

IT Sector

Navigating uncertainty; valuations turn attractive

The Indian IT services sector braces for another muted quarter in Q4FY26E, with tier-1 players growth projected at -1.1 to +0.9% QoQ CC and mid-tier companies ranging growth from -1.8% to +3.4%, as macro uncertainty, ongoing geopolitical tensions, and cautious client decision-making on large deals amid war escalation risks temper near-term revenue traction. The rupee depreciation brings some respite to margins, but AI-led deflation concerns triggered the recent multiple de-rating. Launch of new models from Gen-AI platforms like Claude and Palantir fuelled a ~24% correction over the past three months on fears of disrupting traditional SaaS/IT models. Indian IT services companies note that deploying new Gen-AI models will prove difficult in complex regulatory brownfield environments. However, the expected ~6-7% deflation impact (up from 4%) will be offset by net-new AI-centric deals in a USD 300-400bn opportunity pool, though this will temper the recovery pace. The sector growth recovery is now hinging on pure execution capability as new deals are mostly outcome-driven, pricing is agent-augmented and renewals come at discounts. Valuations have reset to pre-COVID levels and turned attractive post-correction. We trim FY27/28E revenues/EPS by ~1%, hold multiples, and prefer Infosys and HCL Tech among tier-1, and Mphasis and Birlasoft within the mid-tier segment.

- Q4FY26E expectations:** The average cross-currency tailwind for the quarter will be ~35bps. The tier-1 QoQ USD revenue growth will range between -0.6% to +1.5%, and YoY growth will be between +2.1% to +8.1%. TCS and Wipro are expected to lead growth within tier-1, with +0.9/0.8% QoQ CC respectively, while HCLT, INFY, and TECHM will be report negative QoQ CC growth. TCS has contribution from Coastal Cloud acquisition and Wipro has two months of Harman integration. For mid-tier companies, growth ranges from +3.4% to -1.8% QoQ in CC terms. Within mid-tier IT, growth is expected to be led by Persistent at +3.4% QoQ (BFSI and Tech), Mphasis at +2.5% QoQ (strong deals in BFSI), LTM at +1.7% (deal ramp-up), and TELX at +1.7% QoQ (recovery ex-automotive). The growth laggards in mid-tier will be Zensar (weak TMT and BFSI), Sonata (client-specific impact), and LTTS (weak SWC and mobility) while Cyient will be flat (strong aerospace offset by weak sustainability). Mastek will report ~0.9% QoQ CC growth (new deal ramp-up) while Birlasoft will witness 1% QoQ CC decline.
- Guidance:** We anticipate Infosys will guide for 2-4% YoY CC growth for FY27E and HCL Tech will guidance for 3-5% growth based on deal wins and AI leadership. Wipro is likely to guide 0% to +1% QoQ for Q1FY27E and L&T Tech will aim for high single-digit outlook for FY27E. The management commentary on demand outlook, client budgets, AI deflationary impact, and delays in decision making due to war situation will be closely monitored. Margin guidance across companies is expected to remain stable, supported by currency tailwind and peak utilization levels. Infosys is likely to maintain a margin band of 20-22%, HCL Tech 17-18%, and TCS 26-28%. For FY27/28E, we expect margin to improve by 76/40bps YoY (+70/30bps for tier-1 and 70/60bps for mid-tier), led by currency depreciation, muted hiring, and improving productivity. TCS is expected to report TCV of USD 8-10bn and Infosys about USD 2-3bn.
- Outlook and valuation:** Nifty IT index has underperformed, declining ~24% over the past three months led by AI-induced disruptions narrative and protracted growth recovery. The Nifty IT Index is trading at a PE of 17.8x 1Y forward earnings, which is ~16% below its 10-year historical average (21.2x) and 4% higher than the pre-covid 10-year average (17.4x). Large-cap IT companies are trading at 16.3x and 14.7x FY27E and FY28E earnings, respectively, while mid-caps trade at 19.4x and 16.5x. The IT sector is projected to achieve a 5.9% USD revenue CAGR and an 10.8% EPS CAGR over FY26-28E, improvement over the 2.8% revenue and 6.8% EPS growth seen in the past three years. The current 1-year-forward sector valuation is in line with the pre-Covid 10-year average, indicating limited downside. The rupee depreciation will provide cushion to margins. We reduce revenue and EPS estimates by ~0.4% and ~1% respectively and keep multiples unchanged.

Company	CMP* (INR)	RECO	TP (INR)
TCS	2,408	ADD	3,000
INFO	1,276	BUY	1,600
HCLT	1,354	BUY	1,520
WPRO	191	ADD	225
LTM	4,107	BUY	5,560
TECHM	1,405	ADD	1,515
PSYS	5,049	ADD	6,240
MPHL	2,137	ADD	2,660
LTTS	3,324	ADD	3,500
TELX	4,127	ADD	5,000
ZENT	538	ADD	690
BSOFT	350	BUY	435
CYL	780	ADD	1,110
SSOF	221	BUY	330
HAPPSTMN	393	BUY	490
MAST	1,463	BUY	2,300

*CMP as on 1st Apr 2026

Amit Chandra

amit.chandra@hdfcsec.com
+91-22-6171-7345

Vinesh Vala

vinesh.vala@hdfcsec.com
+91-22-6171-7332

Maitreyee Vaishampayan

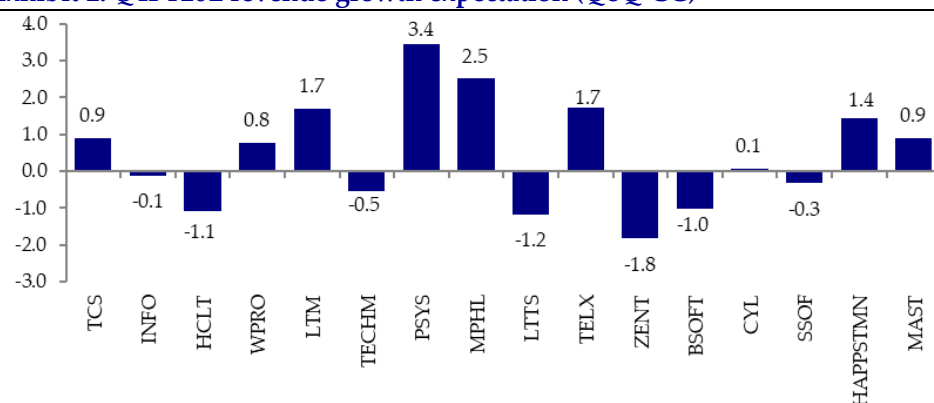
maitreyee.vaishampayan@hdfcsec.com
+91-22-6171-7308

Exhibit 1: IT Services: Q4FY26E Quarterly Financial Summary

Company	NET SALES (USD mn)			NET SALES (INR bn)			EBIT (INR bn)			EBIT Margin (%)			APAT (INR bn)			Adj. EPS (INR)		
	Q4	QoQ	YoY	Q4	QoQ	YoY	Q4	QoQ	YoY	Q4	QoQ	YoY	Q4	QoQ	YoY	Q4	Q3	Q4
	FY26E	(%)	(%)	FY26E	(%)	(%)	FY26E	(%)	(%)	FY26E	(%)	(%)	FY26E	(%)	(%)	FY26E	FY26	FY25
TCS	7,619	1.5	2.1	695.63	3.7	7.9	175.38	3.8	12.4	25.2	4	102	135.28	2.2	10.7	37.4	36.6	33.8
INFO	5,115	0.3	8.1	466.99	2.7	14.1	99.66	19.3	16.2	21.3	297	39	76.10	0.3	8.2	18.5	18.4	16.9
HCLT	3,770	(0.6)	7.8	344.16	1.6	13.8	63.10	0.4	16.0	18.3	-22	34	48.50	1.1	12.6	17.9	17.7	15.9
WPRO	2,664	1.1	2.6	244.71	3.9	8.7	42.79	22.5	10.1	17.5	265	22	35.28	5.3	(1.2)	3.4	3.2	3.4
LTM	1,230	1.8	8.7	112.29	4.2	14.9	17.38	0.0	29.2	15.5	-64	171	14.71	53.3	30.3	49.7	47.1	38.2
TECHM	1,610	(0.0)	3.9	146.97	2.1	9.8	20.12	6.3	43.1	13.7	54	319	14.77	11.5	24.3	16.7	14.9	13.4
PSYS	437	3.5	16.6	39.94	5.7	23.2	6.56	20.8	29.7	16.4	205	83	5.18	1.8	30.9	33.7	33.1	25.7
MPHL	463	2.6	7.6	42.29	5.7	14.0	6.39	5.0	12.7	15.1	-10	-18	4.61	(3.4)	3.3	24.7	25.5	23.8
LTTS	323	(1.0)	(6.4)	29.50	0.9	(1.1)	4.22	(1.3)	7.0	14.3	-32	108	3.37	8.2	8.5	31.9	29.4	29.4
TELX	109	2.0	3.7	9.94	4.2	9.4	2.10	5.4	14.8	21.1	22	100	1.86	2.6	8.1	29.9	29.2	27.7
ZENT	158	(1.6)	0.8	14.43	0.9	6.2	2.25	(1.8)	19.5	15.6	-42	174	2.02	(10.4)	14.4	8.8	9.8	7.7
BSOFT	150	(0.9)	(1.8)	13.65	1.3	3.7	1.92	(14.7)	26.1	14.0	-263	250	1.33	(8.2)	9.2	4.8	5.2	4.4
CYL	167	0.3	3.8	15.29	2.7	9.5	1.90	2.8	7.6	12.4	1	-22	1.57	30.0	3.5	14.2	11.0	13.8
SSOF	82	0.2	1.4	7.52	1.8	7.1	1.50	3.9	29.3	19.9	40	342	1.17	(13.9)	8.7	4.2	3.7	3.8
HAPPSTMN	67	1.6	6.2	6.10	3.8	12.0	0.90	6.2	47.2	14.8	33	354	0.62	9.7	47.3	4.1	3.7	2.8
MAST	104	1.9	(0.5)	9.50	4.9	4.9	1.35	5.8	12.5	14.2	12	97	1.03	(5.1)	15.2	32.5	34.3	28.2
Aggregate	24,068	0.7	4.9	2,198.92	3.1	10.8	447.51	8.0	15.6	20.4	93	83	347.41	3.6	10.4			

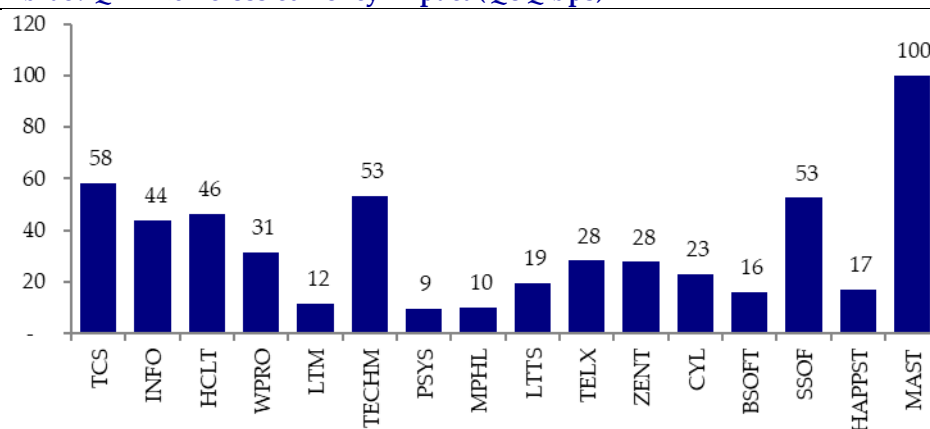
Source: HSIE Research, WPRO USD Rev is IT services, CYL is DET business and SSOF is IITS USD rev & IITS EBITDA margin

Exhibit 2: Q4FY26E revenue growth expectation (QoQ CC)

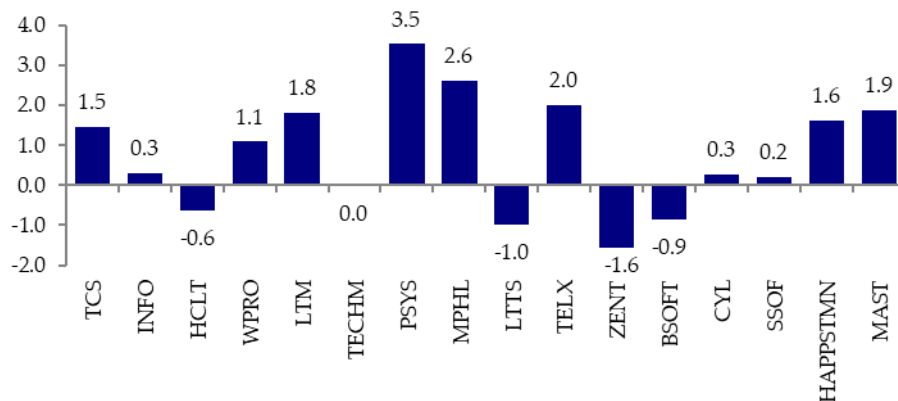


Source: HSIE Research

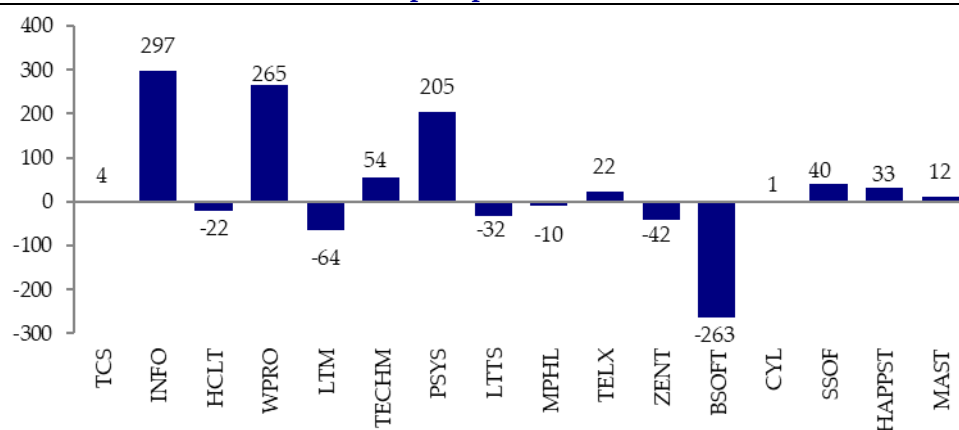
Exhibit 3: Q4FY26E cross currency impact (QoQ bps)



Source: HSIE Research

Exhibit 4: Q4FY26E revenue growth expectation (QoQ USD)

Source: HSIE Research

Exhibit 5: Q4FY26E 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% FY26-28E	EPS CAGR% FY26-28E
					FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E		
TCS	8,713	2,408	3,000	ADD	134.2	145.0	156.2	167.0	17.9	16.6	15.4	14.4	52.4	55.5	59.3	61.8	4.8	7.3
INFO	5,295	1,276	1,600	BUY	64.3	71.3	79.7	88.6	19.8	17.9	16.0	14.4	29.0	30.5	32.7	34.2	6.1	11.5
HCLT	3,669	1,354	1,520	BUY	62.6	65.4	75.9	84.6	21.6	20.7	17.8	16.0	24.6	25.1	28.0	29.3	6.2	13.7
WPRO	2,006	191	225	ADD	12.5	12.6	13.7	14.5	15.3	15.1	14.0	13.2	16.6	15.7	16.2	16.5	3.4	7.1
LTM	1,215	4,107	5,560	BUY	155.6	185.7	214.6	252.7	26.4	22.1	19.1	16.3	21.5	22.7	23.1	23.7	9.1	16.7
TECHM	1,245	1,405	1,515	ADD	49.4	57.9	77.7	89.2	28.4	24.3	18.1	15.7	16.2	18.4	23.4	25.0	6.4	24.1
PSYS	777	5,049	6,240	ADD	91.0	125.0	147.9	178.2	55.5	40.4	34.1	28.3	24.8	26.9	27.8	28.0	15.3	19.4
MPHL	400	2,137	2,660	ADD	91.0	98.9	111.0	126.8	23.5	21.6	19.2	16.8	18.5	18.5	19.4	20.6	9.8	13.2
LTTS	351	3,324	3,500	ADD	119.9	122.4	143.9	174.7	27.7	27.1	23.1	19.0	22.2	20.2	21.5	23.2	8.5	19.5
TELX	248	3,977	5,000	ADD	126.0	107.1	139.3	166.6	31.6	37.1	28.5	23.9	29.3	22.4	26.5	28.3	13.1	24.7
ZENT	122	538	690	ADD	28.4	34.6	35.7	40.4	18.9	15.5	15.1	13.3	16.6	17.8	16.4	16.6	8.2	8.1
CYL	86	780	1,110	ADD	56.3	52.0	64.4	77.2	13.9	15.0	12.1	10.1	13.0	10.5	12.3	13.8	7.9	21.8
BSOFT	97	350	435	BUY	18.8	18.0	21.7	24.2	18.6	19.4	16.1	14.5	15.8	13.9	15.4	15.5	5.6	15.9
SSOF	62	221	330	BUY	15.1	17.2	18.3	20.7	14.6	12.8	12.1	10.7	27.3	26.4	24.7	24.7	7.7	9.7
HAPSTMN	60	393	490	BUY	12.7	15.1	18.2	22.3	30.9	26.0	21.5	17.6	12.7	14.1	15.8	17.8	14.0	21.4
MAST	46	1,463	2,300	BUY	116.4	126.7	133.5	148.6	12.6	11.6	11.0	9.8	16.2	15.2	14.2	14.1	7.9	8.3
IT AVG									23.6	21.5	18.4	15.9	22.3	22.1	23.5	24.6	8.4	15.2
IT Median									20.7	20.1	17.0	15.1	20.0	19.4	22.3	23.5	7.9	14.8

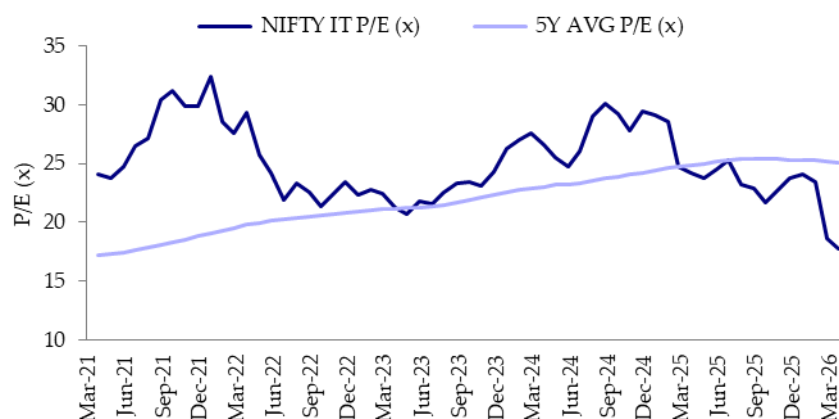
Source: HSIE Research, CMP as on 1st Apr 2026

Exhibit 7: Global IT Peers: valuations

Company	MCap (USD bn)	CMP USD	TP	RECO	EPS				P/E (x)				RoE (%)				USD Rev CAGR% FY26-28E	EPS CAGR% FY26-28E
					FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E		
Accenture	121.7	198	NA	NR	12.3	13.9	15.0	16.3	16.1	14.3	13.3	12.2	25.8	26.5	25.9	25.1	5.7	8.2
Cognizant	29.3	61	NA	NR	4.5	5.7	6.1	6.7	13.6	10.8	10.0	9.2	16.2	17.1	16.6	15.9	5.7	8.7
Capgemini^	17.2	101	NA	NR	9.8	14.8	16.0	17.1	10.3	6.9	6.3	5.9	15.0	15.6	15.7	15.3	4.5	7.6
EPAM	7.3	135	NA	NR	7.9	12.8	13.9	15.2	17.1	10.6	9.7	8.9	12.8	15.7	14.2	17.4	7.4	9.1
Globant	2.0	46	NA	NR	3.8	6.2	6.7	7.3	12.1	7.4	6.9	6.3	9.0	11.4	10.2	11.6	6.6	8.0
TietoEVRY^	2.2	19	NA	NR	NA	1.8	2.0	2.2	NA	10.5	9.6	8.8	(4.3)	14.6	16.5	18.1	4.1	9.2
Global IT AVG									13.8	10.1	9.3	8.6	12.4	16.8	16.5	17.2	5.7	8.5
Global IT Median									13.6	10.5	9.7	8.9	13.9	15.7	16.1	16.7	5.7	8.5

Source: Bloomberg consensus, HSIE Research, CMP as on 1st Apr 2026, ^ in EUR

Exhibit 8: NIFTY IT Index started de-rating from Jan 2026



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	30,015	31,311	32,940	0.3%	0.3%	0.2%	25.0	25.4	25.5	-11	-2	3	145.0	156.2	167.0	-0.1%	0.1%	0.3%
INFO	20,231	21,347	22,757	0.0%	0.0%	0.0%	20.4	21.3	21.7	-34	-22	-14	71.3	79.7	88.6	-1.5%	-1.0%	-0.6%
HCLT	14,752	15,632	16,627	-0.1%	-0.4%	-0.4%	17.7	18.7	19.3	-13	0	6	65.4	75.9	84.6	-4.2%	-4.0%	-3.7%
WPRO*	10,491	10,797	11,209	0.0%	0.0%	0.0%	16.2	16.9	17.3	-6	-8	0	12.6	13.7	14.5	-0.3%	-0.4%	0.0%
LTM	4,771	5,185	5,684	-0.2%	-0.7%	-0.7%	15.4	15.9	17.1	-43	-50	-31	185.7	214.6	252.7	-2.5%	-3.3%	-2.2%
TECHM	6,370	6,750	7,217	-0.2%	-0.1%	0.0%	12.5	15.0	15.8	-4	-2	2	57.9	77.7	89.2	-1.1%	-0.2%	0.2%
PSYS	1,656	1,916	2,203	-0.1%	-0.3%	-0.3%	15.7	16.5	17.1	-31	-27	-27	125.0	147.9	178.2	-0.9%	3.6%	1.5%
MPHL	1,797	1,960	2,167	0.1%	0.2%	0.2%	15.2	15.5	15.6	-4	2	1	98.9	111.0	126.8	-0.2%	0.3%	0.3%
LTTS	1,322	1,392	1,555	-0.4%	-0.8%	-0.2%	13.9	14.9	16.0	-12	-3	-2	122.4	143.9	174.7	-3.6%	-4.6%	-3.5%
TELX	425	477	544	-0.1%	-0.3%	-0.4%	19.7	23.0	24.0	4	-7	-2	107.1	139.3	166.6	0.7%	-0.6%	-0.4%
ZENT	643	680	753	-1.0%	-1.9%	-0.7%	14.7	14.2	14.5	11	-5	5	34.6	35.7	40.4	-0.2%	-1.9%	-0.3%
BSOFT	602	622	671	-0.4%	-1.7%	-1.6%	14.0	13.2	13.5	54	30	30	18.0	21.7	24.2	3.2%	0.3%	0.3%
CYL	821	876	955	-0.3%	-1.3%	-1.3%	9.9	11.6	12.5	-40	-6	-2	52.0	64.4	77.2	-3.9%	-1.8%	-1.4%
SSOF*	329	346	381	-0.2%	-0.5%	-0.5%	18.3	18.2	18.6	36	0	0	17.2	18.3	20.7	1.5%	-0.4%	-0.4%
HAPPSTMN	262	295	341	-0.1%	-0.3%	-0.3%	13.9	14.8	15.2	-3	-19	-19	15.1	18.2	22.3	-0.3%	-1.6%	-1.5%
MAST	422	443	491	-0.3%	-1.0%	-1.0%	13.7	13.9	14.2	-19	-19	-31	126.7	133.5	148.6	-1.6%	-2.4%	-3.1%
Median				-0.1%	-0.4%	-0.4%				-9	-6	-1.0				-0.6%	-0.8%	-0.4%

Source: Company, HSIE Research; *Wipro is IT Services USD revenue and Sonata is IITS revenue & IITS EBITDA margin

Exhibit 10: Change in TP & Rating

Companies	M-cap (INR bn)	CMP (INR)	TP Old (INR)	New TP (INR)	Upside %	Old Rating	New Rating	Old multiple (x)	New multiple (x)	10Y Avg (x)	Pre Covid 10yr Avg (2010- 2020) P/E multiple
TCS	8,713	2,408	3,000	3,000	25%	ADD	ADD	18	18	24	20
INFY	5,295	1,276	1,600	1,600	25%	BUY	BUY	18	18	21	17
HCLT	3,669	1,354	1,600	1,520	12%	BUY	BUY	18	18	18	14
WPRO	2,006	191	225	225	18%	ADD	ADD	15	15	18	15
LTM	1,215	4,107	5,690	5,560	35%	BUY	BUY	22	22	25	17
TECHM	1,245	1,405	1,515	1,515	8%	ADD	ADD	17	17	18	13
PSYS	777	5,049	6,150	6,240	24%	ADD	ADD	35	35	27	13
MPHL	400	2,137	2,660	2,660	24%	ADD	ADD	21	21	21	13
LTTS	351	3,324	3,620	3,500	5%	ADD	ADD	20	20	28	20
TELX	257	4,127	5,000	5,000	21%	ADD	ADD	30	30	36	17
ZENT	122	538	690	690	28%	ADD	ADD	17	17	17	9
BSOFT	97	350	435	435	24%	BUY	BUY	18	18	15	NA
CYL	86	780	1,130	1,110	42%	ADD	ADD	14	14	16	12
SSOF	62	221	330	330	49%	BUY	BUY	16	16	17	9
HAPPSTMN	60	393	500	490	25%	BUY	BUY	22	22	NA	NA
MAST	46	1,463	2,300	2,300	57%	BUY	BUY	15	15	15	8

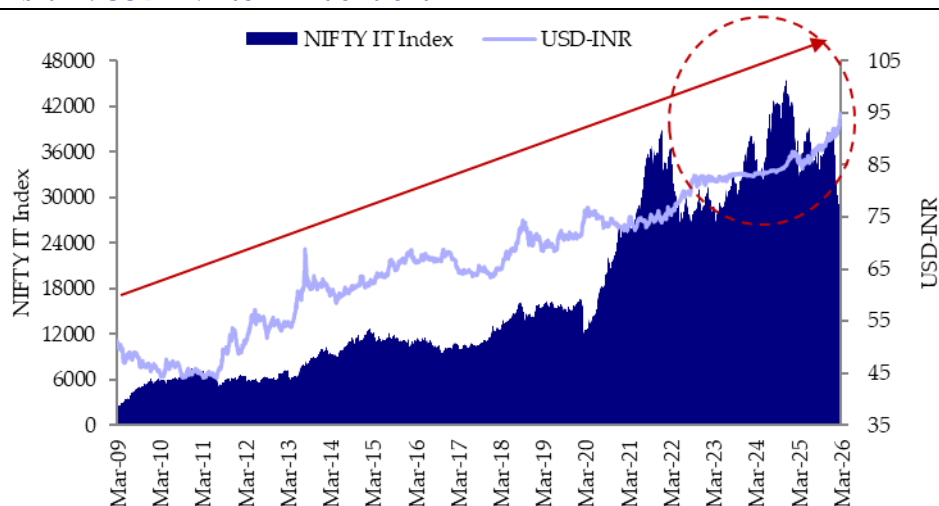
Source: Company, HSIE Research, CMP as on 1st Apr 2026

Exhibit 11: IT Sector stock performance (%)

Company	M-cap (USD bn)	CMP (INR)	1W (%)	1M (%)	3M (%)	6M (%)	1Y (%)	3Y (%)	5Y (%)	YTD (%)
TCS	93.6	2,408	(1.0)	(10.5)	(27.3)	(18.3)	(34.5)	(24.8)	(25.2)	(26.4)
INFO	55.6	1,276	(0.3)	(3.6)	(22.7)	(13.1)	(20.2)	(9.4)	(9.6)	(22.4)
HCLT	39.5	1,354	(1.0)	(3.2)	(16.7)	(2.9)	(15.6)	26.0	35.1	(17.2)
WPRO	21.5	191	0.0	(6.6)	(28.8)	(21.6)	(28.5)	4.5	(10.3)	(28.7)
LTM	13.1	4,107	(2.3)	(10.1)	(33.9)	(22.2)	(10.7)	(13.1)	(3.6)	(33.8)
TECHM	14.8	1,405	(0.3)	1.6	(14.0)	(1.5)	(2.7)	27.6	35.7	(13.3)
PSYS	8.6	5,049	3.6	3.3	(20.9)	1.5	(11.3)	115.5	408.6	(22.0)
MPHL	4.4	2,137	(0.3)	(10.4)	(26.4)	(22.5)	(17.7)	19.7	15.6	(26.3)
LTTS	3.8	3,324	1.6	(11.1)	(29.6)	(24.1)	(30.7)	(7.0)	18.2	(30.0)
TELX	2.8	4,127	(3.7)	(11.9)	(23.4)	(23.9)	(23.8)	(33.2)	47.9	(24.1)
ZENT	1.3	538	(5.5)	(8.7)	(25.7)	(32.5)	(26.5)	93.3	89.4	(26.7)
BSOFT	1.0	350	(1.7)	(14.6)	(21.3)	(5.5)	(14.0)	30.5	31.9	(23.0)
CYL	0.9	780	(4.8)	(17.6)	(31.0)	(34.2)	(40.4)	(23.6)	17.1	(32.6)
SSOF	0.7	221	(6.7)	(21.7)	(41.2)	(39.3)	(39.2)	(44.1)	10.7	(41.6)
HAPPSTMN	0.6	393	(8.0)	0.4	(20.4)	(31.9)	(39.5)	(52.8)	(32.7)	(21.5)
MAST	0.5	1,463	(2.6)	(14.9)	(34.6)	(38.5)	(38.2)	(11.3)	12.8	(34.3)
NSE IT Index			(0.2)	(5.0)	(23.5)	(13.6)	(21.1)	3.8	11.4	(23.2)
NIFTY			(2.7)	(8.8)	(13.8)	(9.2)	(5.0)	30.9	50.5	(14.5)
Nasdaq			(4.5)	(7.6)	(10.6)	(7.6)	20.9	74.4	60.6	(9.9)

Source: Bloomberg, HSIE Research, CMP as on 1st Apr 2026

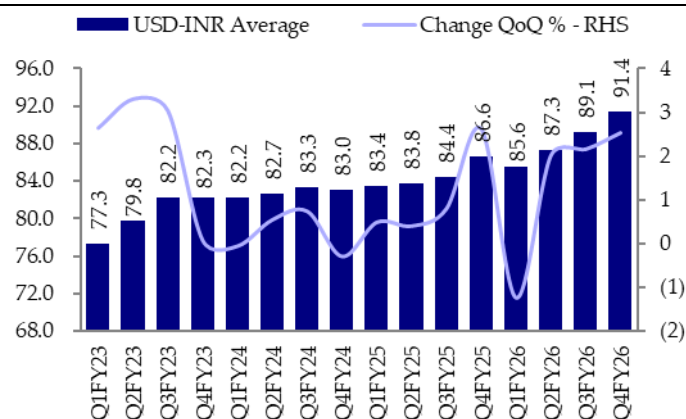
Exhibit 12: USD-INR vs IT index trend



Source: Bloomberg, Note: - Our current assumption of USD-INR is at 91.5/92.5 for FY27/28E

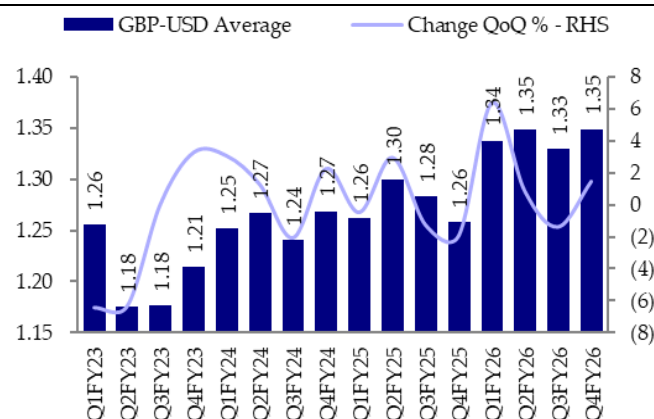
Exhibit 13: Currency trends

USD-INR trend



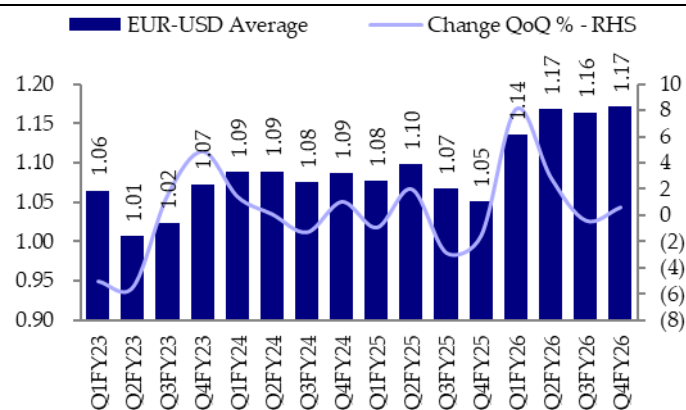
Source: NSE, Bloomberg, HSIE Research

GBP-USD trend



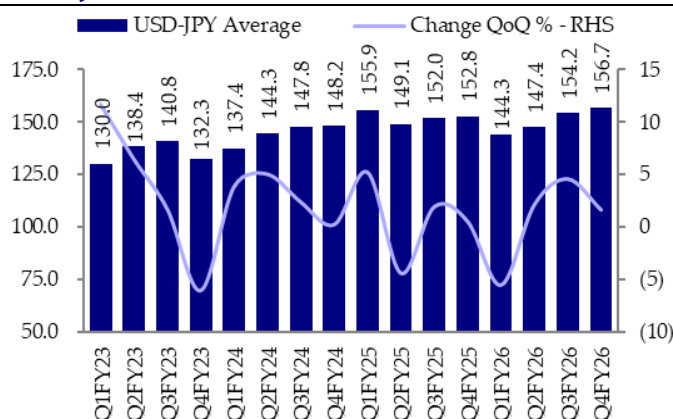
Source: NSE, Bloomberg, HSIE Research

EUR-USD trend

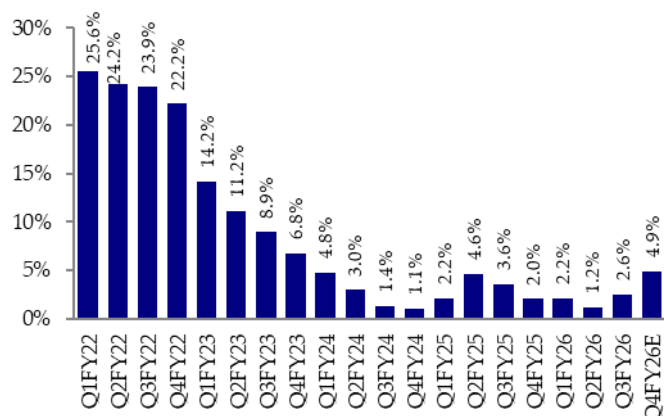


Source: NSE, Bloomberg, HSIE Research

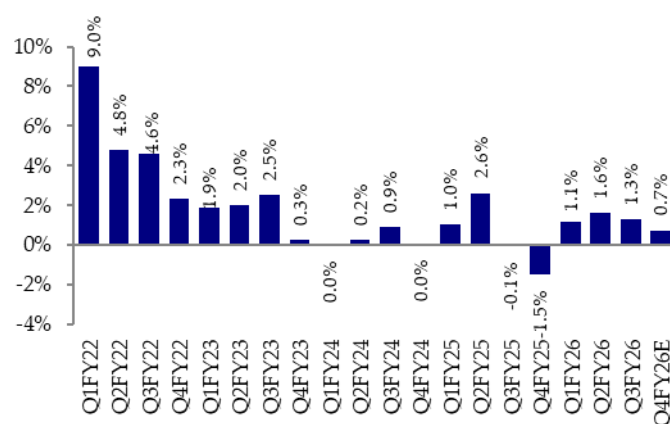
USD-JPY trend



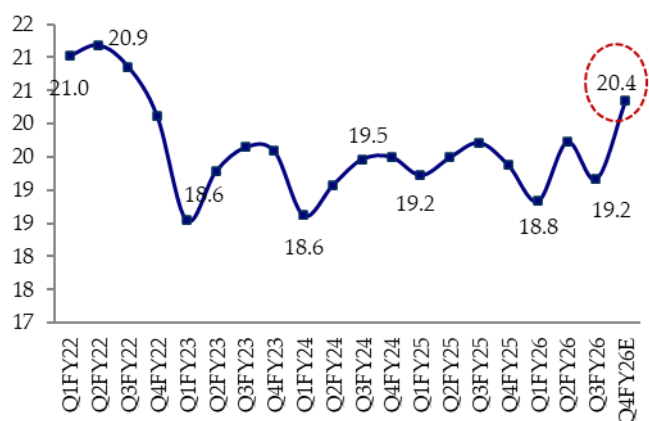
Source: NSE, Bloomberg, HSIE Research

Exhibit 14: IT Sector YoY revenue growth – some signs of recovery (expected to be best YoY in the last 12 quarters)


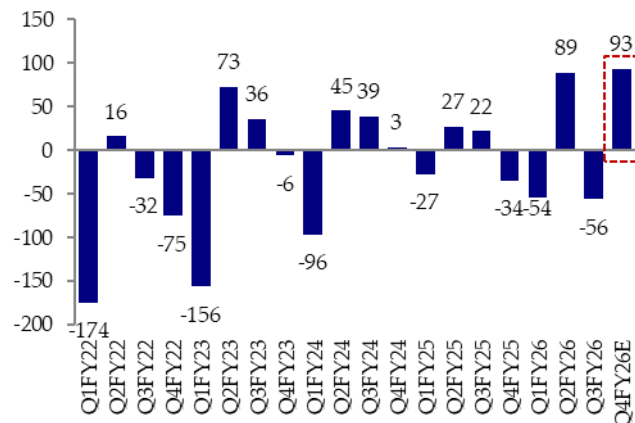
Source: Company, HSIE Research

Exhibit 15: IT Sector QoQ revenue growth (still muted but best after Q4FY23)


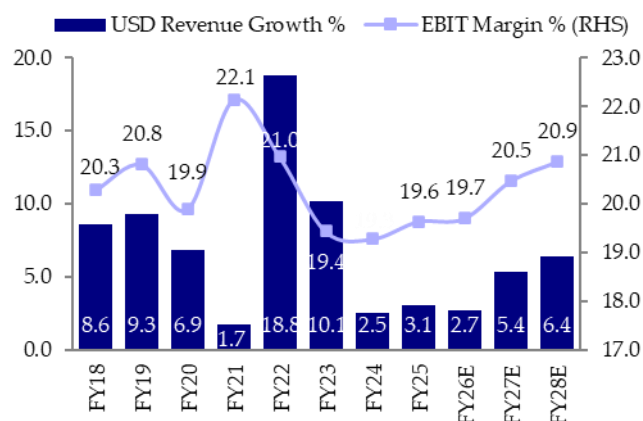
Source: Company, HSIE Research

Exhibit 16: Margin uptick supported by FX tailwind


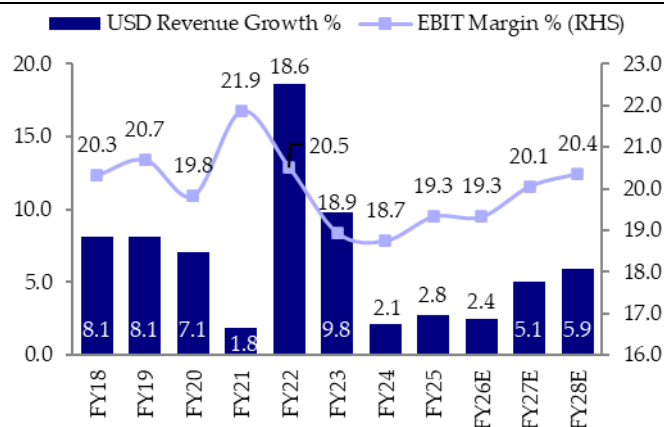
Source: Company, HSIE Research

Exhibit 17: Sequential margin improvement expected


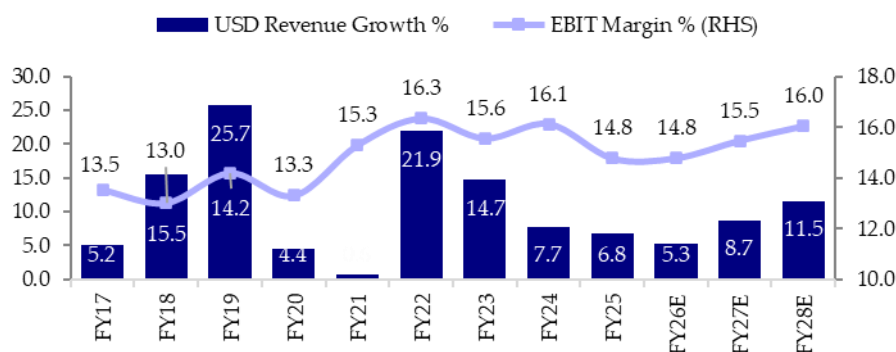
Source: Company, HSIE Research

Exhibit 18: IT Sector aggregate revenue growth and EBITM trend – Growth rate expected to improve (CAGR FY26-28E 5.9% vs FY24-26E 2.9%)


Source: Company, HSIE Research

Exhibit 19: Tier -1 IT revenue growth and margin trend: CAGR (FY24-26E) 2.6%, vs CAGR (FY26-28E) of 5.5%


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

Exhibit 20: Tier -2 IT revenue growth and margin trend – growth expected to accelerate sharply from 6% (CAGR FY24-26E) to 10.1% (CAGR FY26-28E)


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

Exhibit 21: Key deals announced in Q4FY26

Company	Client	Vertical	Region	Services
TCS	Rajarambapu Sahakari Bank	BFSI	India	Renewal deal; BaNCS for Treasury
	Kalmar Oyj	Regional Markets & Others	Finland	IT service transformation
	Janata Sahakari Bank	BFSI	India	BaNCS for modernization
	Flight Centre Travel Group	Retail & CPG	Australia	Enterprise technology transformation
	Pearson	Regional Markets & Others	UK	Multi-year deal; AI-powered learning
	ABB	Mfg	Swiss	IT infra & app transformation, AI & factory modernization
	Amadeus	Regional Markets & Others	Spain	Next-gen airline retail solutions; AI-led cloud-enabled innovation
	Swissport	Regional Markets & Others	Swiss	Renewal for 5-years; AI-led transformation
Infosys	Cursor	Hi-Tech	India	Infosys Topaz Fabric
	MSG Sports & MSG Entertainment	Others	US	Renewal; Digitization
	Citizens	Financial Services	India	Infosys Topaz Fabric: Launch of AI-first innovation hub at Bengaluru
	ExxonMobil	Energy, Utilities, Resources & Services	India	Renewal deal; Infosys Topaz & Infosys Cobalt
	Incora	Others	US	Multi-year deal; Infosys Topaz & Infosys EdgeVerve AI Next
	University of Nottingham	Others	UK	Renewal deal; Infosys Cobalt and Topaz Fabric
HCL Tech	Magnum Ice Cream Company	Mfg	India	IT infra management - AI Force
	Team Global Express	Public Services	Australia	Digital transformation - AI Force
	Western Union	Financial Services	India	GCC - AI-Force
	Guardian	Financial Services	US	Multi-year deal; AI-driven technology transformation
	Hong Kong Aero Engine Services	Mfg	Hong Kong	SAP S/4HANA
	Circles	Technology & Services	US	Product engineering and AI-led service transformation
Wipro	Hockey Victoria	Public Services	Australia	Design and develop fan engagement platform
	TruStage	Banking, Financial Services and Insurance	US	Multi-year deal; Modernization - Wipro Intelligence
LTM	CBDT	Others	India	INR 30bn, 7-year deal; AI program to modernize national tax analytics program in collaboration with NVIDIA
LTTS	Gatekeeper Systems	Mobility	Middle East	USD 0.6mn deal; Installation services for mobile data collectors
Mastek	UK govt - home office (biometrics portfolio)	Government & Education	UK	5-year, USD 67mn+ deal; Engineering, integration, product development
	UK govt - home office (Migration & borders technology)	Government & Education	UK	USD 110mn+ deal; Engineering support to ATLAS platform
	UK govt - Financial Conduct Authority	Government & Education	UK	2-year, £15mn deal; Support digital delivery hub

Source: Company, HSIE Research

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

USD Rev (QoQ CC %)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26E
TCS	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	0.8	0.9
INFO	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	0.6	-0.1
HCLT	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	4.2	-1.1
WPRO	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	1.4	0.8
LTM	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	2.4	1.7
TECHM	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	1.7	-0.5
PSYS	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	4.4	3.4
MPHL	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	2.5
LTTS	4.5	0.0	2.2	-2.9	3.2	0.9	5.1	-3.1	3.4	3.1	10.5	0.0	-4.2	1.3	-1.2
TELX	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	1.7
ZENT	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	-1.3	-1.8
BSOFT	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	0.3	1.2
CYL	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	0.5	0.1
SSOF	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	-0.3
HAPPSTMN	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	1.2	1.4
MAST	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	-4.8	0.9

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

Exhibit 23: Quarterly EBIT Margin trend (%)

EBIT Margin (%)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26E
TCS	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	25.2
INFO	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	18.4	21.3
HCLT	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	18.6	18.3
WPRO	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	17.6	17.6
LTM	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	16.1	15.5
TECHM	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	13.1	13.7
PSYS	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	14.4	16.4
MPHL	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	15.2	15.1
LTTS	18.3	18.1	18.7	18.5	17.2	17.1	17.2	17.1	15.6	15.1	15.9	14.9	13.3	13.4	14.6
TELX	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	20.9	21.1
ZENT	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	16.0	15.6
BSOFT	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	16.7	14.0
CYL	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	12.4	12.4
SSOF	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	19.5	19.9
HAPPSTMN	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	14.5	14.8
MAST	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	14.1	14.2

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

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	30,015	31,311	32,940
Revenue	1,917.54	2,254.58	2,408.93	2,553.24	2,658.86	2,864.96	3,046.95
EBIT	484.53	542.37	593.11	621.65	665.07	726.61	778.42
APAT	383.27	421.47	466.35	485.53	524.60	565.01	604.13
AEPS (INR)	105.9	116.5	128.9	134.2	145.0	156.2	167.0
EBIT margin (%)	25.3	24.1	24.6	24.3	25.0	25.4	25.5
USD Revenue growth (%)	15.9	8.6	4.1	3.8	(0.5)	4.3	5.2
EPS growth (%)	14.9	10.0	10.6	4.1	8.0	7.7	6.9
P/E (x)	22.7	20.7	18.7	17.9	16.6	15.4	14.4
EV/EBITDA (x)	15.4	13.9	12.9	12.2	11.5	10.6	9.9
RoE (%)	43.7	46.9	51.6	52.4	55.5	59.3	61.8

Infosys

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	16,310	18,212	18,562	19,277	20,231	21,347	22,757
Revenue	1,216.41	1,467.67	1,536.71	1,629.90	1,789.47	1,953.27	2,105.04
EBIT	280.15	309.06	317.47	344.24	364.77	416.88	455.75
APAT	221.11	240.95	247.50	267.13	294.80	328.71	365.08
AEPS (INR)	53.3	58.0	59.6	64.3	71.3	79.7	88.6
EBIT margin (%)	23.0	21.1	20.7	21.1	20.4	21.3	21.7
Revenue growth (%)	20.3	11.7	1.9	3.9	4.9	5.5	6.6
EPS growth (%)	14.3	9.0	2.7	7.9	10.8	11.9	11.1
P/E (x)	24.0	22.0	21.4	19.8	17.9	16.0	14.4
EV/EBITDA (x)	15.6	14.2	13.5	12.3	11.8	10.2	9.3
RoE (%)	29.2	32.0	30.3	29.0	30.5	32.7	34.2

HCL Tech

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	11,536	12,586	13,270	13,840	14,752	15,632	16,627
Revenue	856.51	1,014.56	1,099.13	1,170.55	1,305.79	1,430.36	1,538.02
EBIT	161.73	184.84	200.27	214.21	230.87	267.41	297.23
APAT	134.99	148.52	157.02	169.61	177.23	205.61	229.22
AEPS (INR)	49.7	54.8	58.0	62.6	65.4	75.9	84.6
EBIT margin (%)	18.9	18.2	18.2	18.3	17.7	18.7	19.3
Revenue growth (%)	13.4	9.1	5.4	4.3	6.6	6.0	6.4
EPS growth (%)	8.3	10.2	5.7	8.0	4.5	16.0	11.5
P/E (x)	27.2	24.7	23.4	21.6	20.7	17.8	16.0
EV/EBITDA (x)	17.4	15.4	14.1	13.3	12.2	10.6	9.5
RoE (%)	22.1	23.3	23.5	24.6	25.1	28.0	29.3

Wipro

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
ITS Revenue (USD mn)	10,356	11,147	10,805	10,512	10,491	10,797	11,209
Revenue	790.93	904.88	897.60	890.88	928.59	996.25	1,045.29
EBIT	133.75	135.13	135.76	151.24	150.55	168.61	180.57
APAT	122.19	113.50	110.45	131.35	132.68	143.46	152.31
AEPS (INR)	11.7	10.8	10.5	12.5	12.6	13.7	14.5
IT Services EBIT margin (%)	17.8	15.7	16.1	17.1	17.3	17.0	17.3
Revenue growth (%)	27.3	7.6	(3.1)	(2.7)	(0.2)	2.9	3.8
EPS growth (%)	13.2	(7.1)	(2.7)	18.7	0.9	8.1	6.2
P/E (x)	16.4	17.6	18.1	15.3	15.1	14.0	13.2
EV/EBITDA (x)	11.1	10.5	10.4	9.2	9.0	7.9	7.1
RoE (%)	20.2	15.8	14.4	16.6	15.7	16.2	16.5

LTM

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	3,502	4,106	4,287	4,493	4,771	5,185	5,684
Revenue	261.09	331.83	355.17	380.08	422.45	474.43	525.76
EBIT	46.52	53.85	55.69	55.03	65.21	75.58	90.11
APAT	39.50	44.10	45.85	46.02	54.92	63.49	74.76
AEPS (INR)	133.5	149.1	155.0	155.6	185.7	214.6	252.7
EBIT margin (%)	17.8	16.2	15.7	14.5	15.4	15.9	17.1
USD Revenue growth (%)	27.5	17.2	4.4	4.8	6.2	8.7	9.6
EPS growth (%)	29.5	11.6	4.0	0.4	19.4	15.6	17.7
P/E (x)	30.8	27.5	26.5	26.4	22.1	19.1	16.3
EV/EBITDA (x)	21.8	18.7	17.5	17.0	14.3	12.0	9.8
RoE (%)	30.5	28.6	25.0	21.5	22.7	23.1	23.7

Tech Mahindra

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	5,998	6,606	6,277	6,264	6,370	6,750	7,217
Revenue	446.46	532.90	519.96	529.88	564.37	617.64	667.56
EBIT	65.00	60.72	31.47	51.38	70.80	92.52	105.66
APAT	55.66	50.10	26.98	43.76	51.31	68.85	79.07
AEPS (INR)	62.8	56.6	30.5	49.4	57.9	77.7	89.2
EBIT margin (%)	14.6	11.4	6.1	9.7	12.5	15.0	15.8
USD Revenue growth (%)	17.3	10.1	(5.0)	(0.2)	1.7	6.0	6.9
EPS growth (%)	24.7	(10.0)	(46.1)	62.2	17.2	34.2	14.8
P/E (x)	22.4	24.8	46.1	28.4	24.3	18.1	15.7
EV/EBITDA (x)	14.7	14.8	23.9	16.8	13.1	10.3	9.0
RoE (%)	21.5	18.3	9.9	16.2	18.4	23.4	25.0

Persistent Systems

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	766	1,036	1,186	1,409	1,656	1,916	2,203
Revenue	57.11	83.51	98.22	119.39	146.86	175.30	203.76
EBIT	7.92	12.47	14.15	17.51	23.00	28.95	34.81
APAT	6.90	9.43	11.30	14.00	19.23	22.76	27.42
AEPS (INR)	44.9	61.3	73.4	91.0	125.0	147.9	178.2
EBIT margin (%)	13.9	14.9	14.4	14.7	15.7	16.5	17.1
USD Revenue growth (%)	35.2	35.3	14.5	18.8	17.5	15.7	15.0
EPS growth (%)	53.2	36.6	19.8	23.9	37.3	18.4	20.5
P/E (x)	112.5	82.4	68.8	55.5	40.4	34.1	28.3
EV/EBITDA (x)	78.9	50.0	44.1	36.7	27.9	22.1	18.2
RoE (%)	22.4	25.1	24.5	24.8	26.9	27.8	28.0

Mphasis

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	1,593	1,718	1,609	1,681	1,797	1,960	2,167
Revenue	119.62	137.99	132.79	142.30	158.66	179.34	200.43
EBIT	18.27	21.09	20.11	21.71	24.15	27.76	31.25
APAT	14.46	16.38	15.55	17.02	18.50	20.77	23.72
AEPS (INR)	77.3	87.6	83.1	91.0	98.9	111.0	126.8
EBIT margin (%)	15.3	15.3	15.1	15.3	15.2	15.5	15.6
USD Revenue growth (%)	21.7	7.8	(6.3)	4.4	6.9	9.1	10.6
EPS growth (%)	18.9	13.2	(5.1)	9.5	8.7	12.3	14.2
P/E (x)	27.6	24.4	25.7	23.5	21.6	19.2	16.8
EV/EBITDA (x)	17.9	15.5	15.6	14.2	12.6	11.1	9.6
RoE (%)	21.5	22.0	18.6	18.5	18.5	19.4	20.6

L&T Technology Services

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	880	990	1,164	1,259	1,322	1,392	1,555
Revenue	65.70	80.14	96.47	106.70	117.19	127.40	143.82
EBIT	12.01	14.79	16.47	15.87	16.28	18.95	22.97
APAT	9.57	11.70	13.04	12.66	12.92	15.19	18.44
AEPS (INR)	90.7	110.8	123.5	119.9	122.4	143.9	174.7
EBIT margin (%)	18.3	18.5	17.1	14.9	13.9	14.9	16.0
USD Revenue growth (%)	19.5	12.4	17.6	8.2	5.0	5.3	11.7
EPS growth (%)	52.7	22.2	11.4	(2.9)	2.1	17.6	21.4
P/E (x)	36.7	30.0	26.9	27.7	27.1	23.1	19.0
EV/EBITDA (x)	23.4	18.9	16.9	17.2	16.1	13.8	11.2
RoE (%)	25.1	25.7	25.4	22.2	20.2	21.5	23.2

Tata Elxsi

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	331	390	429	441	425	477	544
Revenue	24.71	31.45	35.52	37.29	37.58	43.64	50.35
EBIT	7.10	8.80	9.47	8.68	7.42	10.02	12.06
APAT	5.50	7.55	7.92	7.85	6.67	8.68	10.38
AEPS (INR)	88.3	121.3	127.2	126.0	107.1	139.3	166.6
EBIT margin (%)	28.8	28.0	26.7	23.3	19.7	23.0	24.0
USD Revenue growth (%)	34.3	17.7	9.9	2.8	(3.5)	12.2	14.1
EPS growth (%)	49.3	37.4	4.9	(0.9)	(15.0)	30.1	19.6
P/E (x)	46.8	34.0	32.4	32.7	38.5	29.6	24.8
EV/EBITDA (x)	32.2	25.5	23.1	24.4	28.2	21.0	17.4
RoE (%)	37.2	41.0	34.5	29.3	22.4	26.5	28.3

Zensar Technologies

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	569	604	592	624	643	680	753
Revenue	42.44	48.48	49.02	52.81	56.80	62.21	69.69
EBIT	4.72	3.69	7.38	7.15	8.37	8.85	10.12
APAT	4.16	3.28	6.65	6.50	7.91	8.15	9.24
AEPS (INR)	18.2	14.3	29.1	28.4	34.6	35.7	40.4
EBIT margin (%)	11.1	7.6	15.0	13.5	14.7	14.2	14.5
USD Revenue growth (%)	15.3	6.1	(2.0)	5.4	3.0	5.7	10.8
EPS growth (%)	19.0	(21.3)	103.0	(2.2)	21.7	3.0	13.4
P/E (x)	29.6	37.5	18.5	18.9	15.5	15.1	13.3
EV/EBITDA (x)	16.7	19.0	11.4	11.8	9.7	8.6	7.0
RoE (%)	16.3	11.3	20.0	16.6	17.8	16.4	16.6

Cyient

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	504	632	714	671	662	693	737
Revenue	45.34	60.16	71.47	73.60	72.57	80.15	88.31
EBIT	6.30	7.67	10.36	8.84	7.18	9.32	11.06
APAT	5.22	5.65	7.41	6.22	5.74	7.11	8.52
AEPS (INR)	47.3	51.2	67.1	56.3	52.0	64.4	77.2
EBIT margin (%)	13.9	12.8	14.5	12.0	9.9	11.6	12.5
USD Revenue growth (%)	9.2	25.6	12.9	(6.1)	(1.4)	4.8	6.2
EPS growth (%)	(0.2)	40.5	8.2	31.1	(16.1)	(7.7)	23.9
P/E (x)	16.5	15.2	11.6	13.9	15.0	12.1	10.1
EV/EBITDA (x)	9.3	8.5	6.2	6.5	6.9	5.4	4.4
RoE (%)	17.2	17.2	19.2	13.0	10.5	12.3	13.8

Birlasoft

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	555	595	637	635	602	622	671
Revenue	41.30	47.95	52.78	53.75	53.26	56.93	62.11
EBIT	5.64	4.38	7.51	6.12	7.48	7.50	8.41
APAT	4.64	4.50	6.11	5.17	5.01	6.05	6.74
AEPS (INR)	16.8	16.3	22.2	18.8	18.0	21.7	24.2
EBIT margin (%)	13.6	9.1	14.2	11.4	14.0	13.2	13.5
USD Revenue growth (%)	15.7	7.2	7.1	(0.3)	(5.3)	3.4	7.9
EPS growth (%)	44.5	(3.0)	36.0	(15.5)	(4.2)	20.7	11.4
P/E (x)	20.8	21.4	15.7	18.6	19.4	16.1	14.5
EV/EBITDA (x)	13.1	16.3	9.4	10.6	8.6	8.2	7.0
RoE (%)	19.5	17.9	22.3	15.8	13.9	15.4	15.5

Sonata Software

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
IITS Revenue (USD mn)	203	241	324	336	329	346	381
Revenue	55.53	74.49	86.13	101.57	110.28	119.26	129.81
EBIT	4.16	5.45	5.96	5.68	6.12	6.59	7.44
APAT	3.76	4.52	4.83	4.25	4.82	5.13	5.81
AEPS (INR)	13.4	16.1	17.2	15.1	17.2	18.3	20.7
IITS EBITDA margin (%)	23.0	20.9	21.0	17.0	18.3	18.2	18.6
EBIT margin (%)	7.5	7.3	6.9	5.6	5.5	5.5	5.7
USD Revenue growth (%)	26.6	18.7	34.3	3.7	(2.1)	5.4	10.0
EPS growth (%)	(11.9)	54.3	20.0	6.9	(12.1)	13.5	6.4
P/E (x)	16.4	13.7	12.8	14.6	12.8	12.1	10.7
EV/EBITDA (x)	12.2	11.4	9.8	9.9	9.1	8.2	7.0
RoE (%)	37.6	37.7	35.7	27.3	26.4	24.7	24.7

Happiest Minds Technologies

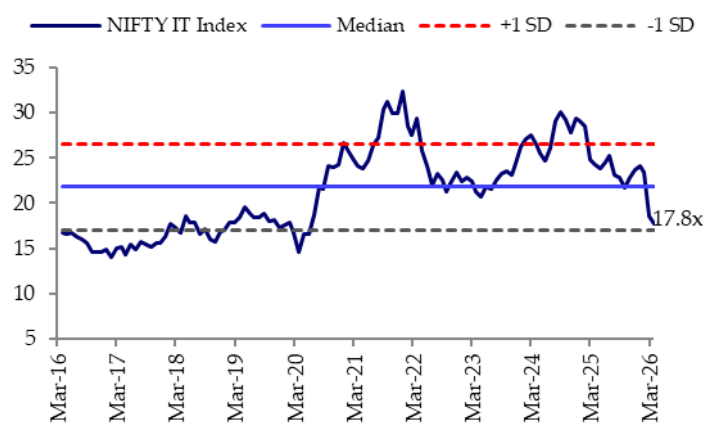
INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	147	178	196	244	262	295	341
Revenue	10.94	14.29	16.25	20.61	23.21	26.99	31.50
EBIT	2.25	3.17	2.78	2.66	3.23	4.01	4.79
APAT	1.86	2.36	2.38	1.93	2.30	2.78	3.39
AEPS (INR)	12.2	15.5	15.6	12.7	15.1	18.2	22.3
EBIT margin (%)	20.6	22.2	17.1	12.9	13.9	14.8	15.2
USD Revenue growth (%)	41.0	21.3	10.3	24.2	7.6	12.6	15.5
EPS growth (%)	14.3	26.9	1.0	(18.7)	18.9	20.7	22.1
P/E (x)	32.2	25.4	25.1	30.9	26.0	21.5	17.6
EV/EBITDA (x)	21.5	16.0	15.1	16.2	13.8	11.2	9.4
RoE (%)	30.6	31.3	20.5	12.7	14.1	15.8	17.8

Mastek

INR bn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	293	318	368	408	422	443	491
Revenue	21.84	25.63	30.55	34.55	37.11	40.57	45.39
EBIT	4.20	3.88	4.19	4.71	5.09	5.64	6.45
APAT	2.95	2.68	3.04	3.68	4.01	4.22	4.70
AEPS (INR)	96.6	86.6	96.2	116.4	126.7	133.5	148.6
EBIT margin (%)	19.2	15.2	13.7	13.6	13.7	13.9	14.2
USD Revenue growth (%)	26.3	8.6	15.8	10.9	3.3	5.1	10.7
EPS growth (%)	31.5	(10.4)	11.2	21.0	8.8	5.4	11.3
P/E (x)	15.1	16.9	15.2	12.6	11.6	11.0	9.8
EV/EBITDA (x)	8.4	10.2	9.2	8.3	7.2	6.0	4.9
RoE (%)	30.6	19.4	16.1	16.2	15.2	14.2	14.1

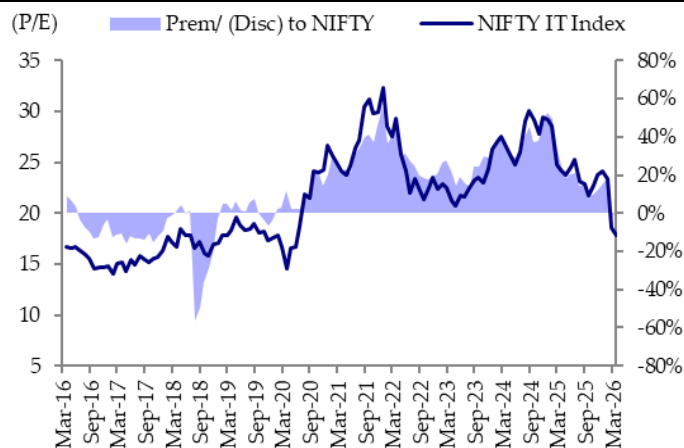
Exhibit 25: Valuation charts

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



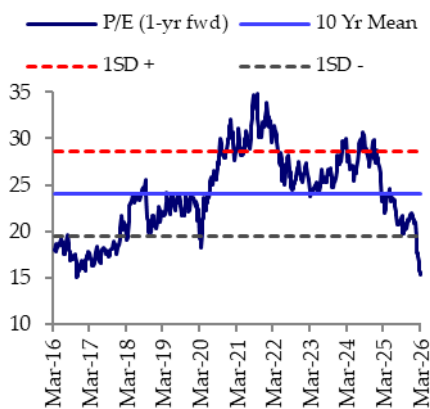
Source: Bloomberg, HSIE Research

IT Index Valuation Trend vs NIFTY

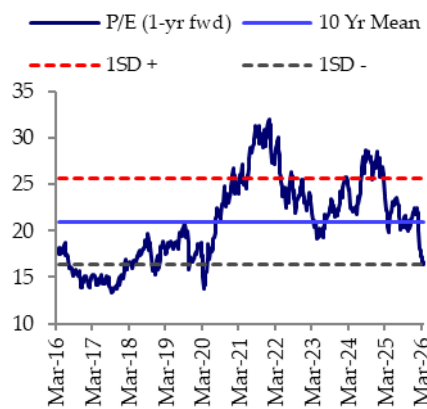


Source: Bloomberg, HSIE Research

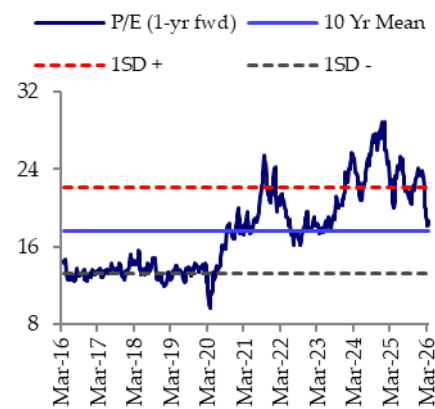
TCS P/E (1-yr fwd) Trend



INFO P/E (1-yr fwd) Trend

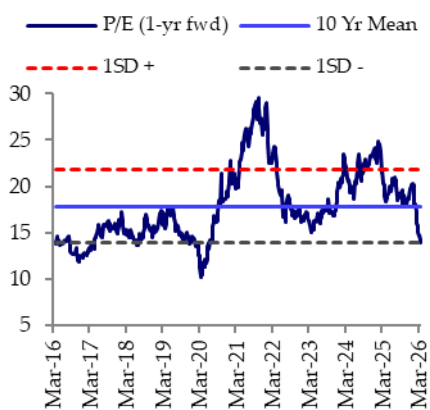


HCLT P/E (1-yr fwd) Trend

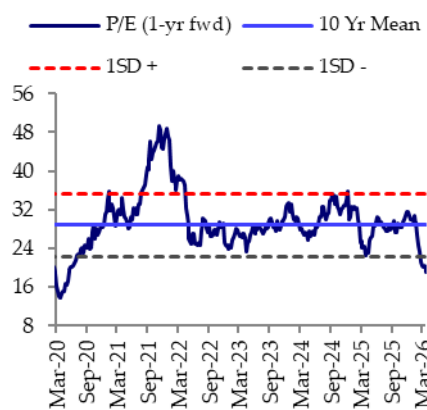


Source: Bloomberg, HSIE Research

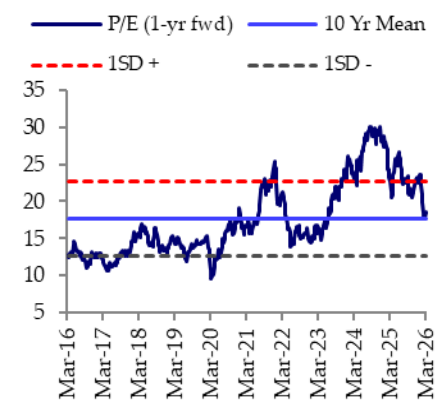
WPRO P/E (1-yr fwd) Trend



LTM P/E (1-yr fwd) Trend

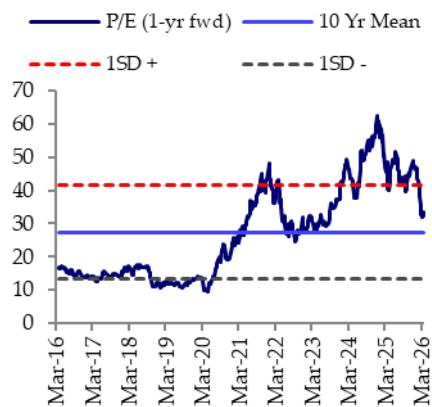


TECHM P/E (1-yr fwd) Trend

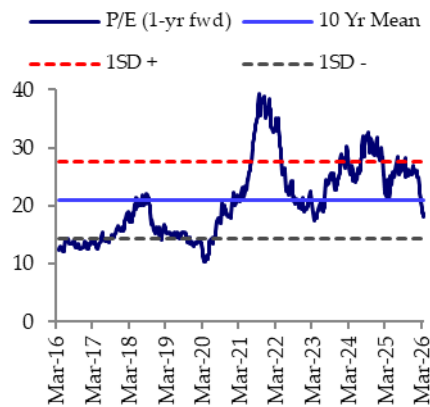


Source: Bloomberg, HSIE Research

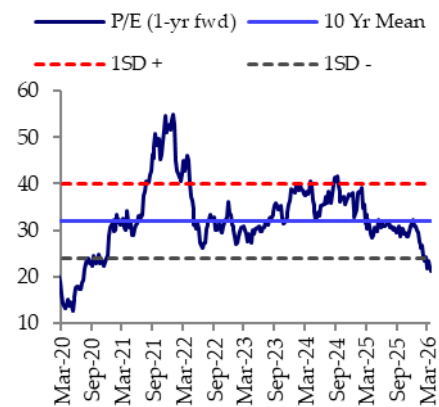
PSYS P/E (1-yr fwd) Trend



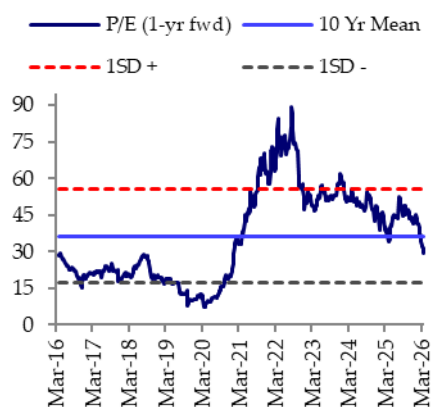
MPHL P/E (1-yr fwd) Trend



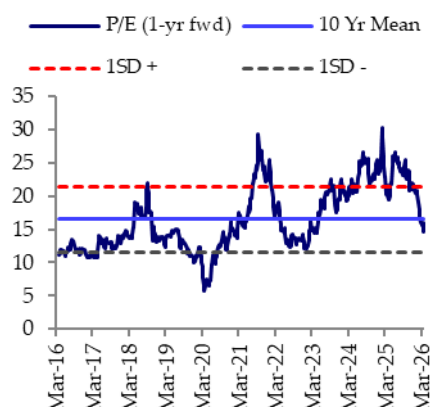
LTTS P/E (1-yr fwd) Trend



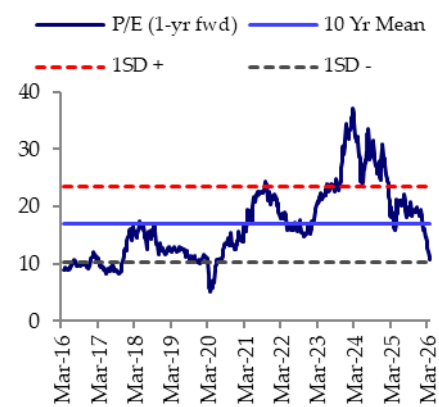
TELX P/E (1-yr fwd) Trend



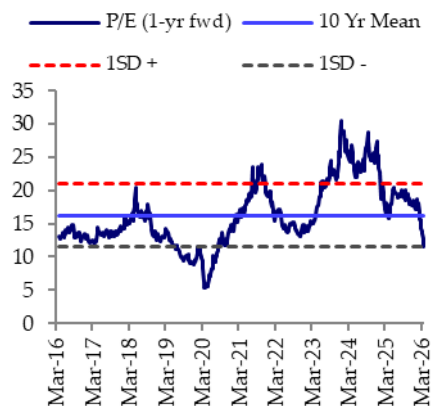
ZENT P/E (1-yr fwd) Trend



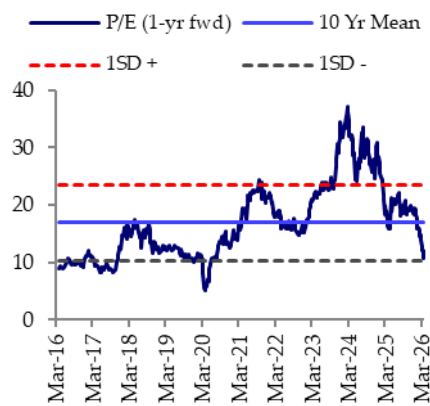
BSOFT P/E (1-yr fwd) Trend



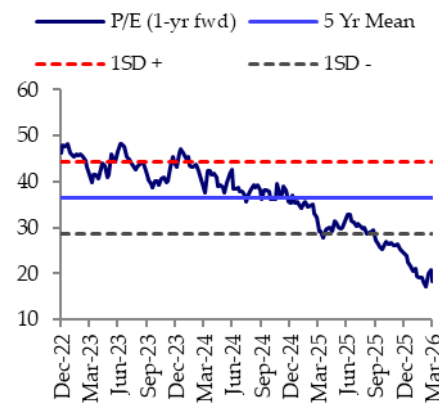
CYL P/E (1-yr fwd) Trend



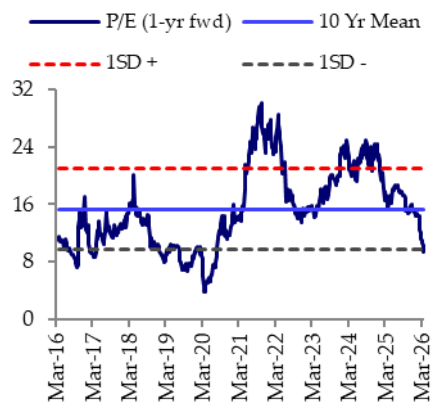
SSOF P/E (1-yr fwd) Trend



HAPPSTMN P/E (1-yr fwd) Trend

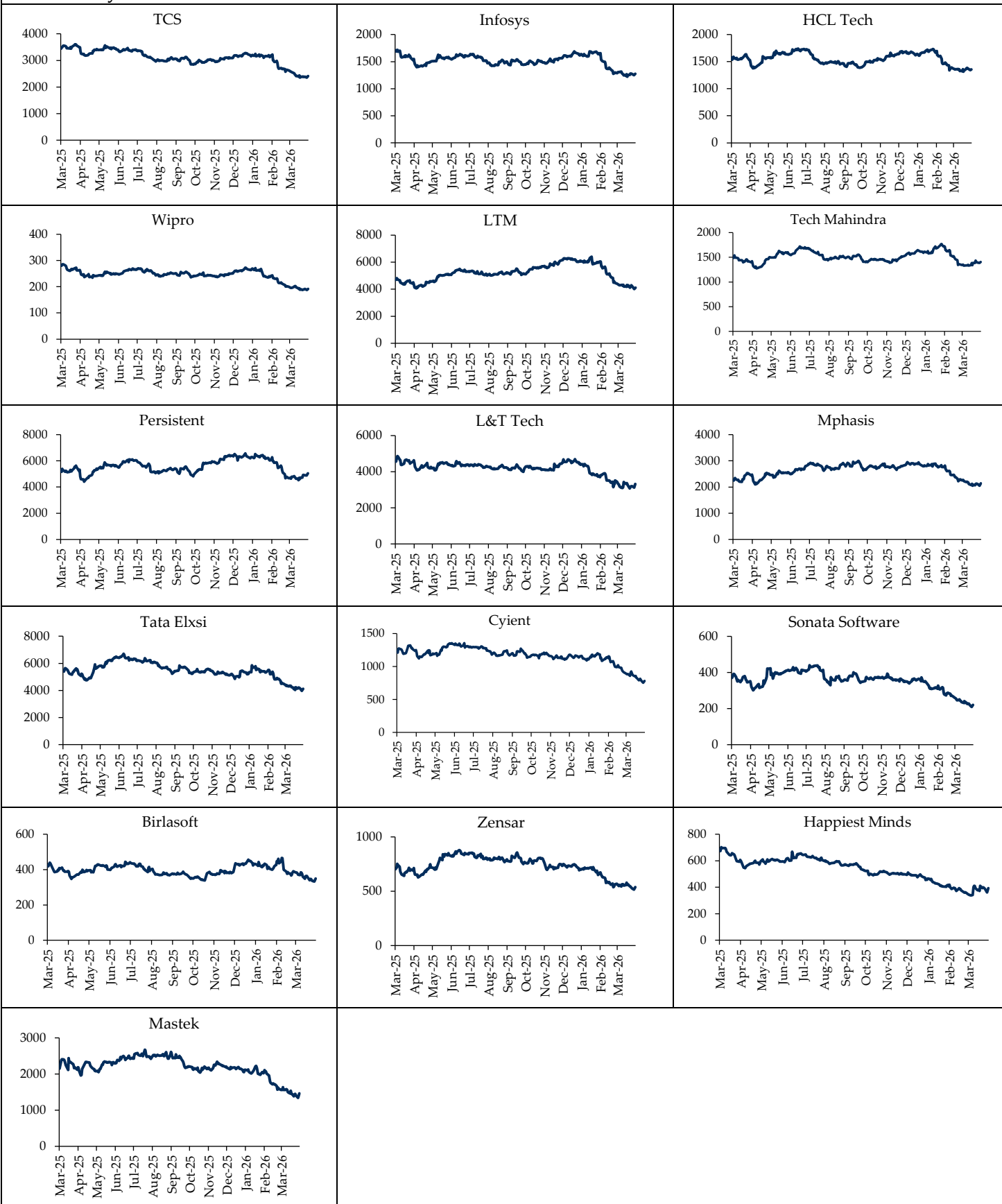


MAST P/E (1-yr fwd) Trend



Source: Bloomberg, HSIE Research

Price history



Rating Criteria

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

Disclosure:

We, **Amit Chandra, MBA, Vinesh Vala, MBA & Maitreyee Vaishampayan, MSc** authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Research Analyst or his/her relative or HDFC Securities Ltd. does not have any financial interest in the subject company. Also Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate does have/does not have any material conflict of interest.

Any holding in stock:

Amit Chandra	No
Vinesh Vala	No
Maitreyee Vaishampayan	Yes

HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

Disclaimer:

This report has been prepared by HDFC Securities Ltd and is solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. This report may have been refined using AI tools to enhance clarity and readability.

Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security.

This document is not, and should not, be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report should not be construed as an invitation or solicitation to do business with HSL. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.

HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report. As regards the associates of HSL please refer the website.

HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.

HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

Please note that HDFC Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: customercare@hdfcsec.com Phone: (022) 3901 9400

HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEL, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193

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

Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

HDFC Securities

Institutional Equities

Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,

Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

Board: +91-22-6171-7330 www.hdfcsec.com