Information Technology

3QFY25 Result Review

February 18, 2025

Positive US cues, fading uncertainties and decent Q3

Key Points

- Q3 delivered a decent performance at a broad level along with margin efficiency in most of the names and continued robust deal book momentum (exhibit 4). Discretionary spends primarily in the BFSI vertical is seeing improvement. Tier-II continues to outperform with mixed performance among Tier-I players. Coforge and Persistent delivered industry leading growth of 8.4% and 5.7% QoQ in CC terms.
- Per Gartner, IT spending is expected to grow robustly at ~10% in CY25 (exhibit 5). Commentaries of the Top US banks and Hyperscalers are positive inclining towards increased Tech investments in CY25 (exhibit 7-11). Resumption or acceleration of migration and modernization programmes have started in major sub-segments of US banks, a part of Retail and Manufacturing (barring auto). Top-3 Hyperscalers are guiding towards a pickup in gen-AI integration, which will lead to workload shifting from on-premise to cloud, data services, infrastructure services and cybersecurity.
- Robust deal momentum with large deal wins continued across the sector, with TCS (US$10.2 bn), LTIM (US$1.7 bn), Wipro (US$3.5bn) and both Coforge and Persistent above US$500 mn securing substantial contracts. GenAI and automation initiatives are scaling up across all major IT firms, helping drive productivity gains and deal conversions.
- **Outlook & Top picks:** Near-term headwinds (delayed decision making, furloughs, cautious spending) are abating, setting the stage for demand recovery. We continue to believe that the sector is poised for a stronger FY26/FY27, with early discretionary spending recovery in BFSI, AI-driven deals, and cloud modernization momentum, further backed by improving commentary of US banks, Hyperscalers and political stability in the macros. Hence, our estimates remains ahead of consensus. Our top picks are LTIMindtree, Coforge, Mphasis and TCS.

Decent Q3FY25 with increasing optimism and order book: The Indian IT is navigating a complex landscape in Q3FY25, characterized by cautiously optimistic commentary from Tier-I, increasing discretionary spending in specific verticals like Financial Services, and a surge in demand for AI-optimized infrastructure. While macro uncertainties persist, positive signals are emerging from key sectors, particularly in the US banking and retail segments. Gartner forecasts a robust 9.8% growth in worldwide IT spending for CY25, reaching US$5.61 tn. Infosys and HCLT outperformed growth expectations, while Wipro excelled in margin execution with the company delivering a 12-quarter high EBIT margin of 17.5%. Tier-II delivered outperformance, solid margin resiliency and robust order book (exhibit 16). BFSI, Healthcare, and Manufacturing verticals drove growth, while Telecom and Hi-Tech remained soft.

US Bank tech spend as a Bellwether: Tech spending among top US banks is at an all-time high of US$9.5 bn, up 4%/5% QoQ/YoY. Banks are self-funding increased technology spending through earlier investments in automation and efficiency. This trend suggests a potential upward movement in discretionary deal wins and mega-deals, expected to materialize in CY25. Other verticals are anticipated to follow a similar trend, with some lag.

Retail sector optimism: The US retail sector is projected to perform well in 2025, supported by a low unemployment rate, wage growth exceeding inflation, and a strong finish to 2024. This positive outlook could translate into increased IT spending in the retail vertical (exhibit 13-15).

Hyperscalers and the AI Revolution: Spending on AI-optimized servers is projected to double that of traditional servers in 2025, reaching US$202 bn, with IT services companies and hyperscalers accounting for 70%+ of this spending. Hyperscalers are pivoting towards the AI model market, with projections of operating US$1 tn worth of AI-optimized servers by 2028.

Exhibit 1: Ratings and Target price of NBIE coverage basket

Company	New ratings	New TP	Upside
TCS	BUY	4,634	19%
Infosys	BUY	2,199	19%
HCL Tech	BUY	1,970	15%
Wipro	Hold	335	9%
Tech M	Hold	1,851	11%
LTIM	BUY	7,267	33%
Mphasis	BUY	3,028	17%
Persistent Systems	BUY	6,661	20%
Coforge	BUY	9,875	28%
Zensar	Hold	887	8%
Birlasoft	BUY	585	22%

Exhibit 2: CAGR over FY25-27 of NBIE coverage basket

Company	US$ revenue CAGR over FY25-27	EBIT CAGR over FY25-27	EPS CAGR over FY25-27
TCS	7.1%	12.1%	11.7%
Infosys	10.4%	14.2%	14.0%
HCL Tech	10.6%	15.6%	12.7%
Wipro	6.3%	8.5%	8.5%
Tech M	9.1%	35.0%	30.1%
LTIM	13.5%	22.7%	21.2%
Mphasis	13.4%	18.1%	17.6%
Persistent Systems	17.2%	18.9%	21.2%
Coforge	19.2%	31.3%	45.2%
Zensar	6.9%	10.5%	10.3%
Birlasoft	11.6%	21.5%	26.3%

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A shift in commentary over last 3 quarters for the covered basket:

Tier-1 IT Services

a) TCS: The tone has shifted from caution in Q1FY25 to increasing confidence by Q3FY25, backed by strong TCV performance, improving deal cycles, and discretionary spending picking up. Clients are prioritizing cost efficiency and technology modernization, with demand in BFSI and Retail gaining traction. (exhibit 20)

b) Infosys: A focus on cost take-outs and AI-driven transformation has remained consistent. While discretionary spending remained under pressure in early quarters, Q3 saw early signs of a demand rebound, particularly in BFSI and cloud-based services. (exhibit 21)

c) HCLT: The management turned more positive with strong revenue momentum, robust margin performance, and continued investments in GenAI and automation. The recovery in discretionary spending is evident, but weakness persists in Life Sciences and Telecom. (exhibit 22)

d) Wipro: It has shown gradual top line improvement with solid margin execution hitting a 12-quarter high. Large deal wins and improved execution have strengthened its confidence in sustained growth. BFSI and AI-driven projects have been key growth drivers. (exhibit 23)

e) Tech M: Demand has remained largely stable, with slight improvement in BFSI discretionary spending. The Communications vertical is expected to recover with AI investments and vendor consolidation, while Manufacturing remains weak. (exhibit 24)

f) LTIMindtree: Commentary has turned cautiously optimistic with expectations for a strong FY26. Q3 saw record TCV deal wins, with AI playing a critical role in new engagements. BFSI and Retail are showing resilience, while discretionary spending in Hi-Tech remains slow. (exhibit 25)

Tier-2 IT Services

a) Coforge: The company has moved from a tepid demand outlook in Q1 to a definite improvement in Q3, with strong organic and inorganic growth momentum across BFS, Insurance, and Travel & Hospitality. Top notch and industry leading performance across parameters. The company remains confident in its ~200-300bps margin improvement and US$2 bn revenue by FY27. (exhibit 18)

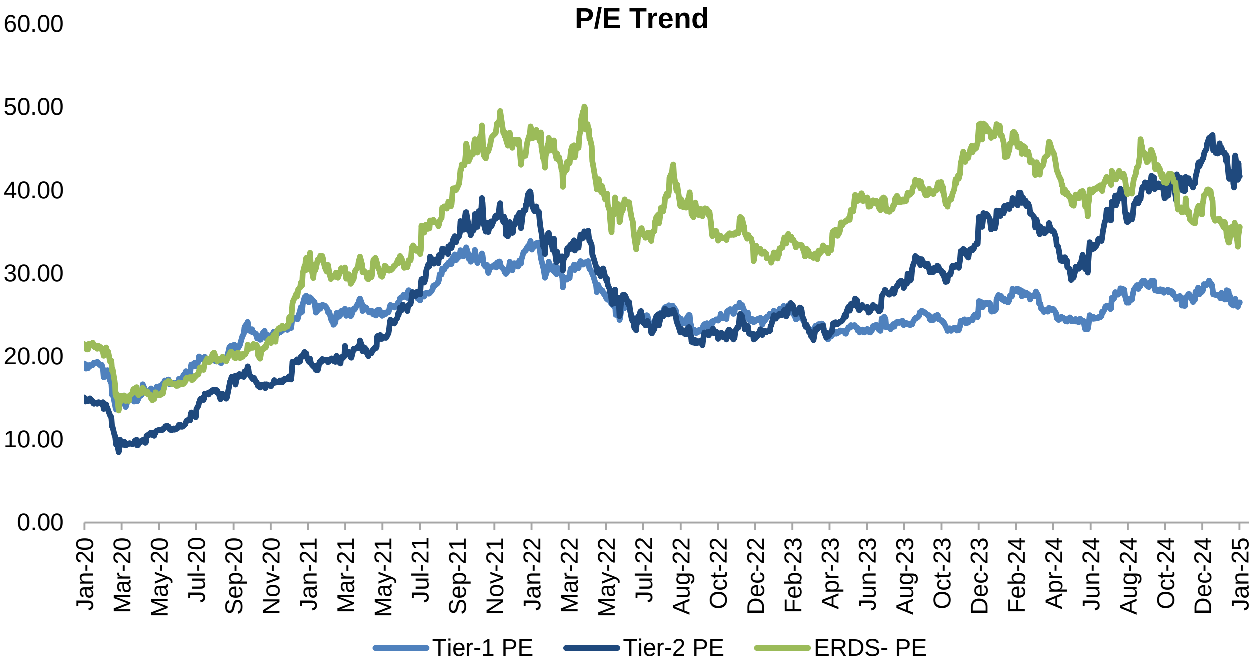
b) Mphasis: The management has remained consistently positive, emphasizing AI, digital transformation, and tech-led cost efficiency. The mortgage business, which was a headwind, is showing signs of recovery, but the Logistics vertical remains under pressure. Margin resiliency despite revenue headwinds improving deal book. (exhibit 26)

c) Persistent Systems: BFSI and Healthcare have been steady growth drivers, with a shift towards platform-driven services and AI-led engagements. Strong ambition of US$5 bn revenue by FY31. The company aims to scale up its top 100 clients for this while maintaining strong execution. (exhibit 19)

d) Zensar Technologies: Despite furlough impacts and client bankruptcies, the order book remains robust. The focus has shifted to BFSI and Healthcare to mitigate the TMT sector's underperformance. 2nd consecutive quarter of all time high order book, which is above US$200 mn. (exhibit 27)

e) Birlasoft: While Q1 saw weak discretionary spending, Q2 brought a rebound, and Q3 showcased better margin performance despite seasonal weakness. The company is focusing on AI-led transformations and financial services growth. It expects rebound in its ERP business in FY26. (exhibit 28)

Exhibit 3: 12-month forward PE multiple charts of Tier-1, Tier-2 and ERDS players. Much above pre-pandemic levels



Source: Companies, Bloomberg, Nirmal Bang Institutional Equities.

Exhibit 4: Summary of financial performance by IT companies in our coverage universe for 3QFY25

(Rsmn) Companies	Revenue						EBIT			EBIT Margin (%)			PAT		
	3QFY25	YoY (%)	QoQ (%)	Revenue USD (mn)	QoQ Growth CC (%)	QoQ Growth USD (%)	3QFY25	YoY (%)	QoQ (%)	3QFY24	2QFY25	3QFY25	3QFY25	YoY (%)	QoQ (%)
TCS	639,730	5.6%	-0.4%	7,539	0.1%	-1.7%	156,560	3.3%	1.2%	25.0%	24.1%	24.5%	124,430	12.1%	4.1%
Infosys	417,640	7.6%	1.9%	4,939	1.7%	0.9%	89,120	11.9%	3.0%	20.5%	21.1%	21.3%	68,220	11.6%	4.7%
HCL Tech	298,900	5.1%	3.6%	3,533	3.8%	2.6%	58,210	3.7%	8.6%	19.7%	18.6%	19.5%	45,940	6.2%	8.4%
Wipro	223,188	0.5%	0.1%	2,638	0.1%	-1.2%	38,556	18.3%	2.7%	14.7%	16.8%	17.3%	33,667	24.7%	4.3%
LTIMindtree	96,609	7.1%	2.4%	1,139	1.8%	1.1%	13,289	-4.1%	-8.9%	15.4%	15.5%	13.8%	10,867	-7.1%	-13.2%
Tech Mahindra	132,856	1.4%	-0.2%	1,567	1.2%	-1.4%	13,502	92.1%	5.5%	5.4%	9.6%	10.2%	9,888	88.8%	-21.4%
Persistent	30,623	22.6%	5.7%	360	4.6%	4.3%	4,557	25.5%	12.2%	14.5%	14.0%	14.9%	3,729	30.3%	14.8%
Coforge	33,182	42.8%	8.4%	397	8.4%	7.5%	3,922	22.5%	9.0%	13.8%	11.7%	11.8%	2,559	5.4%	9.6%
Mphasis	35,613	6.7%	0.7%	419	0.2%	-0.4%	5,458	9.8%	0.3%	14.9%	15.4%	15.3%	4,280	14.6%	1.1%
Zensar	13,256	10.1%	1.3%	157	0.7%	0.5%	1,832	3.9%	6.9%	14.6%	13.1%	13.8%	1,597	-1.2%	2.5%
Birlasoft	13,627	1.5%	-0.4%	161	-1.1%	-1.5%	1,421	-26.5%	-0.8%	10.4%	10.5%	14.4%	1,170	-27.4%	-8.3%

Source: Company, Nirmal Bang Institutional Equities Research

Gartner Forecasts Worldwide IT Spending to Grow 9.8% in 2025

Worldwide IT spending is expected to total US$5.61 tn in 2025, up 9.8% from CY24, according to the latest forecast by Gartner. “While budgets for CIOs are increasing, a significant portion will merely offset price increases within their recurrent spending,” said John-David Lovelock. “This means that, in 2025, nominal spending versus real IT spending will be skewed, with price hikes absorbing some or all of budget growth. All major categories are reflecting higher-than-expected prices, prompting CIOs to defer and scale back their true budget expectations.” **However despite that IT services players will be on the win win side with both better prices for consolidation deals and anticipation of some volume increase due to new discretionary spend led by GenAI towards pickup in modernization.**

Exhibit 5: Worldwide IT spending forecast (US$ in mn)

Segments	CY24 spending	Growth (%)	CY25 spending	Growth (%)
Data center systems	329,132	*39.4*	405,505	*23.2*
Devices	734,162	*6.0*	810,234	*10.4*
Software	1,091,569	*12.0*	1,246,842	*14.2*
IT Services	1,588,121	*5.6*	1,731,467	*9.0*
Communication services	1,371,787	*2.0*	1,23,746	*3.8*
Overall IT	**5,114,771**	***7.7***	**5,617,795**	***9.8***

Source: Gartner (Jan’25), Nirmal Bang Institutional Equities

Spending on AI-optimized servers easily doubles spending on traditional servers in 2025, reaching US$202 bn dollars. IT services companies and hyperscalers account for over 70% of spending in 2025,” said Lovelock. “By 2028, hyperscalers will operate US$1 tn worth of AI optimized servers, but not within their traditional business model or IaaS Market. Hyperscalers are pivoting to be part of the oligopoly AI model market.”

Exhibit 6: Industry sentiment remains high for a wide variety of reasons

Source: CompTIA IT Industry outlook 2025, Nirmal Bang Institutional Equities

Global updates on US banks tech spends

US Top Banks’ Tech spends at US$9.5 bn is at an all-time high, up 4%/5% QoQ/YoY. This supports the IT services players’ commentary of green shoots in Financial Services. All the US banking majors cited increased investments towards technology, app dev-ops, digital branching and infrastructure services. Led by earlier investments towards automation & efficiency these banking majors are being able to self-fund the increased technology spend. Also, the higher increase towards tech spends vs other non-interest expense in US banking majors will lead the upward movement in discretionary deal wins and Mega deals to start showing up in CY25.

Exhibit 7: Tech spends in Top6 US banks continues to inch upwards supports incoming of discretionary spends

Tech spend by large US banks (in US$ mn)*	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
JPM	2,376	2,366	2,256	2,184	2,267	2,386	2,409	2,421	2,447	2,447	2,516
Citibank	2,068	2,145	2,358	2,127	2,309	2,256	2,414	2,246	2,238	2,273	2,278
BOFA	1,535	1,546	1,658	1,697	1,644	1,676	1,690	1,800	1,763	1,784	1,884
Wells Fargo	799	798	902	922	947	975	1,076	1,053	1,106	1,142	1,282
Morgan stanley	857	874	933	915	926	947	987	976	1,011	1,042	1,059
Goldman	444	459	481	466	482	468	503	470	500	498	523
Total tech spend	**8,079**	**8,188**	**8,588**	**8,311**	**8,575**	**8,708**	**9,079**	**8,966**	**9,065**	**9,186**	**9,542**
YoY (%)	3.8%	4.8%	5.8%	3.3%	6.1%	6.4%	5.7%	7.9%	5.7%	5.5%	5.1%
Tech spend as % of non-interest expenses	**10.5%**	**10.4%**	**10.5%**	**10.1%**	**10.4%**	**10.5%**	**9.7%**	**10.2%**	**10.5%**	**10.8%**	**11.1%**
Total non-interest expenses	**76,642**	**78,803**	**81,695**	**82,235**	**82,445**	**83,267**	**93,283**	**87,932**	**86,070**	**84,759**	**86,298**
YoY (%)	0.5%	7.9%	4.1%	3.6%	7.6%	5.7%	14.2%	6.9%	4.4%	1.8%	-7.5%
Total non-interest expenses excluding Tech spend	**68,563**	**70,615**	**73,107**	**73,924**	**73,870**	**74,559**	**84,204**	**78,966**	**77,005**	**75,573**	**76,756**
YoY %	0.1%	8.3%	3.9%	3.6%	7.7%	5.6%	15.2%	6.8%	4.2%	1.4%	-8.8%

Source: Companies, Nirmal Bang Institutional Equities

Exhibit 8: YoY growth of Top US banks continues to be resilient except for Citibank

YoY growth, %	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
JPM	-4.5%	-4.3%	-8.3%	-7.5%	-4.6%	0.8%	6.8%	10.9%	7.9%	2.6%	4.4%
Citibank	9.1%	7.4%	13.1%	5.5%	11.7%	5.2%	2.4%	5.6%	-3.1%	0.8%	-5.6%
BOFA	6.0%	9.2%	12.0%	10.2%	7.1%	8.4%	1.9%	6.1%	7.2%	6.4%	11.5%
Wells Fargo	-2.0%	7.7%	9.1%	5.3%	18.5%	22.2%	19.3%	14.2%	16.8%	17.1%	19.1%
Morgan stanley	12.0%	10.9%	12.0%	10.4%	8.1%	8.4%	5.8%	6.7%	9.2%	10.0%	7.3%
Goldman	19.7%	15.6%	11.9%	9.9%	8.6%	2.0%	4.6%	0.9%	3.7%	6.4%	4.0%
Total Tech spend	**3.8%**	**4.8%**	**5.8%**	**3.3%**	**6.1%**	**6.4%**	**5.7%**	**7.9%**	**5.7%**	**5.5%**	**5.1%**

Source: Companies, Nirmal Bang Institutional Equities

Exhibit 9: Commentaries of the Top US banks on their technology investment plan

Banks names	Commentary on Tech spend
Wells Fargo	It continues to invest in technology and digital platforms around continuous transition of applications to the cloud, migrating into new data centers, and investing in data platforms to drive more insights. In the business sub-segment investment will continue in investment banking. Investment guidance of ~US$900 mn towards incremental tech expense, including investments in infrastructure and business capabilities
JPMorgan	Tech spend increase is primarily business driven by continuous investment in new products, features and customer platforms, as well as modernization.
Morgan Stanley	a) Growth of the brand by investments in technology, customization for retail clients, and tailored solutions for asset managers. b) Discipline in processes resulted savings due to Technology investments helped self-fund investments across infrastructure to support growth such as expanding data center capacity, renovations, and technology modernization efforts.
Bank of America	Increased investments around technology, as well as financial centers. Digitalization and engagement expanded across all businesses. Logins through company's digital platforms in 2024 stood at 14 bn+.
Citi	a) Savings from the efficiency will be used to fund the additional investments this year in both transformation and technology. The company spent of US$11.8 bn on technology, focused on digital innovation, new product development, client experience and other areas such as cyber security. b) These efficiencies continues to reduce stranded costs by eliminating manual processes. c) Investment will continue in consolidating tech, automation, location strategy using AI tools.
Goldman Sachs	a) The company is leveraging AI solutions to scale up and transform its engineering capabilities, simplify and modernize technology stack, drive productivity. These efficiencies will allow it to further invest in digital capabilities to improvise overall client experience. b) Tech investment will continue in scale and create automation of platforms. c) The three year program established that will help business dynamically manage its expense base, harness technology and automation, and then reinvest.

Source: Companies, Nirmal Bang Institutional Equities

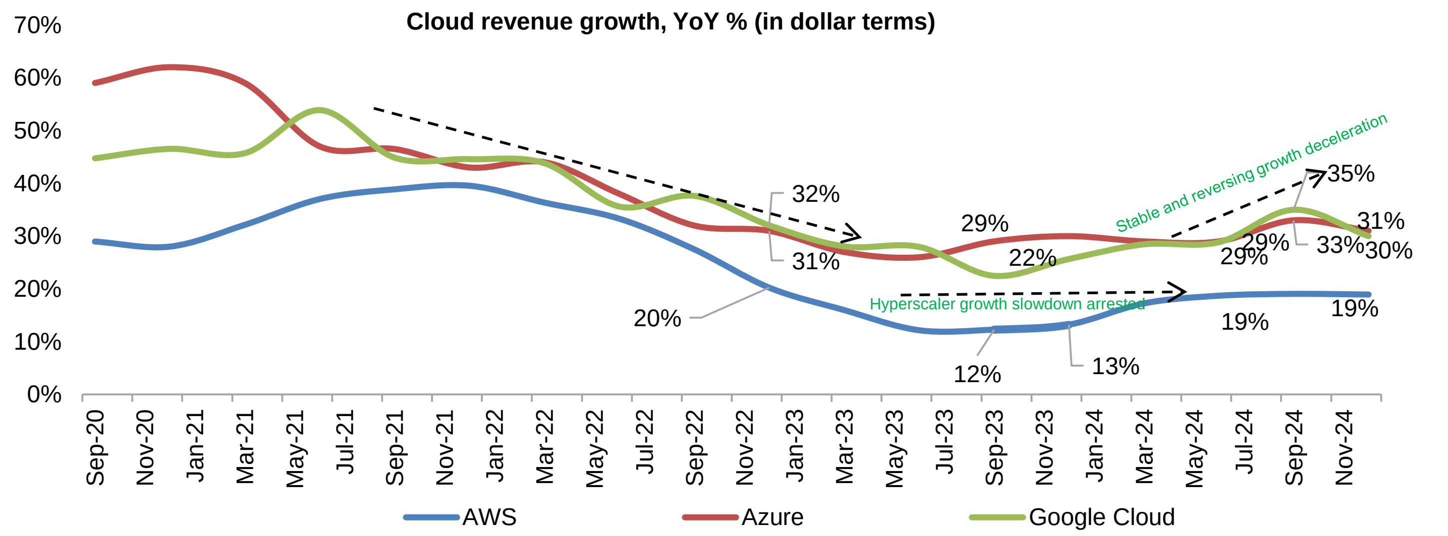
Top Hyperscalers growth and commentary improving

Exhibit 10: Commentaries of the Top Hyperscalers and Tech cos. on their investment, outlook and cloud growth

Banks names	Commentary on Tech spend
AWS	i) Q4 saw robust growth in both gen and non-gen AI offerings, reinforcing the notion that cloud migration is essential for leveraging the full potential of AI. Operating income reaching US$10.6 bn (up US$3.5 bn YoY). Annualized revenue run rate at US$115 bn. ii) Enterprises turn their attention to newer initiatives which bring more workloads to the cloud. They restart or accelerate existing migrations from on-premise to the cloud, and tap into the power of genAI. iii) A substantial US$26.3 bn was allocated to capex in Q4, with the majority directed towards AI-related initiatives, a trend projected to continue into 2025. AWS remains committed to innovation in core infrastructure domains. iv) AWS is strategically prioritizing technology infrastructure investments to meet burgeoning demand, especially in AI services and expansion across North America and international markets. v) AWS continues to expand its customer base, securing agreements with companies across diverse sectors. A few names are: Intuit, PayPal, Norwegian Cruise Line Holdings, Northrop Grumman, the Guardian LIC of America, Reddit, Japan Airlines, Baker Hughes, the Hertz Corporation, Redfin, Chime Financial, Asana, etc.
Microsoft	i) Azure is strategically positioned as the infrastructure layer for AI, underscored by ongoing data center capacity expansion to meet both immediate and future demand. ii) It has more than doubled the overall data center capacity in the last three years, with the past year representing the most significant capacity addition to date. iii) Recent cloud migrations, exemplified by UBS moving mainframe workloads comprising nearly 400bn records and two petabytes of data to Azure, demonstrate continued momentum. iv) The AI business has exceeded expectations, achieving an annual revenue run rate surpassing US$13 bn. For the upcoming quarter, Azure anticipates revenue growth between 31% and 32% in CC, fueled by robust demand, while Enterprise and partner services expect low to mid-single-digit revenue growth.
GCP	i) Google Cloud is witnessing a significant surge in compute capacity consumption among its customers, with an 8x increase for AI training and inference vs 18 months prior. ii) The company anticipates 2025 to be a landmark year for Search innovation, driven by the expanding possibilities enabled by AI. iii) Google Cloud's AI-powered offerings have facilitated the acquisition of key customers, including Mercedes-Benz, Mercado Libre, and Servier. iv) Expanding its partnership with Citi which is modernizing its technology infrastructure with Google Cloud. Led by this, Google expects to see headcount growth in key areas like AI and cloud in CY25.
SAP	i) SAP's cloud business is experiencing significant growth. As of December 31, total cloud backlog reached €63.29 bn, up 43% (+40% CC) YoY. ii) Full-year cloud revenue grew by 25% to €17.14 bn (26% CC). iii) In Q4, cloud revenue performance was particularly strong in the APJ and EMEA regions, with notable contributions from China, France, India, Italy, South Korea, and the Netherlands. For the full year, China, Germany, India, Japan, and Spain demonstrated outstanding cloud revenue performance. iv) SAP anticipates cloud revenue to reach €21.6 – 21.9 bn at CC for CY25, representing a growth of 26% to 28% YoY.

Source: Companies, Nirmal Bang Institutional Equities

Exhibit 11: Top 3 hyperscalers cloud revenue growth stabilized in CY23 and CY24 is now gradually improving



Source: Companies, Nirmal Bang Institutional Equities

US retail is showing improvement and positive outlook for CY25

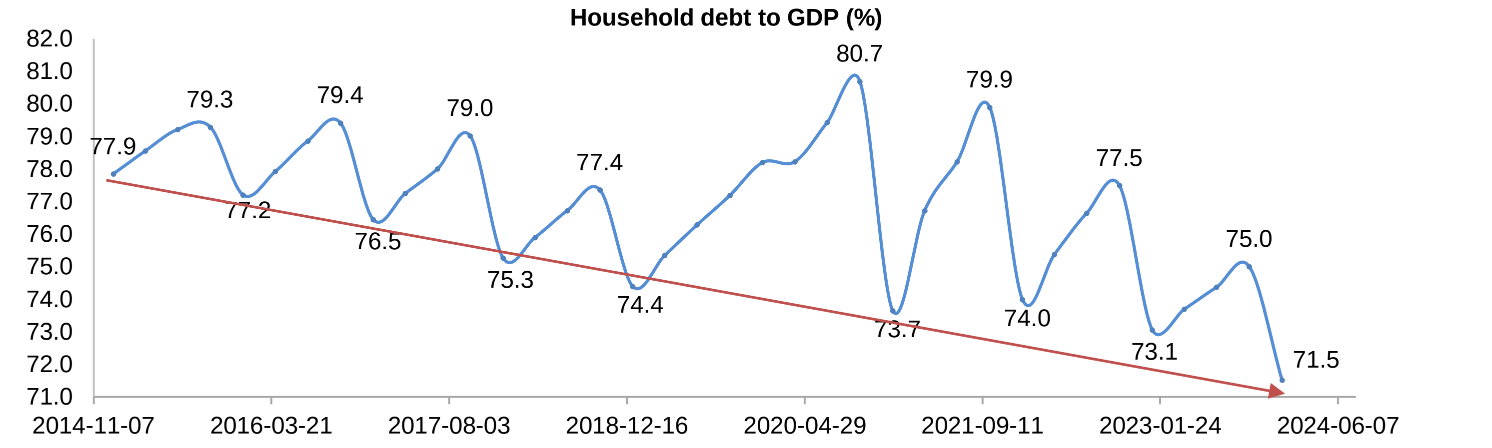
The initial commentary suggests optimism for US retailers in 2CY25, driven by a favorable macroeconomic environment (low unemployment, wage growth exceeding inflation) and positive YoY retail growth in 2024. This suggests a potential for increased tech spending. Combined with 2024 ending on a high note with an increase of 0.4%/2.58% QoQ/ YoY for Total Retail and 0.7%/2.84% QoQ/YoY for Core Retail.

Exhibit 12: Likely Areas of Increased Tech Spending

Areas	Services
E-com and Omnichannel enablement	a) Improved website and mobile app for personalization, search, product discovery, and checkout processes. b) Order management systems for streamlining order fulfillment across various channels (online, in-store, etc.). c) Supply chain visibility for real-time tracking.
Data Analytics and Customer Insights	a) CRM for capturing and managing customer data. b) Marketing automation for personalized ads. c) Business intelligence tools for analyzing data.
Automation and Efficiency	a) Robotics and automation in warehouses b) AI-powered inventory management c) Point of Sale (POS) and self-checkout systems
Cybersecurity	Data loss prevention and compliance solutions
AI and GenAI	Chatbots, Virtual assistance and AI led fraud detection

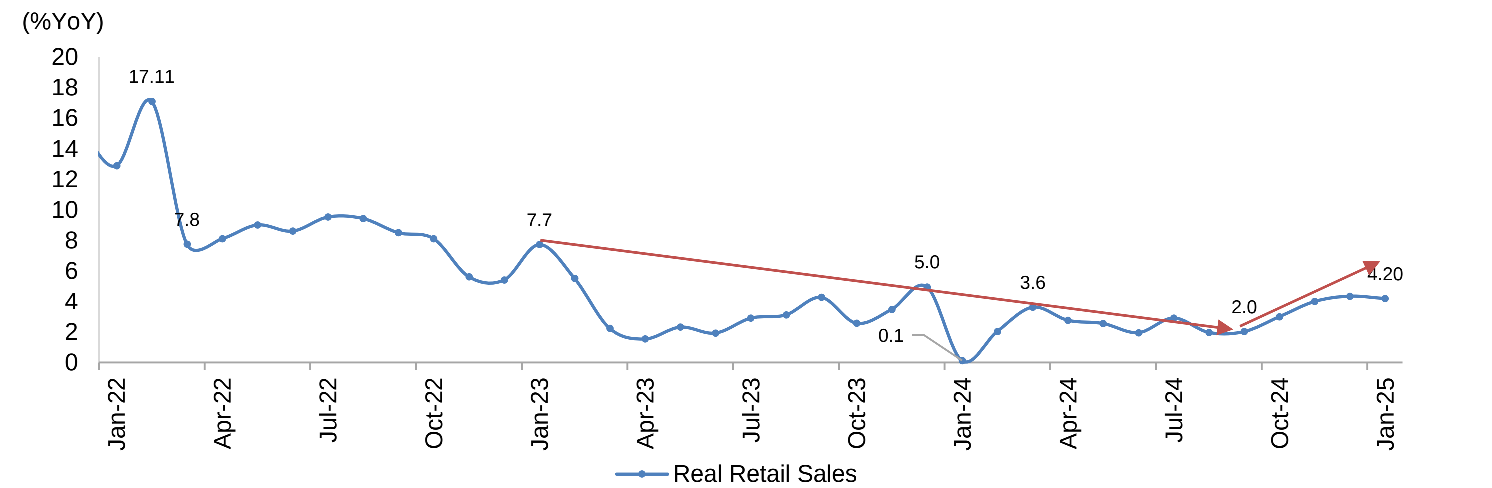
Source: Nirmal Bang Institutional Equities

Exhibit 13: US household debt to GDP is at an all-time low levels



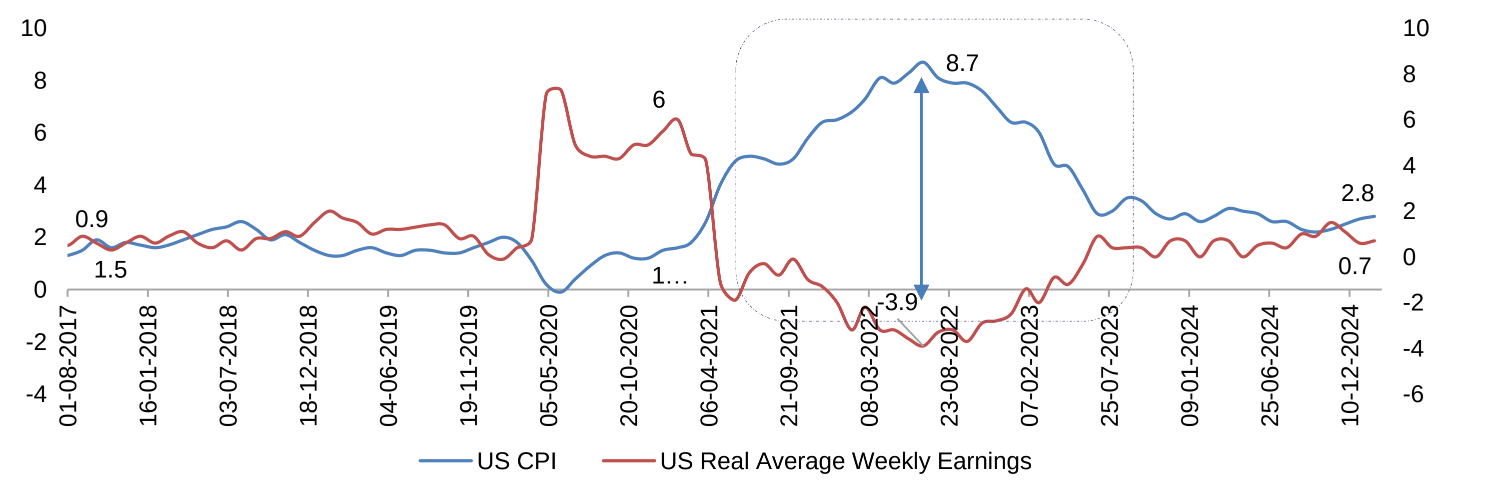
Source: FRED, Nirmal Bang Institutional Equities

Exhibit 14: US real retail sales growth is continuously improving from Jan'24 onwards



Source: Companies, Nirmal Bang Institutional Equities

Exhibit 15: Weekly wages growth is matching up the inflation which declined significantly post-covid



Source: Companies, Nirmal Bang Institutional Equities

US Auto: Slow growth continues

Growth remains slow, but the trends are positive, and 2025 is expected to be the third straight year of growth. Sales Volumes expected to increase for 3rd straight year with Cox Automotive forecasts that CY25 will be the best year for the market since 2019, with new-vehicle sales reaching 16.3mn units, a modest increase from 2024. The retail used-vehicle market is also expected to grow, with used retail sales likely reaching 20.1mn units, marking the strongest performance for used vehicles since 2021, the best year on record. Dealer profitability is stabilizing, and economic fundamentals are driving sufficient demand.

The U.S. market posted record EV sales in CY23 and CY24; expect this trend to continue in CY25 too. Cox Automotive predicts that one out of every four vehicles sold in CY25 will be electrified, with EVs accounting for ~10% of the market, up from ~7.5% in CY24. Hybrids and plug-ins will account for ~15% of the market and sales of pure ICE engine vehicles — ICE products will tumble to 75% of total volume, the lowest level on record. EV growth will be supported by ~15 additional EV models* entering the market, consumers deciding to buy before policy changes are enacted, and state-level incentives countering potential federal cuts. The expansion of the EV charging network is also contributing to this growth.

*15 EVs models are: *Apline A110 EV, Audi A6E-tron, BMW 3 Series, Chevrolet Bolt, Cupra Raval, Ferrari EV, Ford Fiesta EV, Hyundai Ioniq 9, Hyundai Nexo, Jaguar GT, Kia EV2, Merc AMG GT EV, Mini Aceman JCW, Nissan Ariya Nismo, and Range Rover Sport EV.*

Is GCC a real threat? or this relationship a more symbiotic…

GCCs and IT services started around the same time, but GCCs saw faster initial growth. Initially, "Captives" (now GCCs) competed directly with IT services, as HQs viewed them as alternative offshore options. However over time, GCCs have evolved into integrated parts of global organizations, shifting from competition to collaboration with IT service providers. Today the decision whether to outsource or to keep the work within the GCC is done by the GCCs or at least in consultation with the GCCs. As a result, GCCs are no longer insecure. Today, GCCs are choosing to retain core functions while outsourcing non-core work, enhancing efficiency. IT services, though facing margin pressure due to pricing shifts to India, continue to grow alongside GCCs. The relationship has become symbiotic, with IT firms increasingly serving GCCs.

Looking ahead, both industries will expand. For the GCCs, it will grow because hardly 10% of the global organizations who outsource to India, have their own GCCs. Hence, we will see more and more GCCs coming up in India. On the other hand, for the IT/ ITES industry, the need to fast track digital transformation across the globe and at a lower cost too, will drive more work to India. The GCCs will also continue to outsource. So as long as the IT/ ITES companies continue to focus on global clients, growth will not stop driven by global digital transformation needs. However, IT firms must enhance sales efficiency and automation to sustain growth in a lower-margin environment.

Q3FY25 earnings review

Exhibit 16: Q3FY25 performance synopsis of our coverage basket vs bloomberg and our estimates

Company	Actual		Comparison with bloomberg estimates		Comparison with NBIE estimates		Deal win TCV (US$ mn)	Remarks
	Revenue (US$ mn)	EBIT Margin (%)	Revenue	EBIT Margin (%)	Revenue	EBIT Margin (%)		
TCS	7,539	24.5	In-line	In-line	1.8% beat	In-line	10,200	Robust order book, surpassing guided range of US$7-9bn.
Infosys	4,939	21.3	2.5% beat	In-line	1.3% beat	80bps beat	2,500	Weak order book but improving discretionary spend in US & Europe.
HCL Tech	3,533	19.5	1% beat	In-line	In-line	150bps beat	2,100	Steady order book with solid margin execution.
Wipro	2,629	17.3	2% beat	100bps beat	Miss by 0.8%	130bps Beat	3,500	Robust order book with 12 quarter high EBIT margins.
Tech M	1,567	10.2	0.5% beat	30bps beat	Miss by 1.4%	90bps beat	745	Highest deal wins in last 11 quarters driven by large deals in Telecom & Manufacturing.
LTIMindtree	1,139	13.8	1.5% beat	Miss by 40bps	In-line	80bps beat	1,680	All-time high order book.
Persistent	360	14.9	3.2% beat	30bps beat	In-line	50bps beat	549	All-time high order book.
Coforge	397	11.8	9.0% beat	50bps beat	3.2% beat	30bps beat	501	2nd consecutive quarter of US$500mn+ order book.
Mphasis	419	15.3	1.5% beat	In-line	Miss by 0.5%	50bps beat	351	Robust deals, highest in last 6 quarters.
Zensar	157	13.8	2.5% beat	80bps beat	In-line	80bps beat	205	2nd consecutive quarter of all-time high deals.
Birlasoft	161	10.4	1.0% beat	90bps beat	Miss by 1.5%	130bps beat	226	Highest deals in FY25 but weak new deal wins.

Source: Companies, Nirmal Bang Institutional Equities

Exhibit 17: Revised rating, target price and multiple table for coverage basket

Company	CMP (Rs.)	Rating		Target Price (INR)		Target multiple (x)		Upside/ downside (%)	Remarks
		Old	New	Old	New	Old	New		
TCS	3,908	BUY	BUY	4,763	4,634	28.0	28.0	19%	Change in USD revenue and EPS estimates leads to reduced TP, maintain BUY.
Infosys	1,843	Hold	BUY	2,199	2,199	27.1	27.1	19%	Maintain, however recent correction in stock price changes the rating to BUY.
HCL tech	1,710	BUY	BUY	2,282	1,970	28.3	24.5	15%	Reduced target multiple to 24.5x, 3yr mean +1SD for factoring in the uncertainty in ERD and Software business, lower discretionary portfolio and tepid Q4 & Q1FY26.
Wipro	306	Hold	Hold	308	335	21.3	23.3	9%	Increased target multiple to 3yr mean+1SD due to uptick in Capco business and solid margin.
Tech M	1,665	Hold	Hold	1,851	1,851	24.0	24.0	11%	Maintain
LTIM	5,471	BUY	BUY	7,267	7,267	32.6	32.6	33%	Maintain
Mphasis	2,592	Hold	BUY	3,428	3,028	29.0	25.6	17%	Reduce the multiple to 25.6x at 5yr mean. Upgrade to BUY, due to recent correction.
Persistent	5,540	BUY	BUY	6,661	6,661	52.0	52.0	20%	Target multiple is ~10% above 10yr mean.
Coforge	7,699	BUY	BUY	10,907	9,875	43.0	38.9	28%	Reduce the target multiple to 39x valuing at 5yr mean. However, maintain BUY.
Zensar Tech	823	Hold	Hold	816	887	22.1	24.1	8%	Increased the target multiple to 24x at 5yr mean + 1SD led by robust deal wins.
Birlasoft	478	BUY	BUY	585	585	22.1	22.1	22%	Maintain

Source: Companies, Nirmal Bang Institutional Equities

Recap of 9MFY25 business commentary of Tier-I and Tier-II Indian IT services

1) **Coforge:** There is a clear, progressive shift in the commentary regarding demand. From a "tepid" rebound in Q1 to a "definite" and "gradual improvement" in Q2 and Q3. There's a continued emphasis on margin expansion, although one-time costs like ESOP and M&A expenses impact the EBIT. The company is actively forming and scaling up GCCs and continues to strengthen its partnership ecosystem by working closely with hyperscalers.

Exhibit 18: Comparative KTAs from the last 3 quarters of Coforge's earnings calls

Category	Q1'25 (July 2024)	Q2'25 (October 2024)	Q3'25 (January 2025)
Overall Demand	Positive start to the fiscal year Seeing a rebound in demand. Demand outlook across financial services improved materially. Strong headcount addition towards the 2HFY25.	Solid growth in both Cigniti and organic business. Solid broad-based growth across all verticals. Turnaround in the demand environment, based on buildup of indents that was called out in Q1.	Exceptionally strong quarter for the second consecutive quarter. QoQ CC growth of 8.4% overall. Confident in sustained growth for the coming year across verticals.
Vertical Outlook & Drivers	BFS had temporary blip however expect a double digit growth in FY25. Insurance is seeing a rebound with ramp up of the 3yr deal won in Q4 of US$55 mn TCV. In TTH, aviation outlook is extremely strong, doing better than FY24, with significant demand in both big data and biometrics again. Hospitality remains strong with AI solutions in play and no growth in Logistics in CY24. Weakness in top 5 clients is led by Europe banking clients.	Three year deals with: UK bank for modernization, insurer to implement a GenAI solution, US product provider for setting up 500 GCCs with 1,000 more in next 3yrs, insurance major for their growth and run partner, renewal of managed services with Australian airline, managed service deal with a Australian supermarket chain for automation on their e-com and mobile channels. Five year strategic deal with UK government. Multi-year deal with healthcare provider.	BFS continues to see demand across multiple micro areas particularly compliance. In insurance focus is on SMB market transformation, underwriting effectiveness, claims processing, customer experience, and fraud detection using GenAI. Travel to show impressive resilience and growth. IATA forecast a robust 7% growth in RPK next year. The immediate demand is coming from Travel Tech players focused on loyalty programs, legacy modernization and automation.
Overall Geography	Americas showing strong growth. Europe performance impacted by temporary blip in Banking client programs.	All geographies growing robustly with continental Europe showing strong deal wins.	Robustness of growth is across all geo units.
Deal Order Book	Signed two large deals and 10 new logos in Q1.	Signed three large deals one each in EU, UK and US. Large deal velocity is picking up.	Signed four large deals, one in Cigniti. Robust Deal pipeline with median size of large deals is increasing.
Margin commentary	Headwinds were from Visa costs which comes in Q1 of every FY of ~100bps along with some renewals with Microsoft licenses. Also increase in onsite headcount and ramp ups impacted margins. Wage hikes deferred to Q2 which usually happens in Q1. Usual impact of this is ~220bps which will be lower this FY at ~140bps.	H1FY25 organic gross margin was 60bps up YoY. Wage hike impacts in prior years has been ~252-270 bps. Acquisition expenses impact of ~2.3%. Amortization impact for next 3 years will be US$10.7 mn/ yr, with INR22 Cr impact in Q2. M&A expenses has come down to ~US$2 mn which will be sub-million dollars in one or two quarters.	Headwinds of 50bps from furloughs, 130bps ESOP costs, Integration expense of ~US$1.9 mn vs 3.5mn in Q2.

GenAI Projects & Capabilities	Implementing AI programs, going beyond POCs. Automate hedge fund reporting and insurance underwriting. Developed QE 360, AI platform for test automation and AI Ticket Manager. Available on the Microsoft Marketplace for insurance underwriting.	Implementing end-to-end GenAI solutions to transform automation across enterprises. Accelerators can automate over 60% of migrations. AI when comes to actual revenue, is seeing data based engagements, infrastructure creation to support AI model training, etc.	Expanded portfolio of service offerings using AI and GenAI with over 30 capabilities. GenAI powered solutions have cut email processing time from hours to minutes for insurance clients. - Continuing to enhance Quasar AI platform. 95% of workforce certified in AI tools.
Cigniti update	Acquired 28% stake in Cigniti and assumed operational control. Cigniti's Q1 results showed 2.4% sequential USD growth and 16.7% sequential increase in EBITDA. Expect Cigniti to show greater momentum. An annualized pickup of ~US$9 mn in the amortization on account of purchase price consideration from Q2 onwards.	Cigniti added 4,430 employess EBITDA jumped to 16.2% vs expectations of 16%, now expect it to reach 18% year end. Open offer for Cigniti expected to close by mid-November. M&A expenses had impacted profit by 2.3% to be normalized in coming quarters.	Cigniti has grown 3.5% CC QoQ. EBITDA margins at 17.3%, up 600bps from three quarters prior. Cigniti business operationally fully integrated. Merger of Cigniti with Coforge approved.
ESOP costs	ESOP includes grants being issued to the leadership team. Expects 160-170 bps from a full year perspective as ESOP costs.	ESOPs granted to the leadership team in the end of Sept and hence expected to go up at ~200bps per quarter for next two quarters (incremental impact is ~120 bps).	ESOP cost at 2.1% of revenue up 130bps QoQ. This is expected to come down to ~1% of revenue from Q3FY26 onwards.
Other Key Business Highlights/One-Time Issues	Normalization of OCF with US$23.2 mn generated. Headcount addition of 1,886 people of which only 250 were freshers. 45% of hiring were towards the BPO business where the revenue productivity ends up being lower than where it is. 3 exceptional expenses of INR30 cr SCIS incentive, INR5.5 cr TDS on FY18 ESOPs, and INR35 cr long-service bonus. If wage hikes had happened effective 1st of April, margins would have been depressed by 130 to 150 bps. Adjusted EBITDA margin was 12.6%, with a target of 16%+ between Q2 and Q4.	Organic business added 1441 people. ESOP costs expected to increase from next quarter. Cash of US$217 mn, includes US$137 mn from QIP and have a debt of US$86 mn for working capital. ~67-70% of EBITDA is the OCF they would like to operate on. New BPAS offering as ENSO by partnering with ERM and Salesforce that helps organizations meet their scope one/ two/ three accounting and reporting obligations under the Paris Climate Agreement. Designated as top tier Microsoft and Pega partner status,	Net cash balance of US$30 mn. OCF at US$47 mn vs 33.5mn in Q2. 9MFY25 OCF at US$87mn vs 33mn last year. GCC Center of Excellence formed. Headcount stood at 33,094 with a net addition of 611 employees. Partnering with Fortune 100 bank on a financial crime prevention programme deploying an AI powered platform to combat human trafficking. GCC deal with US wealth management firm. Large programme for Transport company, to develop a scalable, low-code, no-code, SaaS platform. ETR will be at ~25%.

2) **Persistent Systems:** The consistent revenue growth with healthcare and BFSI has been a growth driver. There is a clear focus on transitioning towards platform-driven services and outcome-based engagements, leveraging proprietary IP and collaborations with hyperscalers. The company has set ambitious goals for revenue growth, targeting US$5 bn by FY31. There is an increasing emphasis on the top 100 clients to doubling down on them.

Exhibit 19: Comparative KTAs from the last 3 quarters of Persistent System's earnings calls:

Category	**Q1'25 (July 2024)**	**Q2'25 (October 2024)**	**Q3'25 (January 2025)**
Vertical Outlook & Drivers	Growth led by healthcare and BFSI. BFSI crossed the US$100 mn revenue mark. Healthcare vertical rebooted over last 2 years with new leadership and ongoing investments leading to the broad based growth here. Expect Hi-Tech to return to healthy growth.	Tech vertical is bottoming out. BFSI wins include user experience modernization for a fintech and modernization of a financial institution's front office. Healthcare wins include a life sciences company setting up an AI hub and a medical device manufacturer onboarding application.	To reach US$5 bn revenue by FY31 by scaling the existing three verticals. Diving deep into 12 to 15 subvertical growth engines starting, focusing on the top 100 customers, mining them effectively, and bringing the net new engine at a different scale through sourcing advisors or private equity.
Margin commentary	Headwinds of 60bps from visa costs, 210bps from sub-con costs for onsite ramp up in key accounts, 70bps from higher SG&A. Tailwinds of 90bps each from Utilization and efficiency, 60bps from reversal of earn-out credit of past acquisition, 40bps from change in the useful life of computer and networking assets, 10bps from ESOP costs.	Headwinds of 210bps from wage hikes, 130bps from absence of policy rationalization benefits, 60bps from incremental impact from fresh issuance of ESOPs in Q1. Tailwinds of 120bps from employee rationalization led utilization benefits, 70bps from sub-con costs, 50bps from lower re-sale business, 130bps from pricing and right-shoring, 30bps from currency benefits and 60bps from absence of H1-B costs.	Headwinds of 60bps from furloughs and 100bps from lower earn-out credit vs Q2. Tailwinds of 140bps in total were from improved utilization by 260bps QoQ and rationalization of contractor costs with a large healthcare customer, 50bps from currency, 20bps from lower ESOP cost and 40bps from lower resell revenue and pricing. Headcount increased by 605 from Q2.
Deal Order Book	5yr US$50 mn+ deal with US Tech company for engineering, deployment and cloud support services. Selected by US Financial Services to improve productivity using GitHub Copilot. Selected by US-based payor to modernize provider-facing applications using GenAI.	Modernization deal wins in BFSI. AI led software engineering hub and a Cloud infrastructure for Healthcare client. Global technology center for product engineering, customer support, and FedRamp support services for Cybersecurity client. To build data lake on Azure using iAURA platform for Food services and facilities management client. R&D center in India for precision medicine company. Core app-devop for medical device client.	Q3 is usually strong for renewals. Moderinsation deal in BFSI of US$150 mn+ 7 year deal. UK-based software company win with SASVA license, a 5-year US$50mn+ deal. IT service management win for observability and database performance. Financial services company win for modernizing legacy systems. Insurance company win for automation. Healthcare win for a modernization project and a contract research organization win for migrating applications.
GenAI Projects, Wins & Capabilities	AI play has two vectors: AI for technology (transforming software development) and AI for business (transforming enterprises). Leveraging partner ecosystem for AI solutions, such as Google Contact Center AI, AWS Connect, and Microsoft Teams. GenAI is leveraged for modern delivery practices and data-driven improvements.	Expanded GenAI Hub library and use cases by 50%+ since Q1. SASVA 2.0 is driving tangible improvements and winning deals. Integrating Arrka with SASVA and iAURA for enhanced data privacy and AI governance. Enhancing contact center portfolio with AI-enabled administration from Starfish acquisition. Developing solutions with hyperscalers,	Agentic AI patents power intelligent collaborative ecosystems. Personalized AI patents enable customer-centric personalization of data. Launched Pi-OmniKG, an advanced AI-driven graph solution with Google Cloud. Google's Health AI group has listed Persistent as a preferred implementation partner for creating applications using

		including GenAI offerings and connectors for contact center AI.	Google's foundation models. Partnering with Salesforce AgentForce using SASVA.
M&A	Starfish acquisition play is towards managing multiple different contact center technologies, modernization of contact centers, etc. Focus here is to integrating things like Google Contact Center AI and AWS Connect.	Acquisition of Arrka, a Pune-based data privacy company. It will help them win regulatory & compliance deals. Integration of Starfish acquisition.	Acquisition of SoHo for vendor consolidation. Integrated Starfish, Arrka, and SoHo acquisitions. Their contribution to revenue was about 35bps in Q3. Acquisition of SoHo is a part of vendor consolidation exercise with a large customer.
Key Business Highlights and one-time events	Vinit Teredesai took over as CFO from Sunil Sapre. Anjali Joshi joined as an Independent Director. Europe revenue declined partly due to decline in Salesforce related business. Salesforce business in Europe is being rationalized with a focus on profitable accounts. Salesforce business in the US, India, and APAC is growing healthily. Stopped disclosing Top customer contribution.	Launched T100 program focusing on Top100 clients. Other income had one-time gain of INR8 cr from pre-closure of some leased premises in Pune and Indore and additionally invested in newer facilities in Chennai and Hyderabad. Overall treasury income was lower than Q1, owing to payouts for acquisition and final dividend for FY24. There was a foreign exchange gain of INR10.6 cr vs loss of INR0.73 cr in Q1.	Confident in trajectory to achieve US$2 bn in annual revenue by end of FY27. Sets sights on next aspiration of achieving US$5 bn in revenue by FY31. Strategic roadmap includes sub-verticals, doubling down on top 100 customers, expanding alternate channels, and enhancing focus on global capability centers. Declared an interim dividend of INR20. ETR to remain in range of 23%-23.5%.

3) **TCS:** Overall, the commentary from TCS over the past three quarters reflects a progression from cautious optimism to increasing confidence in the demand environment. While it acknowledged ongoing uncertainty, particularly in certain sectors, strong TCV performance, improving deal cycles, and positive outlook on discretionary spend suggest a positive trajectory for the remainder of FY25 and into CY25.

Exhibit 20: Comparative KTAs from the last 3 quarters of TCS's earnings calls:

Category	**Q1'25 (July 2024)**	**Q2'25 (October 2024)**	**Q3'25 (January 2025)**
Overall Demand Environment	Cautious stance as discretionary spend remains on pause. Too early to call out a sustained growth momentum or demand stability. However pick up in conversation on app modernization, supply chain modernization and customer experience transformation.	Stable demand with clients continue to prioritize cost takeout deals and discretionary deals with low immediate ROI remained subdued. Gradual easing of inflation, improving macro, and expectations of good holiday season spend provides optimism.	Expects positive momentum in client budegts with early signs of revival in discretionary spend in BFSI and Retail. Technology modernization, SAP S/4HANA transformations, cloud engagements, building data foundations for AI and cybersecurity continue to be priority areas.
Deal Wins	TCV of US$8.3 bn with a large project of establishing an AI office for the client. Expanded partnership with Xerox and SAP deal with JLR. TCV performance considered more of a timing issue, with confidence in pipeline strength.	TCV of US$8.6 bn with an all-time high pipeline. US$7 to 9bn TCV is a comfortable range, in the absence of mega deals. Deal duration increased slightly.	Exceptionally strong and broad-based TCV at US$10.2 bn, the best Q3 performance ever that too without mega deals. Noted a decrease in deal cycle times, particularly for deals over US$20 mn, indicating improved decision-making.

Margin Outlook	Wage hike impact of 170bps and increase in third party expense offset by efficiency, utilization and reduced sub-con expense. Sub-con bottomed out in Q1.	Higher third party items (60bps) and incremental investments in talent (70bps) partly offset by currency tailwinds and Q1 reversal.	QoQ expansion of 40 bps in a seasonally weak quarter with flattish growth is exceptional. Going into Q4 margins shall increase due to lower third-party expenses.
Vertical commentary	Positive commentary on BFSI, Consumer, Manufacturing, Lifesciences and E&U vertical. However expect Communication, media and Technology to remain cautious. Focus largely remained on cost take outs and efficiency led deal wins.	BFSI and consumer remained positive while pressure started to mount in manufacturing services due to labour & supply side constraints. Lifesciences is facing client specific issues. Technology remained steady but Telecom outlook under caution.	BFSI and Retail remains positive with discretionary coming back. Expect rebound in communication as telcos advance their efforts to expand into adjacent businesses. IT budgets in Technology and software business continues to remain flat. Client specific challenges continues in Lifesciences and manufacturing remained soft in auto & aerospace but strong in smart manufacturing, SDV and GenAI.
Other key highlights	BFSI to increase their spending towards developing integrated models using Cloud and AI, mitigating risk and boosting customer experience. Partnered with ING Belgium to modernize its legacy applications. In manufacturing Specific areas like smart manufacturing, Battery Energy Storage Systems (BESS), supply chain transformation are showing a positive trend.	BSNL revenue is at peak and on track to close it by Q4 and then some residual and some maintenance work in Q1. Also, scope reduction in one of the clients where the quantum of the transformation project got reduced. Growth markets are low on margins because of higher SG&A which shall reverse once the volume picks up in these markets.	BFSI is a leading adopter of AI, GenAI. Saw a significant increase in successful production deployment of AI, GenAI engagements. TCS expects to compensate BSNL revenue decline in multiple other ways both internationally as well as domestically. Clients in growth markets are focused on digital transformation, including cloud migration, cloud native applications, application modernization, advanced data analytics, ERP transformation, and infrastructure consolidation.

4) **Infosys:** Infosys has seen a shift towards a combination of cost takeout and transformation initiatives with significant focus on AI. Infosys has increased revenue growth guidance in all three quarters. Strong growth in financial services in the US in areas like AI, cloud, cybersecurity and data analytics leading to increase in discretionary spend. The company is focused on margin improvement through value-based pricing, and project maximus.

Exhibit 21: Comparative KTAs from the last 3 quarters of Infosys earnings calls:

Category	Q1'25 (July 2024)	Q2'25 (October 2024)	Q3'25 (January 2025)
Overall Demand	Clients focus on cost takeout but discretionary spends continue to be under pressure.	Demand trends remain stable with clients prioritizing cost takeout over discretionary initiatives. Financial services in the US continue to see discretionary spend increase.	Clients have started to view IT investments more favorably. While the focus remains on cost optimization, slow discretionary pick up is being seen.
Vertical Outlook & Drivers	Early signs of improvement in Financial Services vertical in the U.S. Manufacturing showed growth. Growth in Communication was led by the ramp-up of recent large deal wins. Uncertainties in the Retail sector continued with clients focusing on cost takeout's. Hi-tech vertical continues to remain soft.	Financial services see uptick in capital markets, mortgages and cards and payments. Manufacturing remained strong due to In-tech acquisition, however, slowness in the auto. Retail continues to be impacted by macro uncertainties, Communication sees challenges with clients focused on cost reduction and Hi-Tech clients remain cautious.	Financial services continues to grow strongly with a revival in European geo as well. Seeing an improvement in the retail and consumer sector in the US with discretionary spend improving. Auto remains slow but a continued momentum in areas such as engineering, IoT, supply chain, cloud ERP and digital transformation. Communication and Hi-Tech continues to remain weak.
Deal Order Book	Strong large deal wins. Pipeline remains strong.	Closed 21 large deals with TCV of US$2.4 bn, 41% net new. Signed 7 deals in financial services, 3 each in communication, manufacturing and others, 2 in retail and 1 each in EURS and High Tech and Life Sciences.	Large deals were at US$2.5 bn. Pipeline is healthy with a mix of large and small deals.
GenAI Projects & Capabilities	Strong traction from clients for GenAI programs delivered through Topaz. Launched Aster, a marketing suite of AI amplified solutions. 270,000+ employees trained in AI. Uniquely positioned as a digital-first, cloud-first and AI-first brand in the market.	Building a small language model leveraging industry and Infosys data sets. Partnering with plans to build a strong data foundation. Working with a logistics major using Topaz to power their operational efficiency improvements. Doing a variety of GenAI projects and seeing them getting embedded in large programs.	Built four small-language models for banking, IT operations, cyber, and enterprises broadly. Developing 100+ new genAI agents for deployment within clients. Working closely with the genAI partner ecosystem to develop joint solutions for clients. Developing a generative AI-powered research agent and creating audit agents.
Margins & Levers	Mobilization of the margin program has shown positive impact on operating metrics and pricing. Margin expanded by 1 percentage point sequentially.	Employee compensation increases in two phases, effective January 1, 2025 and April 1, 2025. Project Maximus is contributing to margin improvement through pricing and role ratio optimization.	Pricing improvements through value-based selling, change requests, differential pricing, and lean automation. India wage increases would be on average 6%-8% and overseas would be low single digit. Most of the employees will get compensation increase in Q4.
Key Business Highlights / One-Time Issues	Increased revenue growth guidance for FY25 3% to 4% in CC. Margin guidance unchanged at 20% to 22%. Saw a one-time revenue and margin impact due to a customer in India.	Revised revenue growth guidance for the FY25 to 3.75% to 4.5% growth in CC and reiterated margin guidance. Inorganic contribution was 0.8% Q-o-Q.	Revised FY25 revenue growth guidance to 4.5% - 5% in CC terms. Reiterated margin guidance at 20% to 22%. Expect to hire 20,000+ freshers for next year.

5) **HCL Tech:** HCL Tech's commentary has become increasingly positive over the last three quarters. Solid revenue growth momentum in Q2 and Q3. Robust margin performance in a seasonally weak quarter that too after absorbing more than half of the wage hikes. Continued focus remains on GenAI and automation, as well as its strategic partnerships with SAP and In-Tech acquisition. Near term headwinds persist due to large project completion and spending pause in Lifesciences, Telecom and Auto.

Exhibit 22: Comparative KTAs from the last 3 quarters of HCLT's earnings calls:

Category	Q1'25 (July 2024)	Q2'25 (October 2024)	Q3'25 (January 2025)
Overall Demand	Cautious outlook on Discretionary spend expected to be similar to the prior year.	Broad-based growth, a more optimistic tone, driven by slightly improved growth in discretionary spending, especially in financial and tech services.	A continued improvement in discretionary spending, particularly in modernization initiatives around data, cloud, and app modernization. Small deals converting quicker, larger deals taking longer.
Verticals	Manufacturing stays weak because of automotive particularly in Europe. Below expected ASAP performance as expected. Financial vertical delivered in line performance, excluding the impact of offshoring a large client program. Cost efficiency programs remain the main driver. Telecom & Media was strong. Softness in life science is due to project completion and softness in med-tech sub-segment.	Broad-based growth except Financial services due to planned divestiture of State street. Manufacturing concerns remain from auto companies. Growth evident after adjusting for divestment. Sees a lot of opportunities across practices apart from data and AI. SAP is emerging to be a strong area of growth.	Telecom and Media growth attributed to the HPE CTG acquisition. Manufacturing ex-automotive looks good, but automotive continues to be challenged. Life Sciences and Healthcare not showing a pickup. Large project completion led strong growth in Retail and CPG in the US whereas BFS saw improvement in client spending due to adoption of AI, particularly in areas like process automation and risk assessment.
Margin	The drop in margin was driven by a decline in Services margin primarily due to decline in ERD services revenue growth impacting margins.	Positive 22bps impact due to exchange benefits and 54bps from Software business contributed led by operating leverage and reduced marketing events and travel. There is a seasonality in the marketing-related spend and Q1 spend is relatively higher than in Q2.	Tailwinds in Q3 were record margins in Software business (+114bps), Project Ascend (+100bps), forex benefits (+80bps) offsetting wage hikes (-80bps), furloughs (-14bps) and integration expense (-20bps).
Deals	TCV of ~US$2 bn with a good mix of small and large deals.	Small and large deals contribute to a total new booking TCV of $2.2 bn. Most of the deals are now getting embedded with AI capabilities	TCV of $2.1 bn. ACV growth of 23% YoY and 9% sequentially. Small deals are converting quickly vs larger deals.
Generative AI	Multiple ongoing client engagements leveraging GenAI to deliver value. Launch of HCLTech AI Force. Training 50,000 people on Gen AI skills. Opened AI Lab in New Jersey and GenAI Data Center in Austin, TX	A Fortune 200 global tech solutions company has chosen HCLT AI Force-led solution as a part of the overall ITO program. Expanded partnership with Xerox spanning AI-driven engineering services and digital process operations. Acquired Zeenea to enable HCL Software to accelerate GenAI in data engineering roadmap	GenAI becoming "more real": Cost of using LLMs decreasing, leading to greater viability of use cases. Increased momentum in data, AI, and GenAI opportunities. Agentic AI is emerging as a significant opportunity. Focus on strategic transformation with GenAI in high-impact use cases.
Other Key Points	ER&D Services declines primarily in manufacturing and med-tech verticals. State Street divestiture impacted revenues.	Growth in Q2 driven by deal ramp ups signed 2-3 quarters back along with SAP, data and app modernization wins. Software Business performed well despite Q2 being a seasonally soft quarter.	Customer deferring renewal and expansion decisions in Software business. Low single-digit growth expected for the full year. SAP Business shows healthy growth. Strong traction in S/4HANA migration opportunities.

6) **Wipro:** Wipro's performance has shown marked improvement over the last three quarters, with operating margins reaching a 12-quarter high of 17.5% in Q3FY25. This expansion was achieved through improved execution and cost management, despite absorbing wage increases. The company's strategic focus on large deals and key accounts resulted in growth in top accounts, and increased large deal wins. While some sectors and geographies experienced softness, there is an optimistic outlook with discretionary spending returning and significant growth expected in AI spending and cyber security.

Exhibit 23: Comparative KTAs from the last 3 quarters of Wipro's earnings calls:

Category	Q1'25 (July 2024)	Q2'25 (October 2024)	Q3'25 (January 2025)
Overall Demand Outlook	Clients remain cautious with muted discretionary spending. Uptick in Capco and BFS business.	Slightly improved demand environment with improving discretionary demand for consulting-led solutions.	Positive momentum in demand and discretionary spend is slowly coming back. Expects GenAI to be a strong growth lever.
Strategic Priorities set by new CEO	Five strategic areas: a) Focused on large deals and accounts, b) major client relationships, c) consulting-led AI solutions, d) talent development, and e) execution rigor.	Advanced in all five strategic areas with growth in Top accounts negating the effect of tail account rationalization. Investment continues in client specific academies to upskill employees.	Closed 17 large deals, Top account grew 7.3% QoQ, Top 5/10 grew 3.7%/1.8% QoQ, respectively. Progress in consulting led industry solutions, training employees and strengthened execution.
Consulting business	Capco grew 3.4% QoQ, 3rd consecutive growth with leading charge across Risk compliance, cost optimization and some of the business transformation services. Rizing saw SAP S4/HANA transformation projects in consumer business.	Strong account mining and traction in Capco business, +3.2% / 6.9% QoQ/YoY. Won large deal by collaborating all consulting arms (Rizing, Designit and Capco) for SAP S4/HANA transformation program in Transport vertical.	Capco's was up 11% YoY with robust orderbook growth of 9% YoY. It is leveraging consulting expertise to drive growth across BFS projects. It secured multiple cross-industry wins with Next-Gen Managed Services and Cyber Shield offering developed in Q2.
Vertical Commentary	BFSI and consumer sectors in US performing well; manufacturing and energy & utilities remain weak. Strong demand for consulting services within large institutional clients in BFSI and BFSI outside Capco in America 2 is bouncing back with few of the wins in regional banks.	BFSI continues strong; healthcare and technology sectors gaining traction. Manufacturing stays weak. Strong account mining and Capco business contributing to BFSI growth	BFSI got impacted by furloughs but expects uptick in client budgets. Growth momentum to continue in BFSI and Healthcare. Technology and consumer sector growth sustainability concern pertains. Energy, Manufacturing and Resources vertical remain weak but expects bounce back.
Geography Commentary	Americas showing growth; Europe and APMEA remained soft but healthy pipeline in Europe with focus on improving conversion and strategy review in APMEA by rationalizing tail.	Americas continue to drive growth; Europe weak and APMEA improving gradually. Strategy for US market in BFS is to combine Wipro's execution strength with Capco's consulting capabilities.	Strong growth in North America led by Healthcare & technology and communication; Europe and APMEA remains weak. New CEO for APMEA is building leadership there and investment to drive growth.
Deal Wins & Large Deals	Robust TCV of US$3.3 bn with 10 large deals TCV of US$1.2 bn.	TCV of US$3.6 bn, +8.4% QoQ with 19 large deals TCV of US$1.5bn.	Strong TCV of US$3.5 bn with 17 large deals TCV of US$1 bn. Larger short tenure projects are filling the pipeline
Margin Levers	Operating margin at 16.5%; improved utilization and overhead optimization as key levers.	Margin improvement driven by operational efficiencies and cost management.	Margins sustained through fixed-price productivity and improved utilization rates.

GenAI Capabilities	Rolled out iAspire, an AI-powered career development platform. 30,000+ resources received advanced AI training and additional 225,000 received foundational training.	Trained and certified 44,000+ employees on advanced AI. Increased investment in GenAI capabilities in several projects initiated across sectors.	50,000+ employees hold advanced AI certification. AI-led approach across engineering, digital, infrastructure, and application services.

7) **Tech Mahindra:** TechM sees demand to be unchanged with slight improvement in BFSI discretionary spend. Maintaining leadership in communications vertical (present in 7 of the Top10 network operators) by focusing on cost takeout deals and building AI solutions. Strength in teleco to play out as the sector improvises. Improving strength in BFSI vertical by integrating its portfolio companies. Manufacturing stays weak due to automotive. However, a consistent improvement in deal wins across all three quarters, with a focus on large deals and must-have accounts. Improving partnership, new logo wins and investment in leadership and delivery center remains the key strategic play over the last 3qarters.

Exhibit 24: Comparative KTAs from the last 3 quarters of TechM's earnings calls:

Category	Q1'25 (July 2024)	Q2'25 (October 2024)	Q3'25 (January 2025)
Overall Demand	Demand similar to Q4. Comviva drag from Q4 to Q1 is ~0.5% both at growth and margin	Demand similar to Q1 with slight improvement in client's sentiment. Budget pressure pertained in Telecom segment.	Demand stabilized with improvement expected in CY25 vs CY24. However, no significant change in overall demand.
Vertical Outlook	BFSI growth led by managed services and new logo wins. Healthcare was supported by personalized wellness platforms. Telecom expected to recover in long-term through AI investments and vendor consolidation. Recasting of portfolio led to US$5.5 mn increase in BPO business	BFSI expanded with new logos and partnerships (e.g., Temenos) driven by asset and wealth management growth. Retail and healthcare gained traction through modernization and new solutions. Communications and Manufacturing continue to face weak discretionary spending. Early recovery signs in Communication driven by automation and network services demand.	In communications, US teleco remained under stress, high competition in Europe and growth in APAC business. Manufacturing remained a drag due to auto sector weakness. Manufacturing seeing pressure due to automotive, including Pininfarina. GenAI solutions gained traction across all verticals. BFSI benefited from top accounts and new large deals, Healthcare continued to expand with specific focus on life sciences.
Deal Order Book	New deal TCV of US$534 mn. Key wins with US teleco to build, modernize and operate its wireless network services products portfolio and UK NSP for country wide fiber rollout, Japanese automotive for SAP implementation, and digital wellness platform for Medicaid members in healthcare sector.	New deal TCV of US$603 mn, focused on BFSI (e.g., Temenos, US logo win in cards/payments), European telecom (autonomous operations). Expected deal TCV range of US$600 to 800mn. Chosen as a partner to a European bank for Temenos T24 implementation program to modernize the current core banking platform.	New deal TCV of US$745 mn, driven by Telecom (multi tower and network modernization) and Manufacturing. Significant wins included Network-as-a-Service deals and vertical-specific GenAI integrations. Partnership with ServiceNow for the integration of the One E2E platform.
GenAI Initiatives	Enabled 25,000 resources with AI skills. 100+ AI-based solutions launched across AI Ops, and automation. Infusing AI in BPO and contact center business. Contact center business is ~5% of total business.	Expanded GenAI partnerships (e.g., Google Cloud for Mahindra Group) and client solutions. Notable focus on Copilot for Microsoft 365 adoption across global operations. Completed European telco transformation project leveraging autonomous operations and GenAI.	"TechM agentX," a GenAI-powered automation suite is focused on building small and domain-specific language models. Integrated GenAI into most client offerings and solutions. Assigned a multi-year strategic collaboration agreement with AWS.
Margins	EBIT margin expansion was driven by Project Fortius,	EBIT margin of 9.6% (+110 bps QoQ). Improvement driven by	EBIT margin: 10.2% (+60 bps QoQ). Growth attributed to improved pricing,

Category	Q1'25 (July 2024)	Q2'25 (October 2024)	Q3'25 (January 2025)
	moderation in sub-contracting, increased offshoring. Strong fresher addition (~5,500) for Pyramid rationalization.	Project Fortius, forex tailwinds, and cost optimization efforts. Reduction in sub-con and pyramid rationalization through freshers are short and long term margin levers.	operating leverage, and continued efficiency gains under Project Fortius despite currency headwinds. Onboarded 2,000+ freshers.
Strategic move & other highlight	Integration of portfolio companies like CTCo, BORN, Citisoft and Softgen. Onboarded by a large global bank as a preferred supplier. Specialist group of Solutions and Transformation Group, which specifically focuses on multi-tower deals that are over US$25 mn in revenue. Unseasonal furlough request on couple of Hi-Tech clients.	Capabilities in Guidewire software in P&C insurance segment through portfolio company. New center in the Baltic region expands presence and service offering in Europe. Core banking modernization for European clients using Temenos T24. Other income had gain on sale of land of ~US$54 mn. Senior level hiring for US teleco business.	Key projects include Network-as-a-Service for a global chemical manufacturer and digital modernization for a European telco using GenAI. Partnerships with AWS and NVIDIA advanced sovereign AI and hybrid cloud adoption. Hired delivery head in Europe, global head for Cloud consulting, 2 CIOs in US and Australia and expanded the leadership teams for cybersecurity and risk management practice, Salesforce practice, and Microsoft apps practice
Top Account Performance	Focused on mining existing accounts and adding new logos. Priority accounts under Turbocharge program grew faster than the company average.	Turbocharge program delivered 1.5x growth in US$20mn+ accounts compared to the company average. Investments in account-based marketing and deep technical skills began showing results.	Over 40+ new clients onboarded in 9MFY25, including 12 in Q3. Must-have accounts saw 6 large deal wins, with 24+ accounts now generating US$1mn+ annualized revenues.

8) **LTIMindtree:** LTIM is cautiously optimistic about the future, with expectations for continued growth momentum. It anticipates FY26 to be better than FY25. It is also seeing headwinds like the impact of productivity pass-back to clients and fewer working days in Q4. LTIM has seen a shift from cost takeout to a combination of cost takeout and transformation initiatives, with a significant focus on AI. Q3 experienced a record TCV, securing significant deal wins with AI playing a crucial role. Strong renewals seen in Q3, especially in the BFSI sector. The focus remains on margin improvement, with levers including cost optimization, pyramid optimization, and utilization.

Exhibit 25: Comparative KTAs from the last 3 quarters of LTIM's earnings calls:

Category	Q1'25 (July 2024)	Q2'25 (October 2024)	Q3'25 (January 2025)
Overall Demand	Unchanged demand with focus on cost takeout deals. Early signs of demand recovery in high-priority transformation programs and AI investments. Short-cycle demand coming back in Top3 verticals.	Large deals from cost takeout projects and small deals from slight improvement in discretionary demand. Need for shift towards AI is clear. Company has a pivot to an AI-first approach.	Savings are directed towards pilot programs and transformation initiatives. Confident that FY'26 will be better than FY'25.
Vertical Outlook & Drivers	Among BFS, Regulatory compliance is a key spend area, followed by data, AI, consumer experience and vendor consol. Business model transformation and platform operations for Tech and Services business. ERP transformation and Industry4.0 in Manufacturing.	BFSI led Q2 growth with focus on cost cutting through restructuring helped in gaining market share and BFSI clients getting data ready for AI. Tech, Media & Communications saw significant growth in Q1 but slowed in Q2. Continued traction in ERP. Consumer is supported by Retail and TTH vertical.	Record TCV of US$1.68 bn with healthy growth in BFSI. ERP demand stood resilient in Manufacturing and it saw some pass-through revenue in Q3. Technology, Media and Communications saw passing on AI-driven productivity benefits which led the sequential decline.
Deal Order Book	Good activity on MSA signing. Several deal wins, including platform engineering for a US airline, app-devop for a US-based insurance, and port-based	US$200 mn plus TCV deal in the manufacturing vertical. AI-powered wins in BFS and manufacturing. Large deal pipeline continues to be strong with TCV of over US$5 bn.	Signed a record TCV of US$1.68 bn. Included a new logo in manufacturing worth over $50 mn, and two large deals in BFS. Strong large deal pipeline with deals in the

	management services for a US data center solutions company.		final stages. Strong renewals especially in BFSI.
GenAI Projects & Capabilities	Strategy of "AI for Everything", "Everything for AI", and "AI for Everyone" to drive cultural change. Organized an AI-centric event "IgnAIte". Focus on platform plus AI approach.	LTIM AI platform adopted in 40+ customer environments. Launched IBM AI Innovation Center at Bangalore. Partnered with Microsoft to accelerate AI innovation. Partnered with AWS to launch industry specific GenAI solutions. 63% of the workforce is trained with Gen AI capabilities.	Strategic investment in "Voicing.AI", developed Agentic AI solution with Servicenow, collaborated with AWS to launch industry specific GenAI solutions and partnerships with GitHub and Microsoft to enhance AI-driven software engineering. AI played a crucial role in several deal wins and increased market share.
Margins & Levers	Reversal of one off impact in Q4 and operational efficiencies led 100bps expansion offset by higher visa cost (-50bps) and SG&A cost (travel and marketing cost). Onboarded 1,400 freshers.	EBIT margin affected by increased visa costs. Focus on maintaining margin, waiting for growth to come back. Wage hikes to impact margins in Q3. Onboarded ~1,100+ freshers.	Margins had 220bps headwinds from wage hikes and furloughs of which 50 bps offset by ongoing cost optimization program in LTIM. Margin improvement levers include pyramid and utilization. Growth is the biggest lever for margin recovery.
Key Business Highlights	Inaugurated regional headquarters in Riyadh in regards with JV with Aramco.	Ranked 13 across sectors and 5th in IT and communications in Business World India's Most Sustainable Companies.	Passing on productivity benefits to top Hi-Tech client which will impact revenue till Q1FY26.

9) **Mphasis:** Across three quarters, there is a consistent emphasis on tech-led offerings, client mining, and the Savings-Led Transformation thesis. The focus on AI and digital transformation remains strong. The company has consistently emphasized its recovery from the bottom in late 2023, and it has shown a focus on achieving industry-leading growth. The mortgage business, which was a headwind, shows signs of gradual recovery across the quarters, however the logistics vertical remains under pressure. Execution on margins remained solid. Headcount is actively being managed based on demand, and is not in a linear relationship to revenue as they emphasize the role of automation and offshore/nearshore resources.

Has been monetizing the US$1.4 bn of deals from FY24. Expects a lot of it to be consumed in FY25.

Exhibit 26: Comparative KTAs from the last 3 quarters of Mphasis's earnings calls:

Category	**Q1'25 (July 2024)**	**Q2'25 (October 2024)**	**Q3'25 (January 2025)**
Overall Demand	Cautiously optimistic environment; investments slowly inching up, especially in transformative technologies. Discretionary is similar to FY24.	Clients continue to look for cost takeout and transformation programs. Steady BFS and non-BFS pipeline.	Macro continues to turn in a favorable direction for BFS with some recovery in discretionary spend continues. Uptick visible in mortgage business despite uncertainties.
Vertical Outlook & Drivers	Steady recovery is visible across client segments, especially in BFS, which is their anchor vertical. Project completion led to decline in Healthcare in Q1 however won a platform based transformation using their Javelina platform.	BFSI and TMT led growth sequentially. Stability in consumer business but stress in IB and Wealth management. Gradual pickup visible in capital market. Increased spend in regtech, KYC, AML, fincrime continues. Signs of recovery in mortgage business where first pickup came in the diligence business in Q2.	Growth driven by wallet share gains in existing BFS accounts and strong execution in new account wins. BFS, Insurance and TMT grew sequentially. Logistics vertical saw a decline which was not limited to one specific client. Healthcare saw a decline and remains uncertain. There was definitely churn in the business in mortgage business which bottomed out in Dec'23.

Margin commentary	Reversal of Q4 one-time offset 0.8% impact from Silverline acquisition. Focus is on productivity and efficiencies. Target EBIT margin within the band of 14.6% to 16%.	40bps margin improvement of which 20bps came from gains in cash flow hedges in 2Q.	EBIT margin remained stable even with furlough impact of ~ 2% for Q3. Depreciation increased due to amortization of a consolidation deal. Investing in capability, GTM (large deal teams) and large deal construct.
Deal Order Book	TCV wins of US$319 mn. Saw 3 large deals, including one large deal of over US$100 mn in BFS vertical. Pipeline is up 22% YoY and 17% QoQ. Pipeline growth of 31% QoQ in the top 10 accounts, BFS pipeline up by 7% QoQ / 15% YoY. Proactive deal pipeline is strong, with ~ 78% of pipeline from proactive pursuits. Main anchors are Data, Modernization, Agile IT Ops and Platforms.	TCV for the quarter was US$207 mn. Pipeline is up 23% YoY with 3 large wins and steady conversion. Wins were broad based across verticals, client pyramid and continued higher share of proactive deal wins. Improving TCV-to-revenue conversion; pace of ramp-ups and steadily improving monetization of order book is positive.	BFS pipeline is up 58% YoY and non-BFS up 44% YoY. 5 large deals in Q3 and 11 YTD. Closed an additional US$100 mn deal in BFS in Jan'25. The surge is due to their ability to supersize deals by bundling ADM, AMS, IMS together for a larger construct of deals for some of these solutions as the three key levers besides just cost. High share of proactive deal continued with increasing pace of conversion of TCV to revenue.
GenAI Projects, & Capabilities	Early to spot the AI opportunity over last 5years, starting with ML and AI labs. Partnering with clients on AI for productivity, customer experience, and modernization. Solutions include KYC, IDP, Live Call Analytics, and AI-led developer efficiency. Helping clients with Microsoft Copilot adoption.	35% of pipeline is AI-led at a record number. Expanding AI adoption for developer productivity using NeoCrux and NeoZeta in an ADM construct and modernization deals.	AI thesis is starting to play out with multiple implementations for large-scale financial services customers. Completed two implementations, with nine more in the works, with productivity gains of 30-60%. Increased traction in AI Ops deals. Over 20 large deals where NeoZeta™ and NeoCrux™ are in play. tsQc deal for US$27 mn (contingent consideration of US$15 mn) is a vendor consolsimilar

10) **Zensar: G**rowth resiliency with a significant improvement in the order book. Focused on BFSI, Healthcare and MCS vertical (~78% of revenue) to mitigate the TMT's underperformance. Despite some challenges like client's bankruptcy (US$3.6 mn annual billing client), it maintained margins. The acquisition of BridgeView Life Sciences underscores Zensar's focus on the Healthcare and Life Sciences vertical. Furloughs in the TMT sector have been a recurring theme, impacting utilization and revenues, particularly in Q2 and Q3.

Exhibit 27: Comparative KTAs from the last 3 quarters of Zensar Tech's earnings calls:

Category	Q1'25 (July 2024)	Q2'25 (October 2024)	Q3'25 (January 2025)
Overall Demand	Started with green shoots but expects markets to remain volatile in FY25. Outlook for EBITDA margins to be in mid-teen range.	Delay decisions on discretionary spending. 2weeks of furloughs impact in Q2 hence expecting lower furloughs impacts in Q3.	Seeing some early signs of improvement in discretionary spend based on client conversations and order booking.
Vertical Outlook	Deepened focus on Healthcare, BFSI and MCS (Manufacturing and Consumer Services) domains by expanding multilevel domain training and certifications. Unusual furloughs happened for first time in Q1 in Tech sector. BFSI though small but growing robustly.	BFSI is strong largely due to Insurance, while TMT remains under pressure majorly from 2-3 legacy tech companies and not broad-based. Continue multilevel domain training in Healthcare, BFSI, gaming and MCS domains.	BFSI does well despite furloughs with MCS continued growth momentum. Continue to reduce exposure to TMT sector. Positive momentum across the board. Expects TMT to growth in Q4, due to reduced furlough impact. HLS is seeing some uncertainty.

Margin Commentary & Outlook	Headwinds of 150bps from travel, visa and licenses cost, 110bps on the client's bankruptcy (US$1.75 mn). Tailwinds of 70bps from one time R&D credit, 40bps from utilization and volume increase and 20bps from exchange benefits. Wage hikes announced effective July 1 to have a US$3 mn impact on a quarterly basis going forward. License cost to be recurring, whereas visa and travel are one-timers.	Headwinds of 170bps from hikes, 110bps of furloughs impact, 60bps from reversal of one time R&D credit of Q1, offset by 70bps from currency and 40bps from efficiency. Furloughs in Q3 are slightly wider than this quarter, but the objective is to maintain mid-teens.	Tailwinds of 100bps from utilization (net of furloughs), 80bps from efficiencies, and 10bps from exchange benefits.
Deal Wins, Large Deals, Key Wins	There is a lag in order booking. Order book for the quarter stood at US$154 mn. Seeing positive impact on pipeline.	Highest ever order book of US$202 mn with 12 new logos. Seeing more offshore managed services deals. Domain-led solutions, coupled with AI, allowed to capture new spend areas.	Highest ever order book of US$205 mn. It is broad-based and does not include any large deals. Significant component was in BFSI and Europe. Opened new logo with a very large semicon company.
GenAI capabilities and work	Partnerships with key technology providers in AI, GenAI, Data Engineering and Cloud. Helping clients build a robust cognitive infrastructure and collaborating to leverage innovative AI solutions.	Significantly enriched innovative AI offerings. Partnerships have been instrumental in delivering cutting-edge certifications and collaborative learning experience in AI, Gen AI, Data Engineering and Cloud.	Building Gen AI engine for modernization. Built a client risk assessment assistant for a private bank. Built a Gen AI app.
Key Business Highlights	Zensar will acquire BridgeView Life Sciences. South Africa is a strategic geo in the organic business Zensar has a larger presence there than most of its larger peers Indian peers. Volume growth is good here but 10% decline in Rand currency impacted its revenue. It will onboard 100 freshers in Q2.	SG&A reduced by 240 bps QoQ, primarily on account of provision created in Q1 and reduced charge for ESOP and sales commission and other savings, part of which will come back in Q3. Farming efforts led one of the customers moved into a US$10+ mn bucket.	SG&A up by 180 bps QoQ, due to reversal of one-time benefits in Q2, and investment in sales and infrastructure. One of the clients has moved into US$20 mn bucket from earlier US$10 mn range, this was in MCS vertical.

11) **Birlasoft:** Initially, Q1FY25 faced sluggish spending and project delays. Q2FY25 saw a rebound in sequential growth, but margins were a concern. Finally, Q3FY25 was seasonally weak yet marked by strong deal signings and a strategic pivot towards AI and GenAI. Overall, the commentary highlights Birlasoft's efforts to navigate market challenges while focusing on long-term growth and innovation.

Exhibit 28: Comparative KTAs from the last 3 quarters of Birlasoft's earnings calls:

Category	Q1'25 (July 2024)	Q2'25 (October 2024)	Q3'25 (January 2025)
Overall Demand	Pullback of discretionary spend and deferment of new project ramp-ups, primarily in the ERP service line.	Unchanged demand environment. Consolidation deals came on the back of pricing hit. Q3 to be muted.	Higher furloughs, compounded by the unchanged demand environment. Early signs of discretionary pickup in financial services.
Vertical Outlook	BFSI and E&U growth was led by new deals ramping up and account mining. Manufacturing remained tepid and Lifesciences declined due	Manufacturing and E&U had strong growth. The Life Sciences remained weak. BFSI has grown strongly for the last seven quarters.	BFSI Vertical led the performance. Performance reflects higher than usual furloughs, particularly in Life Sciences and Manufacturing verticals.

	to project completion and delayed new projects.	Several of the Q1 deferred project ramped up in Q2.	
Margin Commentary & Outlook	Headwinds were costs associated with delayed projects and lower utilization levels. This partially gets offset by reduction in some provisions pertaining to reward for a select group of senior leaders.	Headwinds were from higher onsite revenue and pricing flexibility to win consolidation deals. Margins to improve starting Q4. Wage hike to impact Q3 margins by ~150bps.	Strong margin even after absorbing the wage hike, effective 1st Oct'24. Margin tailwinds from exchange benefits and operational efficiency did largely offset the wage hikes and furlough impacts. Exchange rate benefits from a strong dollar and some operational savings20. Focus will be to try and mitigate as much as possible21.
Deal Wins, Large Deals, Key Wins	Decisions are getting delayed. Projects that were ought to start in Q1 in ERP got deferred to Q2.	Win ratios are in 30-32% range vs desired range of 35-38%. Expects uptick in deal flow in 3Q and 4Q25 as these were deferred in Q3 and Q4FY24.	Robust deal wins due to strong renewal quarter. Expect a good TCV performance in Q4 as well. Discussions with a new logo in Europe, with a reasonable size deal.
GenAI capabilities and work	No specific mention in this quarter.	No specific mention in this quarter.	Established GenAI center of Excellence early last year and built GenAI platform called Cogito to accelerate GenAI-based solutions. Continue to harness the power of AI and GenAI to transform operations with new innovative in house applications such as Beehive, which is a GenAI conversational bot and Solucion, GenAI solution integrated with ServiceNow.
Key Business Highlights	Infra is a new service line which has scaled up and has recorded some fresh engagements during Q1. Here company is doing turnkey projects which includes all licenses, products and services. Though lumpy but will give annuity revenue.	OCF remained robust at US$12.9 mn with strong collections at US$176 mn. Core underlying business growth is at ~4.5% as pass-through revenue reduced by ~200bps in Q2. Most of the renewals happen in Q3.	Significant improvement on cash balance thanks to continued strong cash generation. Balance sheet remains very robust. DSO stands at 53 days which is among the best in the industry. Continues to enjoy a robust balance sheet with healthy cash flows. Remaining focused on investing in capabilities for the future growth as we enter into the last quarter of the current financial year.

Exhibit 29: Change in estimates of TCS to factor in the absence of BSNL revenue in FY26, leading to slight decline in our TP of INR 4,634 (vs INR 4,763 earlier) with unchanged BUY rating and target multiple of 28x

TCS (amount Rs bn)	Revised			Old			*Change (%)*		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	*FY25E*	*FY26E*	*FY27E*
Revenues	2,560	2,768	3,027	2,560	2,833	3,122	*0.0%*	*-2.3%*	*-3.1%*
EBIT	630	697	793	630	714	818	*0.1%*	*-2.3%*	*-3.1%*
EBIT margin	24.6	25.2	26.2	24.6	25.2	26.2	*0bps*	*0bps*	*0bps*
EPS (Rs/share)	135.9	149.9	169.4	135.9	153.2	174.6	*0.0%*	*-2.2%*	*-3.0%*
Revenues (US$ mn)	30,393	32,315	34,877	30,393	33,064	35,979	*0.0%*	*-2.3%*	*-3.1%*
Revenue growth (US$, %)	4.5	6.3	7.9	4.5	8.8	8.8	*0bps*	*-250bps*	*-90bps*

How has street estimates changed post Q2FY25 results for FY26 & FY27?

Post Q3FY25 results we have seen street's estimates to remain largely stable. We saw EPS estimates increasing for Coforge, Persistent, Wipro and Zensar whereas it declined for TCS, LTIMindtree, TechM, Mphasis and Birlasoft. We expect this number to increase post Q4FY25 results where the companies would be having more clarity from the client's budget cycles. Expect client budget cycles to improve further due to fading uncertainty, improving top players commentary and increasing focus towards GenAI which will bring an uptick in services like resumption of cloud migration program, digitization programs, legacy modernization, infrastructure services, cyber security services along with the current cost takeout deal wins.

Exhibit 30: Old estimates vs New estimates

TCS	Old bbg estimates			New bbg estimates			*Change in estimates %*		
	FY25	FY26	FY27	FY25	FY26	FY27	*FY25*	*FY26*	*FY27*
Revenue (INR mn)	2,577,834	2,788,322	3,050,267	2,561,190	2,746,185	2,996,249	-0.6%	-1.5%	-1.8%
EBIT (INR mn)	637,940	710,399	784,698	633,529	700,931	772,469	-0.7%	-1.3%	-1.6%
EBIT margin %	*24.7*	*25.5*	*25.7*	*24.7*	*25.5*	*25.8*	0bps	0bps	10bps
PAT (INR mn)	497,239	556,208	617,645	494,482	548,850	609,073	-0.6%	-1.3%	-1.4%
EPS	137.2	153.7	170.9	136.4	151.6	168.2	-0.6%	-1.4%	-1.6%

Infosys	Old bbg estimates			New bbg estimates			*Change in estimates %*		
	FY25	FY26	FY27	FY25	FY26	FY27	*FY25*	*FY26*	*FY27*
Revenue (INR mn)	1,631,838	1,782,463	1,955,766	1,638,949	1,792,358	1,965,133	0.4%	0.6%	0.5%
EBIT (INR mn)	343,426	380,724	426,313	345,166	384,287	426,979	0.5%	0.9%	0.2%
EBIT margin %	*21.0*	*21.4*	*21.8*	*21.1*	*21.4*	*21.7*	0bps	10bps	-10bps
PAT (INR mn)	265,363	300,762	334,569	265,061	299,045	332,387	-0.1%	-0.6%	-0.7%
EPS	63.9	72.4	80.6	63.9	72.1	80.2	-0.1%	-0.4%	-0.4%

HCL Technologies	Old bbg estimates			New bbg estimates			*Change in estimates %*		
	FY25	FY26	FY27	FY25	FY26	FY27	*FY25*	*FY26*	*FY27*
Revenue (INR mn)	1,171,378	1,283,060	1,410,856	1,169,653	1,276,578	1,400,841	-0.1%	-0.5%	-0.7%
EBIT (INR mn)	215,627	241,342	268,862	215,026	239,852	268,110	-0.3%	-0.6%	-0.3%
EBIT margin %	*18.4*	*18.8*	*19.1*	*18.4*	*18.8*	*19.1*	0bps	0bps	10bps
PAT (INR mn)	173,681	191,110	213,597	173,696	190,088	212,531	0.0%	-0.5%	-0.5%
EPS	64.0	70.4	78.6	64.0	70.0	78.2	0.0%	-0.6%	-0.5%

Wipro	Old bbg estimates			New bbg estimates			*Change in estimates %*		
	FY25	FY26	FY27	FY25	FY26	FY27	*FY25*	*FY26*	*FY27*
Revenue (INR mn)	892,794	948,094	1,024,887	892,523	946,786	1,023,960	0.0%	-0.1%	-0.1%
EBIT (INR mn)	145,894	156,853	171,828	149,873	160,368	175,652	2.7%	2.2%	2.2%
EBIT margin %	*16.3*	*16.5*	*16.8*	*16.8*	*16.9*	*17.2*	50bps	40bps	40bps
PAT (INR mn)	122,470	131,770	145,875	127,942	136,142	149,226	4.5%	3.3%	2.3%
EPS	11.8	12.9	14.3	12.2	13.3	14.7	3.8%	3.6%	2.7%

LTIMindtree	Old bbg estimates			New bbg estimates			*Change in estimates %*		
	FY25	FY26	FY27	FY25	FY26	FY27	*FY25*	*FY26*	*FY27*
Revenue (INR mn)	381,668	428,242	482,260	381,882	426,736	479,249	0.1%	-0.4%	-0.6%
EBIT (INR mn)	58,325	69,144	80,546	56,797	67,000	77,813	-2.6%	-3.1%	-3.4%
EBIT margin %	*15.3*	*16.1*	*16.7*	*14.9*	*15.7*	*16.2*	-40bps	-40bps	-50bps
PAT (INR mn)	49,116	58,444	67,818	47,268	55,785	65,209	-3.8%	-4.5%	-3.8%
EPS	165.6	196.6	227.6	159.2	187.9	218.3	-3.9%	-4.4%	-4.1%

Tech Mahindra	Old bbg estimates			New bbg estimates			*Change in estimates %*		
	FY25	FY26	FY27	FY25	FY26	FY27	*FY25*	*FY26*	*FY27*
Revenue (INR mn)	535,046	578,579	632,280	532,354	573,331	626,772	-0.5%	-0.9%	-0.9%
EBIT (INR mn)	51,921	71,417	88,073	51,219	70,194	87,397	-1.4%	-1.7%	-0.8%
EBIT margin %	*9.7*	*12.3*	*13.9*	*9.6*	*12.2*	*13.9*	-10bps	-10bps	0bps
PAT (INR mn)	42,596	56,871	69,816	41,164	55,743	69,269	-3.4%	-2.0%	-0.8%
EPS	48.4	64.3	78.8	46.6	62.9	78.3	-3.7%	-2.2%	-0.6%

Persistent Systems	Old bbg estimates			New bbg estimates			*Change in estimates %*		
	FY25	FY26	FY27	FY25	FY26	FY27	*FY25*	*FY26*	*FY27*
Revenue (INR mn)	117,516	138,955	163,659	118,923	142,856	168,720	1.2%	2.8%	3.1%
EBIT (INR mn)	16,980	21,503	26,423	17,253	22,032	27,034	1.6%	2.5%	2.3%
EBIT margin %	*14.4*	*15.5*	*16.1*	*14.5*	*15.4*	16.0	10bps	-10bps	-10bps
PAT (INR mn)	13,570	17,080	21,022	13,900	17,534	21,618	2.4%	2.7%	2.8%
EPS	87.9	111.0	136.5	89.9	113.5	139.6	2.4%	2.2%	2.2%

Coforge	Old bbg estimates			New bbg estimates			*Change in estimates %*		
	FY25	**FY26**	**FY27**	**FY25**	**FY26**	**FY27**	***FY25***	***FY26***	***FY27***
Revenue (INR mn)	118,109	141,178	164,339	122,611	152,181	175,912	*3.8%*	*7.8%*	*7.0%*
EBIT (INR mn)	15,051	19,278	23,205	15,229	20,181	24,389	*1.2%*	*4.7%*	*5.1%*
EBIT margin %	*12.7*	*13.7*	*14.1*	*12.4*	*13.3*	*13.9*	*-30bps*	*-40bps*	*-30bps*
PAT (INR mn)	10,003	14,039	17,031	9,454	14,567	17,904	*-5.5%*	*3.8%*	*5.1%*
EPS	149.7	204.1	247.4	142.2	211.0	258.4	*-5.0%*	*3.4%*	*4.5%*

Mphasis	Old bbg estimates			New bbg estimates			*Change in estimates %*		
	FY25	**FY26**	**FY27**	**FY25**	**FY26**	**FY27**	***FY25***	***FY26***	***FY27***
Revenue (INR mn)	142,451	159,192	179,090	142,243	159,051	178,366	*-0.1%*	*-0.1%*	*-0.4%*
EBIT (INR mn)	21,929	25,190	28,784	21,780	24,944	28,529	*-0.7%*	*-1.0%*	*-0.9%*
EBIT margin %	*15.4*	*15.8*	*16.1*	*15.3*	*15.7*	*16.0*	*-10bps*	*-10bps*	*-10bps*
PAT (INR mn)	17,117	19,713	22,688	16,998	19,534	22,432	*-0.7%*	*-0.9%*	*-1.1%*
EPS	90.5	104.1	119.7	89.7	102.9	118.4	*-0.8%*	*-1.1%*	*-1.1%*

Birlasoft	Old bbg estimates			New bbg estimates			*Change in estimates %*		
	FY25	**FY26**	**FY27**	**FY25**	**FY26**	**FY27**	***FY25***	***FY26***	***FY27***
Revenue (INR mn)	55,108	61,121	68,384	54,866	59,632	66,375	*-0.4%*	*-2.4%*	*-2.9%*
EBIT (INR mn)	6,553	8,152	9,830	6,279	7,672	9,211	*-4.2%*	*-5.9%*	*-6.3%*
EBIT margin %	*11.9*	*13.3*	*14.4*	*11.4*	*12.9*	*13.9*	*-40bps*	*-50bps*	*-50bps*
PAT (INR mn)	5,588	6,796	8,185	5,410	6,438	7,722	*-3.2%*	*-5.3%*	*-5.7%*
EPS	20.1	24.6	29.4	19.4	23.1	27.7	*-3.6%*	*-6.3%*	*-5.5%*

Zensar Technologies	Old bbg estimates			New bbg estimates			*Change in estimates %*		
	FY25	**FY26**	**FY27**	**FY25**	**FY26**	**FY27**	***FY25***	***FY26***	***FY27***
Revenue (INR mn)	52,674	58,417	65,562	53,354	59,273	68,707	*1.3%*	*1.5%*	*4.8%*
EBIT (INR mn)	6,844	7,956	9,443	7,212	8,373	9,559	*5.4%*	*5.2%*	*1.2%*
EBIT margin %	*13.0*	*13.6*	*14.4*	*13.5*	*14.1*	*13.9*	*50bps*	*50bps*	*-50bps*
PAT (INR mn)	6,471	7,363	8,433	6,424	7,438	8,565	*-0.7%*	*1.0%*	*1.6%*
EPS	28.1	32.9	39.4	28.3	32.7	40.0	*0.4%*	*-0.6%*	*1.5%*

Source: Bloomberg, Nirmal Bang Institutional Equities Research

Stay bullish on the sector in FY26 and FY27 with higher that street's estimates

In our view discretionary spend which is gradually increasing now will likely to take strong pickup by the 2HFY26 and guide for robust FY27. Pick up in Mega deals and improved decision making cycle with fading macro uncertainty is another lever for the higher growth. Overall we are bullish on the sector and basis this we stay ahead of street's earnings estimates for our coverage basket barring Persistent and Coforge where we like to stay little conservative due to their continuous strong growth, where one or two quarter of normalize growth could happen due to any industry, client or macro reason.

Exhibit 31: Old estimates vs New estimates

TCS	NBIE estimates			New bbg estimates			*Deviation (%)*		
	FY25	FY26	FY27	FY25	FY26	FY27	*FY25*	*FY26*	*FY27*
Revenue (INR mn)	2,559,783	2,768,000	3,027,000	2,561,190	2,746,185	2,996,249	*-0.1%*	*0.8%*	*1.0%*
EBIT (INR mn)	630,369	697,000	793,000	633,529	700,931	772,469	*-0.5%*	*-0.6%*	*2.7%*
EBIT margin %	*24.6*	*25.2*	*26.2*	*24.7*	*25.5*	*25.8*	*-10bps*	*-30bps*	*40bps*
PAT (INR mn)	498,720	542,457	613,023	494,482	548,850	609,073	*0.9%*	*-1.2%*	*0.6%*
EPS	135.9	149.9	169.4	136.4	151.6	168.2	*-0.4%*	*-1.1%*	*0.7%*

Infosys	NBIE estimates			New bbg estimates			*Deviation (%)*		
	FY25	FY26	FY27	FY25	FY26	FY27	*FY25*	*FY26*	*FY27*
Revenue (INR mn)	1,636,067	1,820,913	2,057,723	1,638,949	1,792,358	1,965,133	*-0.2%*	*1.6%*	*4.7%*
EBIT (INR mn)	345,102	388,404	450,344	345,166	384,287	426,979	*0.0%*	*1.1%*	*5.5%*
EBIT margin %	*21.1*	*21.3*	*21.9*	*21.1*	*21.4*	*21.7*	*0bps*	*-10bps*	*20bps*
PAT (INR mn)	265,137	301,003	344,323	265,061	299,045	332,387	*0.0%*	*0.7%*	*3.6%*
EPS	64.1	72.7	83.2	63.9	72.1	80.2	*0.3%*	*0.9%*	*3.7%*

HCL Technologies	NBIE estimates			New bbg estimates			*Deviation (%)*		
	FY25	FY26	FY27	FY25	FY26	FY27	*FY25*	*FY26*	*FY27*
Revenue (INR mn)	1,169,182	1,314,915	1,474,520	1,169,653	1,276,578	1,400,841	*0.0%*	*3.0%*	*5.3%*
EBIT (INR mn)	216,138	249,298	288,627	215,026	239,852	268,110	*0.5%*	*3.9%*	*7.7%*
EBIT margin %	*18.5*	*19.0*	*19.6*	*18.4*	*18.8*	*19.1*	*10bps*	*20bps*	*40bps*
PAT (INR mn)	175,502	192,767	222,939	173,696	190,088	212,531	*1.0%*	*1.4%*	*4.9%*
EPS	64.7	71.1	82.2	64.0	70.0	78.2	*1.2%*	*1.6%*	*5.1%*

Wipro	NBIE estimates			New bbg estimates			*Deviation (%)*		
	FY25	FY26	FY27	FY25	FY26	FY27	*FY25*	*FY26*	*FY27*
Revenue (INR mn)	891,742	946,586	1,037,811	892,523	946,786	1,023,960	*-0.1%*	*0.0%*	*1.4%*
EBIT (INR mn)	151,457	161,900	178,220	149,873	160,368	175,652	*1.1%*	*1.0%*	*1.5%*
EBIT margin %	*17.0*	*17.1*	*17.2*	*16.8*	*16.9*	*17.2*	*20bps*	*20bps*	*0bps*
PAT (INR mn)	130,219	140,273	153,002	127,942	138,942	151,926	*1.8%*	*1.0%*	*0.5%*
EPS	12.5	13.4	14.7	12.2	13.3	14.7	*2.0%*	*0.8%*	*-0.2%*

LTIMindtree	Old bbg estimates			New bbg estimates			*Deviation (%)*		
	FY25	FY26	FY27	FY25	FY26	FY27	*FY25*	*FY26*	*FY27*
Revenue (INR mn)	380,674	435,972	505,233	381,882	426,736	479,249	*-0.3%*	*2.2%*	*5.4%*
EBIT (INR mn)	57,067	70,095	85,930	56,797	67,000	77,813	*0.5%*	*4.6%*	*10.4%*
EBIT margin %	*15.0*	*16.1*	*17.0*	*14.9*	*15.7*	*16.2*	*10bps*	*40bps*	*80bps*
PAT (INR mn)	47,332	56,171	69,550	47,268	55,785	65,209	*0.1%*	*0.7%*	*6.7%*
EPS	160.0	189.8	235.1	159.2	187.9	218.3	*0.5%*	*1.1%*	*7.7%*

Tech Mahindra	NBIE estimates			New bbg estimates			*Change in estimates %*		
	FY25	FY26	FY27	FY25	FY26	FY27	*FY25*	*FY26*	*FY27*
Revenue (INR mn)	531,667	584,101	650,905	532,354	573,331	626,772	*-0.1%*	*1.9%*	*3.9%*
EBIT (INR mn)	51,976	75,549	94,717	51,219	70,194	87,397	*1.5%*	*7.6%*	*8.4%*
EBIT margin %	*9.8*	*12.9*	*14.6*	*9.6*	*12.2*	*13.9*	*20bps*	*70bps*	*60bps*
PAT (INR mn)	42,634	56,803	72,159	41,164	55,743	69,269	*3.6%*	*1.9%*	*4.2%*
EPS	48.4	64.5	81.9	46.6	62.9	78.3	*3.8%*	*2.6%*	*4.5%*

Persistent Systems	NBIE estimates			New bbg estimates			Deviation (%)		
	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
Revenue (INR mn)	118,862	144,069	168,159	118,923	142,856	168,720	-0.1%	0.8%	-0.3%
EBIT (INR mn)	17,341	22,070	26,901	17,253	22,032	27,034	0.5%	0.2%	-0.5%
EBIT margin %	*14.6*	*15.3*	*16.0*	*14.5*	*15.4*	*16.0*	*10bps*	*-10bps*	*0bps*
PAT (INR mn)	13,989	16,994	20,593	13,900	17,534	21,618	0.6%	-3.1%	-4.7%
EPS	91.8	111.6	135.2	89.9	113.5	139.6	2.1%	-1.7%	-3.2%

Coforge	NBIE estimates			New bbg estimates			Deviation (%)		
	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
Revenue (INR mn)	122,791	154,629	181,143	122,611	152,181	175,912	0.1%	1.6%	3.0%
EBIT (INR mn)	15,170	21,276	26,164	15,229	20,181	24,389	-0.4%	5.4%	7.3%
EBIT margin %	*12.4*	*13.8*	*14.4*	*12.4*	*13.3*	*13.9*	*-10bps*	*50bps*	*60bps*
PAT (INR mn)	8,036	13,326	16,938	9,454	14,567	17,904	-15.0%	-8.5%	-5.4%
EPS	120.4	199.7	253.8	142.2	211.0	258.4	-15.3%	-5.4%	-1.8%

Mphasis	NBIE estimates			New bbg estimates			Deviation (%)		
	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
Revenue (INR mn)	142,047	163,203	188,083	142,243	159,051	178,366	-0.1%	2.6%	5.4%
EBIT (INR mn)	21,747	26,141	30,325	21,780	24,944	28,529	-0.2%	4.8%	6.3%
EBIT margin %	*15.3*	*16.0*	*16.1*	*15.3*	*15.7*	*16.0*	*0bps*	*30bps*	*10bps*
PAT (INR mn)	16,760	19,658	23,249	16,998	19,534	22,432	-1.4%	0.6%	3.6%
EPS	88.6	103.6	122.6	89.7	102.9	118.4	-1.3%	0.7%	3.6%

Birlasoft	NBIE estimates			New bbg estimates			Deviation (%)		
	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
Revenue (INR mn)	54,291	60,133	69,642	54,866	59,632	66,375	-1%	1%	5%
EBIT (INR mn)	6,921	7,490	10,225	6,279	7,672	9,211	10%	-2%	11%
EBIT margin %	*12.7*	*12.5*	*14.7*	*11.4*	*12.9*	*13.9*	*130bps*	*-40bps*	*80bps*
PAT (INR mn)	5,988	5,827	7,821	5,410	6,438	7,722	11%	-10%	1%
EPS	17.7	21.1	28.3	19.4	23.1	27.7	-9%	-9%	2%

Zensar Technologies	Old bbg estimates			New bbg estimates			Deviation (%)		
	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
Revenue (INR mn)	52,944	59,536	66,664	53,354	59,273	68,707	-0.8%	0.4%	-3.0%
EBIT (INR mn)	7,075	8,318	9,555	7,212	8,373	9,559	-1.9%	-0.7%	0.0%
EBIT margin %	*13.4*	*14.0*	*14.3*	*13.5*	*14.1*	*13.9*	*-20bps*	*-20bps*	*40bps*
PAT (INR mn)	6,376	7,396	8,552	6,424	7,438	8,565	-0.7%	-0.6%	-0.2%
EPS	28.3	32.9	38.0	28.3	32.7	40.0	0.3%	0.6%	-5.0%

Source: Bloomberg, Nirmal Bang Institutional Equities Research

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