three months, supported by easing macro concerns, rupee depreciation, stronger traction in AI-led deal activity, and expectations of discretionary spend recovery and growth normalization into FY27/28E. The IT sector is projected to achieve a 6.3% USD revenue CAGR and an 11.3% EPS CAGR over FY25-28E, a marked improvement from the 2.8% revenue and 7.2% EPS growth seen in the past three years. The current sector valuations stand 6% below the five-year average of 25.3x and are at 36% discount to the five-year peak of 32x, reflecting an upside potential for rerating as AI-driven revenue streams expand and growth gains momentum. The rupee depreciation will provide cushion to margins. We reduce revenue and EPS estimates by ~0.3% and ~1% respectively to factor in Q3 weakness and keep multiples unchanged. We upgrade WIPRO to ADD from REDUCE, citing better growth visibility. The IT sector valuation at 23.9x is ~6% below its 5Y average (25.3x) but ~12% above the 10Y average (21.4x).

Company	CMP* (INR)	RECO	TP (INR)
TCS	3,251	ADD	4,000
INFY	1,640	BUY	2,100
HCLT	1,640	BUY	1,940
WPRO	269	ADD	290
LTIM	6,067	BUY	7,500
TECHM	1,612	ADD	1,770
PSYS	6,290	ADD	7,570
MPHL	2,807	ADD	3,460
LTTS	4,407	ADD	5,400
TELX	5,338	ADD	6,300
ZENT	699	ADD	920
CYL	1,106	ADD	1,430
BSOFT	432	BUY	530
SSOF	365	BUY	500
HAPPSTMN	466	BUY	710
MAST	2,116	BUY	3,200

*CMP as on 2nd Jan 2026

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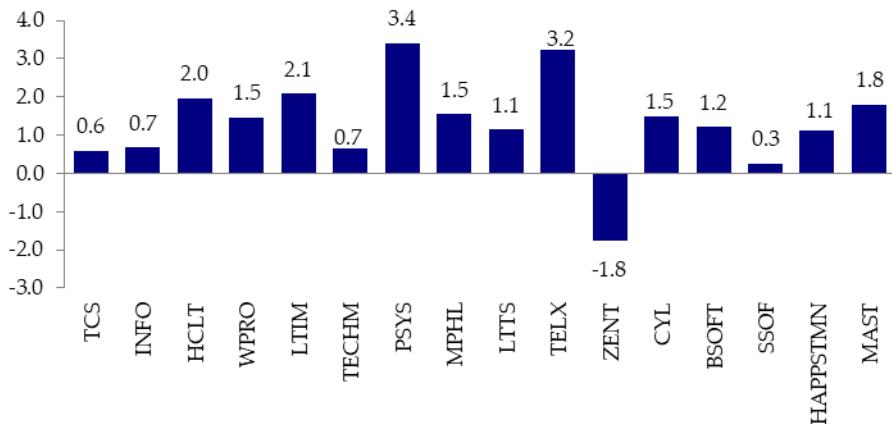
Q3FY26E Results Preview

Exhibit 1: IT Services: Q3FY26E Quarterly Financial Summary

Company	NET SALES (USD mn)			NET SALES (INR bn)			EBIT (INR bn)			EBIT Margin (%)			APAT (INR bn)			Adj. EPS (INR)		
	Q3 FY26E	QoQ (%)	YoY (%)	Q3 FY26E	QoQ (%)	YoY (%)	Q3 FY26E	QoQ (%)	YoY (%)	Q3 FY26E	QoQ (%)	YoY (%)	Q3 FY26E	QoQ (%)	YoY (%)	Q3 FY26E	Q2 FY26	Q3 FY25
TCS	7,479	0.2	(0.8)	666.42	1.3	4.2	168.13	1.5	7.4	25.2	5	75	131.33	1.5	6.1	36.3	35.8	34.2
INFY	5,103	0.5	3.3	454.67	2.2	8.9	95.39	2.0	7.0	21.0	4	-36	73.99	0.5	8.7	18.2	17.7	16.4
HCLT	3,706	1.7	4.9	329.81	3.3	10.3	58.91	6.1	1.2	17.9	49	-161	49.15	16.1	7.1	18.1	15.6	16.9
WPRO	2,632	1.1	0.1	235.67	3.8	5.6	39.26	5.3	1.8	16.7	24	-61	32.32	(0.4)	(3.6)	3.1	3.1	3.2
LTIM	1,203	2.0	5.7	107.23	3.2	11.0	17.37	5.4	30.7	16.2	35	245	14.61	5.7	34.4	49.4	46.7	36.7
TECHM	1,593	0.5	1.7	141.98	1.4	6.9	17.69	4.1	31.0	12.5	31	229	13.50	13.0	37.3	15.2	13.5	11.1
PSYS	420	3.3	16.5	37.39	4.4	22.1	5.80	(0.6)	27.3	15.5	-78	64	4.22	(10.5)	13.2	27.4	30.6	24.2
MPHL	452	1.5	7.7	40.24	3.1	13.0	6.08	2.0	11.3	15.1	-17	-23	4.53	(3.5)	5.8	24.2	25.1	22.8
LTTS	340	1.0	9.1	30.33	1.8	14.3	4.34	9.0	2.9	14.3	95	-158	3.55	8.0	10.1	33.6	31.1	30.5
TELX	108	2.4	(2.6)	9.61	4.7	2.3	1.90	11.7	(14.0)	19.7	124	-375	1.69	9.3	(15.0)	27.2	24.9	32.0
ZENT	160	(2.0)	1.6	14.21	0.0	7.2	2.00	2.5	8.9	14.0	34	22	1.81	(0.9)	13.0	7.9	7.9	7.0
CYL	167	1.3	(4.9)	14.85	3.2	0.3	1.83	4.5	(8.4)	12.3	16	-117	1.49	8.6	20.1	13.5	12.4	11.2
BSOFT	152	1.1	(5.2)	13.58	2.2	(0.4)	1.67	(13.3)	17.7	12.3	-220	189	1.05	(9.2)	(9.8)	3.8	4.2	4.2
SSOF	82	0.1	(5.7)	7.31	0.1	(0.0)	1.28	1.3	19.8	17.5	21	290	1.30	8.4	24.0	4.6	4.3	3.7
HAPPSTMN	66	1.0	4.9	5.86	2.2	10.4	0.82	6.7	11.9	13.9	59	18	0.57	5.0	13.3	3.8	3.6	3.3
MAST	109	1.0	6.2	9.74	3.5	12.0	1.37	6.9	10.0	14.0	45	-25	0.96	(2.0)	5.3	30.2	30.8	28.7
Aggregate	23,772	0.8	2.1	2,118.89	2.3	7.3	423.83	2.9	7.6	20.0	12	5	336.06	3.4	7.8			

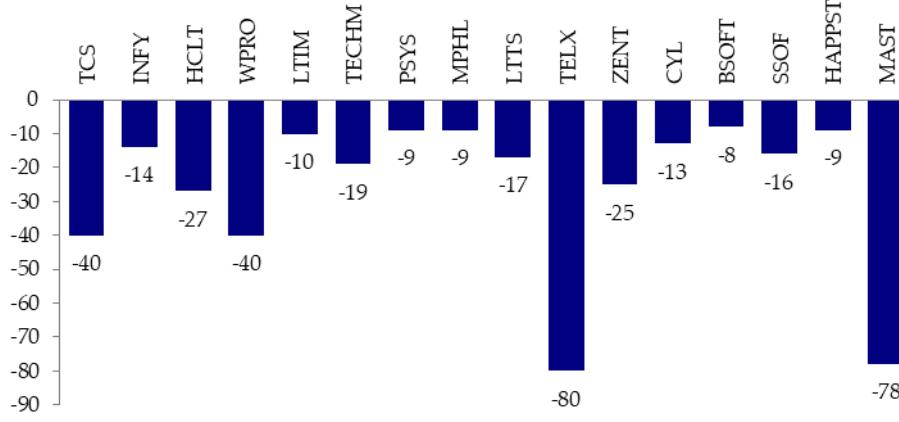
Source: HSIE Research, WPRO USD Rev is IT services, CYL is DET business and SSOF is IITS USD rev & IITS EBITDA margin

Exhibit 2: Q3FY26E revenue growth expectation (QoQ CC)



Source: HSIE Research

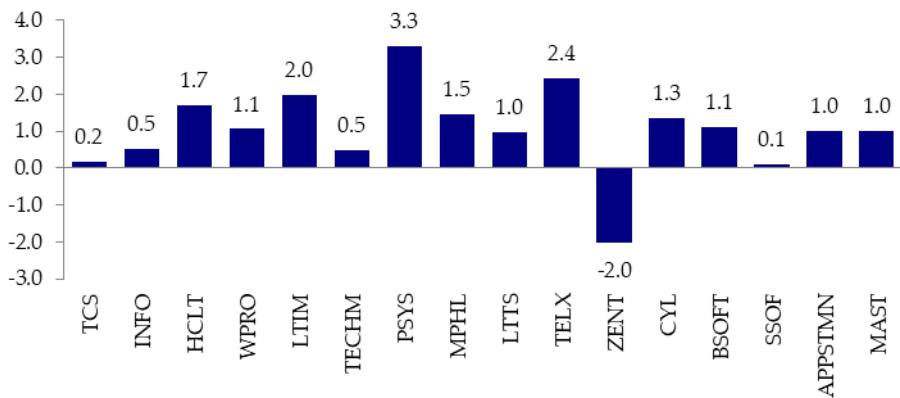
Exhibit 3: Q3FY26E cross currency impact (QoQ bps)



Source: HSIE Research

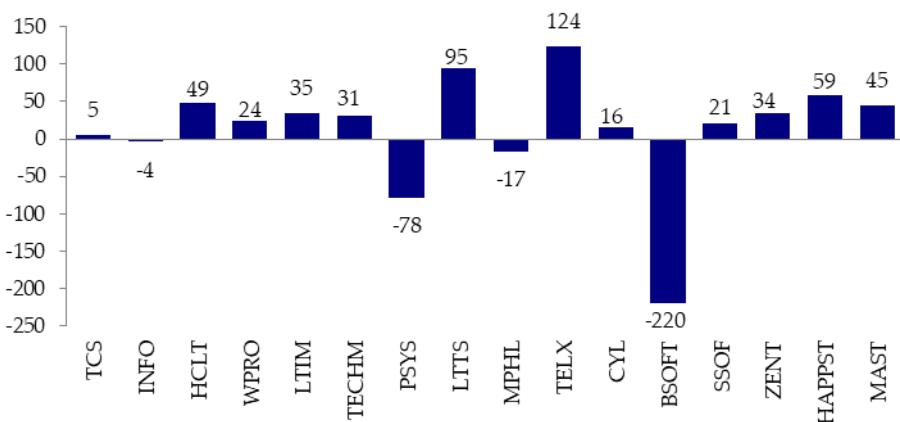
Q3FY26E Results Preview

Exhibit 4: Q3FY26E revenue growth expectation (QoQ USD)



Source: HSIE Research

Exhibit 5: Q3FY26E EBITM QoQ bps expectation



Source: HSIE Research; Sonata is IITS EBITDA margin and Cyient is DET EBIT margin

Exhibit 6: IT Services: valuations & rating comparative table

Company	MCap (INR bn)	CMP (INR)	TP (INR)	RECO	EPS (INR)				P/E (x)				RoE (%)				USD Rev CAGR% FY25-28E	EPS CAGR% FY25-28E
					FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E		
TCS	11,761	3,251	4,000	ADD	134.2	145.5	158.1	174.4	24.2	22.3	20.6	18.6	52.4	55.5	59.4	62.9	5.1	9.1
INFY	6,808	1,640	2,100	BUY	64.3	73.6	82.0	91.4	25.5	22.3	20.0	17.9	29.0	31.2	33.0	34.3	6.4	12.4
HCLT	4,451	1,640	1,940	BUY	62.5	67.6	79.3	88.3	26.2	24.3	20.7	18.6	24.6	25.9	29.1	30.0	7.0	12.2
WPRO	2,822	269	290	ADD	12.5	12.6	14.1	15.3	21.5	21.3	19.1	17.6	16.6	15.6	16.7	17.2	3.6	6.8
LTIM	1,795	6,067	7,500	BUY	155.6	189.8	228.1	268.4	39.0	32.0	26.6	22.6	21.5	22.9	23.9	24.2	10.9	19.9
TECHM	1,429	1,612	1,770	ADD	49.4	58.3	76.7	88.2	32.6	27.6	21.0	18.3	16.2	18.5	23.1	24.7	5.5	21.3
PSYS	968	6,290	7,570	ADD	91.0	115.7	146.8	180.3	69.1	54.4	42.8	34.9	24.8	25.9	27.8	28.6	17.0	25.6
MPHL	526	2,807	3,460	ADD	91.0	100.6	116.9	138.3	30.8	27.9	24.0	20.3	18.5	18.8	20.2	21.9	10.1	15.0
LTTS	466	4,407	5,400	ADD	119.9	130.7	160.8	192.6	36.7	33.7	27.4	22.9	22.2	21.4	23.4	24.5	10.7	17.1
TELX	332	5,338	6,300	ADD	126.0	109.6	148.8	179.9	42.3	48.7	35.9	29.7	29.3	22.8	27.9	30.0	9.7	12.6
ZENT	159	699	920	ADD	28.4	32.2	36.4	41.9	24.6	21.7	19.2	16.7	16.6	16.6	16.8	17.2	8.7	13.8
CYL	122	1,106	1,430	ADD	56.3	55.5	64.1	79.6	19.6	19.9	17.3	13.9	13.0	11.2	12.2	14.2	6.4	12.2
BSOFT	120	432	530	BUY	18.8	15.0	21.2	24.1	23.0	28.7	20.4	17.9	15.8	11.7	15.2	15.7	4.4	8.7
SSOF	102	365	500	BUY	15.1	16.2	18.9	22.3	24.1	22.5	19.3	16.4	27.3	25.0	25.7	26.5	7.6	13.7
HAPPSTMN	71	466	710	BUY	12.7	15.6	19.1	23.7	36.7	29.9	24.4	19.6	12.7	14.5	16.3	18.5	13.2	23.2
MAST	67	2,116	3,200	BUY	116.4	120.6	142.1	160.6	18.2	17.6	14.9	13.2	16.2	14.6	15.2	15.1	10.3	11.3
IT AVG									30.9	28.4	23.3	19.9	22.3	22.0	24.1	25.4	8.5	14.7
IT Median									25.9	26.0	20.6	18.4	20.0	20.1	23.2	24.4	8.1	13.2

Source: HSIE Research, CMP as on 2nd Jan 2026

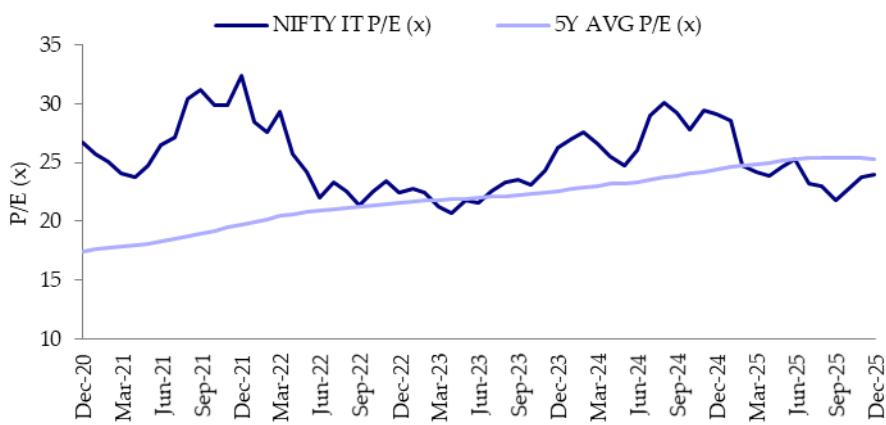
Q3FY26E Results Preview

Exhibit 7: Global IT Peers: valuations

Company	MCap (USD bn)	CMP USD	TP	RECO	EPS				P/E (x)				RoE (%)				USD Rev CAGR% FY25-28E	EPS CAGR% FY25-28E
					FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E		
Accenture	160.0	260	NA	NR	12.3	13.9	15.0	16.3	21.2	18.8	17.4	16.0	25.8	26.5	25.9	25.1	5.9	9.8
Cognizant	39.2	81	NA	NR	4.5	5.2	5.6	6.1	18.0	15.5	14.4	13.3	16.2	16.3	17.2	16.5	8.6	10.5
Capgemini^	24.4	141	NA	NR	9.8	11.7	12.6	13.7	14.3	12.0	11.2	10.2	15.0	15.6	16.6	16.7	5.9	11.8
EPAM	11.1	200	NA	NR	7.9	11.4	12.4	13.8	25.3	17.6	16.1	14.5	12.8	12.5	13.1	13.8	15.8	20.3
Globant	2.8	63	NA	NR	3.8	6.1	6.3	6.8	16.5	10.4	10.0	9.2	9.0	12.3	10.2	10.2	4.5	21.4
TietoEVRY^	2.2	18	NA	NR	NA	1.1	1.5	1.6	NA	16.8	12.4	11.3	(4.3)	4.9	12.8	15.0	NA	NA
Global IT AVG									19.1	14.8	13.8	12.7	15.8	16.6	16.6	16.5	8.1	14.8
Global IT Median									18.0	15.5	14.4	13.3	15.0	15.6	16.6	16.5	5.9	11.8

Source: Bloomberg consensus, HSIE Research, CMP as on 2nd Jan 2026, ^ in EUR, Global IT AVG and Median excludes TietoEVRY

Exhibit 8: The IT index began de-rating in June'24. While some improvement was seen after Sept'25 valuations remain below the 5-year average



Source: Bloomberg, HSIE Research

Exhibit 9: Change in estimates

Company	Revenue USD Mn (NEW)			Change (%)			EBIT % (NEW)			Change (bps)			EPS (INR) NEW			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
TCS	30,066	32,329	35,040	-0.6%	-0.6%	-0.6%	25.1	25.4	25.6	-19	-21	-12	145.5	158.1	174.4	-1.2%	-1.4%	-1.0%
INFY	20,202	21,592	23,194	-0.3%	-0.3%	-0.3%	21.7	22.0	22.3	30	-1	-1	73.6	82.0	91.4	0.3%	-0.3%	-0.2%
HCLT	14,659	15,816	16,956	-0.3%	-0.9%	-0.9%	17.7	18.9	19.3	1	0	3	67.6	79.3	88.3	-0.2%	-0.8%	-0.7%
WPRO*	10,490	11,056	11,674	0.2%	0.2%	0.2%	16.7	17.7	18.2	-61	-17	-8	12.6	14.1	15.3	-2.8%	-0.7%	-0.2%
LTIM	4,787	5,416	6,120	0.0%	0.0%	0.0%	15.7	16.7	17.4	14	2	3	189.8	228.1	268.4	0.8%	0.1%	0.1%
TECHM	6,367	6,816	7,352	-0.4%	-0.9%	-0.9%	12.2	14.5	15.4	-33	-20	-11	58.3	76.7	88.2	-3.0%	-2.1%	-1.5%
PSYS	1,657	1,958	2,257	0.2%	0.3%	0.3%	15.9	16.8	17.4	21	35	35	115.7	146.8	180.3	1.5%	2.5%	2.4%
MPHL	1,801	2,017	2,244	-0.4%	0.0%	1.0%	15.6	15.9	16.5	-19	-10	-20	100.6	116.9	138.3	-1.6%	-0.6%	-0.2%
LTTS	1,377	1,539	1,705	0.1%	0.1%	0.1%	13.9	15.0	16.0	-41	-89	-22	130.7	160.8	192.6	-2.5%	-5.0%	-1.2%
TELX	430	503	581	-0.1%	-0.2%	-0.2%	20.5	24.1	25.1	-124	-83	-53	109.6	148.8	179.9	-4.9%	-3.1%	-2.0%
ZENT	649	716	802	-1.3%	-2.4%	-2.3%	13.9	14.2	14.6	22	16	15	32.2	36.4	41.9	-0.6%	-1.1%	-1.1%
CYL	832	915	1,029	0.1%	-0.2%	-0.8%	10.3	11.2	12.2	-19	-23	-19	55.5	64.1	79.6	-1.6%	-2.1%	-2.3%
BSOFT	609	653	723	0.0%	0.1%	0.1%	11.9	12.3	12.7	43	42	30	15.0	21.2	24.1	3.2%	3.2%	2.3%
SSOF*	330	366	418	-0.7%	-1.4%	-1.4%	17.3	18.1	18.6	-8	0	0	16.2	18.9	22.3	1.6%	1.2%	1.0%
HAPPSTMN	264	303	353	-0.9%	-1.9%	-1.9%	14.2	15.0	15.5	-39	-23	2	15.6	19.1	23.7	-3.6%	-3.4%	-1.8%
MAST	437	486	549	-0.6%	-1.5%	-1.5%	13.6	14.3	14.2	-31	-19	-21	120.6	142.1	160.6	-2.3%	-2.9%	-3.5%
Aggregate				-0.3%	-0.5%	-0.5%				-10	-11	-5				-0.9%	-0.9%	-0.6%

Source : Company, HSIE Research; *Wipro is IT Services USD revenue and Sonata is IITS revenue & IITS EBITDA margin, Sonata – there is no change in IITS EBITDA margin for FY27/28E, DPS EBITDA margin estimate is upgraded by 21bps each for FY27/28E respectively.

Q3FY26E Results Preview

Exhibit 10: Change in TP & Rating

Companies	M-cap (INR bn)	CMP (INR)	TP Old (INR)	New TP (INR)	Old Rating	New Rating	Old multiple (x)	New multiple (x)	5Y Avg (x)	10Y Avg (x)	Prem/Disc. to 5Y Avg	Prem/Disc. to 10Y Avg
TCS	11,761	3,251	4,050	4,000	ADD	ADD	23	23	27	24	-15%	-4%
INFY	6,808	1,640	2,060	2,100	BUY	BUY	23	23	25	21	-7%	10%
HCLT	4,451	1,640	2,000	1,940	BUY	BUY	22	22	21	18	4%	26%
WPRO^	2,822	269	275	290	REDUCE	ADD	18	19	21	18	-8%	7%
LTIM	1,795	6,067	7,500	7,500	BUY	BUY	28	28	31	25	-9%	14%
TECHM	1,429	1,612	1,800	1,770	ADD	ADD	20	20	21	17	-6%	15%
PSYS	968	6,290	7,400	7,570	ADD	ADD	42	42	39	27	8%	57%
MPHL	526	2,807	3,460	3,460	ADD	ADD	25	25	26	21	-5%	21%
LTTS	466	4,407	5,450	5,400	ADD	ADD	28	28	35	28	-20%	1%
TELX	332	5,338	6,400	6,300	ADD	ADD	35	35	54	37	-35%	-4%
ZENT	159	699	930	920	ADD	ADD	22	22	20	16	10%	34%
CYL	122	1,106	1,470	1,430	ADD	ADD	18	18	20	16	-9%	11%
BSOFT	120	432	520	530	BUY	BUY	22	22	21	15	3%	49%
SSOF	102	365	490	500	BUY	BUY	22	22	22	17	0%	31%
HAPPSTMN	71	466	725	710	BUY	BUY	30	30	49	NA	-38%	NA
MAST	67	2,116	3,300	3,200	BUY	BUY	20	20	20	15	2%	31%

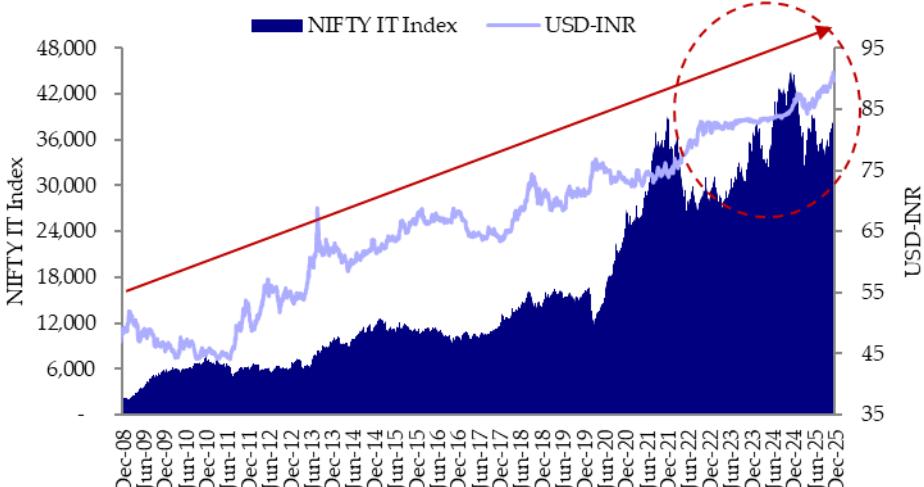
Source : Company, HSIE Research, CMP as on 2nd Jan 2026, ^ indicates rating change

Exhibit 11: IT Sector stock performance (%) – LTIM, PSYS, and INFO outperformed in last 6M

Company	M-cap (USD bn)	CMP (INR)	1W (%)	1M (%)	3M (%)	6M (%)	1Y (%)	3Y (%)	5Y (%)	YTD (%)
TCS	131.0	3,251	(0.0)	0.4	12.0	(4.9)	(20.7)	(1.8)	5.1	1.4
INFO	76.1	1,640	(0.3)	1.5	13.4	(0.0)	(15.4)	11.2	26.8	1.5
HCLT	49.2	1,640	0.6	(2.5)	17.7	(5.0)	(15.7)	57.1	65.5	1.0
WPRO	30.8	269	1.8	3.5	11.6	(0.4)	(8.6)	39.1	32.4	2.2
LTIM	19.9	6,067	0.6	(3.6)	18.5	14.1	5.8	42.4	46.9	0.1
TECHM	17.6	1,612	(0.0)	2.6	15.1	(2.6)	(4.6)	59.3	60.6	1.3
PSYS	10.9	6,290	1.0	(3.5)	24.1	6.7	(1.8)	220.1	711.3	0.3
MPHL	5.9	2,807	(0.2)	(5.0)	2.6	(4.0)	(2.2)	39.4	77.5	0.6
LTTS	5.3	4,407	(2.6)	(3.1)	2.7	0.5	(8.1)	21.0	76.0	(1.2)
TELX	3.7	5,338	0.4	2.3	(0.3)	(14.0)	(19.7)	(15.1)	172.6	1.9
ZENT	1.8	699	(1.9)	(6.3)	(8.0)	(18.0)	(11.9)	232.9	193.6	(0.6)
CYL	1.4	1,106	0.1	(5.4)	(5.5)	(14.6)	(37.8)	35.1	101.5	(1.1)
BSOFT	1.4	432	(1.0)	(0.2)	23.4	(0.7)	(21.8)	48.1	61.3	(0.3)
SSOF	1.1	365	2.3	1.1	4.4	(11.0)	(41.9)	24.9	139.3	1.5
HAPPSTMN	0.8	466	(1.4)	(7.6)	(10.9)	(27.6)	(36.9)	(47.0)	36.1	1.2
MAST	0.7	2,116	0.3	(1.9)	(3.9)	(17.0)	(30.9)	23.5	60.7	3.2
NSE IT Index			0.1	(1.0)	12.9	(2.2)	(12.4)	34.3	48.7	1.2
NIFTY			1.5	0.5	5.8	3.4	9.7	46.3	85.4	0.8
Nasdaq			(1.0)	(1.5)	2.0	12.8	18.4	125.5	81.3	(0.0)

Source: Bloomberg, HSIE Research, CMP as on 2nd Jan 2026

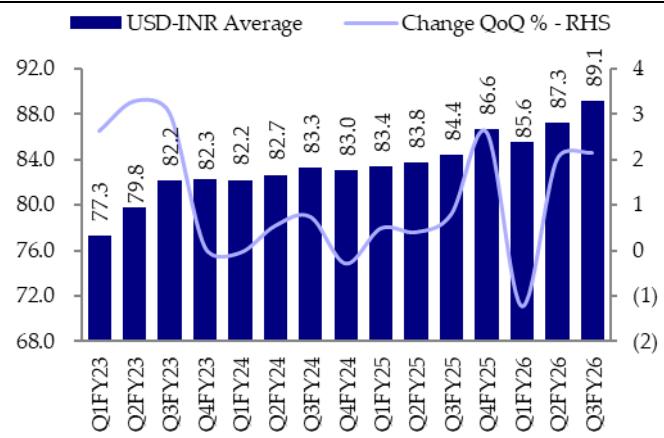
Exhibit 12: USD-INR vs IT index trend



Source: Bloomberg

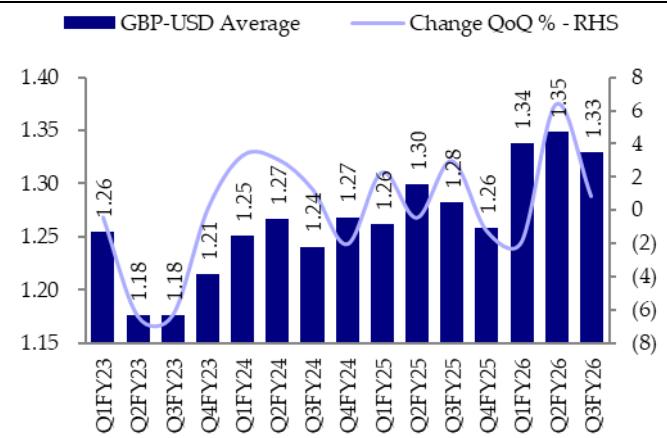
Exhibit 13: Currency trends – INR depreciation supports revenue & margin tailwind while GBP & EUR led cross currency headwind in Q3

USD-INR trend



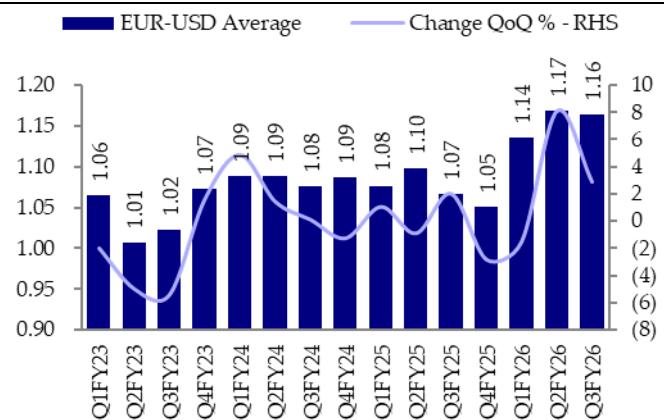
Source: NSE, Bloomberg, HSIE Research

GBP-USD trend



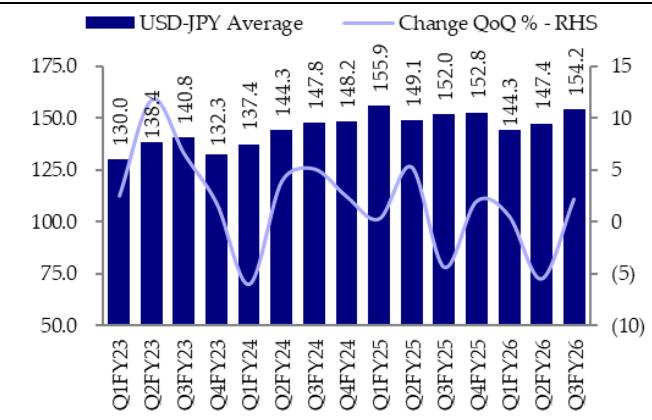
Source: NSE, Bloomberg, HSIE Research

EUR-USD trend



Source: NSE, Bloomberg, HSIE Research

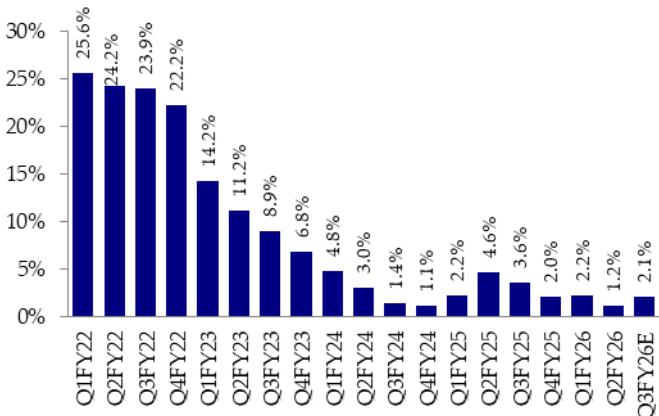
USD-JPY trend



Source: NSE, Bloomberg, HSIE Research

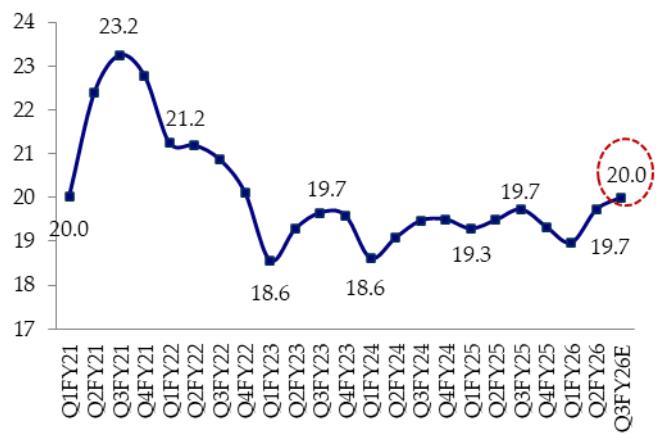
Q3FY26E Results Preview

Exhibit 14: IT Sector YoY revenue growth remained subdued over the last 10 quarters



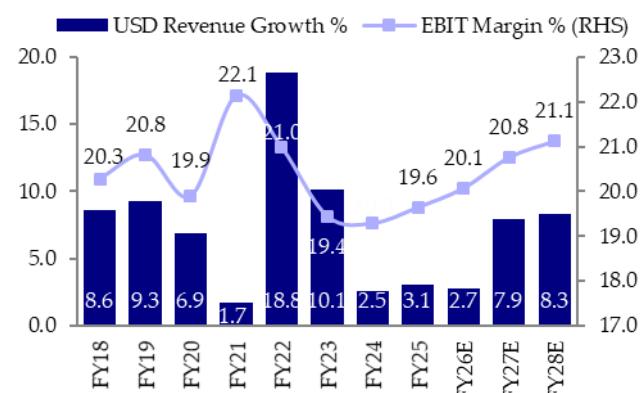
Source: Company, HSIE Research

Exhibit 16: Slight margin uptick



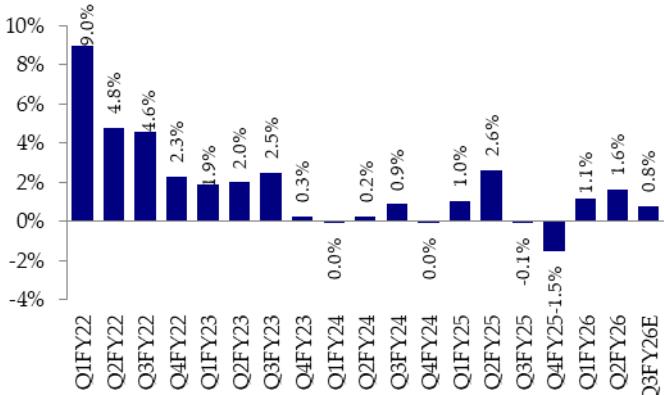
Source: Company, HSIE Research

Exhibit 18: IT Sector aggregate revenue growth and EBITM trend – Growth expected to accelerate (CAGR FY26-28E 8.1% vs FY24-26E 2.9%)



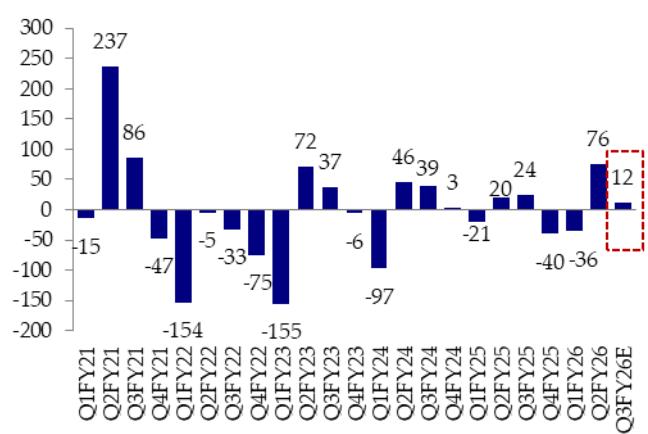
Source: Company, HSIE Research

Exhibit 15: IT Sector QoQ revenue growth impacted by furloughs



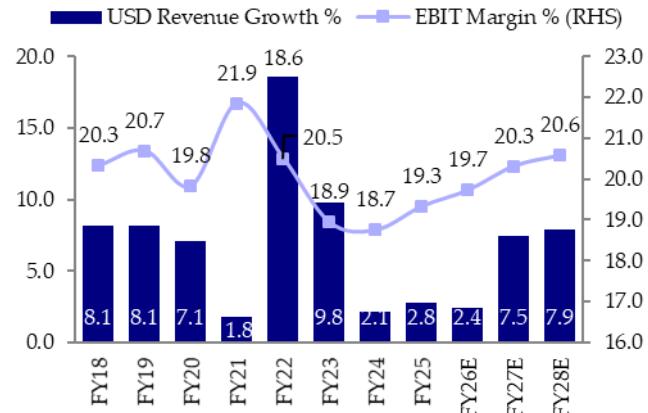
Source: Company, HSIE Research

Exhibit 17: Sequential margin improvement moderating



Source: Company, HSIE Research

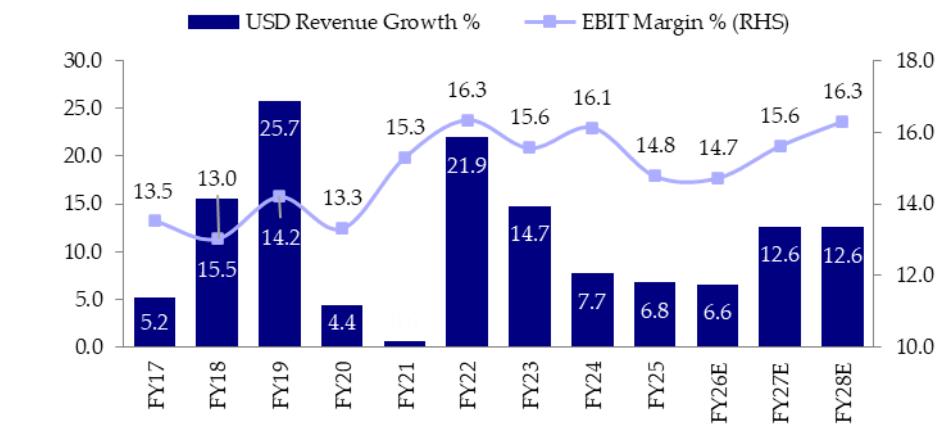
Exhibit 19: Tier -1 IT revenue growth and margin trend: CAGR (FY24-26E) 2.6%, vs CAGR (FY26-28E) of 7.7%



Source: Company, HSIE Research; Tier 1 includes TCS, INFO, HCLT, WPRO, LTIM & TECHM

Q3FY26E Results Preview

Exhibit 20: Tier -2 IT revenue growth and margin trend – growth expected to almost double from 6.7% (CAGR FY24-26E) to 12.6% (CAGR FY26-28E)



Source: Company, HSIE Research; Tier 2 includes PSYS, MPHL, LTTS, TELX, ZENT, CYL, BSOFT, SSOF, HAPSTMN, MAST

Exhibit 21: Key deals announced in Q3FY26

Company	Client	Vertical	Region	Services
TCS	Kingfisher PLC	Retail & CPG	Europe	AI-powered operations transformation; renewal deal
	Morrisons	Retail & CPG	UK	Customer experience; 5-year renewal
	ABB	Mfg	Swiss	AI-led digital infrastructure modernization; renewal deal
	Lion Pty Ltd	Retail & CPG	Australia & New Zealand	AI-led transformation
	NHS Supply Chain	Regional Markets & Others	UK	Healthcare delivery transformation using AI & Cloud; 5-year deal
	ALDI SOUTH	Retail & CPG	NA	Digital transformation and AI-cloud solutions; renewal deal
	SAP	Technology & Services	Germany	Enterprise Cloud and Gen AI transformation; 5-year deal
	Telefonica	Communication & Media	UK	Application & Infra services, 10-year renewal deal
	Aviva	BFSI	UK	Customer experience; renewal deal
Infosys	Telenor Shared Services	Telecom	India	HR ops modernization with Oracle Fusion Cloud HCM
	NHS Business Services Authority	Healthcare	UK	Workforce management solution; £1.2 billion, 15-year deal
	Metro Bank	Bank	UK	Finance ops transformation with Workday; renewal deal
HCL Tech	Dolphin Semiconductor	Technology & Services	France	Co-develop energy-efficient chips
	Aurobay Technologies	Mfg	Sweden	Digital transformation - AI Force; renewal deal
	ASN Bank	Financial Services	Netherlands	Digital transformation; multi-year deal
Wipro	Odido	Communication	Netherlands	AI-led IT transformation; multi-year deal
LTIM	Paramount Global	Technology, Media & Communications	US	Digital transformation; USD 585mn, 6-year deal
	Convatec	Health, Life Sciences & Public Services	UK	SAP Digital core - S/4HANA
Cyient	CNH Industrial	Networks & Infrastructure	India	Automation across vehicle platforms

Source: Company, HSIE Research

Q3FY26E Results Preview

Exhibit 22: Quarterly USD revenue growth trend (QoQ CC %)

USD Rev (QoQ CC %)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
TCS	3.5	4.0	2.3	0.6	0.0	0.1	1.0	1.1	2.2	1.1	0.0	-0.8	-3.3	0.8	0.6
INFY	5.5	4.0	2.4	-3.2	0.4	2.3	-1.0	-2.2	3.6	3.1	1.7	-3.5	2.6	2.2	0.7
HCLT	2.7	3.8	5.0	-1.2	-1.3	1.0	6.0	0.3	-1.6	1.6	3.8	-0.8	-0.8	2.4	2.0
WPRO	2.1	4.1	0.6	-0.6	-2.8	-2.0	-1.7	-0.3	-1.0	0.6	0.1	-0.8	-2.0	0.3	1.5
LTIM	5.0	5.5	1.9	0.7	0.1	1.7	0.7	-1.3	2.6	2.3	1.8	-0.6	0.8	2.4	2.1
TECHM	3.5	2.9	0.2	0.3	-4.2	-2.4	1.1	-0.8	0.7	0.7	1.2	-1.5	-1.4	1.6	0.7
PSYS	12.0	6.6	3.5	3.5	2.9	3.2	3.1	3.4	5.6	5.1	4.6	4.5	3.3	4.4	3.4
MPHL	2.0	1.8	-2.5	-4.5	-3.5	0.0	1.0	2.1	-0.1	2.4	0.2	2.9	1.0	2.0	1.5
LTTS	4.7	4.5	0.0	2.2	-2.9	3.2	0.9	5.1	-3.1	3.4	3.1	10.5	-4.2	1.3	1.1
TELX	6.5	4.7	3.5	1.6	1.2	3.4	3.0	-0.6	2.4	0.2	0.0	-3.3	-3.9	1.0	3.2
ZENT	3.1	1.6	-5.3	0.4	1.3	0.2	-3.2	2.0	4.3	0.3	0.7	0.9	1.9	0.0	-1.8
CYL	6.5	12.3	11.9	3.2	0.3	1.0	1.1	-0.5	-5.0	1.3	2.4	-1.9	-1.5	0.5	1.5
BSOFT	2.3	1.1	0.0	3.1	1.7	3.0	1.8	1.6	-2.7	2.2	-1.1	-5.3	-1.8	0.0	1.2
SSOF	3.9	3.3	3.9	8.0	17.4	5.2	3.0	-2.2	1.4	1.5	4.4	-7.2	-0.9	1.0	0.3
HAPPSTMN	5.9	5.0	2.1	1.4	3.6	3.3	0.8	1.4	11.4	12.7	0.8	1.1	2.3	2.3	1.1
MAST	-0.1	10.7	3.1	5.3	0.4	4.4	2.7	-1.4	4.1	4.7	0.1	2.9	-1.1	0.2	1.8

Source: Company, HSIE Research, Wipro is IT services rev and Sonata is IITS Rev, HAPPSTMN is USD rev growth from Q1FY23 to Q2FY23

Exhibit 23: Quarterly EBIT Margin trend (%)

EBIT Margin (%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
TCS	23.1	24.0	24.5	24.5	23.2	24.3	25.0	26.0	24.7	24.1	24.5	24.2	24.5	25.2	25.2
INFY	20.1	21.5	21.5	21.0	20.8	21.2	20.5	20.1	21.1	21.1	21.3	21.0	20.8	21.0	21.0
HCLT	17.0	17.9	19.6	18.2	17.0	18.5	19.7	17.6	17.1	18.6	19.5	18.0	16.3	17.4	17.9
WPRO	15.0	15.1	16.3	16.3	16.0	16.1	16.0	16.4	16.5	16.8	17.5	17.5	17.3	16.7	16.7
LTIM	17.4	17.5	13.9	16.4	16.7	16.0	15.4	14.7	15.0	15.5	13.8	13.8	14.2	15.9	16.2
TECHM	11.0	11.4	12.0	11.2	6.8	4.7	5.4	7.4	8.5	9.6	10.2	10.5	11.1	12.1	12.5
PSYS	14.3	14.6	15.4	15.4	14.9	13.7	14.5	14.5	14.0	14.0	14.9	15.6	15.5	16.3	15.5
MPHL	15.3	15.3	15.3	15.3	15.4	15.5	14.9	14.9	15.0	15.4	15.3	15.3	15.3	15.3	15.1
LTTS	18.3	18.1	18.7	18.7	17.2	17.1	17.2	16.9	15.6	15.1	15.9	13.2	13.3	13.4	14.3
TELX	30.5	26.8	27.6	27.3	27.1	27.1	26.8	25.8	24.3	25.1	23.5	20.1	18.2	18.5	19.7
ZENT	7.2	4.6	7.1	11.6	15.3	15.7	14.6	14.6	13.3	13.1	13.8	13.9	13.5	13.7	14.0
CYL	12.8	12.5	14.0	15.1	16.1	16.5	16.0	16.0	12.6	14.2	13.5	12.6	12.0	12.2	12.3
BSOFT	13.0	13.1	-1.1	11.9	13.6	14.2	14.4	14.7	13.1	10.5	10.4	11.5	10.7	14.5	12.3
SSOF	24.5	23.5	21.8	20.7	21.1	23.1	22.6	17.3	18.7	18.2	14.6	16.5	16.5	17.3	17.5
HAPPSTMN	23.5	22.7	21.7	21.0	19.2	16.7	16.1	16.4	13.5	13.2	13.7	11.3	13.0	13.3	13.9
MAST	17.2	14.4	14.3	14.9	14.8	13.3	14.2	12.5	12.8	14.2	14.3	13.3	13.0	13.6	14.0

Source: Company, HSIE Research, Wipro is IT services margin, CYL is DET margin and SSOF is IITS EBITDA Margin

Q3FY26E Results Preview

Exhibit 24: Financial Snapshot

TCS

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	25,707	27,927	29,080	30,179	30,066	32,329	35,040
Revenue	1,917.54	2,254.58	2,408.93	2,553.24	2,647.89	2,893.43	3,171.10
EBIT	484.53	542.37	593.11	621.65	665.76	734.60	810.92
APAT	383.27	421.47	466.35	485.53	526.31	572.04	630.84
AEPS (INR)	105.9	116.5	128.9	134.2	145.5	158.1	174.4
EBIT margin (%)	25.3	24.1	24.6	24.3	25.1	25.4	25.6
USD Revenue growth (%)	15.9	8.6	4.1	3.8	(0.4)	7.5	8.4
EPS growth (%)	14.9	10.0	10.6	4.1	8.4	8.7	10.3
P/E (x)	30.7	27.9	25.2	24.2	22.3	20.6	18.6
EV/EBITDA (x)	21.1	19.0	17.6	16.8	15.7	14.3	13.0
RoE (%)	43.7	46.9	51.6	52.4	55.5	59.4	62.9

Infosys

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	16,310	18,212	18,562	19,277	20,202	21,592	23,194
Revenue	1,216.41	1,467.67	1,536.71	1,629.90	1,777.17	1,932.49	2,099.07
EBIT	280.15	309.06	317.47	344.24	386.05	424.99	467.12
APAT	221.11	240.95	247.50	267.13	301.70	332.32	370.58
AEPS (INR)	53.3	58.0	59.6	64.3	73.6	82.0	91.4
EBIT margin (%)	23.0	21.1	20.7	21.1	21.7	22.0	22.3
USD Revenue growth (%)	20.3	11.7	1.9	3.9	4.8	6.9	7.4
EPS growth (%)	14.3	9.0	2.7	7.9	14.4	11.4	11.5
P/E (x)	30.8	28.3	27.5	25.5	22.3	20.0	17.9
EV/EBITDA (x)	20.4	18.5	17.6	16.2	14.5	13.2	12.0
RoE (%)	29.2	32.0	30.3	29.0	31.2	33.0	34.3

HCL Tech

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	11,537	12,586	13,270	13,840	14,659	15,816	16,956
Revenue	856.51	1,014.56	1,099.13	1,170.55	1,289.65	1,415.52	1,534.50
EBIT	162.04	184.84	200.27	214.21	228.39	267.92	296.06
APAT	134.99	148.52	157.02	169.61	183.32	215.22	239.49
AEPS (INR)	49.7	54.7	57.9	62.5	67.6	79.3	88.3
EBIT margin (%)	18.9	18.2	18.2	18.3	17.7	18.9	19.3
USD Revenue growth (%)	13.4	9.1	5.4	4.3	5.9	7.9	7.2
EPS growth (%)	8.3	10.0	5.7	8.0	8.1	17.4	11.3
P/E (x)	33.0	30.0	28.3	26.2	24.3	20.7	18.6
EV/EBITDA (x)	21.0	18.9	17.4	16.4	15.2	12.9	11.6
RoE (%)	22.1	23.3	23.5	24.6	25.9	29.1	30.0

Wipro

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
ITS Revenue (USD mn)	10,356	11,147	10,805	10,512	10,490	11,056	11,674
Revenue	790.93	904.88	897.60	890.88	923.87	994.47	1,061.58
EBIT	133.75	135.13	135.76	151.24	154.37	175.99	192.89
APAT	122.19	113.50	110.45	131.35	132.32	147.87	160.32
AEPS (INR)	11.7	10.8	10.5	12.5	12.6	14.1	15.3
IT Services EBIT margin (%)	17.8	15.7	16.1	17.1	17.1	17.8	18.2
USD Revenue growth (%)	27.3	7.6	(3.1)	(2.7)	(0.2)	5.4	5.6
EPS growth (%)	13.2	(7.1)	(2.7)	18.7	0.7	11.8	8.4
P/E (x)	23.0	24.8	25.5	21.5	21.3	19.1	17.6
EV/EBITDA (x)	16.1	15.3	15.1	13.7	13.5	11.8	10.6
RoE (%)	20.2	15.8	14.4	16.6	15.6	16.7	17.2

Q3FY26E Results Preview

LTIMindtree

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	3,502	4,106	4,287	4,493	4,787	5,416	6,120
Revenue	261.09	331.83	355.17	380.08	421.50	484.74	553.82
EBIT	46.52	53.85	55.69	55.03	66.03	80.71	96.10
APAT	39.50	44.10	45.85	46.02	56.13	67.47	79.38
AEPS (INR)	133.5	149.1	155.0	155.6	189.8	228.1	268.4
EBIT margin (%)	17.8	16.2	15.7	14.5	15.7	16.7	17.4
USD Revenue growth (%)	27.5	17.2	4.4	4.8	6.6	13.1	13.0
EPS growth (%)	29.5	11.6	4.0	0.4	22.0	20.2	17.7
P/E (x)	45.4	40.7	39.1	39.0	32.0	26.6	22.6
EV/EBITDA (x)	32.8	28.1	26.6	25.9	21.5	17.3	14.2
RoE (%)	30.5	28.6	25.0	21.5	22.9	23.9	24.2

Tech Mahindra

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	5,998	6,606	6,277	6,264	6,367	6,816	7,352
Revenue	446.46	532.90	519.96	529.88	560.68	610.00	665.32
EBIT	65.00	60.72	31.47	51.38	68.45	88.39	102.14
APAT	55.66	50.10	26.98	43.76	51.70	68.00	78.11
AEPS (INR)	62.8	56.6	30.5	49.4	58.3	76.7	88.2
EBIT margin (%)	14.6	11.4	6.1	9.7	12.2	14.5	15.4
USD Revenue growth (%)	17.3	10.1	(5.0)	(0.2)	1.6	7.1	7.9
EPS growth (%)	24.7	(10.0)	(46.1)	62.2	18.1	31.5	14.9
P/E (x)	25.7	28.2	50.6	33.4	27.6	21.0	18.3
EV/EBITDA (x)	17.0	17.1	27.6	19.4	15.6	12.4	10.8
RoE (%)	21.5	18.3	9.9	16.2	18.5	23.1	24.7

Persistent Systems

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	766	1,036	1,186	1,409	1,657	1,958	2,257
Revenue	57.11	83.51	98.22	119.39	146.04	175.23	204.27
EBIT	7.92	12.47	14.15	17.51	23.18	29.44	35.53
APAT	6.90	9.43	11.30	14.00	17.80	22.59	27.74
AEPS (INR)	44.9	61.3	73.4	91.0	115.7	146.8	180.3
EBIT margin (%)	13.9	14.9	14.4	14.7	15.9	16.8	17.4
USD Revenue growth (%)	35.2	35.3	14.5	18.8	17.6	18.2	15.3
EPS growth (%)	53.2	36.6	19.8	23.9	27.1	26.9	22.8
P/E (x)	140.2	102.6	85.7	69.1	54.4	42.8	34.9
EV/EBITDA (x)	98.8	62.6	55.1	46.0	34.7	27.4	22.6
RoE (%)	22.4	25.1	24.5	24.8	25.9	27.8	28.6

Mphasis

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	1,593	1,718	1,609	1,681	1,801	2,017	2,244
Revenue	119.62	137.99	132.79	142.30	158.39	180.49	203.11
EBIT	18.27	21.09	20.11	21.71	24.72	28.69	33.58
APAT	14.46	16.38	15.55	17.02	18.81	21.87	25.87
AEPS (INR)	77.3	87.6	83.1	91.0	100.6	116.9	138.3
EBIT margin (%)	15.3	15.3	15.1	15.3	15.6	15.9	16.5
USD Revenue growth (%)	21.7	7.8	(6.3)	4.4	7.2	12.0	11.3
EPS growth (%)	18.9	13.2	(5.1)	9.5	10.5	16.2	18.3
P/E (x)	36.3	32.1	33.8	30.8	27.9	24.0	20.3
EV/EBITDA (x)	23.9	20.6	20.8	18.9	16.7	14.3	12.1
RoE (%)	21.5	22.0	18.6	18.5	18.8	20.2	21.9

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L&T Technology Services

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	880	990	1,164	1,259	1,377	1,539	1,705
Revenue	65.70	80.14	96.47	106.70	121.37	137.70	154.35
EBIT	12.01	14.79	16.47	15.87	16.82	20.61	24.77
APAT	9.57	11.70	13.04	12.66	13.79	16.96	20.33
AEPS (INR)	90.7	110.8	123.5	119.9	130.7	160.8	192.6
EBIT margin (%)	18.3	18.5	17.1	14.9	13.9	15.0	16.0
USD Revenue growth (%)	19.5	12.4	17.6	8.2	9.4	11.7	10.9
EPS growth (%)	52.7	22.2	11.4	(2.9)	8.9	23.0	19.8
P/E (x)	48.6	39.8	35.7	36.7	33.7	27.4	22.9
EV/EBITDA (x)	31.4	25.6	22.9	23.3	21.2	17.2	14.2
RoE (%)	25.1	25.7	25.4	22.2	21.4	23.4	24.5

Tata Elxsi

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	331	390	429	441	430	503	581
Revenue	24.71	31.45	35.52	37.29	37.75	45.01	52.59
EBIT	7.10	8.80	9.47	8.68	7.72	10.84	13.20
APAT	5.50	7.55	7.92	7.85	6.82	9.27	11.21
AEPS (INR)	88.3	121.3	127.2	126.0	109.6	148.8	179.9
EBIT margin (%)	28.8	28.0	26.7	23.3	20.5	24.1	25.1
USD Revenue growth (%)	34.3	17.7	9.9	2.8	(2.5)	17.1	15.5
EPS growth (%)	49.3	37.4	4.9	(0.9)	(13.1)	35.8	20.9
P/E (x)	60.5	44.0	42.0	42.3	48.7	35.9	29.7
EV/EBITDA (x)	42.0	33.3	30.3	32.1	35.7	25.8	21.1
RoE (%)	37.2	41.0	34.5	29.3	22.8	27.9	30.0

Zensar Technologies

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	569	604	592	624	649	716	802
Revenue	42.44	48.48	49.02	52.81	57.01	64.05	72.57
EBIT	4.72	3.69	7.38	7.15	7.92	9.07	10.56
APAT	4.16	3.28	6.65	6.50	7.35	8.33	9.58
AEPS (INR)	18.2	14.3	29.1	28.4	32.2	36.4	41.9
EBIT margin (%)	11.1	7.6	15.0	13.5	13.9	14.2	14.6
USD Revenue growth (%)	15.3	6.1	(2.0)	5.4	3.9	10.3	12.0
EPS growth (%)	19.0	(21.3)	103.0	(2.2)	13.1	13.3	15.1
P/E (x)	41.0	52.0	25.6	26.2	23.2	20.5	17.8
EV/EBITDA (x)	23.8	27.5	16.8	17.5	15.4	13.0	10.8
RoE (%)	16.3	11.3	20.0	16.6	16.6	16.8	17.2

Cyient

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	504	632	714	671	663	713	784
Revenue	45.34	60.16	71.47	73.60	73.19	81.91	93.09
EBIT	6.30	7.67	10.36	8.84	7.57	9.20	11.33
APAT	5.22	5.65	7.41	6.22	6.13	7.07	8.79
AEPS (INR)	47.3	51.2	67.1	56.3	55.5	64.1	79.6
EBIT margin (%)	13.9	12.8	14.5	12.0	10.3	11.2	12.2
USD Revenue growth (%)	9.2	25.6	12.9	(6.1)	(1.1)	7.5	9.9
EPS growth (%)	40.5	8.2	31.1	(16.1)	(1.4)	15.4	24.3
P/E (x)	23.4	21.6	16.5	19.6	19.9	17.3	13.9
EV/EBITDA (x)	13.7	12.1	9.0	9.6	10.1	8.3	6.8
RoE (%)	17.2	17.2	19.2	13.0	11.2	12.2	14.2

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Birlasoft

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	555	595	637	635	609	653	723
Revenue	41.30	47.95	52.78	53.75	53.58	58.49	65.40
EBIT	5.64	4.38	7.51	6.12	6.39	7.22	8.29
APAT	4.64	4.50	6.11	5.17	4.19	5.89	6.71
AEPS (INR)	16.8	16.3	22.2	18.8	15.0	21.2	24.1
EBIT margin (%)	13.6	9.1	14.2	11.4	11.9	12.3	12.7
USD Revenue growth (%)	15.7	7.2	7.1	(0.3)	(4.2)	7.4	10.6
EPS growth (%)	44.5	(3.0)	36.0	(15.5)	(19.9)	40.6	14.0
P/E (x)	25.6	26.4	19.4	23.0	28.7	20.4	17.9
EV/EBITDA (x)	16.7	20.7	12.1	13.8	13.1	11.4	9.7
RoE (%)	19.5	17.9	22.3	15.8	11.7	15.2	15.7

Sonata Software

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
IITS Revenue (USD mn)	203	241	324	336	330	366	418
Revenue	55.53	74.49	86.13	101.57	105.82	115.57	127.26
EBIT	4.16	5.45	5.96	5.68	5.89	6.83	8.04
APAT	3.76	4.52	4.83	4.25	4.55	5.31	6.25
AEPS (INR)	13.4	16.1	17.2	15.1	16.2	18.9	22.3
IITS EBITDA margin (%)	23.0	20.9	21.0	17.0	17.3	18.1	18.6
EBIT margin (%)	7.5	7.3	6.9	5.6	5.6	5.9	6.3
USD Revenue growth (%)	26.6	18.7	34.3	3.7	(1.8)	10.9	14.2
EPS growth (%)	54.3	20.0	6.9	(12.1)	7.3	16.6	17.6
P/E (x)	27.2	22.7	21.2	24.1	22.5	19.3	16.4
EV/EBITDA (x)	20.9	18.1	15.3	15.8	15.0	12.9	10.9
RoE (%)	37.6	37.7	35.7	27.3	25.0	25.7	26.5

Happiest Minds Technologies

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	147	178	196	244	264	303	353
Revenue	10.94	14.29	16.25	20.61	23.21	27.08	31.95
EBIT	2.25	3.17	2.78	2.66	3.29	4.06	4.95
APAT	1.86	2.36	2.38	1.93	2.37	2.91	3.62
AEPS (INR)	12.2	15.5	15.6	12.7	15.6	19.1	23.7
EBIT margin (%)	20.6	22.2	17.1	12.9	14.2	15.0	15.5
USD Revenue growth (%)	41.0	21.3	10.3	24.2	8.2	14.8	16.7
EPS growth (%)	14.3	26.9	1.0	(18.7)	22.7	22.8	24.1
P/E (x)	38.2	30.1	29.8	36.7	29.9	24.4	19.6
EV/EBITDA (x)	25.8	19.2	18.5	19.3	16.2	13.2	10.8
RoE (%)	30.6	31.3	20.5	12.7	14.5	16.3	18.5

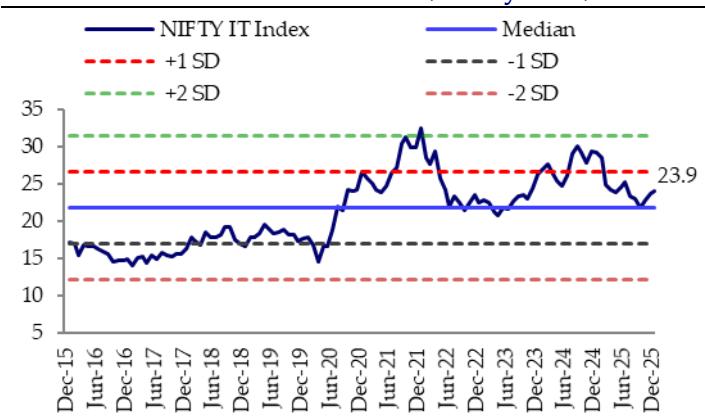
Mastek

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	293	318	368	408	437	486	549
Revenue	21.84	25.63	30.55	34.55	38.35	43.54	49.64
EBIT	4.20	3.88	4.19	4.71	5.20	6.22	7.07
APAT	2.95	2.68	3.04	3.68	3.81	4.49	5.08
AEPS (INR)	96.6	86.6	96.2	116.4	120.6	142.1	160.6
EBIT margin (%)	19.2	15.2	13.7	13.6	13.6	14.3	14.2
USD Revenue growth (%)	26.3	8.6	15.8	10.9	7.1	11.2	12.8
EPS growth (%)	31.5	(10.4)	11.2	21.0	3.5	17.9	13.0
P/E (x)	21.9	24.4	22.0	18.2	17.6	14.9	13.2
EV/EBITDA (x)	12.7	14.6	13.2	12.1	10.5	8.4	7.0
RoE (%)	30.6	19.4	16.1	16.2	14.6	15.2	15.1

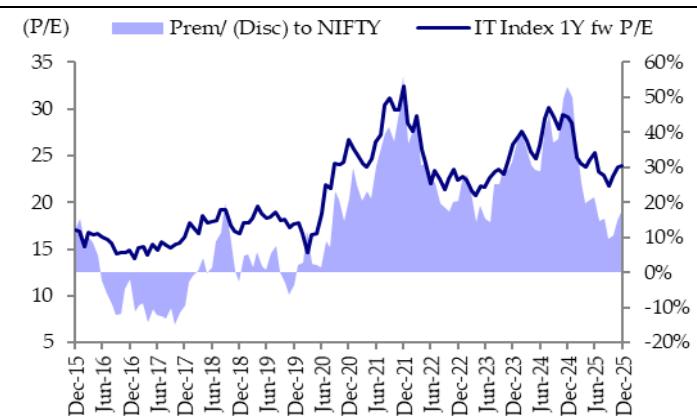
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Exhibit 25: Valuation charts

NIFTY IT Index Valuation Trend (P/E 1-yr fwd)



IT Index Valuation Trend vs NIFTY



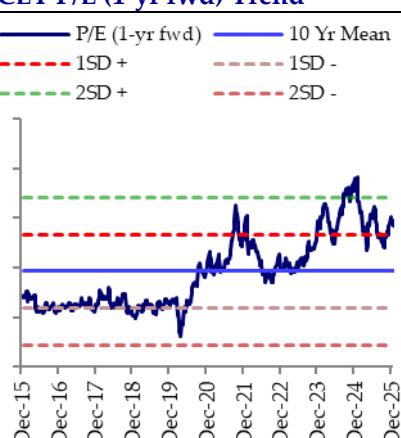
TCS P/E (1-yr fwd) Trend



INFY P/E (1-yr fwd) Trend



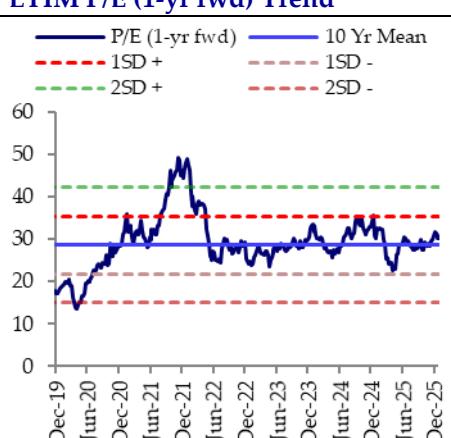
HCLT P/E (1-yr fwd) Trend



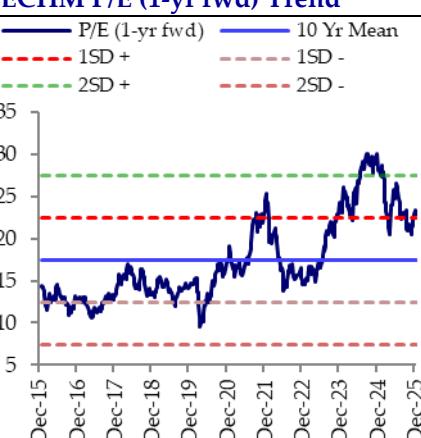
WPRO P/E (1-yr fwd) Trend



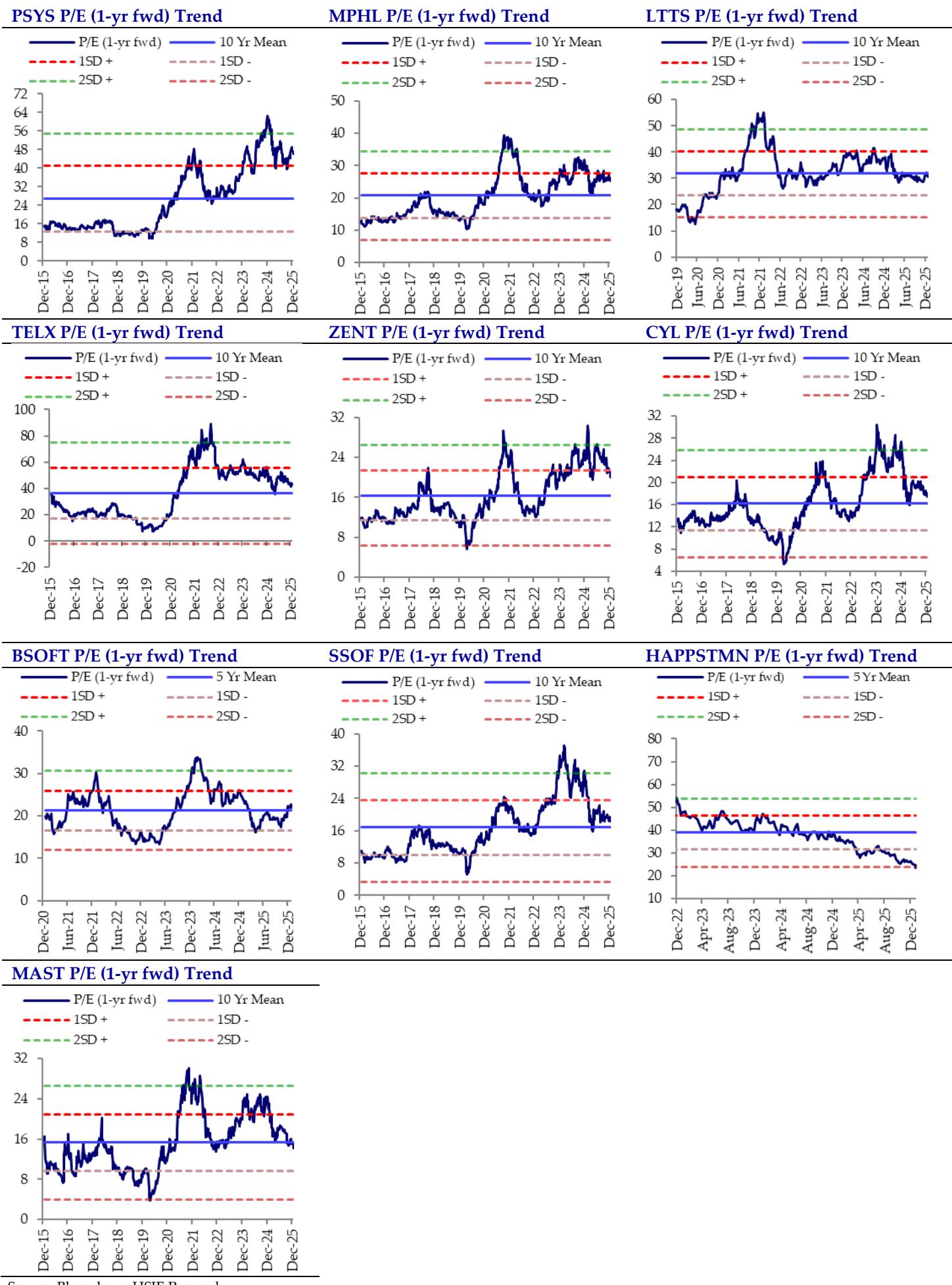
LTIM P/E (1-yr fwd) Trend



TECHM P/E (1-yr fwd) Trend

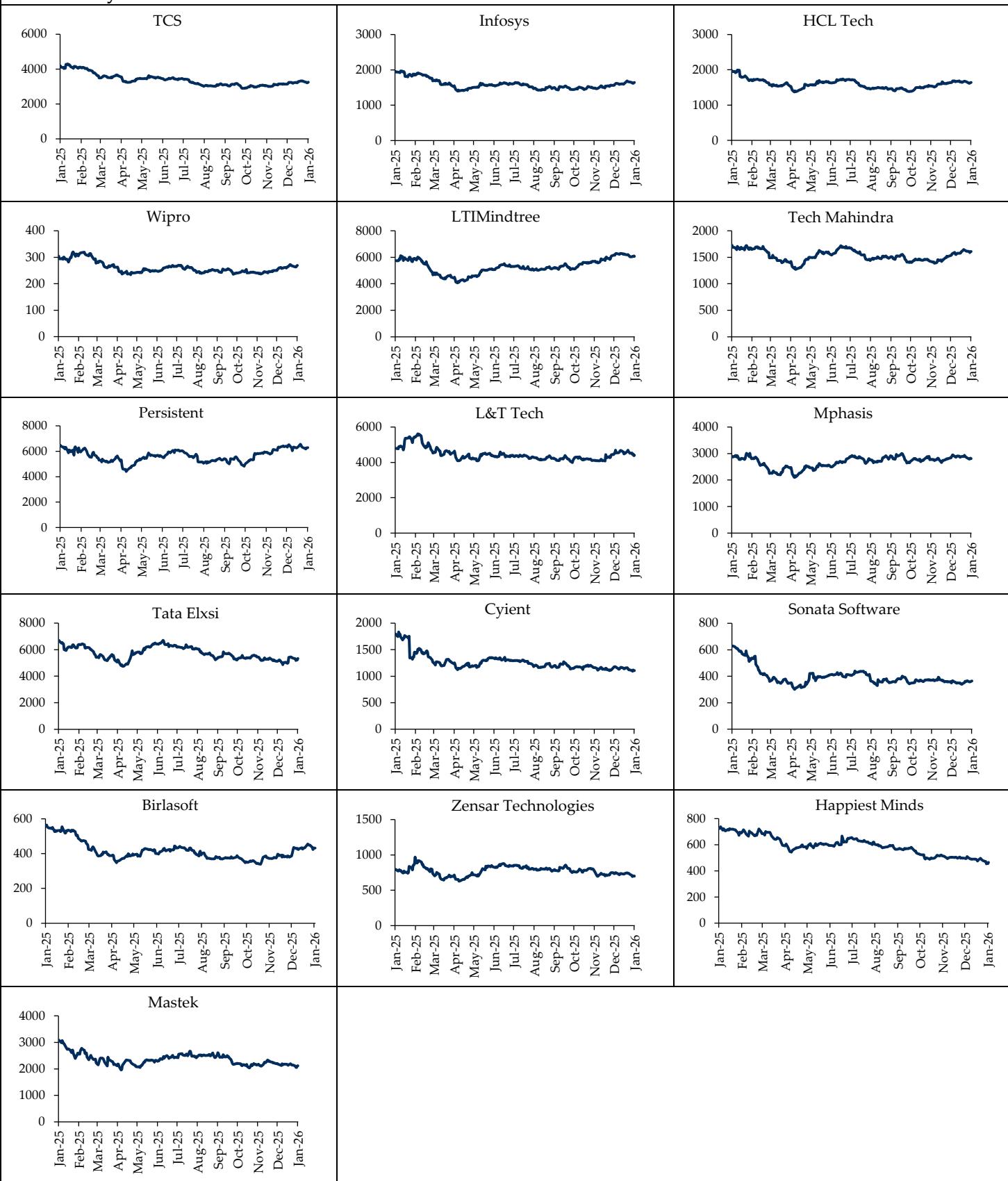


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Source: Bloomberg, HSIE Research

Price history



Rating Criteria

BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

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