PL Capital
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# Information Technology

## Sector Update

March 27, 2025

**Exhibit 1:** **PL Universe**

| Companies | Rating | CMP (Rs) | TP (Rs) |
| --- | --- | --- | --- |
| Cyient | BUY | 1,280 | 1,560 |
| HCL Technologies | Acc | 1,633 | 1,860 |
| Infosys | BUY | 1,599 | 2,020 |
| LTIMindtree | BUY | 4,620 | 5,790 |
| Mphasis | BUY | 2,515 | 2,940 |
| Persistent Systems | Acc | 5,517 | 5,920 |
| Tata Consultancy Services | BUY | 3,636 | 4,510 |
| Tech Mahindra | Acc | 1,416 | 1,540 |
| Wipro | Acc | 267 | 290 |

*Source: PL Acc=Accumulate*


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## *Cautiously optimistic, reentering tough phase*

**Quick Pointers:**

- Tariff hikes pose a risk to earnings, particularly for businesses with significant exposure to manufacturing, logistics, and retail/CPG sectors
- Discretionary spending revival could be delayed due to macro uncertainties

***The consequence of imposing US tariff along with retaliatory response from key markets and geographies will be detrimental to the IT services sector. Until Q3FY25, gradual recovery in demand was visible within certain pockets; however, all this could change quickly with inflationary trade policies further escalating uncertainties among global enterprises, and requiring them to re-visit budgetary spends. Discretionary small-size deals are most likely to get pulled out from the funnel, especially in the manufacturing, logistics, healthcare (owing to US Medicaid funding rejig) and retail/CPG verticals. Additionally, we believe cost-focused AI programs that have achieved some level of maturity would get infused into large deals and provide some respite to ACVs. We believe the "cost + AI" theme would playout meaningfully in the current scenario. IT stocks have corrected substantially in recent times. The 10-year Tier-1 avg PE band is trading at 19x (vs ~14x prior to Covid), while Tier-1 median PE (2-year forward) is trading at 21x vs 27x 3 months back. We are adjusting our pecking order to TCS, MPHL and PSYS, which are either less sensitive to discretionary spending or have low exposure to tariff-sensitive verticals.***

***Since the macro dynamics are highly volatile, gauging the actual impact (through inflation and lower US rate-cut anticipation) on earnings growth would be challenging. We have used sensitivity analysis to measure earnings over multiple growth and margin touch points, while considering the macro intensity at different levels. In the worst-case scenario, median USD revenue growth diversion over the base case translates to a discount of 120bps each in FY26/FY27, while the best-case scenario translates to a premium of 80bps/130bps over the base case.***

## Investments thesis

### TCS (TCS):

- TCS portfolio is highly diversified, with lower concentration (Manufacturing: ~8% of revenue) of verticals that are directly exposed to the inflationary trade policies.
- Revenue profile of banking and financial service (BFS) enterprises remains strong, which is evident from the decent deal wins under BFSI at USD8.8bn (+2.3% YoY) in 9MFY25. We don't expect further deterioration in ACV, as the deal tenure already factors in the extensive sales cycle.

- The company's participation in enterprise-wide business functions with a broad set of offerings around cost-optimization and operational efficiency, gives it an edge in a cost-focused environment.
- The low-margin BSNL deal progressing to maintenance phase is detrimental to topline in FY26, though it would support margins and earnings growth.
- We maintain our BUY rating on the stock with revised TP of Rs. 4,510 (earlier Rs. 4,810) valuing it at 28x FY27E PE.

**Mphasis (MPHL):**

- The vertical cohort strategy is helping the company to diversify its offerings and achieve a higher TAM beyond BFS. BFS and non-BFS (ex-Logistics & Transportation) verticals reported 5% and 5.4% YoY growth, respectively, in 9MFY25.
- The Logistics & Transportation (~12% of revenue) and Mortgage businesses (~6% of revenue) are directly exposed to the current challenges, but their revenue mix is relatively small. Hence, the incremental earnings correction would be limited, even in the worst-case scenario.
- Investment in senior hiring is reaping benefits through onboarding strategic logos and winning large deals (e.g., USD100mn deal win in 4QFY25). Deal pipeline growth looks attractive (+58% YoY in BFS & +44% YoY in Non-BFS in Q3FY25), which should support growth in FY26, unless the tariff impact gets extended and hits BFS.
- Maintaining a tight margin band of 14-15% is restricting any meaningful correction in EPS, which otherwise would have been impacted by volatility in the macro-sensitive Mortgage business.
- We expect MPHL to report USD CC growth & margins of 6.6%/9% and 15.5% & 15.7% respectively in FY26E & FY27E. We upgrade our rating from ACCUMULATE to BUY with TP of Rs. 2,940 (earlier Rs. 3,200) valuing the company at 26x FY27E PE.

**Persistent (PSYS):**

- PSYS's dependence on Hi-Tech (~41% of revenue) and BFS (~32% of revenue) businesses protects it from the current challenges. Additionally, PSYS's playbook in non-discretionary areas and its practice around critical platform architecture make its business operations relatively stable.
- We believe sustaining growth within Lifesciences & Healthcare (L&H) would be challenging in FY26, as (1) the ramp-up of large deals, which supported growth in FY25, will reach the maintenance stage in FY26, and (2) the US Medicaid funding rejig would have a direct impact on the providers' business. However, improving growth profile of SaaS companies within Hi-Tech would partly compensate for the weakness within the Healthcare vertical.
- Attractive deal TCV (14.8% YoY in 9MFY25) and steady improvement in ACV (13.7% YoY) should support growth in FY26. The conversion from TCV to revenue has never been a challenge for PSYS, thus reinforcing our thesis to deliver at the leader's quadrant growth.

- We believe there is further headroom for margin improvement, despite the one-off benefits (140bps) accounted in 9MFY25. The ramp-up of large deals (within Healthcare) will inflate third-party costs in FY25 (14.7% in 9MFY25 vs 11.7% in FY24), which should get reversed with the change in effort mix.
- We expect PSYS to report USD CC growth & margins of 16.6%/18.1% and 15% & 15.5% respectively in FY26E & FY27E. We upgrade our rating from HOLD to ACCUMULATE with TP of Rs. 5,920 (earlier Rs. 5,970) valuing the company at 43x FY27E PE.

**Exhibit 2: Earnings cut for all factoring the current macro headwinds**

| Particulars | CC Rev. growth (%) | | EBIT Margin (%) | | EPS (in INR) | | Change in EPS (%) | |
|---|---|---|---|---|---|---|---|---|
| | FY2026 | FY2027 | FY2026 | FY2027 | FY2026 | FY2027 | FY2026 | FY2027 |
| TCS | 3.2% | 6.5% | 24.7% | 25.1% | 146.4 | 163.0 | -5.4% | -6.2% |
| Infosys | 4.4% | 8.0% | 20.7% | 21.3% | 68.7 | 78.0 | -4.2% | -5.2% |
| Wipro | 0.7% | 4.0% | 17.5% | 17.7% | 13.0 | 14.1 | -1.4% | -1.9% |
| HCLT | 4.9% | 7.2% | 18.3% | 18.7% | 67.6 | 75.9 | -4.6% | -6.8% |
| TECHM | 2.3% | 5.2% | 11.5% | 14.0% | 60.1 | 76.9 | -3.9% | -4.0% |
| LTIM | 7.0% | 9.6% | 15.0% | 15.7% | 176.6 | 206.8 | -4.2% | -3.3% |
| Persistent | 16.6% | 18.1% | 15.0% | 15.5% | 110.5 | 137.6 | -0.5% | -1.5% |
| Mphasis | 6.6% | 9.0% | 15.5% | 15.7% | 98.7 | 111.2 | -4.1% | -7.3% |
| Cyient-DET | 2.6% | 4.7% | 14.6% | 15.3% | 63.5 | 71.2 | -4.9% | -7.8% |

*Source: Company, PL*

**Exhibit 3: Valuation Table**

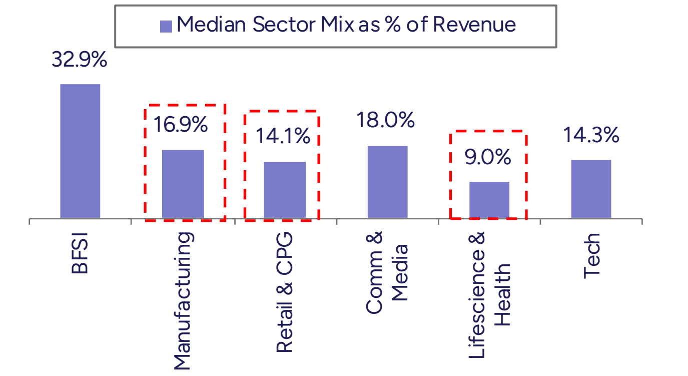
| Company | Rating | Price (Rs) | Market Cap (US$ bn) | TP (Rs) | EPS (Rs) | | | PE (x) | | | Rev growth (%) (USD) | | | EBIT Margin (%) | | | PEG FY25-27E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E | |
| Cyient - DET | BUY | 1,280 | 3 | 1,560 | 53.8 | 63.5 | 71.2 | 23.8 | 20.1 | 18.0 | -3.3% | 2.8% | 4.5% | 13.7% | 14.6% | 15.3% | 1.2 |
| HCL Tech | ACC | 1,633 | 54 | 1,900 | 63.4 | 67.7 | 75.9 | 25.8 | 24.2 | 21.5 | 4.3% | 5.4% | 7.2% | 18.2% | 18.3% | 18.7% | 2.3 |
| Infosys | BUY | 1,599 | 88 | 2,020 | 63.4 | 68.7 | 78.0 | 25.3 | 23.3 | 20.5 | 4.5% | 4.7% | 7.9% | 21.0% | 20.7% | 21.3% | 1.9 |
| LTIM | BUY | 4,620 | 16 | 5,790 | 155.6 | 176.9 | 207.2 | 29.7 | 26.2 | 22.3 | 5.0% | 6.9% | 9.5% | 14.5% | 15.0% | 15.7% | 1.5 |
| Mphasis | BUY | 2,515 | 7 | 2,940 | 89.6 | 99.5 | 112.0 | 28.3 | 25.5 | 22.6 | 4.3% | 6.6% | 8.9% | 15.3% | 15.5% | 15.7% | 1.9 |
| Persistent | ACC | 5,517 | 12 | 5,920 | 91.1 | 110.5 | 137.6 | 60.5 | 49.9 | 40.1 | 19.1% | 16.6% | 18.0% | 14.6% | 15.0% | 15.5% | 1.8 |
| TCS | BUY | 3,636 | 172 | 4,510 | 134.4 | 146.4 | 163.0 | 27.0 | 24.8 | 22.3 | 4.0% | 3.3% | 6.3% | 24.5% | 24.7% | 25.1% | 2.2 |
| TechM | ACC | 1,416 | 16 | 1,540 | 47.3 | 60.1 | 76.9 | 29.9 | 23.6 | 18.4 | -0.1% | 1.8% | 5.1% | 9.4% | 11.5% | 14.0% | 0.7 |
| Wipro | ACC | 267 | 8 | 290 | 12.3 | 13.0 | 14.1 | 21.9 | 20.6 | 18.9 | -2.7% | 0.5% | 3.9% | 17.1% | 17.5% | 17.7% | 2.5 |

*Source: PL, Company*

## Key verticals exposed to the US trade policies

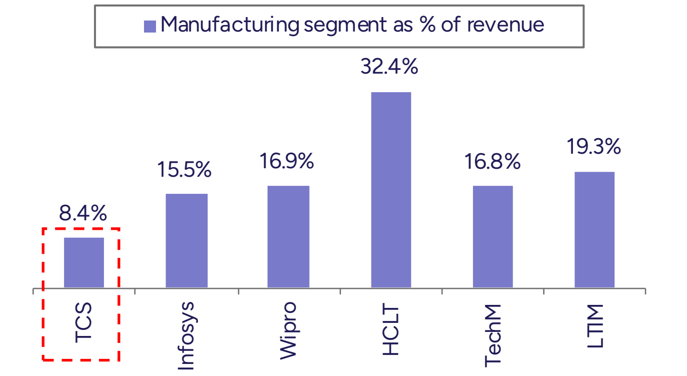
Manufacturing, retail/CPG and logistics verticals are directly exposed to US trade policies, which would impact the IT service spends in the near/medium term. The uncertainties might cause global enterprises to go into a shell and reprioritize their programs.

**Exhibit 4: Highlighted sectors vulnerable to current macros**




*Source: PL, Company*

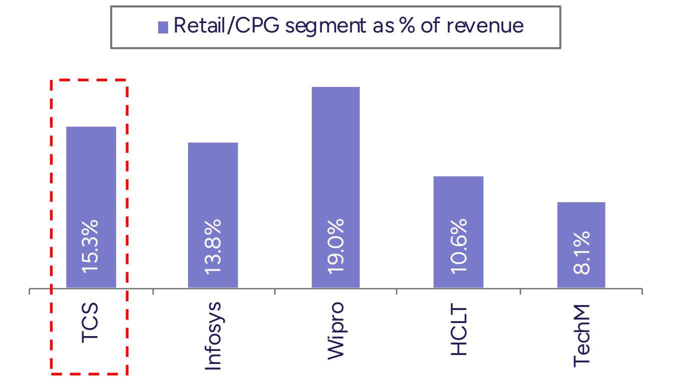
**Exhibit 5: TCS has the least exposure among Tier 1 to Manuf.**




*Source: PL, Company*

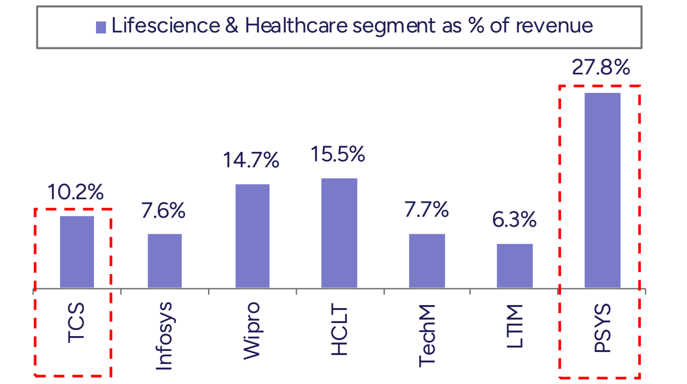
Additionally, we expect the business profiles of L&H companies to be affected owing to changes in US Medicaid policies, which might create pressure among providers, nursing homes and hospitals.

**Exhibit 6: TCS revenue mix marginally above median of 14.1%**




*Source: PL, Company*

**Exhibit 7: L&H mix of TCS also marginally above median**



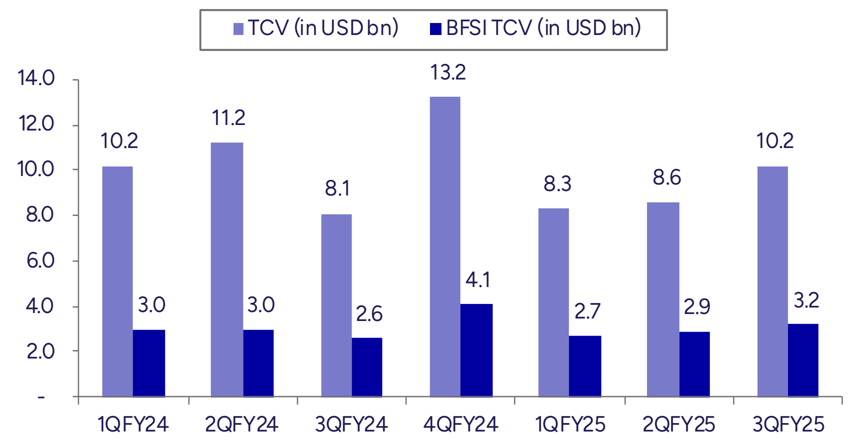

*Source: PL, Company*

With growing focus on AI, we believe service-oriented or customer-facing industries would continue their IT spends for optimizing and recalibrating their operations. Within retail/CPG, the impact on essentials would be limited vs luxury areas. IT spending is expected to remain soft, though not to the extent experienced in early CY23, as early experimentations in AI are progressing well to broader implementations. Additionally, with incremental AI components getting infused into larger strategic deals, the risk of trimming ACVs also gets minimized with the cannibalization of spending from discretionary to cost-focused AI.

## TCS – Favorable Business Mix mitigates headwinds

Among Tier 1 companies, TCS has the lowest revenue mix from the manufacturing segment (exhibit 5). Also, its revenue mix from retail/CPG and L&H segments is just marginally above the median (Exhibit 6 & 7), which helps mitigate the headwinds of tariff wars and changes in US healthcare policies. Also, its comprehensive service offerings, strong execution, and established cost optimization capabilities place it well among peers amid a cost-focused environment.

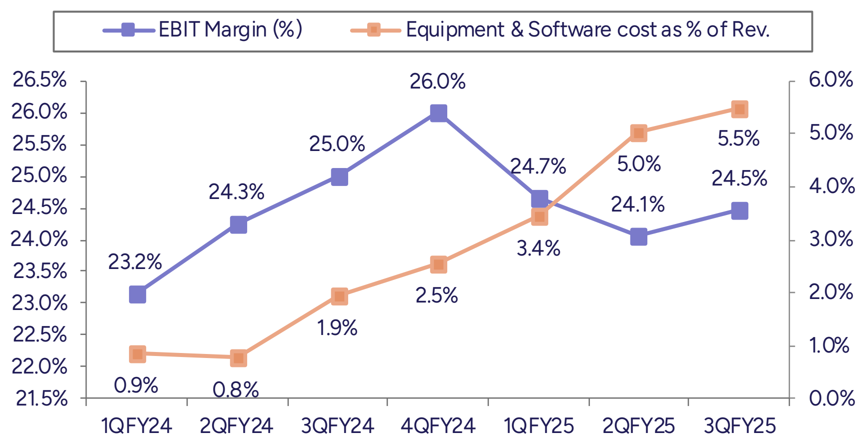
**Exhibit 8: BFSI Deal Momentum steady**




*Source: PL, TCS*

TCS's deal funnel has a proportionate mix of cost optimization, vendor consolidation and AI-centric deals, which helps drive incremental growth in a cost-focused environment. The company delivered 3.4% CC YoY growth in FY24 and is expected to grow ~4.5% CC YoY in FY25. We believe ACVs already factor in the extended deal cycles and should not decelerate significantly from current levels. Additionally, any deal scrutiny (around discretionary) specific to the current scenario should get offset by cost-friendly AI-dominated deals. Revenue profile of BFS enterprises remains strong, which is evident through decent deal wins under BFSI at USD8.8bn (+2.3% YoY) in 9MFY25.

**Exhibit 9: Increase in equipment cost impacting margins**



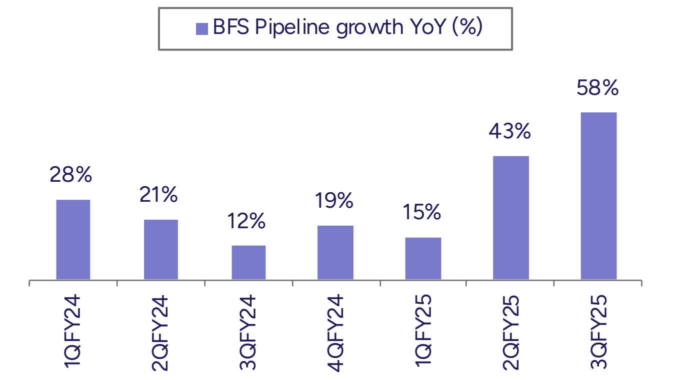

*Source: PL, TCS*

TCS's BSNL deal ramp-up significantly increased equipment and software costs, from 2.5% of revenue in 4QFY24 to 5.5% in 3QFY25 (Exhibit 9). As a result, EBIT margin declined from 26% to 24.5%. As the BSNL project transitions to maintenance, we anticipate moderation in revenue growth, and a substantial drop in equipment and software costs, which will support margins.

## Mphasis – BFS momentum should sustain

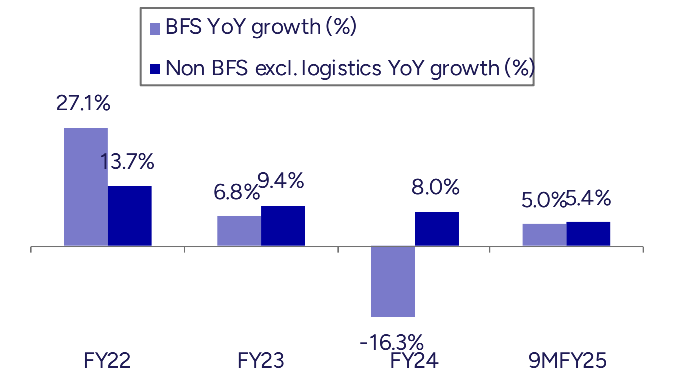
MPHL has significant exposure to the Logistics & Transportation business, which is vulnerable to tariff threats. However, the impact could be mitigated by its remaining businesses. The BFS business (~49% of revenue mix) has been recovering steadily in 9MFY25 after 2 consecutive years of weak performance (Exhibit 11).

**Exhibit 10: BFS pipeline grown at a strong pace in last 2 qtrs.**




*Source: PL, Mphasis*

**Exhibit 11: BFS revival in FY25**

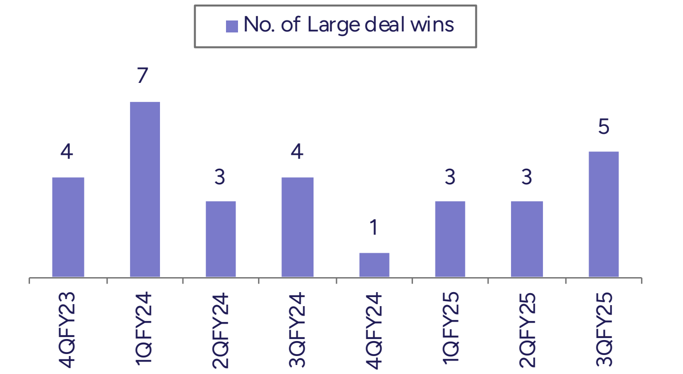



*Source: PL, Mphasis*

MPHL's investment in senior leadership hiring to strengthen its deal pipeline is yielding positive results. The deal pipeline is improving for both BFS and non-BFS sectors, with the BFS pipeline growing at a stronger pace in the last 2 quarters (Exhibit 10), reflecting emerging demand in the BFS sector. Recovery of banking-heavy top accounts and improving conversions from TCV to revenues are further de-risking MPHL in the current scenario.

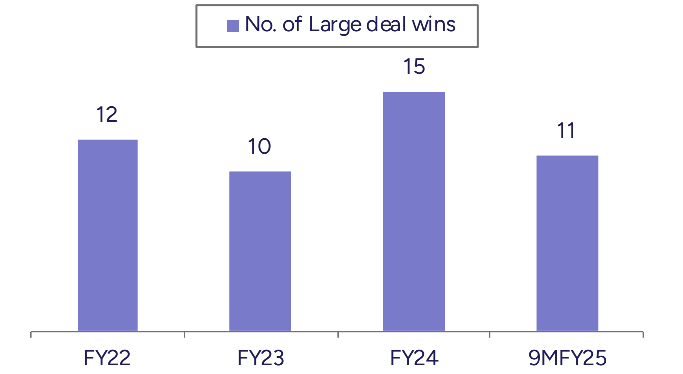
We anticipate steady growth in the BFS segment, driven by strong deal wins and a robust pipeline. The momentum is likely to be sustained into FY26, thereby insulating MPHL from the macro-economic headwinds.

**Exhibit 12: Strong conversion in large deal wins**




*Source: PL, Mphasis*

**Exhibit 13: Large deals wins robust**



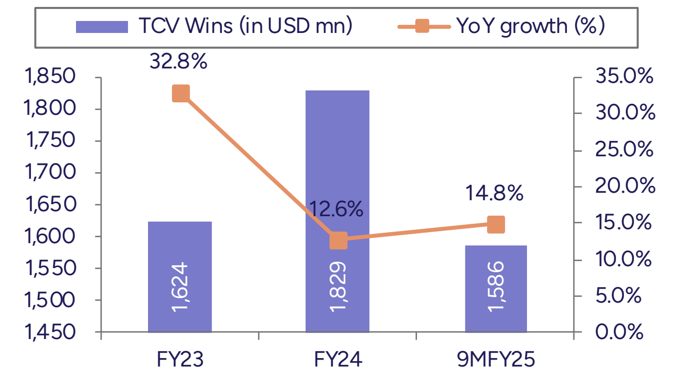

*Source: PL, Mphasis*

## Persistent – Another Strong fiscal year expected

PSYS reported industry leading growth in FY23 and FY24 despite the macro-economic challenges facing the industry. The momentum continued in 9MFY25 with 18.1% YoY USD revenue growth driven by strong deal wins and execution.

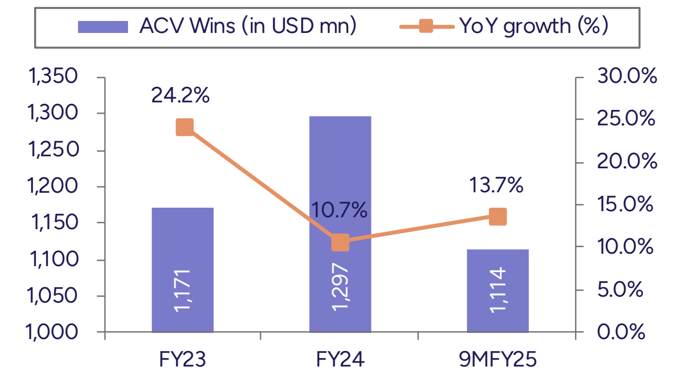
We expect PSYS to maintain its growth trajectory in the near term despite the trade wars. Majority of its revenue mix (BFS + Hi-Tech: ~72% of mix) is largely shielded from these impacts. Although the healthcare segment (28% of mix) is susceptible to changes in US Medicaid policies, the robust growth in BFS and Hi-Tech, evidenced by strong TCV and ACV metrics (Exhibit 14 & 15), is expected to compensate for any potential downturn in Healthcare.

**Exhibit 14: Robust TCV wins continues**




*Source: PL, Persistent*

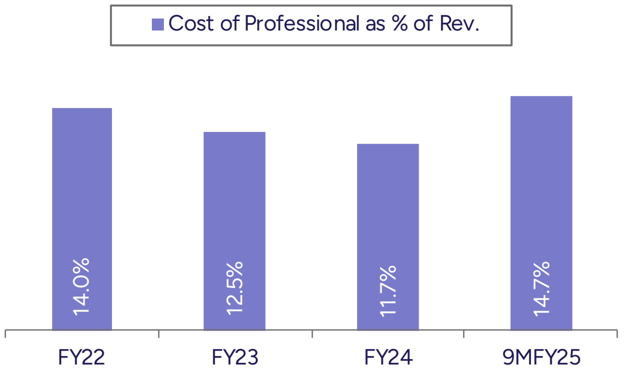
**Exhibit 15: ACV wins growth also strong**




*Source: PL, Persistent*

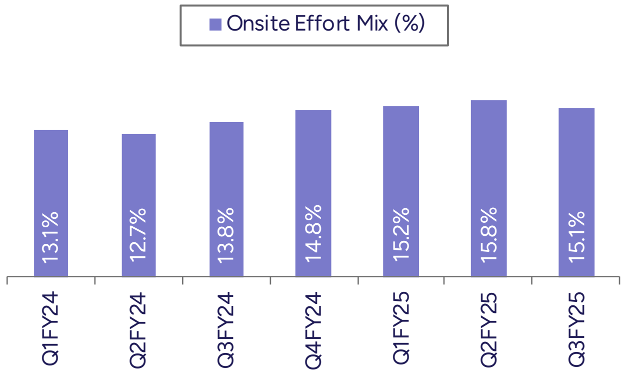
On the margin front, operating cost was inflated in FY25 due to the growing onsite mix (Exhibit 17) and expensive resource hiring to support large deal ramp-ups (Exhibit 16). We expect right offshoring mix and revenue growth would keep margins elevated at 15%+, despite the missing one-off benefits (earnout reversal) in FY26.

**Exhibit 16: Ramp up of deals increases cost of professionals**




*Source: PL, Persistent*

**Exhibit 17: Onsite Effort mix increases due to ramp up**




*Source: PL, Persistent*

## Risk Analysis – Comparing upside/downside risk to our base case

**Exhibit 18: Scenario definitions for our analysis**

| | FY26 USD Rev. growth (%) | | | FY27 USD Rev. growth (%) | | | FY26 EBIT Margin (%) | | | FY27 EBIT Margin (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Worst | Base | Best | Worst | Base | Best | Worst | Base | Best | Worst | Base | Best |
| TCS | 2.8% | 3.3% | 4.5% | 5.5% | 6.3% | 7.5% | 24.2% | 24.7% | 25.3% | 24.8% | 25.1% | 25.8% |
| Infosys | 3.5% | 4.7% | 5.5% | 6.5% | 7.9% | 9.0% | 20.5% | 20.7% | 21.3% | 21.0% | 21.3% | 21.8% |
| Wipro | -1.5% | 0.5% | 2.0% | 2.5% | 3.9% | 5.5% | 17.0% | 17.5% | 17.8% | 17.2% | 17.7% | 18.0% |
| HCLT | 3.5% | 4.9% | 6.5% | 6.0% | 7.2% | 8.5% | 17.5% | 18.3% | 18.7% | 18.0% | 18.7% | 19.1% |
| TECHM | 0.7% | 1.8% | 3.0% | 4.0% | 5.1% | 6.0% | 11.0% | 11.5% | 12.0% | 13.5% | 14.0% | 14.5% |
| LTIM | 5.0% | 6.9% | 8.5% | 8.0% | 9.5% | 10.5% | 14.5% | 15.0% | 15.5% | 15.0% | 15.7% | 16.2% |
| Persistent | 15.0% | 16.6% | 19.0% | 17.0% | 18.0% | 20.0% | 14.5% | 15.0% | 15.5% | 15.0% | 15.5% | 16.0% |
| Mphasis | 4.5% | 6.6% | 8.0% | 8.0% | 8.9% | 10.5% | 15.2% | 15.5% | 15.8% | 15.3% | 15.7% | 16.0% |
| Cyient-DET | -1.0% | 2.8% | 4.0% | 3.0% | 4.5% | 7.0% | 14.0% | 14.6% | 15.0% | 14.8% | 15.3% | 15.8% |
| **Median** | **3.5%** | **4.7%** | **5.5%** | **6.0%** | **7.2%** | **8.5%** | **15.2%** | **15.5%** | **15.8%** | **15.3%** | **15.7%** | **16.2%** |

*Source: Company, PL*

- The worst-case scenario assumes that the inflationary tariff environment gets extended to the industries beyond the reach of first-order impact. Hence, we might see delayed decisions and pausing of contracts at an accelerated pace within IT services. With that, our worst case translates to CC revenue downside of 120bps/120bps in FY26E/FY27E.

- In contrast, the best case assumes the inflationary tariff to be transitory and to fade away as we progress through H2FY26. With that, our best case translates to CC revenue upside of 80bps/130bps in FY26E/FY27E.

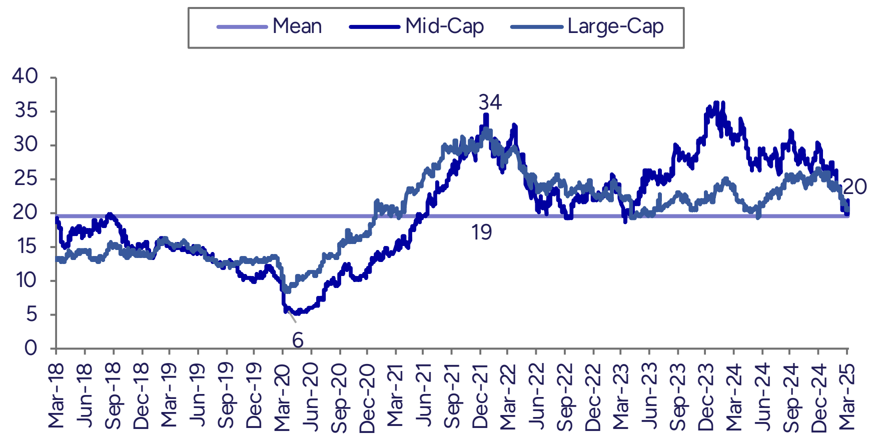
**Exhibit 19: Changes to earnings over base case scenario**

| | EPS FY26E | | | EPS FY27E | | | Worst Case Scenario change in EPS to Base (%) | | Best Case Scenario change in EPS to base (%) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Worst | Base | Best | Worst | Base | Best | FY2026 | FY2027 | FY2026 | FY2027 |
| TCS | 141.7 | 146.4 | 153.0 | 158.6 | 163.0 | 170.7 | -3.2% | -2.7% | 4.5% | 4.7% |
| Infosys | 66.8 | 68.7 | 71.9 | 75.1 | 78.0 | 81.1 | -2.8% | -3.8% | 4.6% | 4.0% |
| Wipro | 12.3 | 13.0 | 13.5 | 13.5 | 14.1 | 14.7 | -5.7% | -4.7% | 3.8% | 3.9% |
| HCLT | 62.6 | 67.6 | 70.6 | 71.3 | 75.9 | 79.2 | -7.4% | -6.0% | 4.4% | 4.4% |
| TECHM | 56.0 | 60.1 | 63.9 | 70.0 | 76.9 | 82.8 | -6.8% | -9.0% | 6.3% | 7.6% |
| LTIM | 166.5 | 176.6 | 187.5 | 192.1 | 206.8 | 216.7 | -5.7% | -7.1% | 6.2% | 4.8% |
| Persistent | 103.9 | 110.5 | 117.8 | 130.4 | 137.6 | 145.9 | -6.0% | -5.3% | 6.7% | 6.0% |
| Mphasis | 93.8 | 98.7 | 102.9 | 106.6 | 111.2 | 116.2 | -5.0% | -4.2% | 4.2% | 4.5% |
| Cyient-DET | 57.2 | 63.5 | 66.6 | 67.2 | 71.2 | 76.7 | -10.0% | -5.6% | 4.8% | 7.7% |
| **Median PE** | **25.7x** | **24.1x** | **23.1x** | **22.8x** | **21.4x** | **20.6x** | | | | |
| **Upside (+)/Downside Risk (-) to median PE** | **-6.4%** | **Neutral** | **+4.4%** | **-6.1%** | **Neutral** | **+4.3%** | | | | |

*Source: Company, PL, (USD/INR for FY26E & FY27E is Rs. 87 & Rs. 89 respectively; previously assumptions were Rs. 85.5 & 86 respectively)*

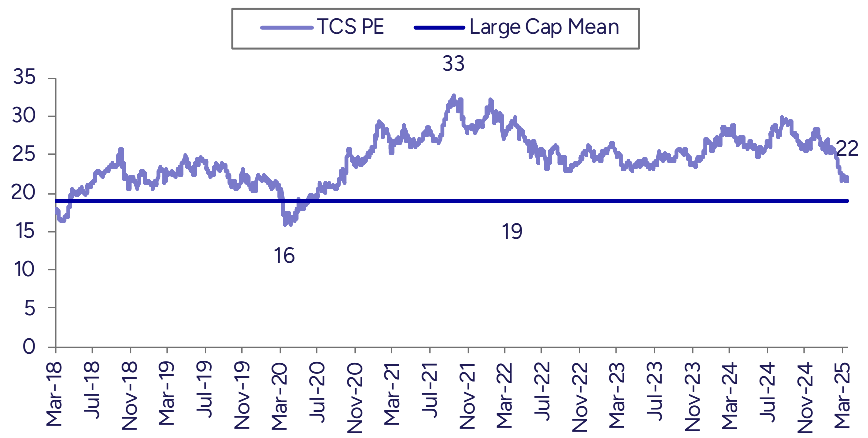
- Within our base case scenario, median PE stands at 21.4x whose downside risk is higher (6%+) than the upside risk (4%+) to our base case.

**Exhibit 20: Both Large Cap & Mid Cap trading near its long term mean PE (2 Years FWD)**



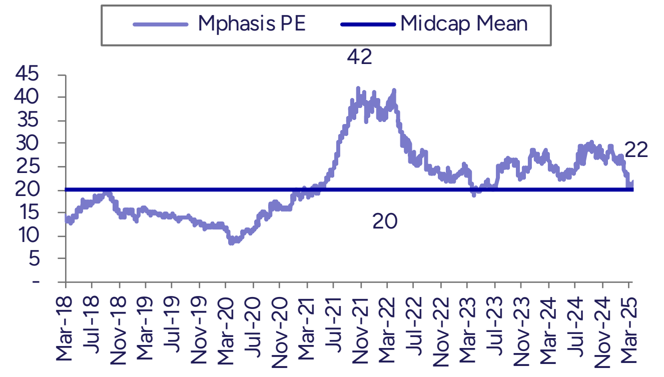

*Source: PL, Company*

**Exhibit 21: TCS 2 years forward PE**



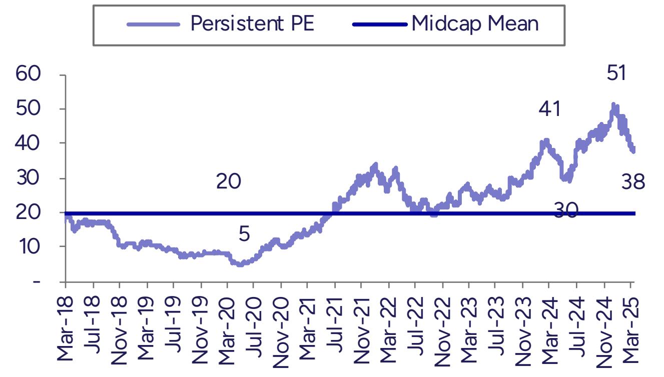

*Source: PL, Company*

**Exhibit 22: MPHL 2 years forward PE**




*Source: PL, Company*

**Exhibit 23: PSYS 2 years forward PE**




*Source: PL, Company*

**Exhibit 24: 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) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | FY24 | FY25E | FY26E | FY27E | FY24 | FY25E | FY26E | FY27E | FY24 | FY25E | FY26E | FY27E | FY24 | FY25E | FY26E | FY27E | FY24 | FY25E | FY26E | FY27E | FY24 | FY25E | FY26E | FY27E |
| Cyient | C | BUY | 1,280 | 1,560 | 142.1 | 71.5 | 74.4 | 82.0 | 91.7 | 13.0 | 12.1 | 14.3 | 16.3 | 7.3 | 6.5 | 8.1 | 9.5 | 66.2 | 59.0 | 72.8 | 85.3 | 19.0 | 14.8 | 16.9 | 18.1 | 19.3 | 21.7 | 17.6 | 15.0 |
| HCL Technologies | C | Acc | 1,633 | 1,860 | 4,428.0 | 1,099.1 | 1,167.1 | 1,269.3 | 1,392.3 | 242.0 | 253.2 | 277.4 | 310.4 | 157.0 | 172.0 | 183.4 | 205.8 | 58.0 | 63.4 | 67.7 | 75.9 | 23.5 | 24.9 | 25.9 | 28.2 | 28.2 | 25.7 | 24.1 | 21.5 |
| Infosys | C | BUY | 1,599 | 2,020 | 6,624.0 | 1,536.7 | 1,634.8 | 1,766.0 | 1,949.6 | 364.3 | 391.7 | 418.3 | 474.1 | 242.6 | 262.5 | 284.5 | 323.1 | 58.6 | 63.4 | 68.7 | 78.0 | 29.7 | 29.8 | 32.2 | 36.5 | 27.3 | 25.2 | 23.3 | 20.5 |
| LTIMindtree | C | BUY | 4,620 | 5,790 | 1,367.4 | 355.2 | 380.0 | 418.9 | 469.1 | 63.9 | 65.2 | 73.6 | 86.0 | 45.9 | 46.1 | 52.4 | 61.3 | 155.0 | 155.6 | 176.9 | 207.2 | 25.1 | 21.6 | 21.6 | 22.3 | 29.8 | 29.7 | 26.1 | 22.3 |
| Mphasis | C | BUY | 2,515 | 2,940 | 476.5 | 132.8 | 141.9 | 155.8 | 173.6 | 24.2 | 26.1 | 29.0 | 32.6 | 15.5 | 17.0 | 18.8 | 21.2 | 82.3 | 89.6 | 99.5 | 112.0 | 18.6 | 18.6 | 19.1 | 19.9 | 30.6 | 28.1 | 25.3 | 22.4 |
| Persistent Systems | C | Acc | 5,517 | 5,920 | 856.1 | 98.2 | 119.9 | 143.3 | 173.0 | 17.2 | 20.7 | 25.1 | 31.0 | 11.4 | 14.1 | 17.2 | 21.5 | 74.2 | 91.1 | 110.5 | 137.6 | 25.6 | 26.6 | 28.2 | 30.4 | 74.4 | 60.5 | 49.9 | 40.1 |
| Tata Consultancy Services | C | BUY | 3,636 | 4,510 | 13,154.7 | 2,408.9 | 2,551.9 | 2,717.3 | 2,955.6 | 643.0 | 675.7 | 728.6 | 804.3 | 465.9 | 486.4 | 529.8 | 589.7 | 127.5 | 134.4 | 146.4 | 163.0 | 50.9 | 51.2 | 52.9 | 58.3 | 28.5 | 27.0 | 24.8 | 22.3 |
| Tech Mahindra | C | Acc | 1,416 | 1,540 | 1,254.8 | 520.0 | 528.9 | 555.0 | 596.6 | 57.7 | 68.5 | 82.9 | 103.4 | 36.2 | 41.9 | 53.2 | 68.1 | 40.9 | 47.3 | 60.1 | 76.9 | 12.7 | 15.1 | 19.0 | 23.8 | 34.6 | 29.9 | 23.6 | 18.4 |
| Wipro | C | Acc | 267 | 290 | 2,796.3 | 897.6 | 889.2 | 922.8 | 981.1 | 170.2 | 180.4 | 189.1 | 202.9 | 110.5 | 129.0 | 136.2 | 148.2 | 10.4 | 12.3 | 13.0 | 14.2 | 14.4 | 16.7 | 17.0 | 18.1 | 25.6 | 21.7 | 20.5 | 18.9 |

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

**Exhibit 25: Change in Estimates**

| | Rating | | Target Price | | | Sales | | | | | | PAT | | | | | | EPS | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | FY26E | | | FY27E | | | FY26E | | | FY27E | | | FY26E | | | FY27E | | |
| | C | P | C | P | % Chng. | C | P | % Chng. | C | P | % Chng. | C | P | % Chng. | C | P | % Chng. | C | P | % Chng. | C | P | % Chng. |
| Cyient | BUY | BUY | 1,560 | 2,010 | -22.4% | 82.0 | 81.2 | 1.0% | 91.7 | 92.9 | -1.3% | 8.1 | 7.1 | 14.1% | 9.5 | 8.5 | 11.4% | 72.8 | 63.8 | 14.1% | 85.3 | 76.5 | 11.4% |
| HCL Technologies | Acc | Acc | 1,860 | 2,080 | -10.6% | 1,269.3 | 1,285.8 | -1.3% | 1,392.3 | 1,433.7 | -2.9% | 183.4 | 192.2 | -4.6% | 205.8 | 220.8 | -6.8% | 67.7 | 70.9 | -4.6% | 75.9 | 81.4 | -6.8% |
| Infosys | BUY | BUY | 2,020 | 2,250 | -10.2% | 1,766.0 | 1,773.7 | -0.4% | 1,949.6 | 1,983.6 | -1.7% | 284.5 | 297.0 | -4.2% | 323.1 | 340.7 | -5.2% | 68.7 | 71.7 | -4.2% | 78.0 | 82.2 | -5.2% |
| LTIMindtree | BUY | BUY | 5,790 | 7,000 | -17.3% | 418.9 | 423.3 | -1.0% | 469.1 | 475.5 | -1.3% | 52.4 | 55.2 | -5.1% | 61.3 | 64.1 | -4.3% | 176.9 | 186.5 | -5.1% | 207.2 | 216.6 | -4.3% |
| Mphasis | BUY | Acc | 2,940 | 3,200 | -8.1% | 155.8 | 160.4 | -2.9% | 173.6 | 183.4 | -5.3% | 18.8 | 20.0 | -5.8% | 21.2 | 23.4 | -9.3% | 99.5 | 105.6 | -5.8% | 112.0 | 123.5 | -9.3% |
| Persistent Systems | Acc | HOLD | 5,920 | 5,970 | -0.8% | 143.3 | 142.2 | 0.8% | 173.0 | 171.7 | 0.8% | 17.2 | 17.3 | -0.4% | 21.5 | 21.8 | -1.5% | 110.5 | 110.9 | -0.4% | 137.6 | 139.7 | -1.5% |
| Tata Consultancy Services | BUY | BUY | 4,510 | 4,810 | -6.2% | 2,717.3 | 2,768.6 | -1.9% | 2,955.6 | 3,027.2 | -2.4% | 529.8 | 560.0 | -5.4% | 589.7 | 628.1 | -6.1% | 146.4 | 154.8 | -5.4% | 163.0 | 173.6 | -6.1% |
| Tech Mahindra | Acc | Acc | 1,540 | 1,760 | -12.5% | 555.0 | 561.8 | -1.2% | 596.6 | 606.4 | -1.6% | 53.2 | 55.4 | -3.9% | 68.1 | 70.9 | -4.0% | 60.1 | 62.5 | -3.9% | 76.9 | 80.1 | -4.0% |
| Wipro | Acc | Acc | 290 | 310 | -6.5% | 922.8 | 934.9 | -1.3% | 981.1 | 1,002.3 | -2.1% | 136.2 | 138.2 | -1.4% | 148.2 | 151.0 | -1.8% | 13.0 | 13.2 | -1.4% | 14.2 | 14.4 | -1.8% |

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

## Analyst Coverage Universe

| Sr. No. | Company Name | Rating | TP (Rs) | Share Price (Rs) |
|---|---|---|---|---|
| 1 | Cyient | BUY | 2,010 | 1,755 |
| 2 | HCL Technologies | Accumulate | 2,080 | 1,989 |
| 3 | Infosys | BUY | 2,250 | 1,928 |
| 4 | LTIMindtree | BUY | 7,000 | 5,979 |
| 5 | Mphasis | Accumulate | 3,200 | 3,011 |
| 6 | Persistent Systems | Hold | 5,970 | 5,683 |
| 7 | Tata Consultancy Services | BUY | 4,810 | 4,039 |
| 8 | Tech Mahindra | Accumulate | 1,760 | 1,660 |
| 9 | Wipro | Accumulate | 310 | 282 |

## PL's Recommendation Nomenclature

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

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