



#### Seasonality intensifies underlying weakness

##### Quick Pointers:

- Muted growth expected for most names due to furloughs
- Margins to remain steady due to rupee depreciation and wage hike deferral

**3QFY26 is expected to be soft due to seasonality on top of the underlying weakness. The furloughs and holidays impact is expected to be similar compared to last year's Q3. Even the demand beyond necessary areas or certain pockets does not seem to have changed notably during the same period. Q3 will have more bearing on topline growth due to BFS having usual impact of furloughs vs other verticals, which also happens to be the only silver lining during tough macros. The weakness in demand also tends to defer compensation revision for most of the names (except HCLT, PSYS, TataTech, TLXI, KPIT) in Q3, the margin improvement would be flat to marginally positive, partly aided by INR depreciation. We expect median revenue growth of 1.0% QoQ in CC terms & 0.8% QoQ in USD terms. The currency volatility is limited in Q3, major currencies like EUR and GBP have weekend against USD by 1.6% and 0.1% QoQ, respectively, countering INR depreciation of 2.4% against USD.**

**Vertical-wise, BFSI usually tends to have higher furlough and is likely to be soft in Q3. Hi-Tech, Healthcare and Manufacturing (beyond Automotive) should relatively perform better, while challenges should continue to persist within Communications and Retail/CPG. Deal signing activities should remain positive for renewals, partly aided by year-end budget flushes, while new deals are likely to be weak. New tech budgets from enterprise clients are likely to be kicked in early CY26, which should reset clients' sentiment and prioritize spending. Structurally H2 tends to be weaker for IT Services, and with no incremental signs of recovery, we expect revenue guidance for Infosys and HCL Tech to largely remain unchanged, at least at the top-end.**

**Tier I & II operating performance:** We expect Tier II and small-cap companies to outperform Tier I in a seasonally weak quarter. Tier II firms are likely to deliver 2.6% QoQ CC revenue growth, led by PSYS. Within Tier I, HCLT and LTIM are expected to post relatively stronger growth of 3.0% and 2.0% QoQ CC, respectively, though the Tier I median growth is likely to remain modest at ~1.0% QoQ CC. Among small caps, LATENTVI is expected to stand out with robust 7.1% QoQ CC growth, supported by sustained momentum in the BFSI and Retail & CPG segments.

On margins, we expect pressure across both Tier I and Tier II companies, driven by furloughs, with Tier II likely to see a sharper contraction due to wage hikes in select players. Median EBIT margins are expected to decline by ~40 bps for Tier I companies, while Tier II companies could see a steeper ~70 bps compression.

**Deal wins:** Deal wins are expected to remain steady, with a higher share of renewals. We do not expect any material change in deal activity related to cost optimization and vendor consolidation programs.

January 2, 2026

##### Exhibit 1: PL Universe

Companies	Rating	CMP (Rs)	TP (Rs)
Cyient	HOLD	1,109	1,070
HCL Technologies	BUY	1,635	1,800
Infosys	BUY	1,630	1,900
KPIT Technologies	BUY	1,168	1,380
Latent View	BUY	454	630
LTIMindtree	Hold	6,112	5,830
L&T Technology Services	HOLD	4,400	4,570
Mphasis	BUY	2,820	3,450
Persistent Systems	BUY	6,283	7,060
Tata Consultancy Services	BUY	3,227	3,970
Tata Technologies	HOLD	644	660
Tech Mahindra	HOLD	1,607	1,570
Tata Elxsi	HOLD	5,212	5,470
Wipro	HOLD	267	270

Source: PL Acc=Accumulate

##### Top Picks

Infosys

HCL Technologies

Persistent Systems

Mphasis

**Pritesh Thakkar**

priteshtthakkar@plindia.com | 91-22-66322533

**Sujay Chavan**

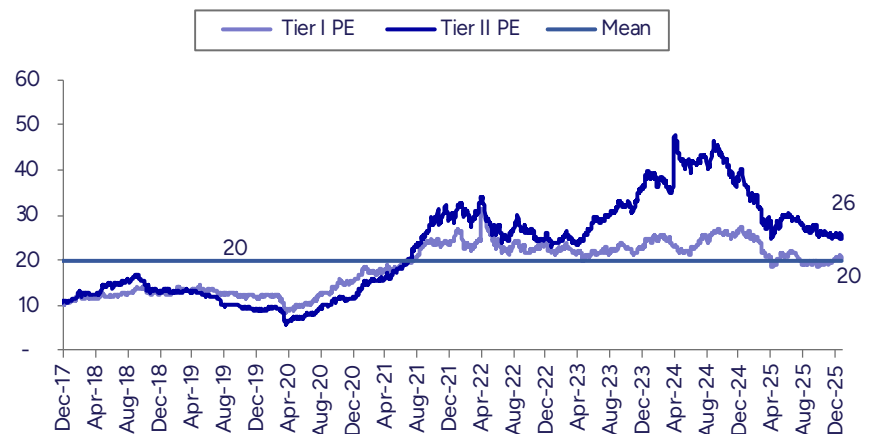
sujaychavan@plindia.com | 91-22-66322536

## Valuation and View

The underlying demand environment remains unchanged; the sectorial growth is driven by two or three verticals instead of a broad-based recovery. The revenue derived through Advanced AI stream is negligible and it is less likely to compensate for the near-term deflationary pressure within traditional service. In our [previous note](#), We highlighted the large Hi-Tech and SaaS companies that are enjoying the benefits of early investments in AI. However, IT services vendors are required to deliver tailored, enterprise-specific offerings rather than plug-and-play solutions, which delays the realization of immediate AI benefits. The incremental optimism is reflected in the IT Index (up 12% over last 3m), the IT stocks have recovered in the past few sessions, although we remain very selective and value buying.

We roll forward our estimates from Sep'27 to Mar'28 and maintain our ratings across our coverage universe, except for TATATECH, where we upgrade the rating from **REDUCE** to **HOLD**. Our top picks remain **INFO** and **HCLT** among large caps, and **PSYS** and **MPLH** within mid-caps, which we expect to outperform their respective peer groups.

**Exhibit 2: 2-year forward PE multiples of Tier I- & Tier II companies**



Source: Company, PL

**Exhibit 3: Quarterly snapshot of Tier I companies**

Company	Revenue (USD mn)					Revenue (INR bn)				
	3QFY26E	2QFY26	QoQ (%)	3QFY25	YoY (%)	3QFY26E	2QFY26	QoQ (%)	3QFY25	YoY (%)
TCS	7,474	7,466	0.1	7,539	-0.9	666	658	1.2	640	4.1
Infosys	5,054	5,076	-0.4	4,939	2.3	450	445	1.2	418	7.8
Wipro	2,635	2,604	1.2	2,629	0.2	236	227	3.9	223	5.7
HCLT	3,744	3,644	2.7	3,533	6.0	334	319	4.4	299	11.6
TechM	1,590	1,586	0.3	1,568	1.4	142	140	1.2	133	6.6
LTIM	1,202	1,180	1.9	1,139	5.6	108	104	3.9	97	11.8

Company	EBIT Margin (%)					PAT (INR bn)				
	3QFY26E	2QFY26	QoQ (%)	3QFY25	YoY (%)	3QFY26E	2QFY26	QoQ (%)	3QFY25	YoY (%)
TCS	25.1	25.2	-10	24.5	60	133	118	12.9	124	7.4
Infosys	21.0	21.0	-	21.3	-30	73	74	-0.3	68	7.9
Wipro	16.9	17.2	-30	17.5	-60	35	32	6.6	34	3.2
HCLT	18.5	17.9	60	19.5	-90	49	44	11.3	46	6.8
TechM	12.6	12.1	50	10.2	240	14	12	13.6	10	38.0
LTIM	15.9	15.9	-	13.8	210	15	14	4.0	11	34.2

Source: Company, PL,

**Exhibit 4: Quarterly snapshot of Tier II companies**

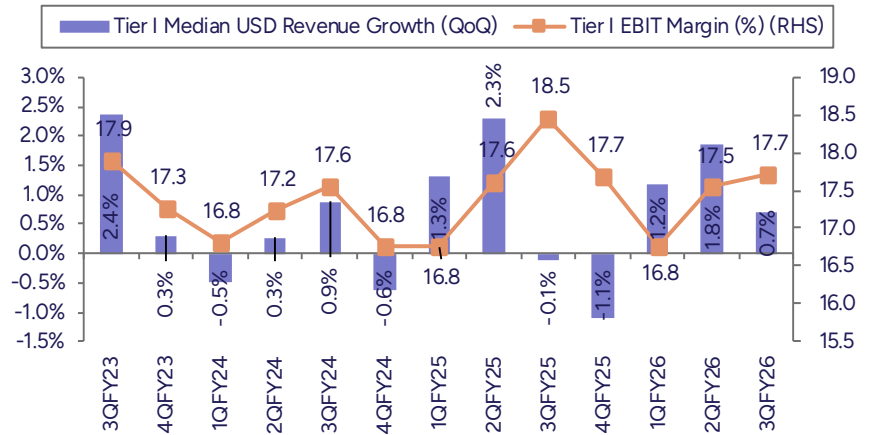
Company	Revenue (USD mn)					Revenue (INR bn)				
	3QFY26E	2QFY26	QoQ (%)	3QFY25	YoY (%)	3QFY26E	2QFY26	QoQ (%)	3QFY25	YoY (%)
Cyient*	164.9	164.4	0.3	175.2	-5.9	14.7	14.4	2.2	14.8	-0.7
Persistent	418.8	406.2	3.1	360.2	16.3	37.3	35.8	4.2	30.6	21.8
Mphasis	447.0	445.2	0.4	419.3	6.6	39.8	39.3	1.3	35.6	12.0
KPIT	180.4	180.9	-0.3	176.1	2.4	16.0	15.9	0.8	14.8	8.3
LTTS	344.8	337.1	2.3	311.9	10.6	30.7	29.8	3.1	26.5	15.8
Tata Elxsi	107.5	105.5	1.9	110.7	-2.9	9.6	9.2	4.4	9.4	2.0
Tata Technologies	150.2	150.9	-0.5	155.7	-3.6	13.4	13.2	1.1	13.2	1.6
Latent View	31.5	29.6	6.3	26.9	17.1	2.8	2.6	8.8	2.3	23.0

Company	EBIT Margin (%)					PAT (INR bn)				
	3QFY26E	2QFY26	QoQ (%)	3QFY25	YoY (%)	3QFY26E	2QFY26	QoQ (%)	3QFY25	YoY (%)
Cyient*	12.0	12.2	-20	13.5	-150	1.4	1.4	-0.5	1.2	10.2
Persistent	15.0	16.3	-130	14.9	10	4.5	4.7	-4.3	3.7	20.9
Mphasis	15.1	15.2	-10	15.3	-30	4.7	4.7	1.2	4.3	10.9
KPIT	15.9	16.4	-50	17.2	-130	1.9	1.7	14.7	1.9	3.7
LTTS	13.6	13.4	20	16.2	-260	3.4	3.3	2.1	3.3	1.6
Tata Elxsi	19.5	18.5	100	23.5	-400	1.8	1.5	15.2	2.0	-10.3
Tata Technologies	12.0	14.1	-210	15.5	-350	1.6	1.7	-10.0	1.7	-6.8
Latent View	19.1	18.5	60	22.4	-330	0.5	0.5	10.4	0.5	-2.7

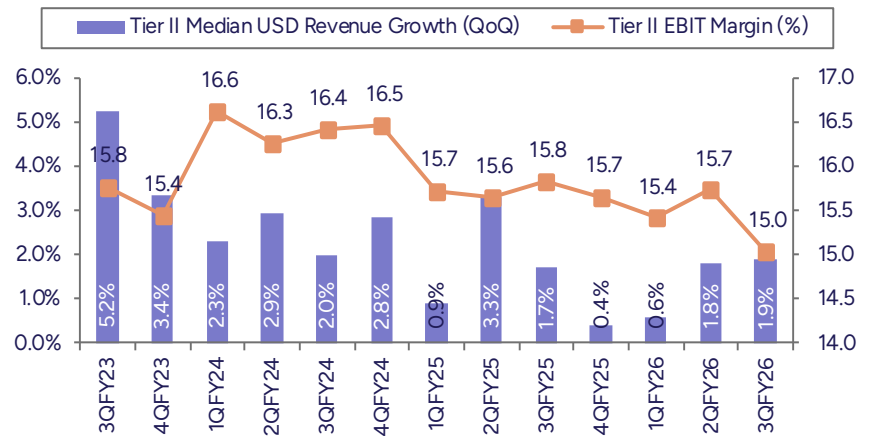
Source: Company, PL, \* Cyient DET

**Exhibit 5: Tier I revenue growth and margin trend**



Source: Company, PL

**Exhibit 6: Tier II revenue growth and margin trend**



Source: Company, PL

**Exhibit 7: Cross currency impact**

	CC USD growth QoQ (%)	USD growth QoQ (%)	Cross currency impact (in bps)
TCS	0.5%	0.1%	-40
Infosys	-0.5%	-0.4%	10
Wipro	1.5%	1.2%	-30
HCLT	3.0%	2.7%	-30
TechM	0.5%	0.3%	-30
LTIM	2.0%	1.9%	-10
Cyient	0.4%	0.3%	-10
Persistent	3.2%	3.1%	-10
Mphasis	0.5%	0.4%	-20
KPIT	1.1%	-0.3%	-140
LTTS	2.6%	2.3%	-30
Tata Elxsi	2.5%	1.9%	-70
Latent View	7.1%	6.3%	-80

Source: Company, PL

**Exhibit 8: Currency movement against INR**

	Rates (INR)				Change (QoQ)			
	USD	EUR	GBP	AUD	USD	EUR	GBP	AUD
Average	89.07	103.64	118.37	58.43	2.4%	2.3%	0.8%	2.8%
Closing	89.82	105.85	121.21	60.26	1.2%	1.5%	1.5%	2.6%

Source: Company, PL

**Exhibit 9: Currency movement against USD**

	Rates (USD)			Change (QoQ)		
	EUR	GBP	AUD	EUR	GBP	AUD
Average	1.16	1.33	0.66	-1.6%	-0.1%	1.5%
Closing	1.18	1.35	0.67	0.4%	0.3%	-1.8%

Source: Company, PL

**Exhibit 10: Change in Estimates**

	Revised EPS (in INR)			Earlier EPS (in INR)			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
HCLT	67.2	75.6	85.5	67.3	76.2	85.9	-0.2%	-0.8%	-0.4%
Infosys	70.2	77.3	86.2	69.4	76.4	85.1	1.1%	1.2%	1.2%
LTIM	184.6	204.3	233.4	180.7	204.5	232.1	2.1%	-0.1%	0.5%
Mphasis	98.6	113.5	132.5	99.7	113.6	132.4	-1.1%	-0.1%	0.1%
Persistent	116.6	141.7	176.6	114.6	139.7	176.2	1.8%	1.4%	0.2%
TCS	142.3	156.8	172.6	143.0	159.5	175.8	-0.5%	-1.7%	-1.8%
TechM	57.6	74.7	82.7	55.7	73.9	81.7	3.5%	1.0%	1.2%
Wipro	12.9	13.7	15.0	12.7	13.4	14.9	1.3%	2.2%	0.7%
KPIT	27.4	36.1	44.5	27.5	37.3	46.0	-0.5%	-3.3%	-3.2%
LTTS	127.0	151.2	175.5	125.7	149.1	176.1	1.1%	1.4%	-0.3%
Tata Elxsi	108.0	139.1	165.7	104.7	134.9	162.1	3.2%	3.1%	2.2%
Tata Tech	16.7	20.3	24.4	17.9	22.2	26.5	-6.5%	-8.5%	-8.1%
Latent View	9.9	12.5	15.7	9.7	12.4	15.6	1.6%	0.7%	0.7%

Source: Company, PL

**Exhibit 11: Valuation matrix**

Company	Rating	Price (INR)	Mcap (USD bn)	TP (INR)	EPS (INR)			PE (x)			Rev growth (%) (CC)			EBIT Margin (%)			PEG FY26-28E
					FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	
Cyient	HOLD	1,109	1	1,070	52.3	63.2	71.3	21.2	17.5	15.5	-0.8%	4.3%	5.7%	12.2%	14.0%	14.5%	0.9
HCL Tech	BUY	1,635	48	1,800	67.2	75.6	85.5	24.3	21.6	19.1	4.3%	6.7%	7.5%	17.9%	18.2%	18.6%	1.5
Infosys	BUY	1,630	81	1,900	70.0	77.2	86.0	23.3	21.1	18.9	2.6%	5.8%	6.7%	21.0%	21.5%	21.9%	1.8
KPIT	BUY	1,168	4	1,380	27.4	36.1	44.5	42.6	32.3	26.2	2.9%	10.8%	13.9%	16.4%	17.0%	17.9%	1.0
Latent View	BUY	454	1	630	9.9	12.5	15.7	46.1	36.3	28.9	20.6%	21.1%	21.6%	18.8%	20.4%	20.8%	1.1
LTIM	HOLD	6,112	21	5,830	184.6	204.3	233.4	33.1	29.9	26.2	5.1%	8.4%	8.7%	15.1%	15.4%	15.7%	2.1
LTTS	HOLD	4,400	6	4,570	127.2	151.5	175.8	34.6	29.0	25.0	8.9%	9.0%	9.9%	13.7%	15.0%	15.5%	1.4
Mphasis	BUY	2,820	6	3,450	98.6	113.5	132.5	28.6	24.8	21.3	6.5%	9.0%	11.0%	15.3%	15.7%	16.0%	1.3
Persistent	BUY	6,283	11	7,060	116.6	141.7	176.6	53.9	44.3	35.6	16.9%	17.8%	19.0%	15.5%	15.8%	16.0%	1.5
TCS	BUY	3,227	141	3,970	142.3	156.8	172.6	22.7	20.6	18.7	-2.5%	4.7%	5.5%	25.0%	25.5%	25.9%	1.8
Tata Tech	HOLD	644	3	660	16.7	20.3	24.4	38.5	31.8	26.4	-1.7%	12.4%	13.0%	13.2%	14.6%	15.4%	1.3
TechM	HOLD	1,607	17	1,570	57.6	74.7	82.7	27.9	21.5	19.4	0.4%	4.3%	5.2%	12.1%	14.1%	14.4%	1.0
Tata Elxsi	HOLD	5,212	4	5,470	108.0	139.1	165.7	48.3	37.5	31.5	-5.1%	9.4%	11.2%	19.3%	21.1%	22.3%	1.3
Wipro	HOLD	267	34	270	12.9	13.7	15.0	20.7	19.5	17.8	-0.8%	5.2%	5.2%	17.2%	17.3%	17.4%	2.3

Source: Company, PL, \*Bloomberg consensus, # Cyient DET Financials

Exhibit 12: Q3FY26 Result Preview (Rs bn)

Company Name		Q3FY26	Q3FY25	YoY gr. (%)	Q2FY26	QoQ gr. (%)	Remark
<b>Cyient</b>	Sales (US\$ mn)	217.6	228.0	-4.5	203.5	6.9	
	Sales	19.4	19.3	0.7	17.8	8.9	We expect Cyient-DET business to muted CC growth of 0.4% QoQ & 0.3% in USD terms due to weakness in engineering business. DET EBIT margin is expected to marginally decline by 20 bps QoQ due to wage hike implementation.
	EBIT	2.1	2.2	-3.0	1.7	27.2	
	Margin (%)	11.0	11.4	-42 bps	9.4	158 bps	
	PBT	2.1	1.8	16.7	2.0	5.7	
	Adj. PAT	1.5	1.3	20.0	1.3	20.7	
<b>HCL Technologies</b>	Sales (US\$ mn)	3,743.5	3,532.9	6.0	3,644.0	2.7	We expect HCLT to report 3% QoQ CC growth & 2.7% QoQ in USD due to software. We expect EBIT margin to improve by 60bps QoQ despite software seasonality due to wage hike. We expect deals wins in the range of USD 2-2.5 bn & expect HCLT to maintain its revenue & margin guidance.
	Sales	333.5	298.9	11.6	319.4	4.4	
	EBIT	61.8	58.2	6.2	57.3	8.0	
	Margin (%)	18.5	19.5	-94 bps	17.9	61 bps	
	PBT	65.5	61.3	6.8	58.8	11.4	
	Adj. PAT	50.7	45.9	10.5	45.9	10.7	
<b>Infosys</b>	Sales (US\$ mn)	5,054.2	4,939.0	2.3	5,076.0	-0.4	We expect INFO revenue to decline by 0.5% QoQ CC after strong H1 due to furloughs & lower billing days. On margins front, we expect EBIT margin to remain flat despite headwinds of furloughs, large deal ramp up mitigated by tailwinds of savings from project maximus & currency depreciation. We expect deal wins to remain steady.
	Sales	450.3	417.6	7.8	444.9	1.2	
	EBIT	94.6	89.1	6.1	93.5	1.1	
	Margin (%)	21.0	21.3	-34 bps	21.0	-2 bps	
	PBT	103.6	96.7	7.1	102.3	1.3	
	Adj. PAT	73.6	68.4	7.7	73.9	-0.3	
<b>KPIT Technologies</b>	Sales (US\$ mn)	180.4	176.1	2.4	180.9	-0.3	We expect KPIT to report consolidated revenue growth of 1.1% QoQ CC in Q3 due weakness in organic business. We expect margins to decline by 50 bps QoQ due to wage hike implementation partially mitigated by rupee depreciaton.
	Sales	16.0	14.8	8.3	15.9	0.8	
	EBIT	2.5	2.5	0.2	2.6	-2.4	
	Margin (%)	15.9	17.2	-128 bps	16.4	-51 bps	
	PBT	2.7	2.6	1.6	2.5	5.4	
	Adj. PAT	1.9	1.9	3.7	1.7	14.7	
<b>Latent View Analytics</b>	Sales (US\$ mn)	31.5	26.9	17.1	29.6	6.3	We expect robust revenue growth of 7% QoQ driven by sustained momentum in BFSI and Retail & CPG segments. On the margins front we expect EBITDA & EBIT margin improvement of 60 bps QoQ. We expect Latent View to maintain its outlook for FY26.
	Sales	2.8	2.3	23.0	2.6	8.8	
	EBIT	0.5	0.5	5.1	0.5	12.5	
	Margin (%)	19.1	22.4	-326 bps	18.5	63 bps	
	PBT	0.7	0.7	7.9	0.6	10.7	
	Adj. PAT	0.5	0.4	13.6	0.4	10.9	
<b>LTIMindtree</b>	Sales (US\$ mn)	1,202.3	1,138.7	5.6	1,180.1	1.9	We expect LTIM to report another strong quarter with 2% QoQ CC driven by ramp up of large deals & some passthroughs. We expect LTIM to maintain operating margins despite the headwinds of furloughs & passthroughs with the tailwinds of productivity & currency depreciation. We expect deal wins to be maintained in the band of USD 1.5-1.6 bn.
	Sales	108.0	96.6	11.8	103.9	3.9	
	EBIT	17.2	13.3	29.2	16.5	4.2	
	Margin (%)	15.9	13.8	214 bps	15.9	4 bps	
	PBT	19.7	14.7	33.5	18.8	4.6	
	Adj. PAT	14.6	10.9	34.2	14.0	4.0	
<b>L&amp;T Technology Services</b>	Sales (US\$ mn)	344.8	311.9	10.6	337.1	2.3	We expect LTTS to report revenue growth of 2.3% QoQ driven by growth in sustainability segment and on margins front, we expect margins to improve by 20 bps QoQ.
	Sales	30.7	26.5	15.8	29.8	3.1	
	EBIT	4.2	4.3	-2.8	4.0	4.9	
	Margin (%)	13.6	16.2	-261 bps	13.4	23 bps	
	PBT	4.6	4.5	3.6	4.5	3.5	
	Adj. PAT	3.4	3.2	4.1	3.3	2.1	
<b>Mphasis</b>	Sales (US\$ mn)	447.0	419.3	6.6	445.2	0.4	We expect MPHL to report muted growth of 0.5% QoQ CC due to forloughs & lower volume . On margin front we expect decline of 10 bps QoQ due to furloughs partially mitigated by currency tailwind. We expect deal wins to remains strong with robust pipeline.
	Sales	39.5	35.6	11.0	39.0	1.3	
	EBIT	6.0	5.5	10.1	6.0	0.8	
	Margin (%)	15.2	15.3	-13 bps	15.3	-7 bps	
	PBT	6.3	5.7	10.4	6.2	0.6	
	Adj. PAT	4.7	4.3	10.9	4.7	1.2	

Company Name		Q3FY26	Q3FY25	YoY gr. (%)	Q2FY26	QoQ gr. (%)	Remark
<b>Persistent Systems</b>	Sales (US\$ mn)	418.8	360.2	16.3	406.2	3.1	We expect PSYS to sustain its growth momentum with 3.2% QoQ CC driven by Hitech & Healthcare segments. BFSI segment is expected to be weak in Q3 due to furloughs & high base in Q2. We expect margins to sharply decline by 130 bps QoQ due to wage hike impact of ~180 bps mitigated by the tailwinds of operational efficiencies and currency depreciation.
	Sales	37.3	30.6	21.8	35.8	4.2	
	EBIT	5.6	4.6	22.8	5.8	-4.1	
	Margin (%)	15.0	14.9	12 bps	16.3	-130 bps	
	PBT	5.9	4.8	22.3	6.2	-4.4	
	Adj. PAT	4.5	3.7	20.9	4.7	-4.3	
<b>Tata Consultancy Services</b>	Sales (US\$ mn)	7,474.0	7,539.0	-0.9	7,466.0	0.1	We expect TCS revenue to report flattish quarter with 0.5 QoQ CC & 0.1% USD growth with modest growth in International business. On margins front we expect EBIT margin to remain steady as the headwinds of weak business & furloughs to be mitigated by tailwinds of operational efficiency & rupee depreciation.
	Sales	665.9	639.7	4.1	658.0	1.2	
	EBIT	167.1	156.6	6.8	165.7	0.9	
	Margin (%)	25.1	24.5	63 bps	25.2	-8 bps	
	PBT	179.1	166.7	7.5	172.0	4.1	
	Adj. PAT	132.9	123.8	7.4	129.0	3.0	
<b>Tata Technologies</b>	Sales (US\$ mn)	150.2	155.7	-3.6	150.9	-0.5	We expect Tata Tech to report muted revenue growth of 0.5% QoQ CC. Auto business is expected to be weak despite 1 month integration of Estec due to pause of JLR projects due to cyber security incident. We EBIT margin is expected to sharply decline by ~210 bps QoQ due to wage hike & JLR cyber security impact mitigated by operational efficiency & rupee depreciation.
	Sales	13.4	13.2	1.6	13.2	1.1	
	EBIT	1.6	2.0	-21.2	1.9	-13.8	
	Margin (%)	12.0	15.5	-346 bps	14.1	-208 bps	
	PBT	2.0	2.3	-9.4	2.3	-11.0	
	Adj. PAT	1.6	1.7	-6.8	1.7	-5.0	
<b>Tech Mahindra</b>	Sales (US\$ mn)	1,589.9	1,567.5	1.4	1,585.9	0.3	We expect TECHM to report modest growth of 0.5% QoQ CC & 0.2% QoQ in USD . On margins front we expect another quarter of EBIT margin improvement with ~50 bps margin improvement. We expect deal wins in the band of USD 600-800 mn during the quarter.
	Sales	141.7	132.9	6.6	139.9	1.2	
	EBIT	17.8	13.5	32.2	17.0	5.0	
	Margin (%)	12.6	10.2	244 bps	12.1	46 bps	
	PBT	18.6	13.0	43.0	16.6	11.8	
	Adj. PAT	13.6	9.8	38.0	11.9	13.6	
<b>Tata Elxsi</b>	Sales (US\$ mn)	107.5	110.7	-2.9	105.5	1.9	We expect TELX report strong revenue of 2.5% QoQ CC and 1.9% QoQ in USD due to resumption of JLR operations & ramp of large media deal mitigated by weakness in Healthcare. We expect EBIT margin to improve by 100 bps after absorbing wage hike of ~140 bps aided by business performance, operational efficiency & rupee depreciation.
	Sales	9.6	9.4	2.0	9.2	4.4	
	EBIT	1.9	2.2	-15.3	1.7	10.0	
	Margin (%)	19.5	23.5	-399 bps	18.5	100 bps	
	PBT	2.3	2.6	-8.2	2.1	9.3	
	Adj. PAT	1.8	2.0	-10.3	1.5	15.2	
<b>Wipro</b>	Sales (US\$ mn)	2,634.6	2,629.1	0.2	2,604.3	1.2	We expect WPRO to report IT services revenue growth of 1.5% QoQ with inorganic contribution ~70 bps & ramp up of large deals. We expect margins to improve by 20bps QoQ, within the guided band largely aided by currency depreciation.
	Sales	235.8	223.2	5.7	227.0	3.9	
	EBIT	39.9	39.0	2.3	39.0	2.3	
	Margin (%)	16.9	17.5	-55 bps	17.2	-26 bps	
	PBT	45.8	44.5	2.8	44.0	4.1	
	Adj. PAT	34.6	33.5	3.2	31.3	10.5	

Source: Company, PL

**Exhibit 13: Valuation Summary**

Company Names	S/ C	Rating	CMP (Rs)	TP (Rs)	MCap (Rs bn)	Sales (Rs bn)				EBITDA (Rs bn)				PAT (Rs bn)				EPS (Rs)				RoE (%)				PE (x)			
						FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Cyient	C	HOLD	1,109	1,070	123.1	73.6	74.4	84.8	94.3	11.5	10.5	13.5	15.3	6.2	5.8	8.1	9.3	56.0	52.5	73.4	83.7	13.0	10.7	14.0	14.9	19.8	21.1	15.1	13.2
HCL Technologies	C	BUY	1,635	1,800	4,430.4	1,170.6	1,295.3	1,413.5	1,570.4	255.1	277.8	308.8	348.8	173.9	187.0	205.0	232.0	64.1	69.0	75.6	85.6	25.2	26.5	28.3	31.0	25.5	23.7	21.6	19.1
Infosys	C	BUY	1,630	1,900	6,755.4	1,629.9	1,768.0	1,921.7	2,115.9	392.4	422.3	471.2	526.9	267.1	290.7	320.5	357.1	64.5	70.1	77.3	86.2	29.0	30.3	33.3	37.1	25.3	23.2	21.1	18.9
KPIT Technologies	C	BUY	1,168	1,380	317.4	58.4	64.0	73.2	86.0	12.3	13.3	15.4	18.6	7.7	7.4	9.8	12.1	28.4	27.4	36.1	44.5	30.3	23.7	26.5	27.5	41.2	42.6	32.3	26.2
Latent View Analytics	C	BUY	454	630	93.5	8.5	10.6	13.2	16.6	2.0	2.4	3.2	4.1	1.8	2.0	2.6	3.2	9.0	9.9	12.5	15.7	12.7	12.4	13.9	15.0	50.3	46.1	36.3	28.9
LTIMindtree	C	HOLD	6,112	5,830	1,809.2	380.1	420.2	464.5	520.9	64.9	74.6	83.6	95.5	46.0	54.8	60.6	69.2	155.4	185.0	204.7	233.9	21.5	22.5	21.9	22.0	39.3	33.0	29.9	26.1
L&T Technology Services	C	HOLD	4,400	4,570	466.2	106.7	121.2	134.3	151.4	19.0	20.0	23.8	27.5	12.7	13.5	16.0	18.6	119.0	127.2	151.5	175.8	22.2	20.8	21.9	22.3	37.0	34.6	29.0	25.0
Mphasis	C	BUY	2,820	3,450	536.5	142.3	156.9	174.1	199.4	26.5	29.3	33.1	38.5	17.0	18.9	21.7	25.3	89.6	99.1	114.1	133.1	18.5	18.8	20.1	21.5	31.5	28.5	24.7	21.2
Persistent Systems	C	BUY	6,283	7,060	982.2	119.4	145.3	174.8	214.9	20.6	26.5	31.8	39.5	14.0	18.2	22.2	27.6	90.2	116.6	141.7	176.6	24.8	26.7	27.9	29.4	69.6	53.9	44.3	35.6
Tata Consultancy Services	C	BUY	3,227	3,970	11,677.0	2,553.2	2,639.1	2,812.9	3,060.5	672.8	716.0	775.8	856.6	485.5	526.4	567.4	624.5	134.2	145.5	156.8	172.6	51.8	54.1	55.2	57.5	24.1	22.2	20.6	18.7
Tata Technologies	C	HOLD	644	660	261.5	51.7	53.0	60.5	69.7	9.3	8.3	10.2	12.4	6.8	6.7	8.2	9.9	16.7	16.5	20.3	24.4	19.9	18.2	21.1	23.5	38.6	39.1	31.8	26.4
Tech Mahindra	C	HOLD	1,607	1,570	1,423.8	529.9	560.0	597.2	648.5	69.9	86.5	104.1	115.0	42.5	51.1	66.1	73.3	48.0	57.6	74.7	82.7	15.1	17.7	22.5	24.3	33.5	27.9	21.5	19.4
Tata Elxsi	C	HOLD	5,212	5,470	324.7	37.3	37.7	42.0	48.0	9.7	8.3	10.1	12.0	7.8	6.7	8.7	10.3	126.0	108.0	139.1	165.7	29.3	22.6	26.2	27.0	41.4	48.3	37.5	31.5
Wipro	C	HOLD	267	270	2,799.7	890.9	929.4	1,004.2	1,089.7	180.9	185.2	198.0	216.9	131.4	135.2	143.6	157.5	12.6	12.9	13.7	15.0	16.6	16.2	16.8	18.1	21.3	20.7	19.5	17.8

Source: Company, PL S=Standalone / C=Consolidated / Acc = Accumulate



Exhibit 14: Change in Estimates

	Rating		Target Price			Sales						PAT						EPS					
						FY27E			FY28E			FY27E			FY28E			FY27E			FY28E		
	C	P	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.
Cyient	HOLD	HOLD	1,070	1,130	-5.3%	84.8	83.5	1.5%	94.3	93.0	1.4%	8.1	8.3	-1.6%	9.3	9.2	1.4%	73.4	74.6	-1.6%	83.7	82.6	1.4%
HCL Technologies	BUY	BUY	1,800	1,760	2.3%	1,413.5	1,419.7	-0.4%	1,570.4	1,577.4	-0.4%	205.0	206.7	-0.8%	232.0	232.9	-0.4%	75.6	76.3	-0.8%	85.6	86.0	-0.4%
Infosys	BUY	BUY	1,900	1,780	6.7%	1,921.7	1,914.3	0.4%	2,115.9	2,107.6	0.4%	320.5	316.8	1.2%	357.1	352.9	1.2%	77.3	76.4	1.2%	86.2	85.1	1.2%
KPIT Technologies	BUY	BUY	1,380	1,380	0.0%	73.2	75.6	-3.1%	86.0	88.8	-3.1%	9.8	10.2	-3.3%	12.1	12.5	-3.2%	36.1	37.3	-3.3%	44.5	46.0	-3.2%
Latent View Analytics	BUY	BUY	630	600	5.0%	13.2	13.1	0.6%	16.6	16.4	0.6%	2.6	2.6	0.7%	3.2	3.2	0.7%	12.5	12.4	0.7%	15.7	15.6	0.7%
LTIMindtree	HOLD	HOLD	5,830	5,470	6.6%	464.5	464.2	0.1%	520.9	519.9	0.2%	60.6	60.6	-0.1%	69.2	68.9	0.5%	204.7	204.9	-0.1%	233.9	232.6	0.5%
L&T Technology Services	HOLD	HOLD	4,570	4,360	4.8%	134.3	134.6	-0.2%	151.4	151.7	-0.2%	16.0	15.8	1.4%	18.6	18.7	-0.3%	151.5	149.3	1.4%	175.8	176.4	-0.3%
Mphasis	BUY	BUY	3,450	3,310	4.2%	174.1	174.1	0.0%	199.4	199.6	-0.1%	21.7	21.7	-0.1%	25.3	25.3	0.1%	114.1	114.2	-0.1%	133.1	133.0	0.1%
Persistent Systems	BUY	BUY	7,060	6,280	12.4%	174.8	174.4	0.2%	214.9	214.5	0.2%	22.2	21.8	1.4%	27.6	27.6	0.2%	141.7	139.7	1.4%	176.6	176.3	0.2%
Tata Consultancy Services	BUY	BUY	3,970	3,800	4.5%	2,812.9	2,870.5	-2.0%	3,060.5	3,123.1	-2.0%	567.4	577.1	-1.7%	624.5	636.0	-1.8%	156.8	159.5	-1.7%	172.6	175.8	-1.8%
Tata Technologies	HOLD	REDUCE	660	640	3.1%	60.5	63.7	-4.9%	69.7	73.5	-5.2%	8.2	9.0	-8.5%	9.9	10.8	-8.1%	20.3	22.2	-8.5%	24.4	26.5	-8.1%
Tech Mahindra	HOLD	HOLD	1,570	1,500	4.7%	597.2	592.3	0.8%	648.5	643.1	0.8%	66.1	65.5	1.0%	73.3	72.4	1.2%	74.7	73.9	1.0%	82.7	81.7	1.2%
Tata Elxsi	HOLD	HOLD	5,470	5,010	9.2%	42.0	41.6	1.0%	48.0	47.5	1.0%	8.7	8.4	3.1%	10.3	10.1	2.2%	139.1	134.9	3.1%	165.7	162.1	2.2%
Wipro	HOLD	HOLD	270	250	8.0%	1,004.2	978.9	2.6%	1,089.7	1,062.3	2.6%	143.6	140.6	2.2%	157.5	156.4	0.7%	13.7	13.4	2.2%	15.0	14.9	0.7%

Source: Company, PL C=Current / P=Previous / Acc=Accumulate

## Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Cyient	Hold	1,130	1,170
2	HCL Technologies	BUY	1,760	1,495
3	Infosys	BUY	1,780	1,472
4	KPIT Technologies	BUY	1,380	1,193
5	L&T Technology Services	Hold	4,360	4,155
6	Latent View Analytics	BUY	600	425
7	LTIMindtree	Hold	5,470	5,623
8	Mphasis	BUY	3,310	2,861
9	Persistent Systems	BUY	6,280	5,338
10	Tata Consultancy Services	BUY	3,800	3,218
11	Tata Elxsi	Hold	5,010	4,861
12	Tata Technologies	Reduce	640	685
13	Tech Mahindra	Hold	1,500	1,468
14	Wipro	Hold	250	254

## PL's Recommendation Nomenclature

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

## ANALYST CERTIFICATION

### **(Indian Clients)**

We/I Mr. Pritesh Thakkar- MBA Finance, Mr. Sujay Chavan- MMS-Finance Research Analysts, 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. 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.

### **(US Clients)**

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

## DISCLAIMER

### Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at [www.plindia.com](http://www.plindia.com).

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

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

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Pritesh Thakkar- MBA Finance, Mr. Sujay Chavan- MMS-Finance Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, 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 subject company 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 subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

### US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

**Prabhudas Lilladher Pvt. Ltd.**

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

[www.plindia.com](http://www.plindia.com)