

## Result Preview



## Wishing for a turnaround

### Expect sequential improvement in a seasonally strong quarter

- We expect the revenues of IT services companies to recover following a tepid 4QFY24 for the industry, as the ramp-up of large cost-takeout deals could drive growth for large-caps in a seasonally strong quarter. The brutal winter of discretionary spend cuts in the industry is likely over, but there is little evidence of a recovery in the flow business. Hence, we are on track for one of the weakest first quarters for at least 10 years. The situation, though slightly better, is eerily similar to what we witnessed in 1HFY24. We would be looking for signs of recovery in discretionary spending in the form of deal activities, which have been heavily skewed towards cost-takeout projects. However, any disappointment in 1QFY25 could again put pressure on 2Q. While we expect ~5-7% YoY revenue growth in constant currency (cc) terms for HCL and TCS (lower for INFY largely due to a poor exit to FY24) for FY25, this is contingent on a recovery in the flow business and clients' willingness to resume discretionary spending. We believe mid-tier companies could continue to perform well, especially those with strong offerings in "pre-GenAI" spending, such as data engineering. We expect aggregate revenue/EBIT/PAT to grow by 3.2/5.2/6.1% respectively (all in INR terms) yoy for our coverage universe.
- Verticals such as BFS and Communications have been under pressure for the past 5-6 quarters; and while spending patterns remain largely unchanged, deal wins over the past couple of quarters should start accelerating in this quarter. This should offer some respite to growth rates for these verticals, especially for Infosys as the base becomes more favorable. Hi-tech, following a brief recovery, might face challenges, as spending on software moderates.
- The cross-currency impact for the quarter is expected to be minimal, as shown in Exhibit 5. On an average, we expect 10-20 cross-currency headwinds for our coverage on a sequential basis.
- **Guidance:** We expect no changes in guidance/commentary from companies on FY25 revenue growth. The focus of the commentaries is likely to remain on demand pick-up in 2HFY25, indicating a more normalized FY26 spending environment.
- We expect revenue growth of Tier-I companies to be in the range of -0.5% to +2.0% QoQ in CC. Revenue of Tier-II players is expected to grow by -1.5% to +5.0% QoQ in CC terms.
- Margins for the sector are likely to remain largely range-bound. The benefits from deferring wage hikes and benign currency movements could be offset by the ongoing challenge of recovering lost volumes. The first quarter is also anticipated to be affected by visa costs, leading to a slightly negative bias for the quarter. We believe FY25 will be a year of restrained wage hikes across the industry. Moreover, given the gradual nature of demand recovery, companies can adopt a more cautious approach towards their hiring strategies. This should lead to better margin defense for the sector.
- We prefer HCLT for its favorable business mix and reiterate the stock as our top pick among large-tier players. For mid-tier names, we continue to like Cyient despite the short-term headwinds, as its portfolio of aerospace, defense, and sustainability is set for decent growth over the medium term. Additionally, we prefer LTTS due to its well-diversified portfolio and market leadership.

**Growth expectations across our coverage**

- We expect Infosys and TCS to report relatively strong 2.0% and 1.6% QoQ CC revenue growth, respectively, whereas HCLT's 2% decline is already baked in (as guided last quarter). TechM and Wipro's revenue could be flat QoQ. LTIM is likely to report a relatively healthy 2% growth as well.
- Among mid-tier names, we expect Persistent to lead the pack with 5% QoQ revenue growth, largely driven by deal ramp-ups in the healthcare vertical. Coforge is likely to have a slightly slow quarter (around 1.5% QoQ growth), whereas Mphasis will grow about 1% QoQ.
- We expect Cyient to report a soft quarter as well, putting its FY25 guidance at risk. We model minimal cross-currency impact for the quarter for almost all companies (10-20bp adverse impact).

**Margins a mixed bag**

- We expect TCS' EBIT margin to contract by about 150bp QoQ, largely due to wage hikes. For HCL, the margin contraction should be steeper due to seasonality in its software business. For Infosys, we expect margin to improve slightly by 30bp as gains from its cost-benefit programs are offset by visa and other seasonal costs (with no wage hikes). TechM's margins are expected to remain muted, whereas Wipro should fare better.
- Among mid-caps, we expect most companies to report a sequential margin contraction. Coforge's margin should be down by ~80bp despite deferred wage hikes to 2QFY25. The large deal ramp-ups for Persistent would put its margin under pressure. Mphasis' margin would be range-bound, whereas LTTS should post a sequential margin contraction of ~50bp owing to low seasonal volumes.

**Near-term demand unchanged; HCLT remains our top pick**

- The near-term macro uncertainties and no meaningful sign of recovery in discretionary IT spending are key concerns for large-cap names; however, we expect mid-tier players to continue their outperformance.
- Among Tier-I players, HCLT is one of the key beneficiaries of having a defensive business mix, which should support its growth in the current environment.
- Among Tier-II players, our preference lies with CYL, which is poised for robust performance. This will be supported by the revival in the aerospace vertical, the moderating challenges in sectors such as railways and communications, and a strong portfolio in its sustainability business.

**Exhibit 1: Expect Tier-I companies' revenue (USD) growth to recover after a subdued Q4FY24**

Company	Revenue (USD m)					Revenue (INR b)				
	1QFY25	4QFY24	QoQ (%)	1QFY24	YoY (%)	1QFY25	4QFY24	QoQ (%)	1QFY24	YoY (%)
TCS	7,459	7,363	1.3	7,226	3.2	622	612	1.6	594	4.8
INFO	4,651	4,564	1.9	4,617	0.7	388	379	2.3	379	2.3
HCLT	3,365	3,430	-1.9	3,200	5.2	279	285	-2.0	263	6.2
WPRO	2,646	2,657	-0.4	2,779	-4.8	222	222	-0.2	228	-2.9
TECHM	1,554	1,548	0.4	1,601	-2.9	130	129	0.7	132	-1.5
LTIM	1,077	1,069	0.7	1,059	1.7	90	89	1.0	87	3.2
<b>Tier I aggregate</b>	<b>20,752</b>	<b>20,632</b>	<b>0.6</b>	<b>20,481</b>	<b>1.3</b>	<b>1,731</b>	<b>1,716</b>	<b>0.8</b>	<b>1,683</b>	<b>2.8</b>

Company	EBIT margin (%)					Adjusted PAT (INR b)				
	1QFY25	4QFY24	QoQ (bps)	1QFY24	YoY (bps)	1QFY25	4QFY24	QoQ (%)	1QFY24	YoY (%)
TCS	24.5	26.0	-150.0	23.2	130.0	121.4	125.0	-2.9	111.2	9.2
INFO	20.4	20.1	30.0	20.8	-40.0	63.1	60.8	3.8	59.5	6.1
HCLT	16.8	17.6	-80.0	17.0	-10.0	37.7	40.0	-5.7	35.3	6.6
WPRO	15.8	15.9	-10.0	15.1	70.0	28.9	28.6	1.1	28.9	0.1
TECHM	7.7	7.4	30.0	8.8	-110.0	8.1	9.7	-15.8	9.6	-15.1
LTIM	15.6	14.7	90.0	16.7	-110.0	11.6	11.0	5.4	11.5	0.7
<b>Tier I aggregate</b>	<b>19.5</b>	<b>20.0</b>	<b>-50.0</b>	<b>19.1</b>	<b>40.0</b>	<b>271</b>	<b>275</b>	<b>-1.5</b>	<b>256</b>	<b>5.8</b>

**Exhibit 2: Expect Tier-II players' revenue (USD) growth to be robust with a few exceptions**

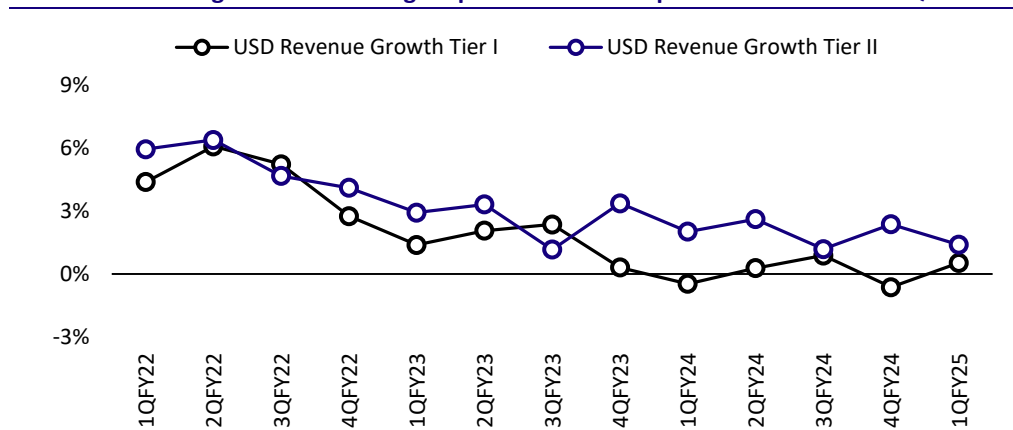
Company	Revenue (USD m)					Revenue (INR b)				
	1QFY25	4QFY24	QoQ (%)	1QFY24	YoY (%)	1QFY25	4QFY24	QoQ (%)	1QFY24	YoY (%)
LTTS	303	305	-0.6	280	8.4	25.3	25.4	-0.3	23.0	10.0
MPHL	416	411	1.2	398	4.5	34.7	34.2	1.6	32.7	6.0
COFORGE	291	287	1.5	272	7.1	24.3	23.6	3.0	22.2	9.4
PSYS	327	311	5.2	283	15.6	27.2	25.9	5.2	23.2	17.4
ZENT	151	148	2.3	149	1.5	12.6	12.3	2.8	12.3	3.0
CYL	177	179	-1.4	177	-0.2	14.7	14.9	-1.0	14.5	1.4
<b>Tier II aggregate</b>	<b>1,666</b>	<b>1,641</b>	<b>1.5</b>	<b>1,559</b>	<b>6.8</b>	<b>138.9</b>	<b>136.2</b>	<b>2.0</b>	<b>128.0</b>	<b>8.5</b>

Company	EBIT margin (%)					Adjusted PAT (INR b)				
	1QFY25	4QFY24	QoQ (bps)	1QFY24	YoY (bps)	1QFY25	4QFY24	QoQ (%)	1QFY24	YoY (%)
LTTS	16.4	16.9	-50.0	17.2	-80.0	3.4	3.4	-0.7	3.1	8.8
MPHL	15.3	14.9	40.0	15.3	-	4.3	3.9	8.1	4.0	7.4
COFORGE	13.3	14.1	-80.0	11.5	170.0	2.4	2.2	4.7	1.8	29.3
PSYS	14.0	14.5	-50.0	14.9	-90.0	3.2	3.2	2.0	2.8	15.9
ZENT	13.9	14.6	-70.0	15.3	-140.0	1.5	1.7	-16.1	1.6	-6.9
CYL	16.4	16.0	40.0	16.1	30.0	1.9	1.9	1.4	1.8	8.6
<b>Tier II aggregate</b>	<b>14.9</b>	<b>15.1</b>	<b>-20.0</b>	<b>15.0</b>	<b>-10.0</b>	<b>16.6</b>	<b>16.4</b>	<b>1.3</b>	<b>15.0</b>	<b>10.6</b>

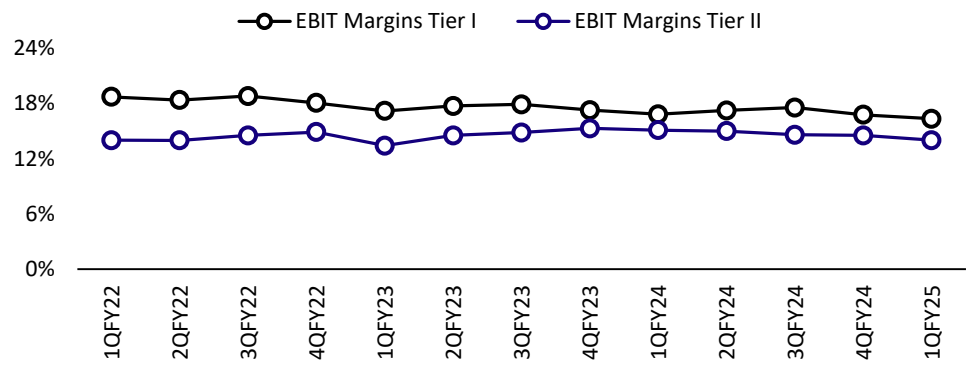
Source: Company, MOFSL

**Exhibit 3: Revenue growth to see a slight uptick for Tier-I companies after a difficult 4QFY24**



Source: MOFSL, Company

**Exhibit 4: Tier-I should perform better on the margin front**



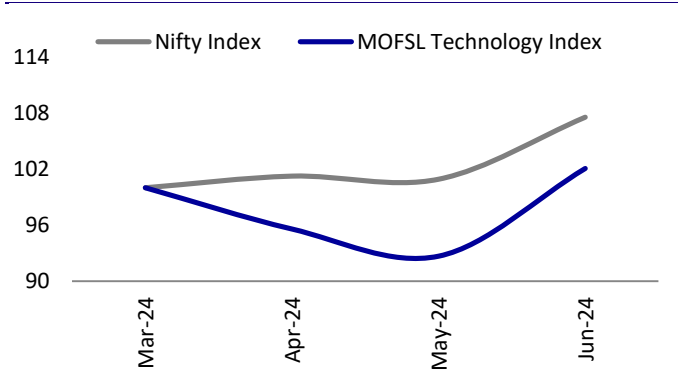
Source: MOSL, Company

**Exhibit 5: Cross-currency to have an adverse impact on 1Q USD revenue growth**

	CC USD growth QoQ (%)	USD growth QoQ (%)	Cross-currency impact (bp)
TCS	1.6	1.3	-30
INFO	2.0	1.9	-10
HCLT	-1.8	-1.9	-10
WPRO	-0.5	-0.4	10
TECHM	0.8	0.4	-40
LTIM	0.7	0.7	-
LTTS	-0.5	-0.6	-
MPHL	1.2	1.2	-
COFORGE	1.4	1.5	10
PSYS	5.0	5.2	10
ZENT	1.9	1.9	-
CYL (DET)	-1.5	-1.4	10

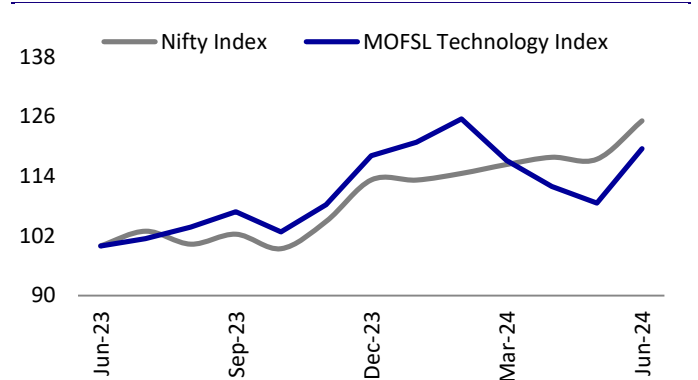
Source: Company, MOFSL

**Exhibit 6: Relative performance – three-months (%)**



Source: Bloomberg, MOFSL

**Exhibit 7: Relative performance – one-year (%)**



Source: Bloomberg, MOFSL

## Exhibit 8: Expected quarterly performance summary

Companies	CMP (INR)	Rating	Sales (INR b)			EBIT (INR b)			Adjusted net profit (INR b)		
			June'24E	Variance YoY (%)	Variance QoQ (%)	Jun'24E	Variance YoY (%)	Variance QoQ (%)	Jun'24E	Variance YoY (%)	Variance QoQ (%)
TCS	3,972	Buy	622.2	4.8	1.6	152.4	10.8	-4.2	121.4	9.2	-2.9
INFO	1,592	Buy	388.0	2.3	2.3	79.2	0.4	4.0	63.1	6.1	3.8
HCLT	1,472	Buy	279.3	6.2	-2.0	47.0	5.3	-6.4	37.7	6.6	-5.7
WPRO	529	Neutral	221.6	-2.9	-0.2	35.1	1.7	-0.8	28.9	0.1	1.1
TECHM	1,473	Neutral	129.6	-1.5	0.7	10.0	-13.5	5.5	8.1	-15.1	-15.8
LTIM	5,454	Neutral	89.8	3.2	1.0	14.0	-3.4	7.1	11.6	0.7	5.4
MPHL	2,510	Neutral	34.7	6.0	1.6	5.3	6.1	4.4	4.3	7.4	8.1
LTTS	5,021	Buy	25.3	10.0	-0.3	4.2	5.0	-3.1	3.4	8.8	-0.7
PSYS	4,541	Neutral	27.2	17.4	5.2	3.8	10.0	1.9	3.2	15.9	2.0
COFORGE	5,513	Neutral	24.3	9.4	3.0	3.2	25.9	-2.8	2.4	29.3	4.7
CYL	1,835	Buy	14.7	1.4	-1.0	2.4	3.5	1.4	1.9	8.6	1.4
ZENT	754	Neutral	12.6	3.0	2.8	1.8	-6.5	-2.0	1.5	-6.9	-16.1
<b>Sector aggregate (INR b)</b>			<b>1,872</b>	<b>3.3</b>	<b>0.9</b>	<b>358</b>	<b>5.1</b>	<b>-1.6</b>	<b>287</b>	<b>6.1</b>	<b>-1.4</b>

Source: Company, MOFSL

## Exhibit 9: Comparative valuations

Company	CMP (INR)	M-cap (INR b)	Target Price	Upside/ Downside (%)	EPS (INR)			EPS CAGR (%)	Dividend yield (%)	P/E (x)		
					FY24	FY25E	FY26E			FY24-26E	FY24	FY25E
TCS	3,972	14,484	4,660	17	126.3	143.1	155.2	10.9	3.2	31.5	27.8	25.6
INFO	1,592	6,610	1,845	16	58.4	63.5	73.8	12.4	2.9	27.2	25.1	21.6
HCLT	1,472	3,965	1,710	16	57.9	62.5	68.4	8.7	3.3	25.4	23.5	21.5
WPRO	529	2,733	490	-7	20.4	22.2	24.5	9.6	4.6	25.9	23.8	21.6
TECHM	1,473	1,208	1,355	-8	41.1	43.9	64.3	25.1	2.7	35.8	33.6	22.9
LTIM	5,454	1,440	5,805	6	154.8	167.7	193.4	11.8	1.2	35.2	32.5	28.2
MPHL	2,510	469	2,335	-7	81.8	93.7	101.1	11.2	2.0	30.7	26.8	24.8
LTTS	5,021	533	5,965	19	123.0	135.3	156.9	12.9	0.9	40.8	37.1	32.0
PSYS	4,541	651	4,560	0.4	75.1	93.4	113.9	23.2	0.8	60.5	48.6	39.9
COFORGE	5,513	341	6,100	11	133.0	169.2	203.3	23.6	1.3	41.4	32.6	27.1
CYL	1,835	203	2,160	18	62.1	81.2	99.3	26.4	1.6	29.5	22.6	18.5
ZENT	754	170	750	-1	29	27	33	4.6	0.9	25.9	28.4	23.2

Source: Company, MOFSL

The tables below provide a snapshot of actual and estimated numbers for IT companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

## Coforge

Neutral

CMP INR5513 | TP: INR6100 (11%)

EPS CHANGE (%): FY25 |26: -11.1|-9.7

- Revenue growth is likely to be ~1.5% QoQ; expect acceleration in growth from 2Q onwards as deals ramp-up
- EBIT margin is expected to contract ~80bp QoQ due to visa costs as well as some decline in utilization
- Key monitorables: further clarity on integration of Cigniti as well as demand environment in BFSI
- We expect Coforge to report ~11% CC growth in FY25.

### Quarterly performance (Ind-AS)

Y/E March	FY24				FY25E				FY24	FY25E
(Consolidated)	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Rev. (USD m)	272	278	282	287	291	305	316	330	1,119	1,242
QoQ (%)	2.8	2.3	1.4	1.7	1.5	4.7	3.6	4.5	11.7	11.1
Revenue (INR m)	22,210	22,762	23,233	23,585	24,289	25,445	26,367	27,551	91,790	1,03,652
YoY (%)	21.4	16.2	13.0	8.7	9.4	11.8	13.5	16.8	14.5	12.9
GPM (%)	30.7	32.5	33.1	34.1	32.5	32.0	33.5	34.0	32.6	33.0
SGA (%)	14.7	14.9	15.1	15.5	15.0	15.0	15.0	15.0	15.1	15.0
EBITDA (INR m)	3,316	3,473	4,012	4,163	4,024	4,088	4,632	4,978	14,964	17,723
EBITDA margin (%)	14.9	15.3	17.3	17.7	16.6	16.1	17.6	18.1	16.3	17.1
EBIT (INR m)	2,559	2,701	3,201	3,317	3,223	3,249	3,762	4,069	11,778	14,302
EBIT margin (%)	11.5	11.9	13.8	14.1	13.3	12.8	14.3	14.8	12.8	13.8
Other income	-152	-295	-257	-452	-243	-254	-264	-276	-1,156	-1,037
ETR (%)	20.1	21.9	17.5	19.7	18.8	18.8	18.8	18.8	19.7	18.8
Minority Interest	-104.0	-69.0	-48.0	-55.0	-69.6	-69.6	-69.6	-69.6	-276.0	-278.5
Adj. PAT	1,818	1,809	2,380	2,246	2,351	2,363	2,772	3,012	8,253	10,498
QoQ (%)	-21.9	-0.5	31.6	-5.6	4.7	0.5	17.3	8.6		
YoY (%)	21.2	-10.3	4.3	-3.5	29.3	30.6	16.5	34.1	1.6	27.2
Adj. EPS (INR)	29.2	29.0	38.1	36.2	37.9	38.1	44.7	48.5	133.0	169.2

## Cyient

Buy

CMP INR1835 | TP: INR2160 (+18%)

EPS CHANGE (%): FY25 |26: -5.6|-11.4

- Expect 1.5% QoQ CC decline for DET in 1QFY25 due to planned ramp downs in some projects and supply crunch in its key aerospace vertical
- Sustainability is performing well but planned ramp downs could lead to a decline in 1Q in the vertical
- DET margin is likely to improve ~40bp QoQ, and the company should deliver on its guidance band.
- We expect risks to its FY25 guidance in light of the short-term headwinds in its key verticals.

### Quarterly performance (Consol)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue (USD m)	205	214	219	224	213	224	233	250	862	920
QoQ (%)	-3.6	4.4	2.1	2.4	-4.7	5.0	3.9	7.4	15.5	6.7
Revenue (INR m)	16,865	17,785	18,215	18,607	17,801	18,696	19,421	20,859	71,472	76,777
YoY (%)	34.9	27.4	12.6	6.2	5.6	5.1	6.6	12.1	18.8	7.4
GPM (%)	36.6	35.7	35.4	35.2	36.2	37.6	37.9	38.0	35.7	37.5
SGA (%)	17.9	17.4	17.5	17.2	18.2	18.4	18.4	18.4	17.5	18.4
EBITDA	3,156	3,258	3,261	3,353	3,204	3,590	3,787	4,088	13,028	14,669
EBITDA margin (%)	18.7	18.3	17.9	18.0	18.0	19.2	19.5	19.6	18.2	19.1
EBIT	2,480	2,600	2,600	2,682	2,492	2,842	3,010	3,254	10,362	11,598
EBIT margin (%)	14.7	14.6	14.3	14.4	14.0	15.2	15.5	15.6	14.5	15.1
Other income	-176	-134	-100	-89	36	37	39	42	-499	154
ETR (%)	22.9	23.6	23.3	24.0	24.1	24.1	24.1	24.1	23.5	24.1
Adj. PAT	1,767	1,831	1,858	1,893	1,920	2,186	2,315	2,503	7,349	8,924
QoQ (%)	0.3	3.6	1.5	1.9	1.4	13.9	5.9	8.1		
YoY (%)	52.2	50.3	14.1	7.4	8.6	19.4	24.6	32.2	27.4	21.4
EPS (INR)	16.0	16.6	16.9	17.2	17.5	19.9	21.1	22.8	66.9	81.2

**HCL Technologies****Buy****CMP INR1472 | TP: INR1710 (+16%)****EPS CHANGE (%): FY25 | 26: -0.3 | -7.1**

- We expect HCLT to report a revenue decline of ~2% QoQ in a seasonally weak quarter.
- Revenue decline would be largely due to annual productivity pass-backs to clients and a few planned ramp downs in its IT services business.
- Margin to contract 80bp QoQ due to seasonal headwinds
- We expect the company to retain its FY25 revenue growth guidance of 3-5%.

**Quarterly performance**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2Q	3Q	4QE		
<b>Revenue (USD m)</b>	<b>3,200</b>	<b>3,225</b>	<b>3,415</b>	<b>3,430</b>	<b>3,365</b>	<b>3,433</b>	<b>3,581</b>	<b>3,589</b>	<b>13,270</b>	<b>13,969</b>
QoQ (%)	-1.1	0.8	5.9	0.4	-1.9	2.0	4.3	0.2	5.4	5.3
<b>Revenue (INR b)</b>	<b>263</b>	<b>267</b>	<b>284</b>	<b>285</b>	<b>279</b>	<b>285</b>	<b>297</b>	<b>298</b>	<b>1,099</b>	<b>1,159</b>
YoY (%)	12.1	8.0	6.5	7.1	6.2	6.8	4.5	4.5	8.3	5.5
<b>GPM (%)</b>	<b>35.6</b>	<b>36.2</b>	<b>36.7</b>	<b>35.0</b>	<b>34.6</b>	<b>35.1</b>	<b>36.3</b>	<b>37.3</b>	<b>35.9</b>	<b>35.9</b>
SGA (%)	13.6	12.4	11.5	12.0	12.3	12.4	12.0	12.0	12.4	12.2
<b>EBITDA</b>	<b>55</b>	<b>59</b>	<b>67</b>	<b>61</b>	<b>47</b>	<b>49</b>	<b>57</b>	<b>60</b>	<b>242</b>	<b>258</b>
EBITDA margin (%)	20.8	22.3	23.5	21.4	16.8	17.3	19.1	20.1	22.0	22.3
<b>EBIT</b>	<b>45</b>	<b>49</b>	<b>56</b>	<b>50</b>	<b>47</b>	<b>49</b>	<b>57</b>	<b>60</b>	<b>200</b>	<b>213</b>
EBIT margin (%)	17.0	18.5	19.7	17.6	16.8	17.3	19.1	20.1	18.2	18.4
Other income	2	2	3	3	3	3	3	3	9	11
ETR (%)	24.8	25.3	25.9	24.2	24.2	24.2	24.2	24.2	25.1	24.2
<b>Adjusted PAT</b>	<b>35</b>	<b>38</b>	<b>44</b>	<b>40</b>	<b>38</b>	<b>39</b>	<b>45</b>	<b>48</b>	<b>157</b>	<b>170</b>
QoQ (%)	-11.2	8.4	13.5	-8.4	-5.7	5.1	14.4	5.2		
YoY (%)	7.6	9.8	6.2	0.1	6.3	3.0	3.8	19.2	5.7	8.1
<b>EPS</b>	<b>13.0</b>	<b>14.1</b>	<b>16.0</b>	<b>14.7</b>	<b>13.8</b>	<b>14.5</b>	<b>16.6</b>	<b>17.5</b>	<b>57.9</b>	<b>62.5</b>

**Infosys****Buy****CMP INR1592 | TP: INR1845 (+16%)****EPS CHANGE (%): FY25 | 25: -0.5 | -0.3**

- Revenue growth is expected to rebound to 2.0% QoQ CC, on account of ramp-up of large deals won in FY24.
- Operating margin is expected to inch up by 30bp owing to growth and absence of wage hikes. We expect the company's operating margin to be at 20.4%.
- We expect the deal TCv to be robust in 1Q; however, deals should be skewed towards the cost-takeout initiatives
- Expect Infosys to maintain its growth guidance of 1-3% CC for FY25.

**Quarterly performance (IFRS)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Revenue (USD m)</b>	<b>4,617</b>	<b>4,718</b>	<b>4,663</b>	<b>4,564</b>	<b>4,651</b>	<b>4,768</b>	<b>4,815</b>	<b>4,863</b>	<b>18,562</b>	<b>19,098</b>
QoQ (%)	1.4	2.2	-1.2	-2.1	1.9	2.5	1.0	1.0	1.9	2.9
<b>Revenue (INR m)</b>	<b>379</b>	<b>390</b>	<b>388</b>	<b>379</b>	<b>388</b>	<b>398</b>	<b>402</b>	<b>406</b>	<b>1,537</b>	<b>1,587</b>
YoY (%)	10.0	6.7	1.3	1.3	2.3	2.0	3.5	7.0	4.7	3.2
<b>GPM (%)</b>	<b>30.5</b>	<b>30.7</b>	<b>29.8</b>	<b>29.5</b>	<b>29.8</b>	<b>30.7</b>	<b>30.7</b>	<b>29.7</b>	<b>30.1</b>	<b>30.2</b>
SGA (%)	9.6	9.5	9.3	9.4	9.4	9.4	9.4	9.4	9.4	9.4
<b>EBITDA</b>	<b>98</b>	<b>103</b>	<b>100</b>	<b>96</b>	<b>79</b>	<b>85</b>	<b>86</b>	<b>82</b>	<b>397</b>	<b>332</b>
EBITDA margin (%)	26.0	26.4	25.7	25.2	20.4	21.3	21.3	20.3	25.8	20.9
<b>EBIT</b>	<b>79</b>	<b>83</b>	<b>80</b>	<b>76</b>	<b>79</b>	<b>85</b>	<b>86</b>	<b>82</b>	<b>317</b>	<b>331</b>
EBIT margin (%)	20.8	21.2	20.5	20.1	20.4	21.3	21.3	20.3	20.7	20.8
Other income	5	5	7	7	7	7	7	7	23	27
ETR (%)	28.9	29.1	29.1	26.8	26.5	26.5	26.5	26.5	28.5	26.5
<b>PAT</b>	<b>59</b>	<b>62</b>	<b>61</b>	<b>61</b>	<b>63</b>	<b>67</b>	<b>68</b>	<b>66</b>	<b>243</b>	<b>263</b>
QoQ (%)	-3.0	4.5	-1.7	-0.5	3.9	6.7	1.0	-3.4		
YoY (%)	10.9	3.2	-7.3	-0.9	6.1	8.3	11.3	8.1	1.0	8.0
<b>EPS (INR)</b>	<b>14.4</b>	<b>15.0</b>	<b>14.7</b>	<b>14.7</b>	<b>15.2</b>	<b>16.2</b>	<b>16.4</b>	<b>15.8</b>	<b>58.4</b>	<b>63.5</b>

**LTIMindtree****Neutral****CMP INR5454 | TP: INR5805(+6%)****EPS CHANGE (%): FY25|26: -0.4|-3.7**

- LTIM should report 0.7% CC growth in 1Q, dragged by weak demand environment and soft discretionary spending.
- Manufacturing is expected to perform along similar lines, whereas BFSI should see tailwinds from the low-base effect.
- Margin is likely to see a sequential pickup of 90bp QoQ due to reversion of a one-off impact and better operating leverage.
- In 1QFY25, demand commentary will be closely monitored coupled with the BFSI vertical's performance.

**Quarterly performance**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue (USD m)	1,059	1,076	1,084	1,069	1,077	1,104	1,141	1,175	4,287	4,497
QoQ (%)	0.1	1.6	0.8	-1.3	0.7	2.5	3.4	3.0	4.4	4.9
Revenue (INR m)	87,021	89,054	90,166	88,929	89,827	92,084	95,217	98,038	3,55,170	3,75,166
YoY (%)	13.8	8.2	4.6	2.3	3.2	3.4	5.6	10.2	7.0	5.6
GPM (%)	31.6	31.4	29.9	29.8	30.7	29.7	31.5	31.5	30.7	30.9
SGA (%)	12.8	13.1	12.3	12.5	13.0	12.6	13.0	12.5	12.7	12.8
EBITDA	16,355	16,313	15,849	15,357	15,899	15,746	17,615	18,627	63,874	67,888
EBITDA margin (%)	18.8	18.3	17.6	17.3	17.7	17.1	18.5	19.0	18.0	18.1
EBIT	14,508	14,231	13,859	13,087	14,013	13,813	15,616	16,568	55,685	60,010
EBIT margin (%)	16.7	16.0	15.4	14.7	15.6	15.0	16.4	16.9	15.7	16.0
Other income	856	962	1,588	1,396	1,258	1,289	1,333	1,471	4,802	5,350
ETR (%)	25.0	23.5	24.3	24.0	24.0	24.0	24.0	24.0	24.2	24.0
Adj. PAT	11,523	11,623	11,693	11,007	11,606	11,478	12,882	13,710	45,846	49,676
QoQ (%)	3.4	0.9	0.6	-5.9	5.4	-1.1	12.2	6.4		
YoY (%)	4.1	-2.2	8.2	-1.2	0.7	-1.2	10.2	24.6	2.1	8.4
EPS (INR)	38.9	39.2	39.4	37.1	39.2	38.7	43.5	46.3	154.8	167.7

**LTTS****Buy****CMP INR5021 | TP: INR5965 (+19%)****EPS CHANGE (%): FY25|26: -10.5|-11.7**

- We expect revenue to be flat, with a slight negative bias in 1Q; seasonality in the SWC business to be offset by the recent large deal ramp ups
- We expect the deal momentum to continue in 1Q
- EBIT margin to contract ~40bp QoQ due to large deal ramp ups
- We expect the company to retain its FY25 USD CC revenue growth guidance of 8-10%, aided by strong deal pipeline

**Quarterly performance**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue (USD m)	280	288	291	305	303	312	319	334	1,164	1,269
QoQ (%)	9.8	2.9	0.9	5.0	-0.6	2.9	2.2	4.4	17.6	9.0
Revenue (INR m)	23,014	23,865	24,218	25,375	25,308	26,059	26,644	27,828	96,472	1,05,839
YoY (%)	22.8	19.6	18.2	21.1	10.0	9.2	10.0	9.7	20.4	9.7
GPM (%)	30.0	28.0	29.2	28.9	29.0	28.8	29.8	30.0	29.0	29.4
SGA (%)	10.4	8.1	9.1	9.1	9.8	9.7	10.2	10.2	9.1	10.0
EBITDA	4,528	4,756	4,877	5,028	4,859	4,977	5,222	5,510	19,189	20,569
EBITDA margin (%)	19.7	19.9	20.1	19.8	19.2	19.1	19.6	19.8	19.9	19.4
EBIT	3,954	4,075	4,162	4,282	4,151	4,248	4,476	4,731	16,473	17,605
EBIT margin (%)	17.2	17.1	17.2	16.9	16.4	16.3	16.8	17.0	17.1	16.6
Other income	357	286	493	428	456	469	480	501	1,564	1,905
ETR (%)	27.6	27.6	27.6	27.5	26.5	26.5	26.5	26.5	27.6	26.5
PAT	3,111	3,154	3,362	3,409	3,385	3,467	3,642	3,845	13,036	14,340
QoQ (%)	0.5	1.4	6.6	1.4	-0.7	2.4	5.1	5.6		
YoY (%)	13.5	11.7	10.7	10.1	8.8	9.9	8.3	12.8	11.4	10.0
EPS (INR)	29.4	29.8	31.7	32.2	31.9	32.7	34.4	36.3	123.0	135.3



**Mphasis****Neutral****CMP INR2510 | TP: INR2335 (-7%)****EPS CHANGE (%): FY25|26: -0.8|-10.3**

- We expect a revenue growth of 1.2% QoQ CC, led by growth in BFSI and TMT verticals.
- The mortgage business should normalize in 1Q and is unlikely to see any further deterioration; however, we do not see any significant growth in this business until macros improve
- We expect margin to improve 40bp QoQ on continued cost optimization improvements.
- Commentary towards demand environment and pricing, volume recovery for its mortgage business, and deal TCVs need to be closely monitored.

**Quarterly performance**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue (USD m)	398	398	402	411	416	426	436	448	1,609	1726
QoQ (%)	-3.4	0.1	1.0	2.1	1.2	2.6	2.3	2.6	-6.3	7.3
Revenue (INR m)	32,520	32,765	33,380	34,120	34,653	35,544	36,374	37,310	1,32,785	143880
YoY (%)	-4.7	-6.9	-4.8	1.5	6.6	8.5	9.0	9.3	-3.8	8.4
GPM (%)	29.1	28.9	31.3	31.2	30.3	30.0	29.6	29.3	30.1	29.8
SGA (%)	11.1	10.7	13.3	12.5	12.5	12.2	12.0	11.6	11.9	12.1
EBITDA	5,869	5,956	6,007	6,388	6,168	6,327	6,402	6,604	24,220	25501
EBITDA margin (%)	18.0	18.2	18.0	18.7	17.8	17.8	17.6	17.7	18.2	17.7
EBIT	4,995	5,067	4,972	5,080	5,302	5,545	5,565	5,820	20,114	22232
EBIT margin (%)	15.4	15.5	14.9	14.9	15.3	15.6	15.3	15.6	15.1	15.5
Other income	263	150	14	143	347	355	364	373	570	1439
ETR (%)	24.7	24.9	25.1	24.7	24.7	24.7	24.7	24.7	24.8	24.7
PAT	3,961	3,920	3,736	3,932	4,252	4,442	4,463	4,663	15,549	17820
QoQ (%)	-2.3	-1.0	-4.7	5.2	8.1	4.5	0.5	4.5		
YoY (%)	-1.5	-6.3	-9.4	-3.0	7.4	13.3	19.5	18.6	-5.1	14.6
EPS (INR)	20.9	20.6	19.6	20.7	22.4	23.4	23.5	24.5	81.8	93.7

**Persistent Systems****Neutral****CMP INR4541 | TP: INR4560 (0.4%)****EPS CHANGE (%): FY25|26: -1.7|-3.0**

- Expect revenue growth of ~5% QoQ CC, aided by continued momentum in Healthcare and ramp up of large deals in the vertical
- Margin is likely to contract 50bp QoQ and will be under pressure due to the initial ramp-up costs for large deals
- Expect healthy deal momentum to continue, with continued strength in healthcare followed by the BFS vertical
- Commentary on the recovery in hi-tech vertical is a key monitorable

**Quarterly performance (IFRS)**

Y/E March (Consolidated)	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue (USD m)	282.9	291.7	300.6	310.9	326.9	337.0	348.0	359.3	1,186	1,371
QoQ (%)	3.0	3.1	3.0	3.4	5.2	3.1	3.3	3.3	14.5	15.6
Revenue (INR m)	23,212	24,117	24,982	25,905	27,243	28,081	28,997	29,944	98,216	1,14,266
QoQ (%)	3.0	3.9	3.6	3.7	5.2	3.1	3.3	3.3		
YoY (%)	23.6	17.7	15.2	14.9	17.4	16.4	16.1	15.6	17.6	16.3
GPM (%)	34.2	33.1	33.8	33.3	32.5	32.8	33.5	34.0	33.6	33.2
SGA (%)	16.0	16.3	16.1	15.7	15.4	15.3	15.3	15.3	16.0	15.3
EBITDA	4,229	4,052	4,418	4,544	4,658	4,914	5,278	5,600	17,243	20,450
EBITDA margin (%)	18.2	16.8	17.7	17.5	17.1	17.5	18.2	18.7	17.6	17.9
EBIT	3,466	3,308	3,631	3,744	3,814	4,044	4,379	4,671	14,149	16,908
EBIT margin (%)	14.9	13.7	14.5	14.5	14.0	14.4	15.1	15.6	14.4	14.8
Other income	90	250	262	210	218	225	232	240	813	914
ETR (%)	22.0	26.0	26.5	20.3	20.3	20.3	20.3	20.3	23.7	20.3
PAT	2,774	2,633	2,861	3,153	3,215	3,404	3,676	3,916	11,421	14,211
QoQ (%)	10.3	-5.1	8.7	10.2	2.0	5.9	8.0	6.5		
YoY (%)	31.1	19.7	6.9	25.4	15.9	29.3	28.5	24.2	20.1	24.4
EPS (INR)	15.0	17.3	18.8	20.7	21.1	22.4	24.2	25.7	71.9	93.4

**TCS****Buy****CMP INR3972 | TP: INR4660 (+17%)****EPS CHANGE (%): FY25|26: -2.5|-8.5**

- Growth is expected to be 1.6% QoQ CC, led by deal scale up, including the BSNL deal, which is ramping up as per plan.
- The deal pipeline should remain healthy
- EBIT margin is expected to contract 150bp qoq owing to wage hikes in 1QFY25.
- Outlook on near-term demand & pricing environment, BFSI, and deal wins are key monitorables.

**Quarterly performance (IFRS)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
IT Services Revenue (USD m)	7,226	7,210	7,281	7,363	7,459	7,656	7,820	8,037	29,080	29,313
QoQ (%)	0.4	-0.2	1.0	1.1	1.3	2.6	2.1	2.8	4.1	0.8
Overall Revenue (INR b)	594	597	606	612	622	639	652	670	2,409	2,437
QoQ (%)	0.4	0.5	1.5	1.1	1.6	2.6	2.1	2.8		
YoY (%)	12.6	7.9	4.0	3.5	4.8	7.0	7.7	9.5	6.8	1.2
GPM (%)	39.5	40.1	40.8	41.1	40.0	40.9	41.0	41.0	40.4	40.7
SGA (%)	16.4	15.8	15.8	15.1	15.5	15.5	15.5	15.5	15.7	15.5
EBITDA	150	157	164	172	152	162	166	171	643	646
EBITDA margin (%)	25.2	26.3	27.1	28.1	24.5	25.4	25.5	25.5	26.7	26.5
EBIT	138	145	152	159	152	162	166	171	594	652
EBIT margin (%)	23.2	24.3	25.0	26.0	24.5	25.4	25.5	25.5	24.7	25.2
Other income	12	8	7	9	11	11	12	12	37	36
PBT	150	153	159	168	163	173	178	183	632	697
ETR (%)	25.8	25.8	25.8	25.8	25.5	25.5	25.5	25.5	25.7	25.5
Adj. PAT	111	114	118	125	121	129	133	136	469	519
Exceptional items	0	0	-7	0	0	0	0	0	-7	0
Reported PAT	111	114	111	125	121	129	133	136	462	519
QoQ (%)	-2.8	2.3	-2.5	12.7	-2.9	6.2	2.9	2.8		
YoY (%)	16.8	8.7	2.0	9.3	9.2	13.3	19.6	9.1	9.3	12.3
EPS (INR)	30.3	31.0	30.3	34.4	33.4	35.5	36.6	37.6	126.3	143.1

**Tech Mahindra****Neutral****CMP INR1473 | TP: INR1355 (-8%)****EPS CHANGE (%): FY25|26: -13.7|-17.3**

- Revenue growth is expected to be muted at 0.4% QoQ CC; while communications vertical has bottomed out, recovery could take longer
- Margin is likely to improve slightly by 30bp QoQ, as the impact of cost-control efforts should start becoming visible. Weak growth is likely to keep margins under pressure
- Deal wins are likely to be muted due to macro uncertainty. We expect deal TCv to the tune of USD500m in 1Q
- The outlook on margin and growth in the CME and BFS verticals will be the key monitorables.

**Quarterly performance**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue (USD m)	1,601	1,555	1,573	1,548	1,554	1,592	1,616	1,657	6,277	6,419
QoQ (%)	-4.0	-2.8	1.1	-1.6	0.4	2.4	1.6	2.5	-5.0	2.3
Revenue (INR b)	132	129	131	129	130	133	135	138	520	536
YoY (%)	3.5	-2.0	-4.6	-6.2	-1.5	3.2	2.9	7.4	-2.4	3.0
GPM (%)	25.7	22.5	23.9	27.0	26.0	25.7	26.2	26.3	24.8	26.1
SGA (%)	13.5	11.5	13.6	16.1	15.0	14.0	13.5	13.0	13.7	13.9
EBITDA	16	14	14	14	14	16	17	18	58	65
EBITDA margin (%)	12.2	10.9	10.3	10.9	11.0	11.7	12.7	13.3	11.1	12.2
EBIT	12	9	9	9	10	11	13	14	40	48
EBIT margin (%)	8.8	7.3	7.0	7.4	7.7	8.4	9.4	10.0	7.6	8.9
Other income	1	2	0	3	1	1	1	1	5	3
ETR (%)	21.8	9.9	17.6	23.4	23.4	23.4	23.4	23.4	18.5	23.4
Adj. PAT	10	10	7	10	8	9	10	11	36	39
QoQ (%)	-28.2	2.3	-26.5	34.9	-15.7	11.1	12.9	8.7		
YoY (%)	-15.5	-25.3	-44.6	-27.1	-14.4	-7.1	42.8	15.0	-28.5	6.8
Extra-Ordinary Item	-2.6	-4.8	-2.1	-3.1	0.0	0.0	0.0	0.0	-12.6	0.0
Reported PAT	7	5	5	7	8	9	10	11	24	39
EPS (INR)	10.8	11.0	8.1	11.0	9.3	10.3	11.6	12.7	41.1	43.9

**Wipro****Neutral****CMP INR529 | TP: INR490 (-7%)****EPS CHANGE (%): FY25|26: -17.4|-8.9**

- We expect WPRO to report ~0.5% decline in 1Q due to the macro impact and continued softness in verticals.
- We expect continued softness in key verticals such as retail and communications led by cautious client spending behavior
- The IT services' margin is expected to be range bound, and could see a marginal dip
- Commentary on recovery in the consulting business as well as strategic initiatives from the new management will be the key monitorables

**Quarterly performance (IFRS)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
IT Services Revenue (USD m)	2,779	2,713	2,656	2,657	2,646	2,700	2,741	2,796	10,805	10,883
QoQ (%)	-2.1	-2.3	-2.1	0.0	-0.4	2.1	1.5	2.0	-3.8	0.7
Overall Revenue (INR b)	228	225	222	222	222	226	230	234	896	912
QoQ (%)	-1.5	-1.4	-1.4	0.0	-0.2	2.1	1.4	2.1		
YoY (%)	6.0	-0.1	-4.4	-4.2	-2.9	0.5	3.4	5.5	-0.9	1.7
GPM (%)	29.4	29.3	30.7	29.2	30.0	30.2	29.7	29.7	29.6	29.9
SGA (%)	14.2	14.6	16.0	13.2	14.1	14.1	14.1	14.1	14.5	14.1
EBITDA	42	42	42	44	35	36	36	36	170	216
EBITDA margin (%)	18.4	18.8	19.0	19.7	15.8	16.0	15.5	15.5	19.0	23.7
IT Services EBIT (%)	16.0	16.1	16.0	16.4	17.3	17.5	16.9	16.9	16.4	17.2
EBIT margin (%)	15.1	14.8	14.8	15.9	15.8	16.0	15.5	15.5	15.2	15.7
Other income	3	2	3	3	3	3	3	3	11	12
ETR (%)	24.0	24.0	24.0	26.0	24.0	24.0	24.0	24.0	24.5	24.0
PAT	29	26	27	28	29	30	29	30	110	117
QoQ (%)	-6.6	-7.8	1.8	5.2	1.4	3.2	-1.6	1.9		
YoY (%)	12.0	-0.5	-11.7	-7.8	0.1	12.0	8.3	4.9	-2.9	6.4
EPS (INR)	5.1	5.0	5.2	5.4	5.5	5.7	5.6	5.7	20.4	22.2

**Zensar Technologies****Neutral****CMP INR754 | TP: INR750 (-1%)****EPS CHANGE (%): FY25|26: 7.7|14.2**

- We expect revenue growth of 1.9% QoQ CC in 1QFY25
- We expect margin to moderate ~70bp from its 4Q level, led by increased SG&A expenses
- We expect growth to be driven by healthcare and BFS verticals
- The demand environment within its critical sectors and progress on stimulating growth levers would be closely monitored.

**Quarterly performance**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue (USD m)	149	150	145	148	151	157	161	167	592	636
QoQ (%)	1.2	0.6	-3.7	2.3	2.3	3.5	2.6	3.5	-2.0	7.4
Revenue (INR m)	12,272	12,408	12,041	12,297	12,636	13,084	13,427	13,902	49,018	53,050
YoY (%)	2.0	0.5	0.5	1.4	3.0	5.5	11.5	13.1	1.1	8.2
GPM (%)	33.6	31.8	31.1	30.6	33.5	33.0	33.0	33.0	31.8	33.1
SGA (%)	14.9	13.2	13.9	14.1	17.1	16.6	16.8	16.9	14.0	16.8
EBITDA	2,301	2,308	2,076	2,030	2,072	2,146	2,175	2,238	8,715	8,632
EBITDA margin (%)	18.8	18.6	17.2	16.5	16.4	16.4	16.2	16.1	17.8	16.3
EBIT	1,878	1,942	1,764	1,793	1,756	1,819	1,839	1,891	7,377	7,305
EBIT margin (%)	15.3	15.7	14.6	14.6	13.9	13.9	13.7	13.6	15.0	13.8
Other income	224	306	356	493	164	170	175	181	1,379	690
ETR (%)	25.7	22.7	23.8	24.2	24.3	24.3	24.3	24.3	24.1	24.3
Adj. PAT	1,562	1,738	1,616	1,733	1,454	1,506	1,525	1,569	6,649	6,054
QoQ (%)	30.9	11.3	-7.0	7.2	-16.1	3.5	1.3	2.9		
YoY (%)	108.0	206.0	111.2	45.3	-6.9	-13.3	-5.6	-9.5	102.9	-8.9
EPS (INR)	6.8	7.6	7.1	7.6	6.4	6.6	6.7	6.9	29.1	26.5

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NOTES

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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