Technology

Result Preview



Indian IT: Weakness in a seasonal quarter

Macro pressures intensify; growth recovery still elusive

- **We expect demand commentary to remain soft into 2QFY27, despite it being a seasonally strong quarter, as macro pressures, interest rate hikes, AI-related disruptions, and geopolitical overhang continue to weigh on discretionary spending and decision-making cycles**. Against this backdrop, we do not expect QoQ growth acceleration across our coverage universe in 2QFY27, with softness likely to extend into 3QFY27 due to furloughs as well.
- **A weak 1Q, followed by a subdued 2Q, would translate into a weaker 1HFY27 on a YoY basis.** With 1H tracking below the run-rate required to sustain the upper end of FY27 guidance, the ask from 2H to bridge the gap becomes increasingly impractical. **If 2Q revenue performance is weaker than our estimates, we could see some guidance cuts.** We expect HCLT to maintain its FY27 guidance due to better deal visibility. INFO may lower the upper end of its FY27 organic growth guidance by 25bps (which is (0.2)%-1.3% organic YoY CC currently) if 2Q performance is below expectations.
- **2QFY27 results are likely to mirror the tepid macro environment,** with QoQ CC growth expected in the range of -0.5% to 3.0% for large-caps. Mid-caps are expected to outperform once again, with growth ranging from 0.0% to 12.0%, led by continued large-deal ramp-ups and inorganic contribution in some cases. For our coverage universe, we expect aggregate revenue/EBIT/PAT to grow 12.8%/13.6%/13.4% YoY (all in INR terms), respectively.
- Margins are expected to **remain range-bound for most players**, with **TCS, HCLT, Wipro, and LTM** expected to see sequential improvement, supported by the reversal of wage hike impacts and cost measures, along with usual 2Q seasonality in the case of HCLT. **INFO and TECHM** are expected to remain broadly flat. **Persistent (PSYS)** is expected to see margin contraction following wage hikes, while **MPHL, HEXT, and ZENT** are expected to see moderate expansion as companies continue to invest in growth, capabilities, and AI. **COFORGE** is expected to remain flat due to residual Encora integration costs.
- **We expect modest cross-currency headwind of ~10-30bp for most companies.**
- **Vertical performance in 2Q:** Across the sector, **BFSI is expected to remain the key growth driver,** supported by steady deal conversion and resilient spending, with **Hi-Tech also expected to remain stable.** HLS, Aerospace, and E&U **are expected to see selective growth,** supported by deal execution and AI-led engineering**.** Consumer, Telecom, and Travel & Transportation are expected to **remain under pressure,** with discretionary spending weakness continuing to weigh on demand.
- **Despite the meaningful correction in valuations, we believe a sustained re-rating will require evidence that** demand is improving, revenue growth is accelerating, and companies can demonstrate that AI-led opportunities are beginning to offset productivity-related headwinds. **We continue to prefer bottom-up ideas with better earnings visibility and execution. HCLT and TECHM in large-caps and COFORGE in mid-caps are our preferred picks.**

Abhishek Pathak - Research Analyst (Abhishek.Pathak@MotilalOswal.com)
Research analyst: Keval Bhagat (Keval.Bhagat@MotilalOswal.com) **| Suket Kothari (**Suket.Kothari@MotilalOswal.com**)**

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Growth expectations across our coverage

- **We expect a mixed 2QFY27 for large-cap IT**. HCLT, INFO, and TECHM should lead large-cap growth at 3.0%, 1.8%, and 1.7% QoQ CC, respectively, supported by acquisitions, while Wipro is expected to be the only large-cap to decline 0.5% QoQ CC despite inorganic contribution during the quarter. TCS is likely to report moderate revenue growth of 0.5% QoQ CC, while LTM's revenue growth of 0.9% QoQ CC was impacted by the Middle East disruption.
- **Among mid-tier firms, we expect COFORGE to lead with ~12% QoQ CC growth** (3.5% organic) due to contribution from the Encora acquisition, followed by PSYS (~5.0%), MPHL and HEXT (~3.0%), and ZENT (2.4%).
- **Among ER&D names**, we expect a gradual recovery to continue. Cyient DET will lead the growth with 4.3% QoQ CC (0.2% organic), driven by contribution from the TAO Digital Solutions acquisition. LTTS, Tata Elxsi, and Tata Technologies will report QoQ CC growth in the range of 1.7-2.2%, supported by continued large deal ramp-ups. KPIT is expected to report flat QoQ CC growth as weakness in European OEMs is offset by growth in the US and SIMA.
- **Cross-currency impact for the quarter**: On average, we expect **~10-30bp cross-currency headwinds** for our coverage companies on a sequential basis.

Margins to remain range-bound for most players

- The reversal of wage-hike impact is expected to mitigate deal ramp-up costs and investments in capabilities and AI, driving ~**100bp QoQ improvement in TCS margins**. HCLT is also expected to see a **sharp expansion of ~120bp** in margin, in line with the 2Q seasonality. For **Wipro and LTM, we see a marginal improvement** of ~20-40bp as wage hike reversal tailwinds are offset by growth-related investments. We expect **stable QoQ margins for INFO and TECHM**.
- Among mid-caps, **PSYS is expected** to report a QoQ margin contraction of ~40bp as wage hikes were announced in 2Q. **HEXT, MPHL, and ZENT are** expected to report modest margin expansion of ~20-30bp, while **COFORGE is likely to witness stable** QoQ margin as it absorbs the remaining Encora integration costs.
- **Among ER&D names,** Tata Elxsi and Tata Tech margins should expand marginally **by ~20bp as the 2Q wage hike impact is offset** by the absence of one-off costs and cost discipline. **KPIT's margin may expand** ~80bp to ~13.1%, but will remain below the historical range of ~14-16%. For **LTTS and Cyient, we expect stable** QoQ margins.

Valuations remain cheap, but returns to be muted in the near term

- **Stocks are now inexpensive, with Tier-I valuations ~25%/33% below their 10-year/5-year averages.** TCS and INFO are trading around -1 SD P/E levels and ~44%/39% below their 10-year averages, while TECHM and HCLT are trading closer to their 10-year averages. In contrast, **Tier-II valuations are ~15% below** their 10-year average, showing clear outperformance vs their larger peers.
- **While valuations appear attractive,** returns are expected to remain capped in the near term as **deflationary pressures persist, AI-led implementation** use cases take time to scale, and **ongoing geopolitical tensions and higher interest rates** weigh on valuations and stock returns.

Exhibit 1: Expect Tier-I companies' aggregate revenue (USD) to rise 1.1% QoQ

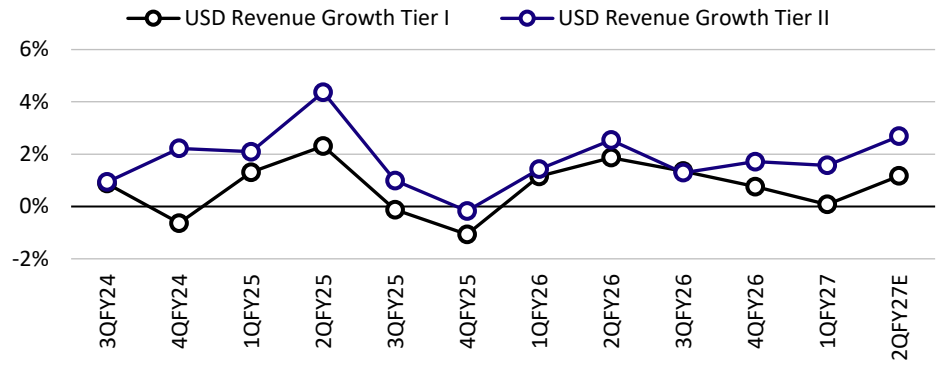
	Revenue (USD m)					Revenue (INR b)				
Company	**2QFY27**	**1QFY27**	**QoQ (%)**	**2QFY26**	**YoY (%)**	**2QFY27**	**1QFY27**	**QoQ (%)**	**2QFY26**	**YoY (%)**
TCS	7,661	7,624	0.5%	7,466	2.6%	732	723	1.3%	658	11.3%
INFO	5,163	5,082	1.6%	5,076	1.7%	493	482	2.3%	445	10.9%
HCLT	3,755	3,650	2.9%	3,644	3.1%	359	346	3.8%	319	12.3%
WPRO	2,597	2,614	-0.7%	2,604	-0.3%	249	245	1.8%	227	9.8%
TECHM	1,685	1,660	1.5%	1,586	6.3%	161	157	2.5%	140	15.1%
LTM	1,233	1,224	0.8%	1,180	4.5%	118	116	1.5%	104	13.4%
Tier I aggregate	**22,095**	**21,854**	**1.1%**	**21,556**	**2.5%**	**2,112**	**2,069**	**2.1%**	**1,893**	**11.6%**
	EBIT margin (%)					**Adjusted PAT (INR b)**				
Company	**2QFY27**	**1QFY27**	**QoQ (%)**	**2QFY26**	**YoY (%)**	**2QFY27**	**1QFY27**	**QoQ (%)**	**2QFY26**	**YoY (%)**
TCS	25.0	24.0	100.0	25.2	-20.0	144.4	139.2	3.7%	129.6	11.4%
INFO	21.1	21.1	-	21.0	10.0	80.6	77.7	3.8%	73.6	9.5%
HCLT	18.1	16.9	120.0	17.4	70.0	51.4	46.3	11.1%	42.4	21.3%
WPRO	16.4	16.0	40.0	16.7	-30.0	33.9	33.6	1.0%	32.6	3.9%
TECHM	14.4	14.4	-	12.1	230.0	16.8	14.9	12.6%	12.0	39.3%
LTM	15.7	15.5	20.0	15.9	-20.0	15.5	14.7	5.3%	13.8	12.0%
Tier I aggregate	**20.6**	**20.0**	**60.0**	**20.4**	**20.0**	**343**	**326**	**5.0%**	**304**	**12.6%**

Exhibit 2: Expect Tier-II companies' revenue (USD) to rise 4.5% QoQ

	Revenue (USD m)					Revenue (INR b)				
Company	**2QFY27**	**1QFY27**	**QoQ (%)**	**2QFY26**	**YoY (%)**	**2QFY27**	**1QFY27**	**QoQ (%)**	**2QFY26**	**YoY (%)**
LTTS	316	310	2.0%	337	-6.2%	30.2	29.4	2.8%	29.8	1.4%
Mphasis	485	471	3.0%	445	9.0%	45.6	43.8	4.0%	39.0	16.9%
Hexaware*	417	405	2.8%	395	5.6%	39.8	38.5	3.6%	34.8	14.3%
Coforge	662	592	11.8%	462	43.3%	63.3	55.3	14.5%	39.9	58.8%
Persistent	475	452	5.0%	406	16.9%	45.4	43.0	5.5%	35.8	26.7%
Zensar	164	160	2.6%	163	0.5%	15.6	15.1	3.6%	14.2	10.0%
Cyient	169	163	4.1%	164	2.9%	16.2	15.4	4.9%	14.4	12.4%
KPIT	175	177	-1.2%	181	-3.5%	16.7	16.7	-0.4%	15.9	5.1%
Tata Tech	178	175	1.5%	151	18.0%	17.0	16.6	2.2%	13.2	28.5%
TELX	109	108	1.1%	105	3.7%	10.4	10.2	2.1%	9.2	13.5%
Tier II aggregate	**3,150**	**3,013**	**4.5%**	**2,809**	**12.1%**	**300**	**284**	**5.7%**	**246**	**21.9%**
	EBIT margin (%)					**Adjusted PAT (INR b)**				
Company	**2QFY27**	**1QFY27**	**QoQ (%)**	**2QFY26**	**YoY (%)**	**2QFY27**	**1QFY27**	**QoQ (%)**	**2QFY26**	**YoY (%)**
LTTS	15.6	15.7	-10.0	13.4	220.0	3.7	3.5	5.3%	3.3	12.8%
Mphasis	15.1	14.8	30.0	15.3	-20.0	5.5	4.9	11.7%	4.7	16.6%
Hexaware*	13.8	13.6	20.0	14.7	-90.0	4.1	3.3	23.9%	3.7	10.6%
Coforge	16.0	16.0	-	14.0	200.0	6.4	5.2	23.1%	3.8	69.9%
Persistent	15.6	16.0	-40.0	16.3	-70.0	5.7	4.8	17.9%	4.7	20.8%
Zensar	13.0	12.7	30.0	13.7	-70.0	1.9	1.8	2.1%	1.8	3.0%
Cyient	13.2	13.2	-	12.2	100.0	1.6	1.4	14.6%	1.4	18.0%
KPIT	13.1	12.3	80.0	16.4	-330.0	1.5	1.2	31.7%	1.7	-9.3%
Tata Tech	13.5	13.3	20.0	13.4	10.0	2.0	1.8	10.9%	1.7	21.1%
TELX	19.2	19.0	20.0	18.5	70.0	1.9	1.7	9.1%	1.5	20.3%
Tier II aggregate	**15.0**	**14.8**	**10.0**	**14.7**	**30.0**	34.2	29.7	15.4%	28.2	21.3%

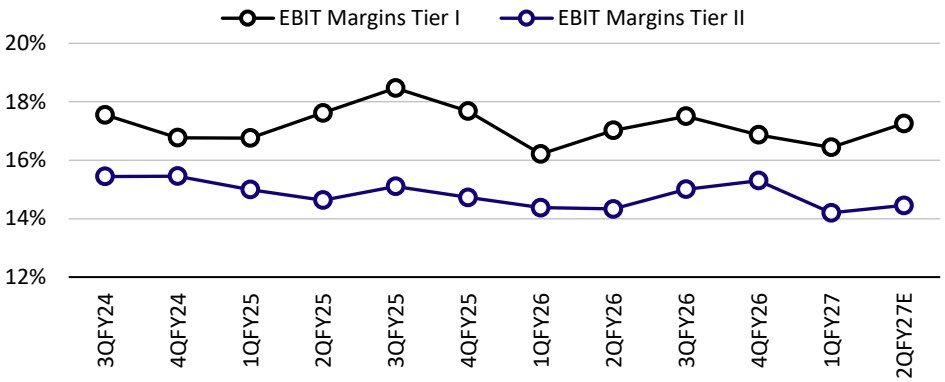
*Note: Estimates for 3QCY26, Source: Company, MOFSL

Exhibit 3: Tier II to outperform Tier I again



Source: MOFSL, Company

Exhibit 4: Margins to largely remain range-bound for most Tier-I and Tier-II companies



Source: MOFSL, Company

Exhibit 5: Changes in target multiples

Company	Earlier TM	Revised TM
TCS	15	15
INFO	14	14
HCLT	18	18
WPRO	11	11
TECHM	20	20
LTM	21	20
MPHL	21	21
LTTS	21	20
Hexaware	25	23
PSYS	35	35
COFORGE	29	29
CYL	9	10
ZENT	16	15
KPIT	22	20
TATA TECH	26	26
TELX	21	19

Source: MOFSL Estimates

Exhibit 6: Cross-currency impact on 2Q USD growth

	CC growth QoQ (%)	USD growth QoQ (%)	Cross-currency impact (bp)
TCS	0.5	0.5	-
INFO	1.8	1.6	-20
HCLT	3.0	2.9	-10
WPRO	-0.5	-0.7	-20
TECHM	1.7	1.5	-20
LTM	0.9	0.8	-10
LTTS	2.2	2.0	-20
MPHL	3.1	3.0	-10
Hexaware	3.0	2.8	-20
COFORGE	12.0	11.8	-20
PSYS	5.0	5.0	-
ZENT	2.4	2.6	20
CYL(DET)	4.3	4.1	-20
KPIT	-	-1.2	-120
Tata Tech	1.8	1.5	-30
TELX	1.7	1.1	-60

Source: MOFSL Estimates

Exhibit 7: Summary of quarterly performance estimates

Companies	CMP (INR)	Rating	Sales (INR b)			EBIT (INR b)			Adjusted net profit (INR b)		
			Sep'26E	Variance YoY (%)	Variance QoQ (%)	Sep'26E	Variance YoY (%)	Variance QoQ (%)	Sep'26E	Variance YoY (%)	Variance QoQ (%)
TCS	2,051	Buy	732.1	11.3	1.3	183.0	10.5	5.7	144.4	11.4	3.7
INFO	994	Buy	493.3	10.9	2.3	104.1	11.3	2.4	80.6	9.5	3.8
HCLT	1,230	Buy	358.9	12.3	3.8	65.0	17.0	11.4	51.4	21.3	11.1
WPRO	159	Neutral	249.2	9.8	1.8	40.9	8.1	4.3	33.9	3.9	1.0
TECHM	1,524	Buy	161.1	15.1	2.5	23.2	36.5	2.4	16.8	39.3	12.6
LTM	4,045	Buy	117.9	13.4	1.5	18.5	12.3	2.8	15.5	12.0	5.3
LTTS	2,154	Neutral	30.2	1.4	2.8	4.7	18.4	2.2	3.7	12.8	5.3
MPHL	3,229	Buy	45.6	16.9	4.0	6.9	15.6	6.2	5.5	16.6	11.7
HEXT	494	Buy	39.8	14.3	3.6	5.5	7.3	5.0	4.1	10.6	23.9
COFORGE	5,279	Buy	63.3	58.8	14.5	10.1	82.0	14.8	6.4	69.9	23.1
PSYS	1,749	Buy	45.4	26.7	5.5	7.1	21.3	3.1	5.7	20.8	17.9
ZENT	1,098	Buy	15.6	10.0	3.6	2.0	4.4	5.7	1.9	3.0	2.1
CYL	422	Sell	16.2	12.4	4.9	2.1	22.0	5.3	1.6	18.0	14.6
KPIT	499	Buy	16.7	5.1	-0.4	2.2	-16.0	6.5	1.5	-9.3	31.7
Tata Tech	707	Sell	17.0	28.5	2.2	2.3	29.7	4.0	2.0	21.1	10.9
TELX	3,089	Sell	10.4	13.5	2.1	2.0	17.9	3.4	1.9	20.3	9.1
Sector aggregate (INR b)			**2,413**	**12.8**	**2.5**	**480**	**13.6**	**5.4**	**377**	**13.4**	**5.8**

Source: Company, MOFSL

Exhibit 8: Comparative valuations

Company	CMP (INR)	M-cap (INR b)	TP	Upside/ Downside	EPS (INR)			EPS CAGR (%)	P/E (x)		
					FY26	FY27E	FY28E	FY26-28E	FY26	FY27E	FY28E
TCS	2,051	7,419	2,400	17%	146.0	157.8	163.2	5.7	14	13	13
INFO	994	4,034	1,170	18%	72.8	78.4	82.1	6.3	14	13	12
HCLT	1,230	3,338	1,450	18%	64.0	73.9	78.6	10.8	19	17	16
WPRO	159	1,570	160	1%	12.8	13.0	13.9	4.1	12	12	11
TECHM	1,524	1,494	1,860	22%	56.5	81.0	93.2	28.4	27	19	16
LTM	4,045	1,200	4,750	17%	182.5	211.6	230.6	12.4	22	19	18
MPHL	2,154	411	2,730	27%	99.0	114.2	129.6	14.4	22	19	17
LTTS	3,229	343	3,280	2%	119.2	143.0	163.8	17.2	27	23	20
HEXT*	494	302	670	36%	23.1	24.1	28.8	11.7	21	21	17
PSYS	5,279	833	6,450	22%	123.3	147.0	183.9	22.1	43	36	29
COFORGE	1,749	775	2,240	28%	35.2	60.2	77.0	47.9	50	29	23
CYL	1,098	115	890	-19%	41.0	61.0	102.1	57.9	27	18	11
ZENT	422	96	580	37%	34.5	33.8	38.4	5.4	12	12	11
KPIT	499	137	670	34%	25.0	24.8	33.4	15.6	20	20	15
TATA TECH	707	287	620	-12%	15.6	20.2	23.6	23.1	45	35	30
TELX	3,089	192	2,790	-10%	100.9	131.9	149.9	21.9	31	23	21

*Note: Figures for CY25/CY26E/CY27E. 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 — Buy

CMP INR1,749| TP: INR2,240 (+28%) — **EPS CHANGE (%): FY27|28: +0.5|+1.0**

- We expect 3.5% QoQ CC organic revenue growth in 2QFY27, driven by broad-based growth across verticals and the initial contribution from large deal signings.
- Margins are expected at ~16%, flat QoQ, primarily due to the absorption of remaining Encora integration costs.
- The executable order book of ~USD2.23b (+27% QoQ) and strong large-deal pipeline provide revenue visibility for 2Q.
- **Key things to watch out for**: Encora's organic growth and synergy capture, ramp-up of large deals, BFSI momentum, and monetization of AI-led engineering offerings.

Quarterly Performance (IND-AS)

Y/E March	FY26				FY27E				FY26	FY27E
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Rev. (USD m)	**444**	**462**	**481**	**489**	**592**	**662**	**692**	**720**	**1,870**	**2,667**
QoQ (%)	10.1	4.0	4.1	1.7	21.1	11.8	4.5	4.0	29.1	42.6
Revenue (INR m)	**37,044**	**39,857**	**42,315**	**44,504**	**55,277**	**63,292**	**66,140**	**68,786**	**1,64,027**	**2,53,495**
YoY (%)	56.0	30.2	29.9	30.0	49.2	58.8	56.3	54.6	35.9	54.5
GPM (%)	**34.0**	**34.0**	**33.6**	**34.4**	**34.3**	**34.5**	**34.1**	**34.5**	**33.8**	**34.3**
SGA (%)	**16.5**	**15.7**	**15.3**	**13.8**	**13.9**	**13.6**	**13.5**	**13.5**	**15.3**	**13.6**
EBITDA (INRm)	**6,471**	**7,282**	**7,735**	**9,168**	**11,233**	**12,722**	**13,096**	**13,895**	**30,464**	**50,945**
EBITDA Margin (%)	17.5	18.3	18.3	20.6	20.3	20.1	19.8	20.2	18.6	20.1
EBIT (INRm)	**4,879**	**5,563**	**6,027**	**7,368**	**8,822**	**10,127**	**10,450**	**11,281**	**23,645**	**40,680**
EBIT Margin (%)	13.2	14.0	14.2	16.6	16.0	16.0	15.8	16.4	14.4	16.0
Other income	-477	18	-710	-582	-796	-823	-860	-894	-2,058	-3,373
ETR (%)	21.7	23.8	22.8	-6.6	24.3	25.0	25.0	25.0	13.4	24.9
Minority Interest	-390.0	-496.0	-465.0	-539.0	-131.0	-130.0	-130.0	-130.0	-1,890.0	-521.0
Reported PAT	**2,471**	**3,757**	**2,501**	**6,123**	**5,186**	**6,382**	**6,604**	**7,237**	**14,854**	**25,409**
QoQ (%)	-4.9	52.0	-33.4	144.8	-15.3	23.1	3.5	9.6		
YoY (%)	88.6	85.9	18.0	135.7	109.9	69.9	164.1	18.2	76.9	71.1
Adj. PAT	**3,057**	**3,757**	**3,640**	**6,541**	**5,602**	**6,382**	**6,604**	**7,237**	**16,996**	**25,824**
EPS (INR)	**5.9**	**8.9**	**5.9**	**14.5**	**12.3**	**15.1**	**15.6**	**17.1**	**35.2**	**60.2**

Cyient — Sell

CMP INR1,098 | TP: INR890 (-19%) — **EPS CHANGE (%): FY27|28: +1.9|+1.2**

- We expect ~4.3% QoQ CC growth (~0.2% organic) in the DET business, as the TAO Digital Solutions acquisition contributes to one month revenue.
- Order inflow should remain healthy (five large deal wins in the last two quarters), led by Aerospace, Communications, and Transportation & Mobility.
- EBIT margin is expected to remain flat QoQ at ~13.2%, as necessary investments for growth recovery are being maintained.
- **Key monitorables include** deal conversion, large deal execution, demand trends, integration of TAO Digital Solutions, and the path toward ~15% EBIT margin target.

DET Quarterly Performance

Y/E March	FY26				FY27E				FY26	FY27E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	1Q	2Q
Revenue (USD m)	**163**	**164**	**167**	**164**	**163**	**169**	**184**	**187**	**658**	**703**
QoQ (%)	0.9	1.0	1.6	-2.1	-0.6	4.1	8.6	2.0	-2.0	6.9
Revenue (INR m)	**13,925**	**14,385**	**14,883**	**14,996**	**15,402**	**16,164**	**17,555**	**17,906**	**58,189**	**67,026**
YoY (%)	3.6	-0.8	0.6	7.4	10.6	12.4	18.0	19.4	2.6	15.2
GPM (%)	**31.4**	**36.3**	**37.7**	**32.8**	**32.7**	**33.0**	**33.0**	**33.6**	**34.6**	**33.1**
SGA (%)	**15.5**	**20.1**	**21.5**	**16.9**	**16.1**	**16.1**	**16.1**	**16.1**	**18.5**	**16.1**
EBITDA	**2,215**	**2,333**	**2,415**	**2,398**	**2,566**	**2,732**	**2,967**	**3,133**	**9,361**	**11,398**
EBITDA Margin (%)	**15.9**	**16.2**	**16.2**	**16.0**	**16.7**	**16.9**	**16.9**	**17.5**	**16.1**	**17.0**
EBIT	**1,671**	**1,749**	**1,847**	**1,854**	**2,026**	**2,134**	**2,300**	**2,453**	**7,121**	**8,912**
EBIT Margin (%)	**12.0**	**12.2**	**12.4**	**12.4**	**13.2**	**13.2**	**13.1**	**13.7**	**12.2**	**13.3**
Other income	522	173	227	109	-31	113	123	125	1,031	330
ETR (%)	25.6	28.7	27.8	29.5	29.2	28.0	28.0	27.0	27.9	28.1
Adj. PAT	**1,631**	**1,371**	**1,497**	**1,383**	**1,412**	**1,618**	**1,744**	**1,882**	**5,882**	**6,656**
Exceptional items	**0**	**0**	**288**	**501**	**100**	**0**	**0**	**0**	**789**	**100**
PAT	**1,631**	**1,371**	**1,209**	**882**	**1,312**	**1,618**	**1,744**	**1,882**	**5,093**	**6,556**
QoQ (%)	7.4	-15.9	9.2	-7.6	2.1	14.6	7.8	7.9		
YoY (%)	29.9	-22.4	20.9	-8.9	-13.4	18.0	16.5	36.1	1.8	13.2
EPS (INR)	**15**	**12**	**14**	**13**	**13**	**16**	**17**	**18**	**53**	**63**

HCL Technologies — Buy

CMP INR1,230| TP: INR1,450 (+18%) — **EPS CHANGE (%): FY27|28 : 0.0|+0.7**

- We expect services (IT + ER&D) revenue to grow ~3% QoQ CC, reflecting contribution of ~1% from Jaspersoft and the HPE Telco business. Consequently, consolidated revenue is expected to grow ~3.0% QoQ CC.
- EBIT margin is expected to expand ~120bp QoQ to ~18.1%, in line with the usual 2Q seasonal improvement, as we do not expect incremental investment headwinds.
- We expect BFSI and Hi-tech to remain relatively resilient, while Manufacturing, Telecom, and Retail should remain subdued. Weakness in discretionary spending is expected to continue.
- Watch out for commentary on demand environment, margin outlook, AI-led deflation (2–3% portfolio impact), and any revision to FY27 growth guidance.

Quarterly Performance

Y/E March	FY26				FY27E				FY26	FY27E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue (USD m)	**3,545**	**3,644**	**3,793**	**3,682**	**3,650**	**3,755**	**3,867**	**3,849**	**14,664**	**15,121**
QoQ (%)	1.3	2.8	4.1	-2.9	-0.9	2.9	3.0	-0.5	6.0	3.1
Revenue (INR b)	**303**	**319**	**339**	**340**	**346**	**359**	**369**	**368**	**1,301**	**1,442**
YoY (%)	8.2	10.7	13.3	12.3	13.9	12.3	9.1	8.2	11.2	10.8
GPM (%)	**33.7**	**34.1**	**34.7**	**33.7**	**33.4**	**35.2**	**35.7**	**34.3**	**34.1**	**34.7**
SGA (%)	12.3	11.9	11.3	12.4	12.0	12.2	12.5	12.5	12.0	12.3
EBITDA	**60**	**66**	**74**	**68**	**69**	**77**	**80**	**75**	**268**	**301**
EBITDA Margin (%)	19.6	20.7	21.9	19.9	19.9	21.6	21.8	20.4	20.6	20.9
EBIT	**49**	**56**	**63**	**56**	**58**	**65**	**68**	**62**	**224**	**253**
EBIT Margin (%)	16.3	17.4	18.6	16.5	16.9	18.1	18.3	16.9	17.2	17.5
ETR (%)	25.9	25.7	25.7	21.3	24.3	25.0	25.0	25.0	24.7	24.8
Adj PAT	**38**	**42**	**48**	**45**	**46**	**51**	**53**	**49**	**174**	**200**
PAT	**38**	**42**	**41**	**45**	**46**	**51**	**53**	**49**	**167**	**200**
QoQ (%)	-10.8	10.2	-3.5	9.9	3.0	11.1	4.0	-7.7		
YoY (%)	-9.7	0.0	-11.0	4.2	20.3	21.3	30.8	9.9	-4.3	20.3
EPS	**14.2**	**15.6**	**17.7**	**16.6**	**17.1**	**19.0**	**19.7**	**18.2**	**64.0**	**73.9**

Hexaware Technologies — Buy

CMP INR494| TP: INR670 (+36%) — **EPS CHANGE (%): CY26|27: +0.7|+1.3**

- HEXT is expected to report ~3% QoQ CC growth as momentum continues, although the ramp-up of a few large deals has been delayed to 3QCY27.
- Adj. EBIT margin is expected to expand ~20bp QoQ to ~13.8%, supported by operating leverage and better utilization, partly offset by initial ramp-up investments.
- Banking and H&I are expected to lead growth, while Manufacturing & Consumer should improve. Travel and Transportation may remain relatively soft, particularly due to weakness in the Middle East.
- CY26 EBIT margin guidance of 13–14% is likely to be maintained.

Quarterly Performance

Y/E March	CY25				CY26E				CY25	CY26E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue (USD m)	**372**	**382**	**395**	**389**	**389**	**405**	**417**	**427**	**1,537**	**1,638**
QoQ (%)	-0.2	2.9	3.3	-1.4	-0.1	4.4	2.8	2.5		
Revenue (INR m)	**32,079**	**32,607**	**34,836**	**34,782**	**36,130**	**38,452**	**39,830**	**40,826**	**1,34,304**	**1,55,238**
YoY (%)	16.7	11.1	11.1	10.3	12.6	17.9	14.3	17.4	12.2	15.6
GPM (%)	**41.9**	**42.5**	**43.1**	**41.3**	**40.6**	**41.1**	**42.0**	**42.0**	**42.2**	**41.4**
Other (%)	25.5	25.1	25.8	25.5	24.8	25.3	25.3	25.5	25.5	25.2
EBITDA	**5,278**	**5,676**	**6,013**	**5,498**	**5,708**	**6,053**	**6,652**	**6,736**	**22,465**	**25,149**
EBITDA Margin (%)	**16.5**	**17.4**	**17.3**	**15.8**	**15.8**	**15.7**	**16.7**	**16.5**	**16.7**	**16.2**
EBIT	**4,543**	**4,924**	**5,124**	**4,261**	**4,801**	**5,236**	**5,497**	**5,675**	**18,852**	**21,208**
EBIT Margin (%)	**14.2**	**15.1**	**14.7**	**12.3**	**13.3**	**13.6**	**13.8**	**13.9**	**14.0**	**13.7**
Other income	-180	-196	-157	-409	-337	-829	-40	-41	-942	-1,247
PBT	**4,363**	**4,728**	**4,967**	**3,852**	**4,464**	**4,407**	**5,457**	**5,634**	**17,910**	**19,962**
ETR (%)	25.0	18.9	25.5	10.4	27.2	25.1	25.0	25.0	20.4	25.5
Reported PAT	**3,271**	**3,798**	**3,699**	**2,916**	**3,516**	**3,302**	**4,093**	**4,225**	**13,684**	**15,136**
QoQ (%)	2.0	16.1	-2.6	-21.2	20.6	-6.1	23.9	3.2		
YoY (%)	17.2	38.3	23.4	-9.1	7.5	-13.1	10.6	44.9	21.4	4.3
Extra-ordinary items	0	36	0	535	-264	0	0	0	571	-264
Adj. PAT	**3,271**	**3,834**	**3,699**	**3,451**	**3,252**	**3,302**	**4,093**	**4,225**	**14,256**	**14,872**
Adj. EPS (INR)	**5.3**	**6.2**	**6.0**	**5.6**	**5.3**	**5.3**	**6.6**	**6.8**	**23.1**	**24.1**

Infosys — Buy

CMP INR994| TP: INR1,170 (+18%) — **EPS CHANGE (%): FY27|28: +1.5|+2.0**

- INFO is likely to report ~1.8% QoQ CC revenue growth (~1.1% organic), supported by contribution from the Optimum and Stratus acquisitions. Growth remains 1H-heavy, as in prior years.
- BFSI and Energy, Utilities, and Resources are expected to remain resilient, while Telecom and Retail remain key pockets of weakness.
- Operating margin is expected to remain flat QoQ at ~21.1%, aided by Project Maximus-led productivity, pricing initiatives, and absence of wage hikes in 2Q.
- Infosys currently guides for 1.5-3% YoY cc growth for FY27, and this includes approx 1.7% impact from acquisitions.

Quarterly Performance (IFRS)

Y/E March	FY26				FY27E				FY26	FY27E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue (USD m)	**4,941**	**5,076**	**5,099**	**5,040**	**5,082**	**5,163**	**5,188**	**5,136**	**20,156**	**20,569**
QoQ (%)	4.5	2.7	0.5	-1.2	0.8	1.6	0.5	-1.0	4.6	2.1
Revenue (INR b)	**423**	**445**	**455**	**464**	**482**	**493**	**496**	**491**	**1,787**	**1,962**
YoY (%)	7.5	8.5	8.9	13.4	14.0	10.9	9.0	5.8	9.6	9.8
GPM (%)	**30.9**	**30.8**	**31.0**	**30.9**	**31.5**	**31.3**	**30.9**	**31.0**	**30.9**	**31.2**
SGA (%)	**10.1**	**9.7**	**9.8**	**9.9**	**10.4**	**10.2**	**10.1**	**10.1**	9.9	10.2
EBITDA	**101**	**107**	**110**	**111**	**115**	**117**	**117**	**116**	**429**	**464**
EBITDA Margin (%)	**23.8**	**24.0**	**24.2**	**24.0**	**23.8**	**23.8**	**23.5**	**23.6**	**24.0**	**23.7**
EBIT	**88**	**94**	**96**	**97**	**102**	**104**	**103**	**103**	**375**	**412**
EBIT Margin (%)	**20.8**	**21.0**	**21.2**	**21.0**	**21.1**	**21.1**	**20.8**	**20.9**	**21.0**	**21.0**
Other income	9	9	9	7	9	8	8	8	34	32
ETR (%)	28.9	27.9	27.4	21.2	29.5	28.0	28.0	28.0	26.3	28.4
Adj PAT	**69**	**74**	**76**	**82**	**78**	**81**	**80**	**80**	**301**	**318**
PAT	**69**	**74**	**67**	**85**	**78**	**81**	**80**	**80**	**294**	**318**
QoQ (%)	-1.6	6.4	-9.6	27.8	-8.6	3.8	-0.8	-0.6		
YoY (%)	8.7	13.2	-2.2	20.9	12.3	9.5	20.2	-6.4	10.2	8.0
EPS (INR)	**16.7**	**17.7**	**18.5**	**20.3**	**19.2**	**19.9**	**19.7**	**19.6**	**74.4**	**78.5**

KPIT — Buy

CMP INR499| TP: INR670 (+34%) — **EPS CHANGE (%): FY27|28: -2.7|+1.8**

- KPIT is expected to report flat QoQ CC revenue, weighed down by the delayed impact of European OEM weakness and the wind-down of two SDV programs. Some of the impact will be offset by growth in the US and SIMA.
- CV should return to growth in 2Q, while European program-related headwinds expected to stabilize by 3Q.
- Margins are expected to expand ~80bp QoQ to ~13.1% as revenue stabilizes and cost optimization efforts help support margins.
- Key monitorables include commentary on the pace of recovery among European OEMs, Southeast Asia expansion strategy, and the quantum of Qorix losses.

Quarterly Performance

Y/E March	FY26				FY27E				FY26	FY27E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue (USD m)	**178**	**181**	**181**	**185**	**177**	**175**	**176**	**182**	**725**	**710**
QoQ (%)	0.5	1.8	0.0	2.2	-4.4	-1.2	1.0	3.0		
Revenue (INR m)	**15,388**	**15,877**	**16,175**	**17,110**	**16,750**	**16,689**	**16,856**	**17,362**	**64,549**	**67,656**
YoY (%)	12.8	7.9	9.4	12.0	8.9	5.1	4.2	1.5	10.5	4.8
GPM (%)	**35.2**	**37.3**	**36.8**	**37.4**	**35.7**	**36.0**	**36.4**	**36.5**	**36.7**	**36.1**
SGA (%)	14.2	16.2	16.2	16.7	18.5	18.0	17.0	17.0	15.8	17.6
EBITDA	**3,239**	**3,351**	**3,334**	**3,533**	**2,878**	**3,004**	**3,270**	**3,386**	**13,457**	**12,537**
EBITDA Margin (%)	**21.0**	**21.1**	**20.6**	**20.6**	**17.2**	**18.0**	**19.4**	**19.5**	**20.8**	**18.5**
EBIT	**2,610**	**2,604**	**2,524**	**2,713**	**2,052**	**2,186**	**2,478**	**2,570**	**10,451**	**9,286**
EBIT Margin (%)	**17.0**	**16.4**	**15.6**	**15.9**	**12.3**	**13.1**	**14.7**	**14.8**	**16.2**	**13.7**
Other income	39	73	108	-100	-146	0	202	208	-1,133	-139
ETR (%)	27.1	26.7	25.1	27.5	27.4	26.5	26.0	26.0	26.6	26.4
PAT	**1,719**	**1,691**	**1,334**	**1,630**	**1,164**	**1,533**	**1,983**	**2,056**	**6,374**	**6,736**
QoQ (%)	-29.7	-1.6	-21.1	22.2	-28.6	31.7	29.3	3.6		
YoY (%)	-15.8	-17.0	-28.6	-33.4	-32.3	-9.3	48.7	26.1	-24.1	5.7
Exceptional items	0	0	469	0	0	0	0	0	469.4	0.0
Adj. PAT	**1,719**	**1,691**	**1,804**	**1,630**	**1,164**	**1,533**	**1,983**	**2,056**	**6,843**	**6,736**
EPS (INR)	6.3	6.2	4.9	6.0	4.3	5.6	7.3	7.6	25.0	24.8

LTM — Buy

CMP INR4,045| TP: INR4,750 (+17%) — **EPS CHANGE (%): FY27|28: -1.3|-0.8**

- LTM is expected to report 0.9% QoQ CC revenue growth in 2QFY27, as the Middle East disruption delays new projects and offsets the steady services growth.
- BFSI and Manufacturing are expected to remain stable, with weakness expected in the Consumer vertical due to travel and airlines, alongside seasonal weakness in the Technology vertical due to renewals in 1Q.
- EBIT margin is expected to expand ~20bp QoQ to ~15.7% due to the reversal of wage hike headwinds.
- Key monitorables include commentary on the extent of Middle East-related disruption, the ramp-up of the CBDT deal, and management's confidence in delivering FY27 growth ahead of FY26.

Quarterly Performance

Y/E March	FY26				FY27E				FY26	FY27E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue (USD m)	**1,153**	**1,180**	**1,208**	**1,222**	**1,224**	**1,233**	**1,258**	**1,277**	**4,763**	**4,992**
QoQ (%)	2.0	2.3	2.4	1.2	0.1	0.8	2.0	1.5	6.0	4.8
Revenue (INR B)	**98**	**104**	**108**	**113**	**116**	**118**	**120**	**122**	**423**	**476**
YoY (%)	7.6	10.2	11.6	15.6	18.0	13.4	11.5	8.1	11.3	12.6
GPM (%)	**29.1**	**30.3**	**29.4**	**27.8**	**28.0**	**29.0**	**29.2**	**29.5**	**29.1**	**28.9**
SGA (%)	12.3	11.7	10.8	10.3	10.2	11.0	11.0	11.0	11.3	10.8
EBITDA	**16**	**19**	**20**	**20**	**21**	**21**	**22**	**23**	**76**	**86**
EBITDA Margin (%)	**16.8**	**18.6**	**18.6**	**17.5**	**17.8**	**18.0**	**18.2**	**18.5**	**17.9**	**18.1**
EBIT	**14**	**16**	**17**	**17**	**18**	**19**	**19**	**20**	**65**	**76**
EBIT Margin (%)	**14.3**	**15.9**	**16.1**	**15.1**	**15.5**	**15.7**	**16.0**	**16.3**	**15.4**	**15.9**
Other income	**3.2**	**2.3**	**1.6**	**1.1**	**1.8**	**2.1**	**2.2**	**2.2**	**8**	**8**
ETR (%)	27.3	26.5	26.0	26.3	25.8	25.0	25.0	25.0	26.5	25.2
Adj PAT	**13**	**14**	**14**	**13**	**15**	**15**	**16**	**17**	**54**	**63**
QoQ (%)	11.2	10.1	1.5	-4.3	9.5	5.3	3.7	3.2		
YoY (%)	10.5	10.4	29.0	18.8	17.1	12.0	14.5	23.6	16.9	16.7
PAT	**13**	**14**	**10**	**14**	**15**	**15**	**16**	**17**	**50**	**63**
EPS (INR)	**42.3**	**47.2**	**47.6**	**45.4**	**49.4**	**52.1**	**54.1**	**55.8**	**182.5**	**211.5**

LTTS — Neutral

CMP INR3,229| TP: INR3,280 (+2%) — **EPS CHANGE (%): FY27|28: +0.7|+1.4**

- We expect ~2.2% QoQ CC revenue growth in 2QFY27, driven by continued growth in Sustainability from deal wins and ramp-ups, along with a gradual recovery in Mobility.
- Margins are expected to contract ~10bp QoQ to ~15.6% as some margin pressure from on-site ramp-ups could persist until new programs mature.
- Sustainability is expected to remain resilient, while Mobility should recover gradually, led by improving auto demand and SDV opportunities. Technology is expected to grow after three consecutive quarters of QoQ decline.
- Key monitorables include the pace of Mobility recovery, especially in Europe, and progress on Lakshya 31 strategic bets.

Quarterly Performance

Y/E March	FY26				FY27E				FY26	FY27E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue (USD m)	**309**	**337**	**311**	**306**	**310**	**316**	**326**	**339**	**1,233**	**1,290**
QoQ (%)	1.2	9.2	-7.7	-1.7	1.3	2.0	3.0	4.0	8.3	4.7
Revenue (INR m)	**26,375**	**29,795**	**27,872**	**28,579**	**29,401**	**30,211**	**31,118**	**32,362**	**1,09,959**	**1,23,092**
YoY (%)	7.1	15.8	5.1	8.3	11.5	1.4	11.6	13.2	14.0	11.9
GPM (%)	**29.2**	**28.0**	**30.7**	**32.2**	**31.7**	**31.3**	**31.3**	**31.2**	**30.5**	**31.4**
SGA (%)	12.5	11.5	12.8	13.9	13.1	13.0	12.8	12.5	12.9	12.8
EBITDA	**4,407**	**4,908**	**4,986**	**5,215**	**5,483**	**5,529**	**5,757**	**6,052**	**19,351**	**22,820**
EBITDA Margin (%)	**16.7**	**16.5**	**17.9**	**18.2**	**18.6**	**18.3**	**18.5**	**18.7**	**17.6**	**18.5**
EBIT	**3,601**	**3,982**	**4,125**	**4,350**	**4,613**	**4,713**	**4,917**	**5,210**	**15,899**	**19,453**
EBIT Margin (%)	**13.7**	**13.4**	**14.8**	**15.2**	**15.7**	**15.6**	**15.8**	**16.1**	**14.5**	**15.8**
Other income	506	498	184	383	147	302	311	324	1,571	1,084
ETR (%)	26.9	26.5	26.0	26.6	26.0	26.0	26.0	26.0	26.5	26.0
Adj PAT	**3,317**	**3,287**	**3,184**	**3,467**	**3,614**	**3,706**	**3,864**	**4,090**	**12,819**	**15,178**
Exceptional items	160.0	0.0	158	146.8	48.0	0.0	0	0.0	27.0	48
PAT	**3,157**	**3,287**	**3,026**	**3,320**	**3,566**	**3,706**	**3,864**	**4,090**	**12,792**	**15,130**
QoQ (%)	6.9	9.7	-3.1	8.9	1.5	5.3	4.2	5.9		
YoY (%)	-4.4	2.8	0.6	23.6	17.4	12.8	21.3	18.0	7.4	18.4
Adj. EPS (INR)	28.3	31.0	31.0	30.1	33.1	34.9	36.4	38.5	119.2	143.0

Mphasis — Buy

CMP INR2,154 | TP: INR2,730 (+27%) — **EPS CHANGE (%): FY27| 28: +0.5|+1.3**

- We expect ~3.1% QoQ CC growth, driven by large deal ramp-ups and continued strength in BFSI. 2Q is expected to be the best growth quarter in the last 12 quarters.
- BFS is expected to remain the key growth driver, while TMT and Logistics are likely to recover gradually as deal conversions improve.
- EBIT margin is expected to expand ~30bp QoQ to ~15.1%, supported by lower cash flow hedge impact, partially offset by ~35bp impact from the TAP acquisition.
- Key monitorables include commentary on deal TCV conversion, AI-led productivity pass-throughs, and sustainability of BFS growth.

Quarterly Performance

Y/E March	FY26				FY27E				FY26	FY27E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue (USD m)	**437**	**445**	**451**	**463**	**471**	**485**	**494**	**509**	**1,797**	**1,959**
QoQ (%)	1.6	1.8	1.4	2.5	1.8	3.0	1.8	3.0	6.9	9.1
Revenue (INR m)	**37,324**	**39,019**	**40,026**	**42,427**	**43,841**	**45,595**	**46,370**	**47,786**	**1,58,796**	**1,83,592**
YoY (%)	9.1	10.3	12.4	14.4	17.5	16.9	15.8	12.6	11.6	15.6
GPM (%)	**31.9**	**30.9**	**31.3**	**31.5**	**29.9**	**30.4**	**30.5**	**30.5**	**31.4**	**30.3**
SGA (%)	**13.1**	**12.4**	**12.5**	**12.5**	**11.7**	**12.0**	**11.8**	**11.9**	**12.6**	**11.9**
EBITDA	**7,028**	**7,236**	**7,518**	**8,053**	**7,952**	**8,389**	**8,671**	**8,888**	**29,835**	**33,901**
EBITDA Margin (%)	**18.8**	**18.5**	**18.8**	**19.0**	**18.1**	**18.4**	**18.7**	**18.6**	**18.8**	**18.5**
EBIT	**5,709**	**5,958**	**6,089**	**6,525**	**6,481**	**6,885**	**7,141**	**7,311**	**24,281**	**27,818**
EBIT Margin (%)	**15.3**	**15.3**	**15.2**	**15.4**	**14.8**	**15.1**	**15.4**	**15.3**	**15.3**	**15.2**
Other income	392	289	198	289	347	456	464	478	1,168	1,745
ETR (%)	27.6	24.9	25.4	25.2	28.3	25.5	25.5	25.5	25.8	26.1
Adj.PAT	**4,417**	**4,690**	**4,687**	**5,097**	**4,895**	**5,469**	**5,665**	**5,803**	**18,891**	**21,832**
QoQ (%)	-1.1	6.2	-0.1	8.7	-4.0	11.7	3.6	2.4		
YoY (%)	9.2	10.8	9.5	14.1	10.8	16.6	20.9	13.8	11.0	15.6
Reported PAT	**4,417**	**4,690**	**4,422**	**5,097**	**4,895**	**5,469**	**5,665**	**5,803**	**18,626**	**21,832**
Adj. EPS (INR)	23.1	24.5	24.6	26.7	25.6	28.6	29.6	30.3	99.0	114.2

Persistent Systems — Buy

CMP INR5,279 | TP: INR6,450(+22%) — **EPS CHANGE (%): FY27|28: +1.4|+2.2**

- We expect ~5.0% QoQ CC revenue growth, led by the large technology deal ramp-up and continued momentum in BFSI.
- Margins are expected to contract ~40bp QoQ to ~15.6%, as wage hikes were implemented from 1st July and the company continues investments in AI platforms, consulting, and capability build-out. Some of the margin impact will be mitigated by operational efficiencies and higher utilization.
- We expect broad-based growth across BFSI, Hi-tech, and Healthcare, supported by AI-led engineering, data modernization, and application modernization.
- Key monitorables include: Commentary on the Nagarro acquisition, quantum and margin profile of the USD650m technology deal ramp-up, and demand across verticals, especially healthcare.

Quarterly Performance (IFRS)

Y/E March	FY26				FY27E				FY26	FY27E
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue (USD m)	**390**	**406**	**423**	**436**	**452**	**475**	**494**	**511**	**1,654**	**1,933**
QoQ (%)	3.9	4.2	4.0	3.2	3.8	5.0	4.0	3.5	17.4	16.8
Revenue (INR m)	**33,336**	**35,807**	**37,782**	**40,559**	**43,032**	**45,385**	**47,201**	**48,853**	**1,47,485**	**1,84,471**
QoQ (%)	2.8	7.4	5.5	7.4	6.1	5.5	4.0	3.5		
YoY (%)	21.8	23.6	23.4	25.1	29.1	26.7	24.9	20.4	23.5	25.1
GPM (%)	**35.3**	**36.0**	**36.1**	**35.3**	**35.1**	**34.6**	**35.8**	**35.6**	**35.7**	**35.3**
SGA (%)	**16.9**	**16.9**	**16.8**	**16.4**	**16.5**	**16.3**	**16.4**	**16.4**	16.7	16.4
EBITDA	**6,116**	**6,838**	**7,324**	**7,677**	**8,022**	**8,305**	**9,157**	**9,380**	**27,955**	**34,864**
EBITDA Margin (%)	**18.3**	**19.1**	**19.4**	**18.9**	**18.6**	**18.3**	**19.4**	**19.2**	**19.0**	**18.9**
EBIT	**5,178**	**5,837**	**6,318**	**6,592**	**6,869**	**7,080**	**7,883**	**8,061**	**23,925**	**29,892**
EBIT Margin (%)	**15.5**	**16.3**	**16.7**	**16.3**	**16.0**	**15.6**	**16.7**	**16.5**	**16.2**	**16.2**
Other income	376	331	222	148	-638	318	330	342	1,078	352
ETR (%)	23.5	23.6	22.6	21.5	22.5	23.0	23.0	23.5	22.7	23.0
Adj. PAT	**4,249**	**4,715**	**5,063**	**5,293**	**4,830**	**5,696**	**6,324**	**6,428**	**19,320**	**23,279**
QoQ (%)	7.4	10.9	7.4	4.5	-8.7	17.9	11.0	1.6		
YoY (%)	38.7	45.1	35.8	33.7	13.7	20.8	24.9	21.5	38.0	20.5
Exceptional Items	0.0	0.0	668.3	0.0	0.0	0.0	0.0	0.0	668.3	0.0
PAT	**4,249**	**4,715**	**4,395**	**5,293**	**4,830**	**5,696**	**6,324**	**6,428**	**18,651**	**23,279**
Adj. EPS (INR)	**27.2**	**30.2**	**32.4**	**33.6**	**30.5**	**36.0**	**39.9**	**40.6**	**123.3**	**147.0**

TCS — Buy

CMP INR2,051 | TP: INR2,400 (+17%) — **EPS CHANGE (%): FY27| 28: +1.0|+0.2**

- We expect TCS to report 0.5% QoQ CC revenue growth, as steady execution in BFSI and Technology and Services is likely to be offset by softness in the Consumer vertical.
- We expect EBIT margin to expand ~100bp QoQ to ~25%, largely due to the reversal of the annual wage hike impact. Continued investments in AI capabilities, talent, and partnerships will weigh on margins.
- Annualized AI services revenue should continue the strong momentum (+13.6% QoQ in 1Q) due to increasing demand for AI-led modernization, autonomous GBS, cybersecurity, and sovereign cloud.
- Key monitorables include: Commentary on the demand environment, the pace of revenue growth, and further details on the Porche partnership and acquisition deal.

Quarterly Performance (IFRS)

Y/E March	FY26				FY27E				FY26	FY27E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
IT Services Revenue (USD m)	**7,421**	**7,466**	**7,509**	**7,621**	**7,624**	**7,661**	**7,661**	**7,700**	**30,017**	**30,647**
QoQ (%)	-0.6	0.6	0.6	1.5	0.0	0.5	0.0	0.5	-0.5	2.1
Overall Revenue (INR b)	**634**	**658**	**671**	**707**	**723**	**732**	**732**	**736**	**2,670**	**2,923**
QoQ (%)	-1.6	3.7	2.0	5.4	2.2	1.3	0.0	0.5		
YoY (%)	1.3	2.4	4.9	9.6	13.9	11.3	9.1	4.1	4.6	9.5
GPM (%)	**39.1**	**39.6**	**40.8**	**40.7**	**39.6**	**40.0**	**40.0**	**40.0**	**40.1**	**39.9**
SGA (%)	14.7	14.4	15.6	15.4	15.6	14.5	14.0	14.2	15.1	14.4
EBITDA	**168**	**179**	**183**	**193**	**188**	**198**	**198**	**200**	**724**	**785**
EBITDA Margin (%)	26.5	27.3	27.3	27.4	26.0	27.1	27.1	27.2	27.1	26.9
EBIT	**155**	**166**	**169**	**179**	**173**	**183**	**183**	**185**	**668**	**724**
EBIT Margin (%)	24.5	25.2	25.2	25.3	24.0	25.0	25.0	25.1	25.0	24.8
PBT	**170**	**172**	**178**	**184**	**186**	**193**	**193**	**195**	**704**	**768**
ETR (%)	24.5	24.7	24.2	24.9	25.2	25.3	25.3	25.3	24.6	25.3
Adj. PAT	**128**	**130**	**135**	**138**	**139**	**144**	**144**	**146**	**528**	**571**
Reported PAT	**128**	**121**	**107**	**138**	**134**	**144**	**144**	**146**	**492**	**569**
QoQ (%)	4.3	-5.4	-11.6	28.6	-2.6	7.6	0.0	0.9		
YoY (%)	5.9	1.5	-13.9	12.1	4.7	19.0	34.7	5.7	0.8	15.5
EPS (INR)	35.3	35.7	37.2	37.9	38.3	39.7	39.7	40.1	146.0	157.8

Tata Elxsi — Sell

CMP INR3,089 | TP: INR2,790 (-10%) — **EPS CHANGE (%): FY27|28: +0.5|+1.0**

- We expect revenue to grow ~1.7% QoQ CC, supported by the continued ramp-up of large Media & Communications deals and improving momentum in Transportation.
- Margins are expected to expand ~20bp QoQ to 19.2%, as the full-quarter impact of wage hikes is mitigated by ~150bp of reversal in one-off costs and a gradual moderation of ~220bp in investment and AI tool cost.
- Media & Communications and Transportation, especially in the US and APAC, are expected to remain the principal growth engines. HLS may remain subdued in 2Q.
- Key monitorables include FY27 growth outlook, margin recovery, and demand trends across key verticals, especially HLS, where deal wins were delayed in 1Q.

Quarterly Performance

Y/E March	FY26				FY27E				FY26	FY27E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue (USD m)	**105**	**105**	**107**	**109**	**108**	**109**	**112**	**114**	**426**	**442**
QoQ (%)	-0.3	0.4	1.8	1.7	-1.0	1.1	2.3	2.0		
Revenue (INR m)	**8,921**	**9,181**	**9,535**	**9,938**	**10,211**	**10,423**	**10,662**	**10,876**	**37,575**	**42,172**
YoY (%)	-3.7	-3.9	1.5	9.4	14.5	13.5	11.8	9.4	0.8	12.2
GPM (%)	**20.9**	**21.1**	**23.3**	**24.6**	**21.2**	**21.4**	**25.0**	**27.0**	**22.5**	**23.7**
EBITDA	**1,867**	**1,933**	**2,222**	**2,446**	**2,160**	**2,230**	**2,666**	**2,936**	**8,469**	**9,992**
EBITDA Margin (%)	**20.9**	**21.1**	**23.3**	**24.6**	**21.2**	**21.4**	**25.0**	**27.0**	**22.5**	**23.7**
EBIT	**1,625**	**1,699**	**1,994**	**2,213**	**1,937**	**2,003**	**2,431**	**2,697**	**7,531**	**9,069**
EBIT Margin (%)	**18.2**	**18.5**	**20.9**	**22.3**	**19.0**	**19.2**	**22.8**	**24.8**	**20.0**	**21.5**
Other income	339	448	425	465	387	479	490	500	1,677	1,858
ETR (%)	26.5	27.9	26.0	17.7	26.6	25.0	24.0	24.0	24.1	24.8
Adj PAT	**1,444**	**1,548**	**1,791**	**2,204**	**1,706**	**1,862**	**2,220**	**2,430**	**6,987**	**8,218**
Exceptional items	0.0	0.0	702	0.0	0.0	0.0	0	0.0	702	0
PAT	**1,444**	**1,548**	**1,089**	**2,204**	**1,706**	**1,862**	**2,220**	**2,430**	**6,285**	**8,218**
QoQ (%)	-16.3	7.2	-29.7	102.4	-22.6	9.1	19.2	9.4		
YoY (%)	-21.6	-32.5	-45.3	27.8	18.2	20.3	103.9	10.3	-11.0	17.6
EPS (INR)	23.2	24.9	17.5	35.4	27.4	29.9	35.6	39.0	100.9	131.9

Tata Technologies — Sell

CMP INR707 | TP: INR620 (-12%) — **EPS CHANGE (%): FY27|28: +0.8|+0.9**

- We expect TTL to report ~1.8% QoQ CC growth, supported by the ramp-up of the USD100m Tenneco deal and continued traction in the Automotive and Aerospace business.
- Growth is likely to be driven by Automotive, Aerospace, and Industrial Heavy Machinery, while full-vehicle programs ramp up gradually through FY27.
- Margins are expected to expand ~20bp QoQ to ~13.5%, as company-wide wage hikes will be offset by operating leverage, better utilization, and cost discipline.
- Key monitorables include: FY27 growth outlook, Tenneco ramp-up, Japanese full-vehicle program ramp-up, and further full-vehicle program closures.

Quarterly Performance

Y/E March	FY26				FY27E				FY26	FY27E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue (USD m)	**145**	**151**	**153**	**171**	**175**	**178**	**181**	**184**	**620**	**719**
QoQ (%)	-2.0	3.9	1.2	11.9	2.7	1.5	1.8	1.5		
Revenue (INR m)	**12,443**	**13,234**	**13,657**	**15,722**	**16,646**	**17,009**	**17,315**	**17,574**	**55,056**	**68,544**
YoY (%)	-1.9	2.1	3.7	22.3	33.8	28.5	26.8	11.8	6.5	24.5
GPM (%)	**23.2**	**22.7**	**21.9**	**24.8**	**25.0**	**24.2**	**24.5**	**24.9**	**23.2**	**24.7**
SGA (%)	7.1	7.0	7.8	8.7	8.9	7.9	7.6	7.6	7.7	8.0
EBITDA	**2,002**	**2,079**	**1,928**	**2,521**	**2,674**	**2,772**	**2,926**	**3,040**	**8,530**	**11,413**
EBITDA Margin (%)	**16.1**	**15.7**	**14.1**	**16.0**	**16.1**	**16.3**	**16.9**	**17.3**	**15.5**	**16.7**
EBIT	**1,688**	**1,770**	**1,568**	**2,054**	**2,207**	**2,295**	**2,440**	**2,547**	**7,080**	**9,489**
EBIT Margin (%)	**13.6**	**13.4**	**11.5**	**13.1**	**13.3**	**13.5**	**14.1**	**14.5**	**12.9**	**13.8**
Other income	589	436	227	152	215	357	364	369	1,404	1,304
ETR (%)	26.8	26.7	27.7	28.5	28.2	27.0	26.0	26.0	27.4	26.7
Adj. PAT	**1,703**	**1,655**	**1,350**	**1,625**	**1,807**	**2,004**	**2,147**	**2,234**	**6,333**	**8,192**
QoQ (%)	-9.8	-2.8	-18.4	20.4	11.2	10.9	7.2	4.0		
YoY (%)	5.1	5.2	-19.9	-14.0	6.1	21.1	59.1	37.4	-5.9	29.4
Exceptional Items	**0**	**0**	**1,284**	**-417**	**0**	**0**	**0**	**0**	**867**	**0**
PAT	**1,703**	**1,655**	**66**	**2,042**	**1,807**	**2,004**	**2,147**	**2,234**	**5,466**	**8,192**
Adj. EPS (INR)	4.2	4.1	3.3	4.0	4.5	4.9	5.3	5.5	15.6	20.2

Tech Mahindra — Buy

CMP INR1,524 | TP: INR1,860 (+22%) — **EPS CHANGE (%): FY27|28: -1.7|+0.7**

- We expect revenue to grow ~1.7% QoQ CC (~1.3% organic), led by the continued ramp-up of large deals and normalization of the Comviva seasonality. The Avant Techno Solutions acquisition will contribute two months of revenue.
- Deal momentum should remain healthy. BFSI, Manufacturing, Communications, and Healthcare are expected to remain the key growth areas.
- We expect EBIT margin to remain flat QoQ at ~14.4%, as wage hikes have been announced from 2Q in a phased manner. This impact will be mitigated by delivery efficiencies and Project Fortius initiatives.
- Key watchpoints include FY27 growth outlook versus peers, conversion of large deals into revenue, and sustainability of Manufacturing growth.

Quarterly Performance

Y/E March	FY26				FY27E				FY26	FY27E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue (USD m)	**1,564**	**1,586**	**1,610**	**1,625**	**1,660**	**1,685**	**1,711**	**1,719**	**6,385**	**6,775**
QoQ (%)	1.0	1.4	1.5	0.9	2.2	1.5	1.5	0.5	1.9	6.1
Revenue (INR b)	**134**	**140**	**144**	**151**	**157**	**161**	**163**	**164**	**568**	**646**
YoY (%)	2.7	5.1	8.3	12.6	17.7	15.1	13.6	9.0	7.2	13.7
GPM (%)	**28.7**	**29.1**	**30.3**	**31.0**	**30.5**	**30.0**	**30.0**	**31.0**	**29.8**	**30.4**
SGA (%)	**14.2**	**13.7**	**13.9**	**14.0**	**13.0**	**12.5**	**12.0**	**12.0**	13.9	12.4
EBITDA	**19**	**22**	**24**	**26**	**27**	**28**	**29**	**31**	**90**	**116**
EBITDA Margin (%)	**14.5**	**15.5**	**16.4**	**17.0**	**17.5**	**17.5**	**18.0**	**19.0**	**15.9**	**18.0**
EBIT	**15**	**17**	**19**	**21**	**23**	**23**	**24**	**26**	**72**	**96**
EBIT Margin (%)	**11.1**	**12.1**	**13.1**	**13.8**	**14.4**	**14.4**	**14.8**	**15.8**	**12.6**	**14.9**
ETR (%)	30.2	27.5	25.3	24.2	27.2	24.5	24.5	24.5	26.7	25.1
Adj. PAT	**11**	**12**	**13**	**14**	**15**	**17**	**20**	**21**	**50**	**72**
QoQ (%)	-2.2	4.7	10.9	2.2	8.2	14.9	16.2	6.8		
YoY (%)	34.0	-4.4	34.7	16.0	28.4	41.0	47.7	54.4	17.9	43.5
Reported PAT	**11**	**12**	**11**	**14**	**15**	**17**	**20**	**21**	**48**	**72**
EPS (INR)	**12.9**	**13.5**	**14.9**	**15.2**	**16.5**	**19.0**	**22.0**	**23.5**	**56.5**	**81.0**

Wipro — Neutral

CMP INR159 | TP: INR160 (+1%) — **EPS CHANGE (%): FY27|28: +1.6|+1.3**

- IT services are expected to decline ~0.5% QoQ CC (including ~0.7% inorganic contribution from Mindsprint, in line with the mid-point of management's (1.5%)-0.5% guidance range.
- BFSI is expected to show recovery in 2Q, while EMR and Healthcare continue to remain under pressure.
- Margins are expected to expand ~40bp QoQ to ~16.4%, reflecting the reversal of the wage hike impact, while the company continues to prioritize investments in the AI-native business and platforms.
- Management commentary on deal ramp-ups, deal TCV conversion, AI-led productivity, and the demand outlook will remain the key monitorables.

Quarterly Performance (IFRS)

Y/E March	FY26				FY27E				FY26	FY27E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
IT Services Revenue (USD m)	**2,587**	**2,604**	**2,635**	**2,651**	**2,614**	**2,597**	**2,613**	**2,639**	**10,478**	**10,462**
QoQ (%)	-0.4	0.7	1.2	0.6	-1.4	-0.7	0.6	1.0	-0.3	-0.2
Overall Revenue (INR b)	**221**	**227**	**236**	**242**	**245**	**249**	**251**	**253**	**926**	**998**
QoQ (%)	-1.6	2.5	3.8	2.9	1.0	1.8	0.6	1.0		
YoY (%)	0.8	1.8	5.5	7.7	10.6	9.8	6.4	4.5	4.0	7.7
GPM (%)	**29.0**	**29.6**	**30.3**	**29.0**	**28.5**	**29.2**	**29.5**	**29.5**	**29.5**	**29.2**
SGA (%)	12.9	13.2	14.2	11.9	12.9	13.1	13.2	13.0	13.0	13.0
EBITDA	**43**	**45**	**46**	**49**	**47**	**49**	**50**	**51**	**183**	**196**
EBITDA Margin (%)	**19.3**	**19.8**	**19.6**	**20.3**	**19.2**	**19.6**	**19.8**	**20.0**	**19.8**	**19.6**
IT Serv. EBIT (%)	**17.3**	**16.7**	**17.6**	**17.3**	**16.0**	**17.9**	**17.9**	**17.0**	**17.2**	**17.2**
EBIT Margin (%)	**16.1**	**16.7**	**16.5**	**17.2**	**16.0**	**16.4**	**16.6**	**16.8**	**16.6**	**16.5**
Other income	7	5	6	5	4	4	4	4	22	16
ETR (%)	21.6	23.8	23.6	24.4	22.6	24.7	24.7	24.7	23.4	24.2
Adj PAT	**33**	**32**	**34**	**35**	**34**	**34**	**34**	**35**	**134**	**136**
PAT	**33**	**32**	**31**	**35**	**34**	**34**	**34**	**35**	**132**	**136**
QoQ (%)	-6.7	-2.5	-3.9	11.8	-3.8	0.3	1.7	2.0		
YoY (%)	10.9	1.2	-7.0	-2.3	0.6	3.6	9.6	0.0	0.5	3.2
EPS (INR)	**3.2**	**3.1**	**3.2**	**3.3**	**3.2**	**3.2**	**3.3**	**3.3**	**12.8**	**13.0**

Zensar Technologies — Buy

CMP INR422| TP: INR580 (+37%) — **EPS CHANGE (%): FY27|28: +1.0|+1.8**

- We expect ~2.4% QoQ CC revenue growth in 2QFY27, driven by the ramp-up of the mega deal win in BFSI, offset by continued weakness in the TMT and Manufacturing.
- We expect ~20bp QoQ expansion in EBITDA margin to ~14.8%, as growth is prioritized over profitability and investments continue in SG&A, AI capabilities, and the mega deal ramp-up.
- BFSI is expected to outperform, while TMT may remain under pressure due to continued impact from the large client decline. Softness in the Healthcare vertical is expected to continue.
- Key watchpoints include commentary on deal signings, expected time of wage hikes, TMT stabilization, and FY27 growth and margin outlook.

Quarterly Performance

Y/E March	FY26				FY27E				FY26	FY27E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue (USD m)	**162**	**163**	**161**	**158**	**160**	**164**	**168**	**170**	**644**	**661**
QoQ (%)	3.3	0.5	-1.4	-1.3	0.7	2.6	2.5	1.5	3.1	2.7
Revenue (INR m)	**13,850**	**14,213**	**14,307**	**14,504**	**15,083**	**15,632**	**16,023**	**16,263**	**56,874**	**63,000**
YoY (%)	7.5	8.7	7.9	6.7	8.9	10.0	12.0	12.1	7.7	10.8
GPM (%)	**30.5**	**31.0**	**33.8**	**32.7**	**29.7**	**29.9**	**30.4**	**30.5**	**32.0**	**30.1**
SGA (%)	15.3	15.6	16.3	16.5	15.1	15.1	14.8	14.8	15.9	14.9
EBITDA	**2,106**	**2,199**	**2,499**	**2,357**	**2,208**	**2,313**	**2,500**	**2,553**	**9,161**	**9,574**
EBITDA Margin (%)	**15.2**	**15.5**	**17.5**	**16.3**	**14.6**	**14.8**	**15.6**	**15.7**	**16.1**	**15.2**
EBIT	**1,875**	**1,947**	**2,296**	**2,130**	**1,923**	**2,032**	**2,211**	**2,261**	**8,248**	**8,427**
EBIT Margin (%)	**13.5**	**13.7**	**16.0**	**14.7**	**12.7**	**13.0**	**13.8**	**13.9**	**14.5**	**13.4**
Other income	531	454	607	625	538	469	465	472	2,217	1,943
ETR (%)	24.4	24.2	24.5	23.7	25.4	25.0	25.0	25.0	24.2	25.1
Adj. PAT	**1,820**	**1,821**	**2,191**	**2,102**	**1,837**	**1,876**	**2,007**	**2,049**	**7,934**	**7,769**
QoQ (%)	3.2	0.1	20.3	-4.1	-12.6	2.1	7.0	2.1		
YoY (%)	15.3	16.9	37.2	19.2	0.9	3.0	-8.4	-2.5	22.1	-2.1
Reported PAT	**1,820**	**1,821**	**1,998**	**2,106**	**1,837**	**1,876**	**2,007**	**2,049**	**7,745**	**7,769**
Adj. EPS (INR)	**7.9**	**7.9**	**9.5**	**9.2**	**8.0**	**8.2**	**8.7**	**8.9**	**34.5**	**33.8**

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

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