

Indian IT Sector: Q1 FY26 update

Navigating through the Chaos...

Sensex: 83,713

Nifty: 25,523



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Executive summary (1 / 2): Navigating through the Chaos...

As highlighted in our thematic dated Apr-25 ([link to the <IT Thematic report>](#)), we expect muted cc growth in the Top-6 IT players, while select midcap names to show higher growth in 1QFY26, given muted discretionary demand exacerbated by uncertainty from US tariff policies. Q1FY26 saw massive cross currency tailwinds driven by dollar depreciation, with GBP, EUR, JPY and INR appreciating by 6.4%, 8.1%, 5.6%, 1.1% respectively vs. USD. Overall, we expect FY26 to be a tale of two halves, with gradual pick-up in discretionary demand in 2HFY26, after muted 1HFY26, as overhang from the tariff policy uncertainty eases

State of IT services

- We expect median sequential dollar revenue growth of the top-6 and midcap IT names to be 1.5% and 2.2% respectively and, in constant currency (cc), -0.7% and 1%
- Cross currency tailwinds to drive strong dollar revenue growth in non-US, Continental Europe and UK focused IT plays, such as TCS, TechM, Mastek, KPIT,. Median US\$ growth tailwinds in Top6 and Midcap IT being ~200 bps and ~120bps respectively
- Within top 6, LTIM and Infosys are our top picks followed by Wipro, TCS, HCL Tech and TechM. Happiest Minds is our top pick in the mid-cap IT space. While we like BFSI and product focused plays such as Mphasis and IDA¹, post our last IT thematic note, they have run up ~35% and ~67% respectively, thereby limiting upside. We have moved both to a “Hold” from “Buy” rating earlier

BFSI focused plays to benefit, Auto ER&D, Manufacturing and retail face headwinds....

- **BFSI focused plays expected to do well**, in light of the positive earnings and tech spend commentary from US based banks such as Goldman Sachs, Citibank & JP Morgan. Moreover, this is reinforced by the positive BFSI commentary from Global IT peers such as Endava, Globant, Cognizant and Accenture. Intellect Design Arena, Mphasis, Infosys & LTIM stand to benefit given 100%, ~60%, ~37% and ~28% BFSI exposure respectively
- **Europe focused Auto ER&D plays face structural headwinds** with intense price competition from Chinese EV makers to European OEMs, impacting R&D spends, thereby slowing EV transition. Moreover, tariff tantrums further delayed decisions driving slower pipeline to revenue conversion, as highlighted by KPIT. We expect KPIT & LTTS to be casualties with ~100% auto ER&D, ~30% Transportation vertical exposure
- Manufacturing and Retail (“M&R”) heavy IT companies to have been impacted by tariff related uncertainties and deferred client spending. Birlasoft (~40% of revenues), Wipro (~35%) and LTIM (~35%) have highest M&R exposure. While both Birlasoft and Wipro will be impacted in Q1FY26, LTIM had reiterated in the Q4FY25 commentary on the resilience of the existing and new orders in the M&R segment

Themes & Outliers

¹Intellect Design Arena

Executive summary (2 / 2): Navigating through Chaos...

Winners and Losers...

- Within Top-6 IT names, Infosys and LTIM are expected to show ~ 70 bps and ~ 130 bps sequential cc revenue growth, with cc-degrowth in the others. HCL Tech to show seasonal de-growth of ~ 60 bp, while TCS may witness $\sim 2\%$ cc sequential decline on the back of tapering of the BSNL account
- Within **midcap IT names, Persistent and Latent View** are expected to report strong sequential cc growth of $\sim 3.5\%$ and $\sim 3\%$ respectively, driven by growth in their BFSI and Hi-tech verticals followed by **First Source and Happiest Minds** ("HM") with $\sim 2.3\%$ and $\sim 2\%$ cc growth
 - **LTTS and KPIT are expected to witness** $(2.6)\%$ and $(3.5)\%$ sequential cc decline, on the back of European OEMs facing stiff competition from Chinese OEMs, constraining their EV transition and R&D spend propensity coupled with tariff related uncertainty. Moreover, SWC seasonality to also weigh on LTTS growth in Q1FY26
 - **Birlasoft expected to show $\sim (1.5)\%$ cc-degrowth, with lower margins** driven by operating deleverage, given exposure to manufacturing ($\sim 60\%$ directly and indirectly, including med-tech dominated healthcare segment) & non-recurring discretionary spend

Valuations

- We continue with our previous methodology of ascribing 50% weight to DCF and an equivalent weight to the multiples method
- We have rolled over our target prices to LTM Sep-27, from Mar-27e, for the multiples method. For DCF, we have reduced the risk premium for large caps. For terminal growth, we have moved the same to 5% for large caps and 5.5% for mid / small caps (vs. 4.5% and 5% earlier)
- Basis FY27e / FY28e market cap weighted P/E, Top-6 are trading at 22.9x/ 21.3x., with an FY26-28 EPS CAGR of 8.4%. This compares favorably ($\sim 10\%$ discount) against the last 5 year average 1 yr. forward P/E of 25.4x.
- Basis FY27e / FY28e market cap weighted P/E, midcap-IT is trading at 32.9x/ 28.2x., with an FY26-28 EPS CAGR of 17.1%. This compares favorably ($\sim 7\%$ discount) against the last 5 year average 1 yr. forward P/E of 35.5x.

Valuation Matrix: Last 12 months returns...

3-mth, 6-mth, 9-mth and 12-mth performances of stocks, Nifty IT, Nifty

	Returns (%)			
	3-Months	6-Months	9-Months	12-Months
TCS	(4.0)%	(15.5)%	(18.9)%	(11.3)%
Infosys	2.0%	(14.8)%	(14.6)%	2.2%
HCLT	8.5%	(9.8)%	(3.8)%	18.4%
Wipro	1.4%	(11.9)%	(1.8)%	3.3%
TECHM	18.9%	(1.1)%	7.0%	17.9%
LTIM	18.4%	(4.8)%	(14.9)%	(1.3)%
Accenture	(1.8)%	(15.0)%	(15.4)%	(1.5)%
Nifty IT	5.6%	(10.1)%	(7.1)%	7.7%
Nifty	8.5%	7.9%	(1.1)%	6.3%

	Returns (%)			
	3-Months	6-Months	9-Months	12-Months
Mphasis	13.8%	(0.1)%	(5.5)%	15.8%
PSYS	9.6%	(6.4)%	10.8%	42.4%
LTTS	(2.3)%	(7.2)%	(17.7)%	(10.4)%
KPIT	(3.7)%	(14.1)%	(22.7)%	(23.0)%
FSL	10.1%	(0.4)%	20.4%	78.4%
SonataSW	18.6%	(31.6)%	(35.0)%	(30.8)%
BirlaSoft	11.8%	(22.6)%	(28.0)%	(37.2)%
Mastek	11.9%	(18.0)%	(6.1)%	(10.5)%
Intellect	65.9%	20.2%	19.4%	7.6%
Happiest Minds	9.9%	(10.7)%	(18.9)%	(19.7)%
LatentView	12.0%	(15.9)%	(13.0)%	(17.9)%

Nifty IT fell ~10% YTD, with most stocks falling 5-30%. Notable exception being IDA¹ with ~20% returns in the last 6 months on the back of a strong Q4FY25 & the launch of Enterprise AI segment, PF3.0

¹ Intellect Design Arena

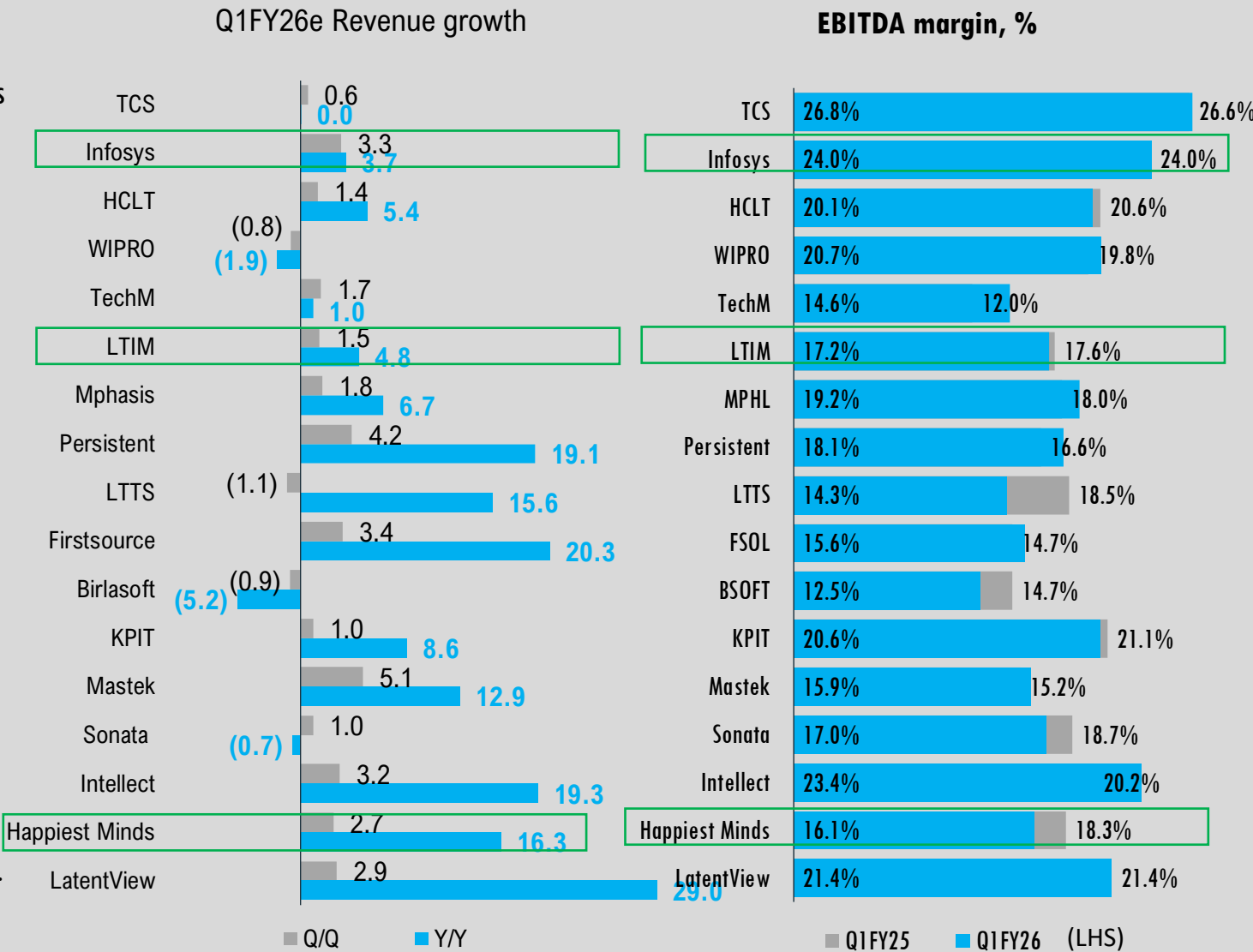
Q1FY26 estimates and a preference ladder

LTIM: LTIM's AI strategy has driven significant deal wins, including a \$450mn large deal and multiple manufacturing sector deals. Launch of BlueVerse, LTIM's AI platform positions it as an Enterprise AI leader. Moreover, CEO Mr. Venu's appointment signals strong execution focus, while strategic leadership appointments emphasize AI's importance in Group strategy. With strong BFSI exposure (37% of revenues) & stability in M&R (~35%), LTIM is well-positioned to navigate macro headwinds. With >70% of revenues linked to discretionary spend, LTIM stands to benefit from revival of discretionary demand. At FY27e/ FY28e PE of 27.1x / 24.0x., with a PEG of 1.8x. (vs. 2.7x. For Top-6), LTIM is our top pick in large-cap IT

Infosys' ("Infy") industry leadership is reinforced by its' former executives leading major IT firms. Infy excels in securing large deals, while its Gen-AI capabilities, particularly Infosys Topaz suite, positions it for enterprise transformation, especially in the resilient BFSI sector (28% of revenue). The company's strong reliance on discretionary spend (35-40% of revenue) makes it well-placed to benefit from demand revival. With ~85% of free cash flow, returned to shareholders in the five years and a FY27e/ FY28e PE of 22.2x / 20.7x., Infosys continues to remain our top investment pick

Happiest Minds ("HM") is an M&A transformation play, with the business mix significantly moving towards BFSI & healthcare, which now accounts for ~42% of revenues (vs. ~25% pre-acquisition). Over the last 1 year, HM's organization transformation with the adoption of the verticalized structure (vs. horizontal), leadership stability under the co-founder Mr. Joseph, focused GTM strategy, as the vertical sales heads focus on client mining, and net new accounts are driven by the CGO would drive growth. A separate Gen-AI focused business unit is a differentiator. Optionality driven by HM's strategic roadmap for value creation comprising of GCC, PE ecosystem play, large accounts strategy, product / SaaS play for Artha, HaaS¹ product commercialization in 2027, to also drive upside...

¹ Healthcare as a Service



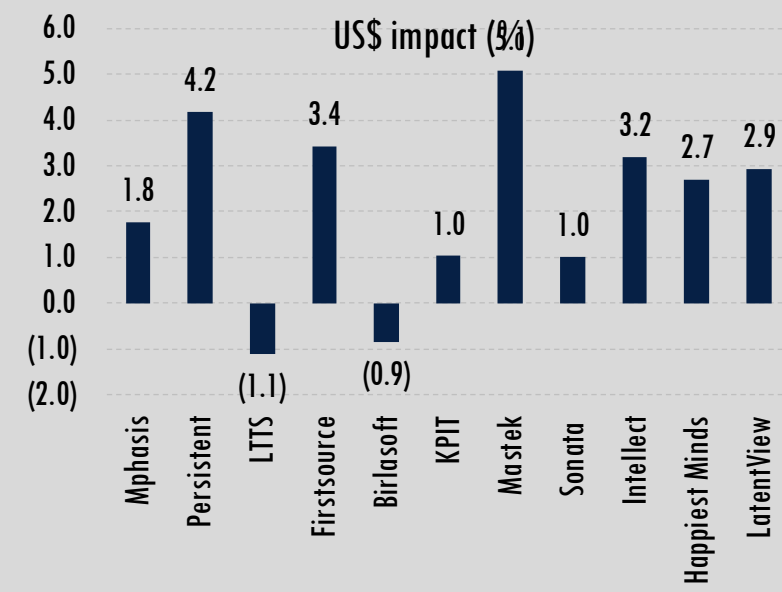
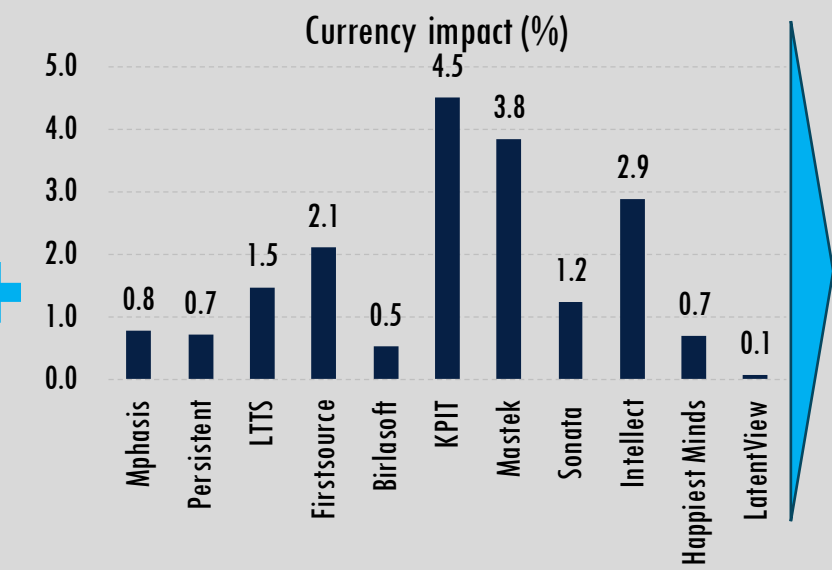
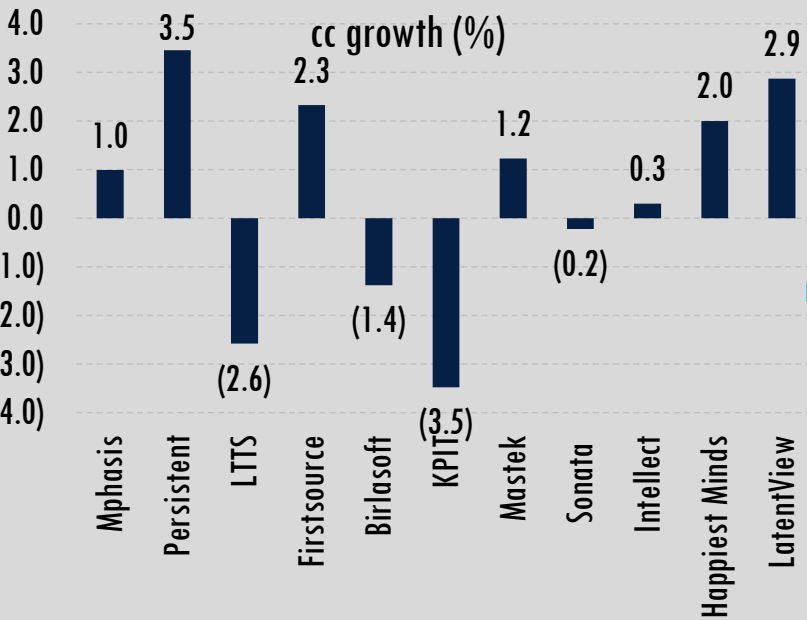
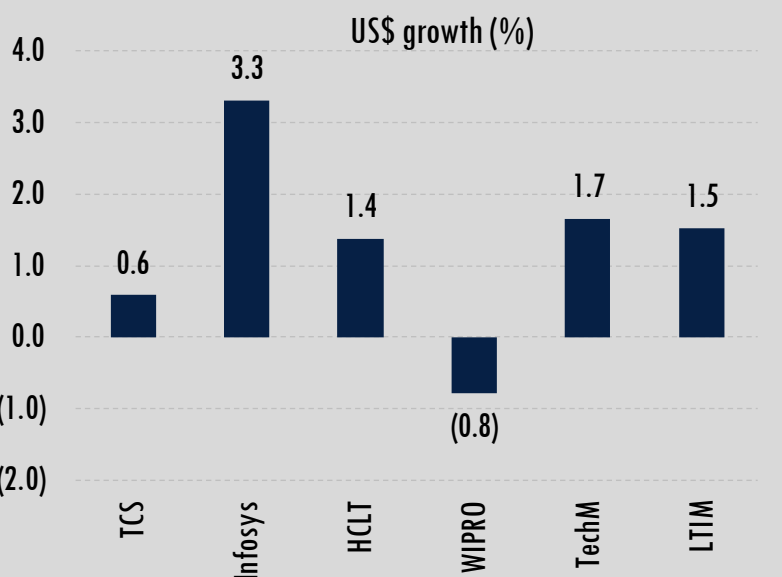
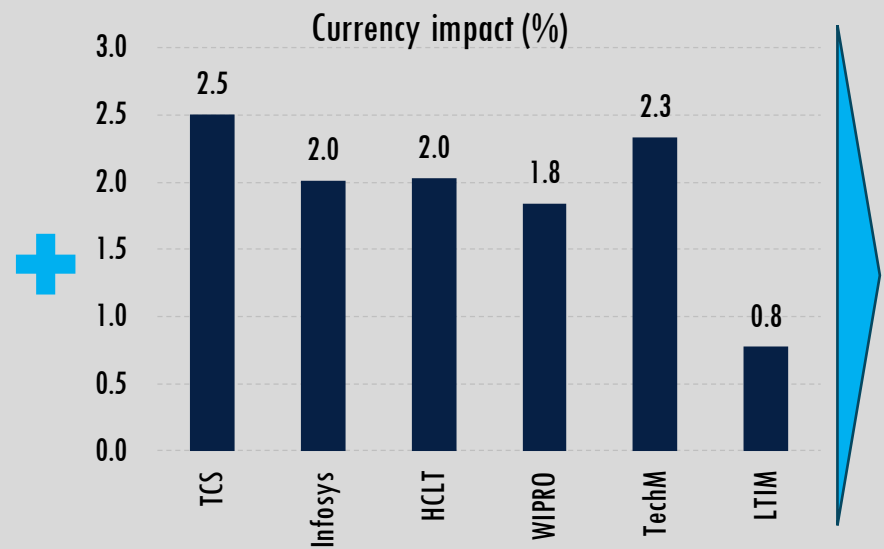
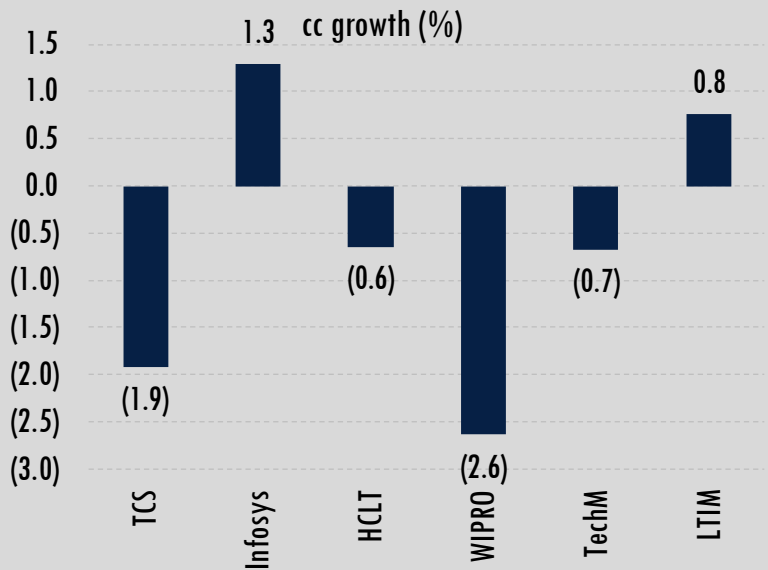
- Green ones represent our preferred picks
- Sonata corresponds to the International IT business

Q1FY26 estimates preview

	TCS	Infosys	HCLT	WIPRO	TechM	LTIM	MPHL	Persistent	LTTS	FSOL	BSOFT	KPIT	Mastek	Sonata	Intellect	Happiest M	LatentView	Aggregate	Top-6	Midcap IT
Sales (\$ m)	7,509	4,887	3,546	2,576	1,574	1,148	438	391	341	259	151	179	110	82	87	65	28	23,369	21,240	2,129
% chg. Q/Q CC	(1.9)	1.3	(0.6)	(2.6)	(0.7)	0.8	1.0	3.5	(2.6)	2.3	(1.4)	(3.5)	1.2	(0.2)	0.3	2.0	2.9	0.3	(0.7)	1.0
% chg. Q/Q	0.6	3.3	1.4	(0.8)	1.7	1.5	1.8	4.2	(1.1)	3.4	(0.9)	1.0	5.1	1.0	3.2	2.7	2.9	1.7	1.5	2.2
% chg. Y/Y	0.0	3.7	5.4	(1.9)	1.0	4.8	6.7	19.1	15.6	20.3	(5.2)	8.6	12.9	(0.7)	19.3	16.3	29.0	6.7	2.3	15.6
Sales (Rsm)	6,41,758	4,17,644	3,03,100	2,20,325	1,34,565	98,143	37,401	33,405	29,168	22,099	12,898	15,309	9,393	7,019	7,412	5,522	2,363	19,97,525	18,15,536	1,81,989
% chg. Q/Q	(0.5)	2.1	0.2	(2.1)	0.5	0.4	0.6	3.0	(2.2)	1.9	(2.1)	0.2	3.7	(0.1)	2.1	1.4	1.8	0.5	0.3	1.4
% chg. Y/Y	2.5	6.2	8.0	0.3	3.5	7.3	9.3	22.0	18.5	23.9	(2.8)	12.2	15.5	2.0	22.2	19.0	32.1	9.3	4.8	18.5
EBITDA (Rsm)	1,72,224	1,00,434	60,855	45,611	19,595	16,840	7,195	6,060	4,179	3,438	1,619	3,157	1,497	1,191	1,733	892	505	4,47,026	4,15,560	31,466
% chg. Q/Q	1.4	1.7	(6.1)	(1.0)	4.9	5.5	1.3	3.7	(12.1)	1.4	(6.8)	(2.2)	7.9	3.0	(15.2)	6.3	(8.1)	1.4	1.6	1.3
% chg. Y/Y	3.4	6.4	5.0	4.7	25.3	4.9	16.6	33.1	(8.4)	30.9	(17.0)	9.6	20.8	(7.5)	41.6	5.1	31.9	6.4	5.0	16.6
EBITDA margin (%)	26.8	24.0	20.1	20.7	14.6	17.2	19.2	18.1	14.3	15.6	12.5	20.6	15.9	17.0	23.4	16.1	21.4	18.1	20.4	17.0
chg. Q/Q	50 bps	-8 bps	-135 bps	23 bps	61 bps	82 bps	14 bps	12 bps	-162 bps	-9 bps	-63 bps	-51 bps	62 bps	50 bps	-476 bps	74 bps	-230 bps	12 bps	36 bps	-9 bps
chg. Y/Y	23 bps	4 bps	-57 bps	87 bps	253 bps	-41 bps	121 bps	151 bps	-420 bps	83 bps	-215 bps	-49 bps	69 bps	-175 bps	320 bps	-214 bps	-3 bps	4 bps	13 bps	-3 bps
EBIT (Rsm)	1,58,021	87,444	51,495	38,358	14,813	14,307	5,767	5,293	3,363	2,487	1,400	2,665	1,309	1,008	1,284	666	408	3,90,087	3,64,437	25,650
% chg. Q/Q	1.3	2.0	(5.4)	(1.3)	5.4	6.3	1.7	4.8	(14.6)	0.1	(7.9)	0.5	9.0	3.6	(21.1)	8.5	(11.0)	1.3	1.6	0.5
% chg. Y/Y	2.3	5.5	7.4	5.7	34.4	4.4	12.7	37.8	(12.3)	31.0	(19.8)	13.1	26.0	(1.1)	49.6	6.0	15.5	7.4	5.6	13.1
EBIT margin (%)	24.6	20.9	17.0	17.4	11.0	14.6	15.4	15.8	11.5	11.3	10.9	17.4	13.9	14.4	17.3	12.1	17.3	15.4	17.2	14.4
chg. Q/Q	43 bps	-2 bps	-100 bps	14 bps	51 bps	81 bps	16 bps	26 bps	-168 bps	-21 bps	-68 bps	6 bps	67 bps	50 bps	-510 bps	79 bps	-249 bps	14 bps	28 bps	6 bps
chg. Y/Y	-4 bps	-14 bps	-10 bps	89 bps	253 bps	-42 bps	46 bps	182 bps	-405 bps	61 bps	-229 bps	14 bps	116 bps	-45 bps	317 bps	-148 bps	-249 bps	-4 bps	-7 bps	14 bps
PBT (Rsm)	1,62,870	95,268	54,970	44,459	16,038	16,004	6,088	5,578	3,625	2,123	1,576	2,771	1,304	926	1,478	690	533	4,16,301	3,89,609	26,692
% chg. Q/Q	(0.7)	(1.4)	(4.1)	(5.7)	7.4	4.7	3.0	10.4	(15.2)	5.2	(5.2)	(8.3)	23.1	7.2	(18.9)	10.3	(14.4)	(0.7)	(1.1)	3.0
% chg. Y/Y	0.3	5.6	(3.7)	10.4	36.4	4.9	13.3	39.3	(16.2)	26.9	(23.1)	(0.1)	32.2	6.0	48.2	0.9	2.3	5.6	5.3	6.0
Tax rate (%)	(25.3)	(28.9)	(24.9)	(24.5)	(24.7)	(25.9)	(24.7)	(23.2)	(27.4)	(19.7)	(25.3)	(26.0)	(23.5)	(25.9)	(24.5)	(26.2)	(25.3)	(25.3)	(25.1)	(25.3)
chg. Q/Q	-26 bps	-172 bps	0 bps	0 bps	-310 bps	25 bps	-23 bps	-158 bps	0 bps	65 bps	130 bps	-232 bps	0 bps	277 bps	63 bps	0 bps	-762 bps	0 bps	-13 bps	0 bps
chg. Y/Y	11 bps	46 bps	51 bps	-3 bps	196 bps	-35 bps	3 bps	25 bps	5 bps	-56 bps	140 bps	18 bps	405 bps	-43 bps	-109 bps	-77 bps	0 bps	5 bps	28 bps	3 bps
Net income (Rsm)	1,20,959	67,725	41,292	33,619	12,048	11,850	4,585	4,281	2,640	1,705	1,178	2,051	998	686	1,097	510	398	3,07,622	2,87,494	20,129
Net Margin %	18.8%	16.2%	13.6%	15.3%	9.0%	12.1%	12.3%	12.8%	9.1%	7.7%	9.1%	13.4%	10.6%	9.8%	14.8%	9.2%	16.8%	12.3%	14.4%	10.6%

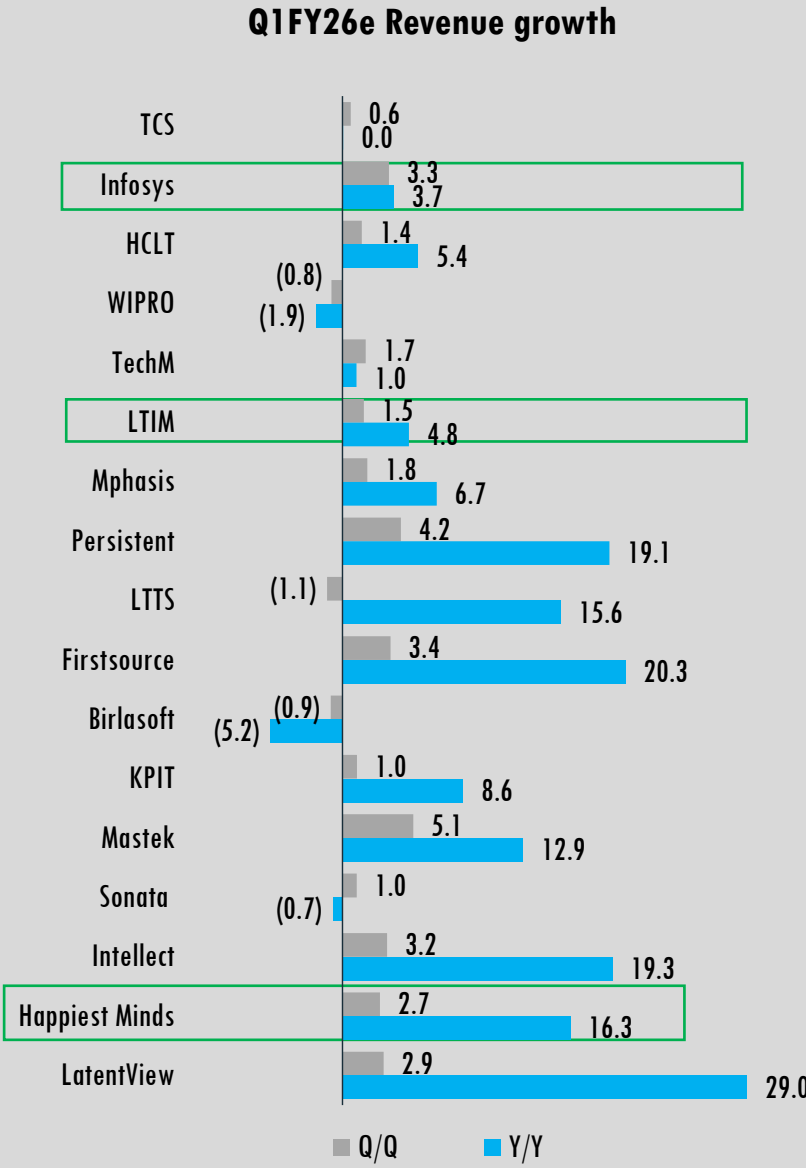
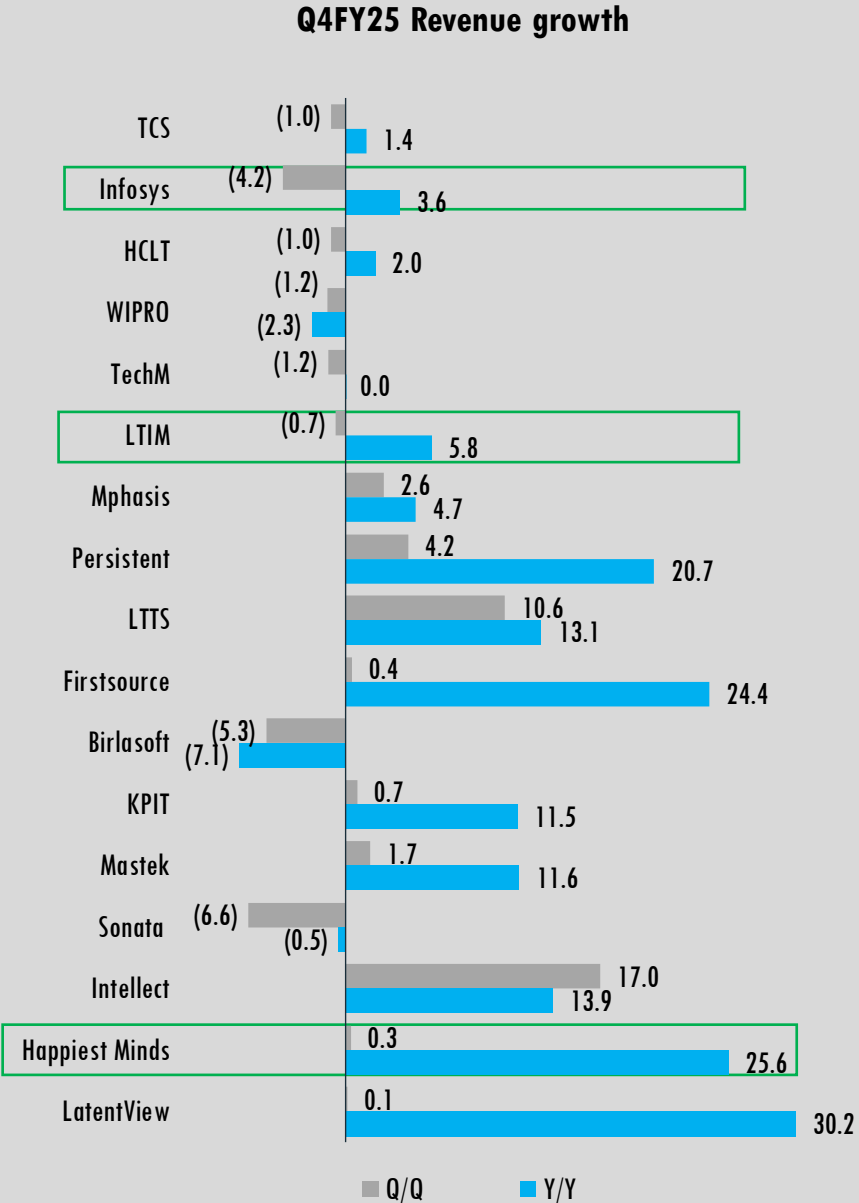
*Q1FY26 organic y/y median growth is 5.1%.

Cross Currency tailwinds drive US\$ sequential revenue growth in Q1FY26...

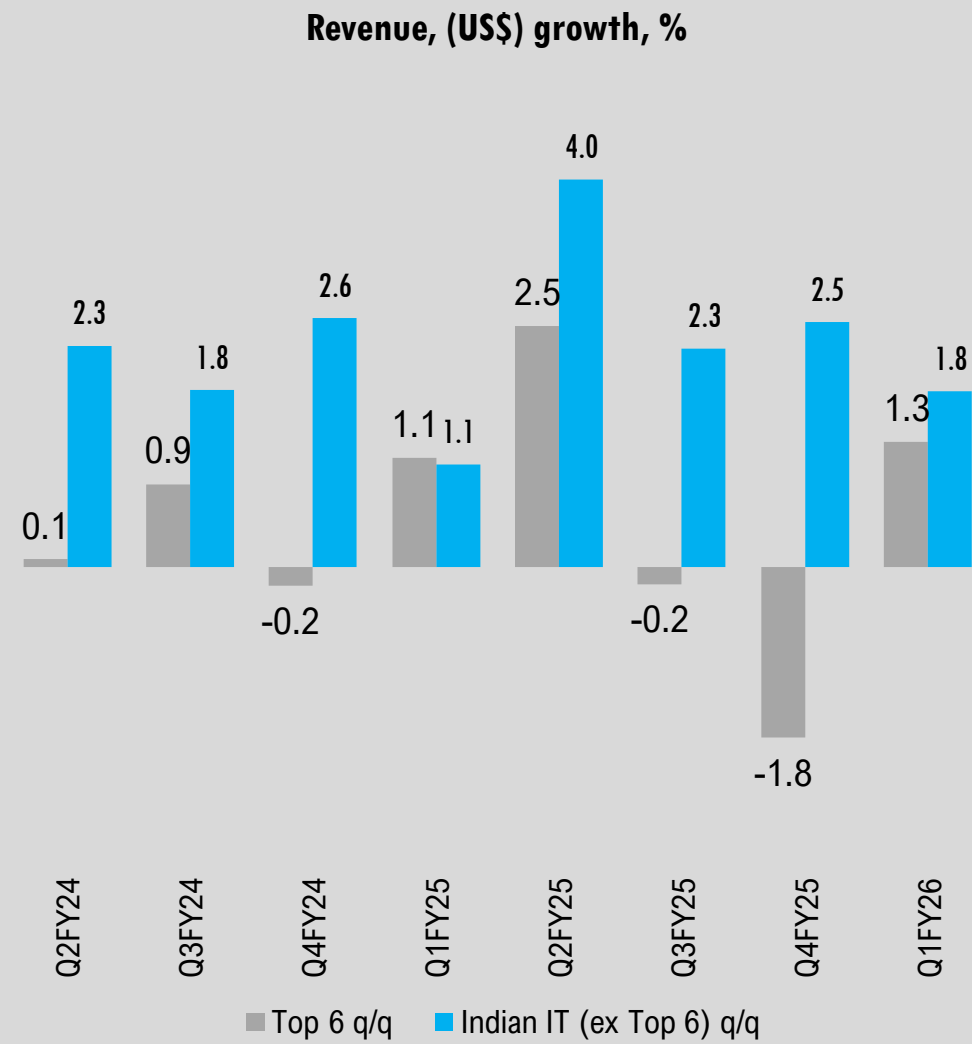
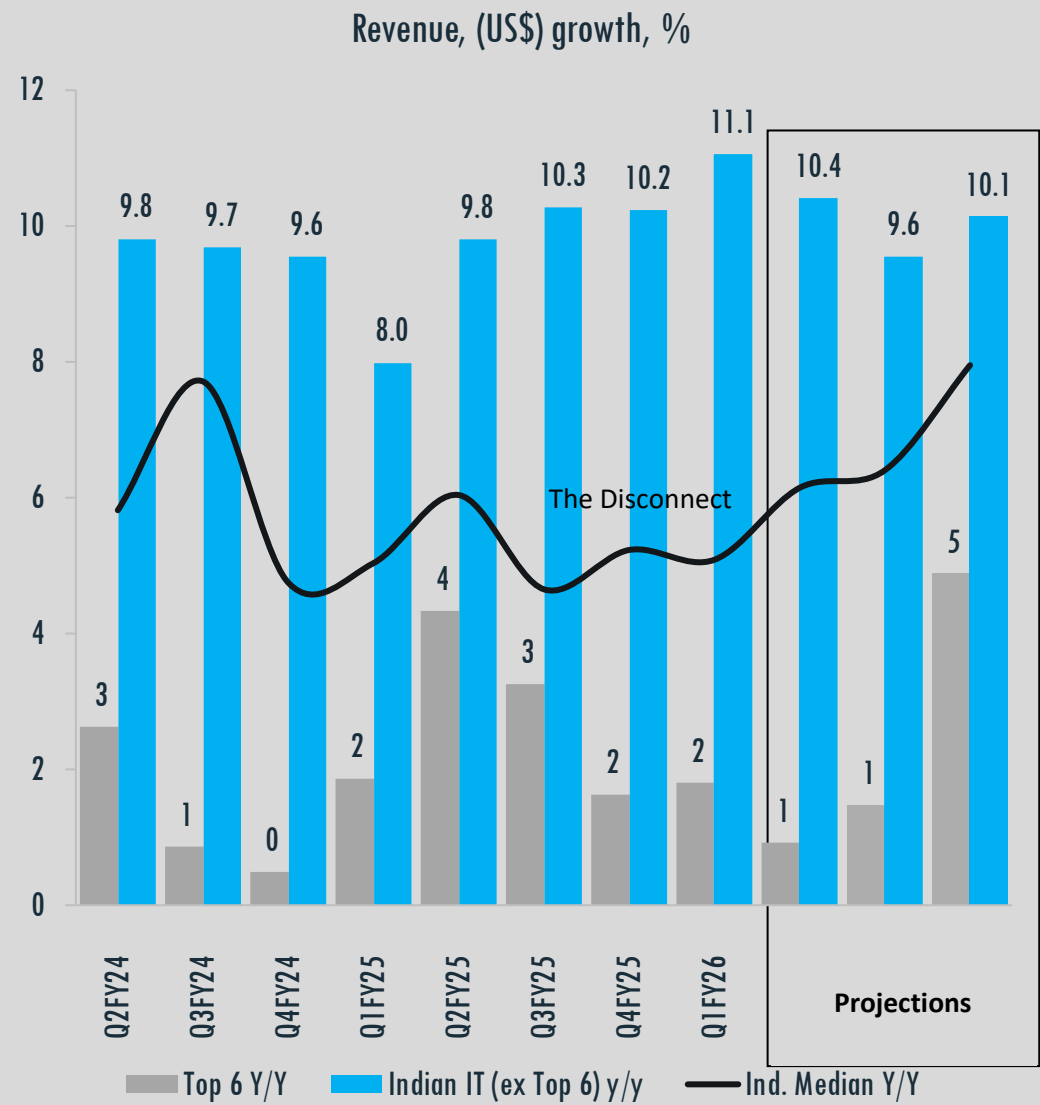


Green ones represent our preferred picks

Median 1QFY26e q/q growth of ~1.7% vs. 0.1% in Q4, led by Persistent & LatentView



Top-6 and midcap IT growth differential to narrow in 2HFY26



Top 6 & Midcap IT YoY US\$ revenue growth differential, inflated by acquisitions in midcap IT. Lower sequential growth differential reflects improving sentiment...

*Q1FY26 onwards are AR estimates.

Productivity improvements reflect GenAI initiatives & transition to Fixed Price projects...

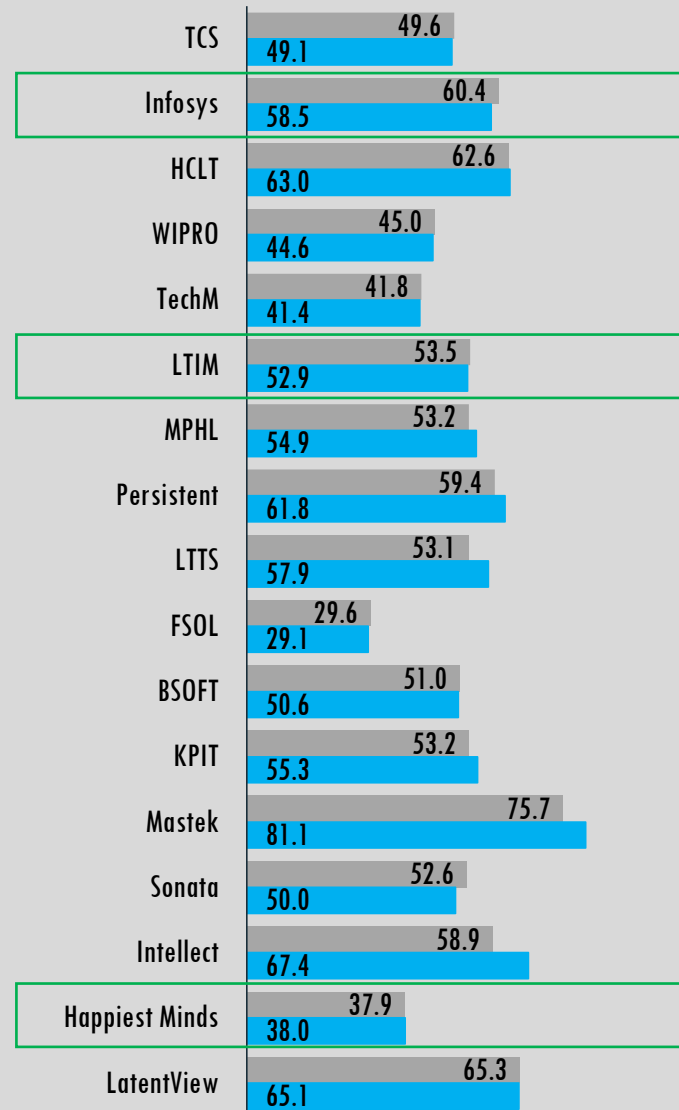
Annualized revenue productivity is maintained at ~\$55k per employee in Q4 FY25. Revenue productivity improvement benefited from increased onsite ramp-ups and utilization. The productivity is also expected to improve further because of the adoption of Gen Ai. The average revenue productivity for the coverage universe over the last four quarters stands at \$54.1k, with Q4FY25 productivity at \$55.3k, indicating a marginal improvement (excl FSOL as it is in BPO space).

Mastek maintains a higher revenue productivity within the coverage universe due to higher subcontracting mix in the revenue. Also, higher onsite mix (~40% by efforts) is driving overall productivity gains.

EBITDA Productivity: Notably, **Mphasis, Persistent, KPIT, and Latent View** have shown an uptick in Q4FY25 EBITDA productivity compared to other companies with respective to last four-quarter averages.

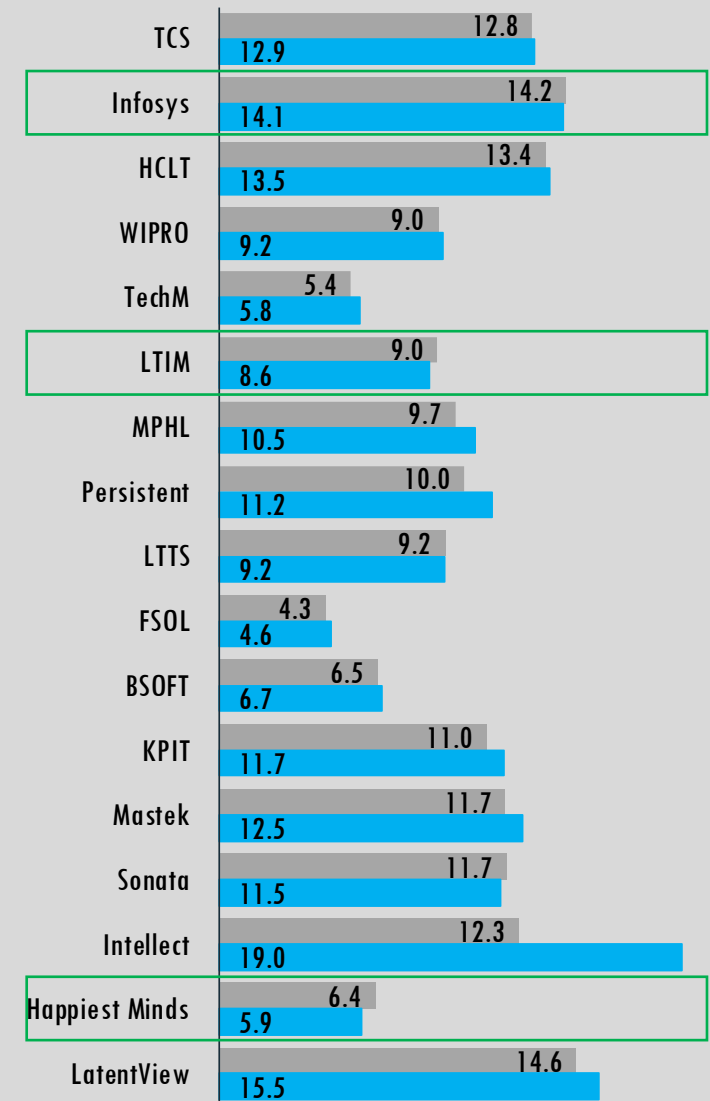
Improvement in productivity driven by their Gen AI-led initiatives, along with an increasing contribution of outcome based or fixed-price projects.

Revenue Productivity (US\$ 000/employee)



■ Last 4 Quarter Average ■ Q4FY25

EBITDA Productivity (US\$ 000/employee)



■ Last 4 Quarter Average ■ Q4FY25

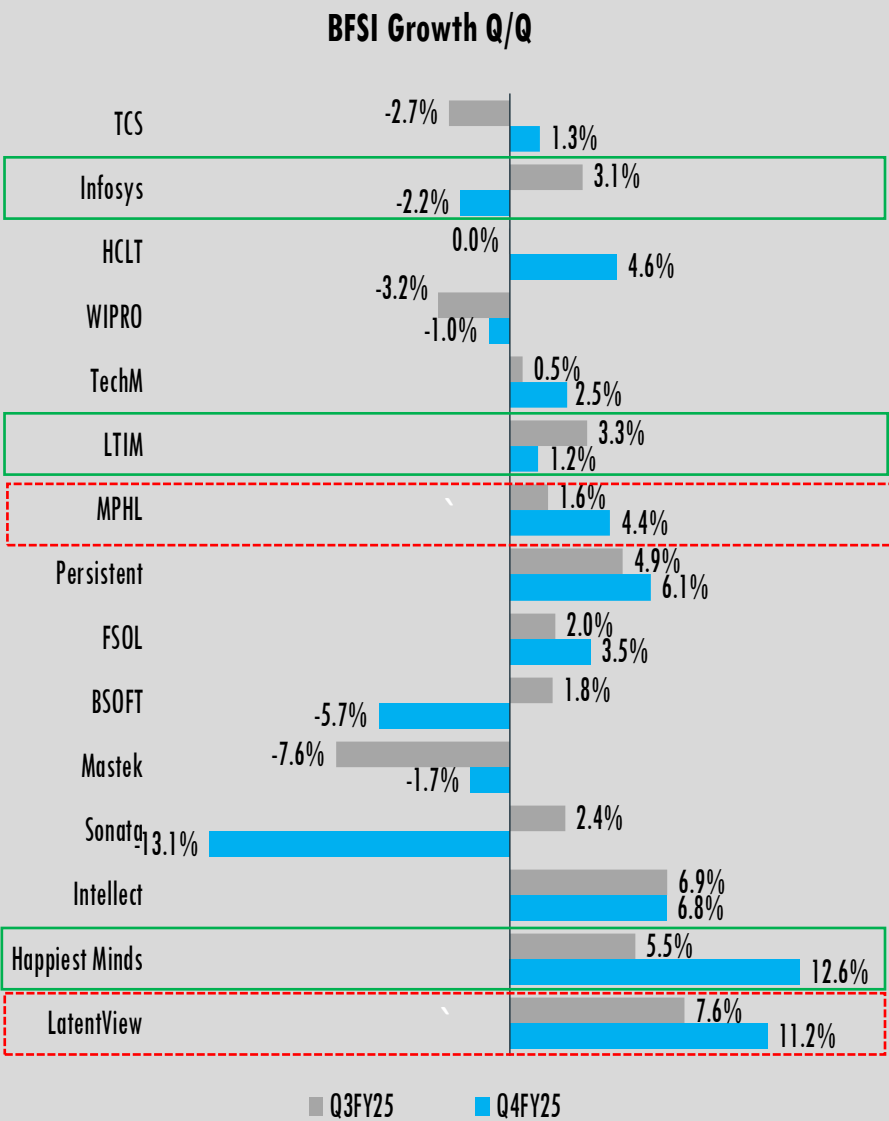
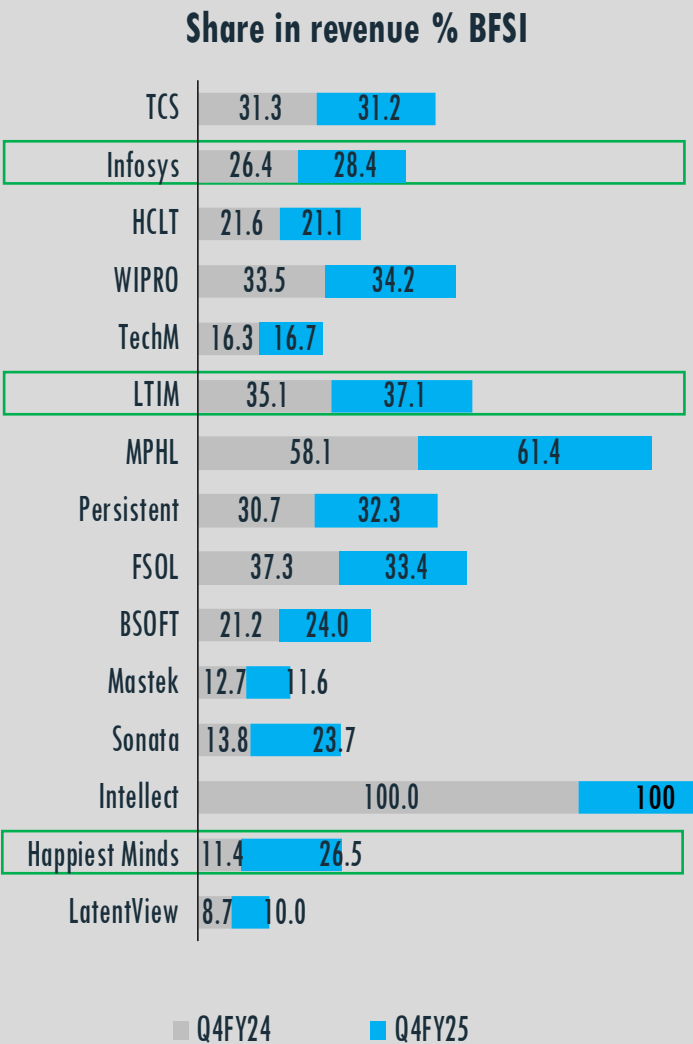
BFSI growth returned in Q4FY25...

BFSI segment shows early signs of traction across global IT peers Accenture and EPAM. This positions BFSI focused companies to navigate near-term macro headwinds, helping offset softness in other verticals especially retail and manufacturing.

BFSI is witnessing sustained growth, with most companies reporting sequential improvement in Q4, with names of Latent View (11.2%), Persistent (6.1%) and Mphasis (4.4%) reporting sequential improvement in Q4.

Mphasis stands out as a key beneficiary of the BFSI recovery, supported by rising tech demand from large US banks and consistent momentum in banking and capital markets across global IT peers.

Deal wins remain steady. In Q1FY26, Infosys won deal from Bank of Sydney and DND Bank. Mphasis on the other hand won a \$100mn large deal in this vertical in Q4FY25, which is likely to ramp up in the coming quarters.



Gen-AI update: Things to Ponder...

With leading hyperscalers such as Amazon, Microsoft, Alphabet and Intel resorting to mass layoffs, with $\sim 100,000$ employees laid off in CY2025, citing reasons such as AI implementation driving lesser resource requirement, reduced Software Development Lifecycle with AI writing 25-30% of the code, we may see a more leaner organization structures, with lower cost hires leveraging on AI tools to drive outcomes. Within Indian IT sector, we are witnessing a shift to outcome based engagements.

Key Question: “Will we see structural shift towards non-linear outcome based engagements, with fewer headcount additions in Indian IT?”

- While Microsoft is on track to achieve its capex guidance of $\sim \$80$ bn ($\sim 30\%$ of revenues) for FY25, it has mentioned that the job cuts are a part of broader plan to reinvest savings into AI infrastructure. It has confirmed that it is laying off ~ 9.1 k ($\sim 4\%$ of total) employees in Jul-25
- In Jun-25, Amazon eliminated ~ 100 roles within its Books division, impacting teams behind Kindle and Goodreads. Moreover, Amazon’s CEO, Andy Jassy confirmed that Amazon will end up shrinking its workforce citing the role of Gen-AI in automating repetitive and administrative tasks. Excerpt from letter by CEO, Andy Jassy to employees (17th June 2025):

“As we roll out more Generative AI and agents, it should change the way our work is done. We will need fewer people doing some of the jobs that are being done today, and more people doing other types of jobs. It’s hard to know exactly where this nets out over time, but in the next few years, we expect that this will reduce our total corporate workforce as we get efficiency gains from using AI extensively across the company”
- With most IT companies acknowledging passing of productivity related benefits to enterprises, we see a gradual transition to the fixed price / outcome based models from the tradition T&M model. Eg: Mphasis, Infosys, KPIT have seen considerable increase in the fixed price / outcome based projects contribution to total revenues

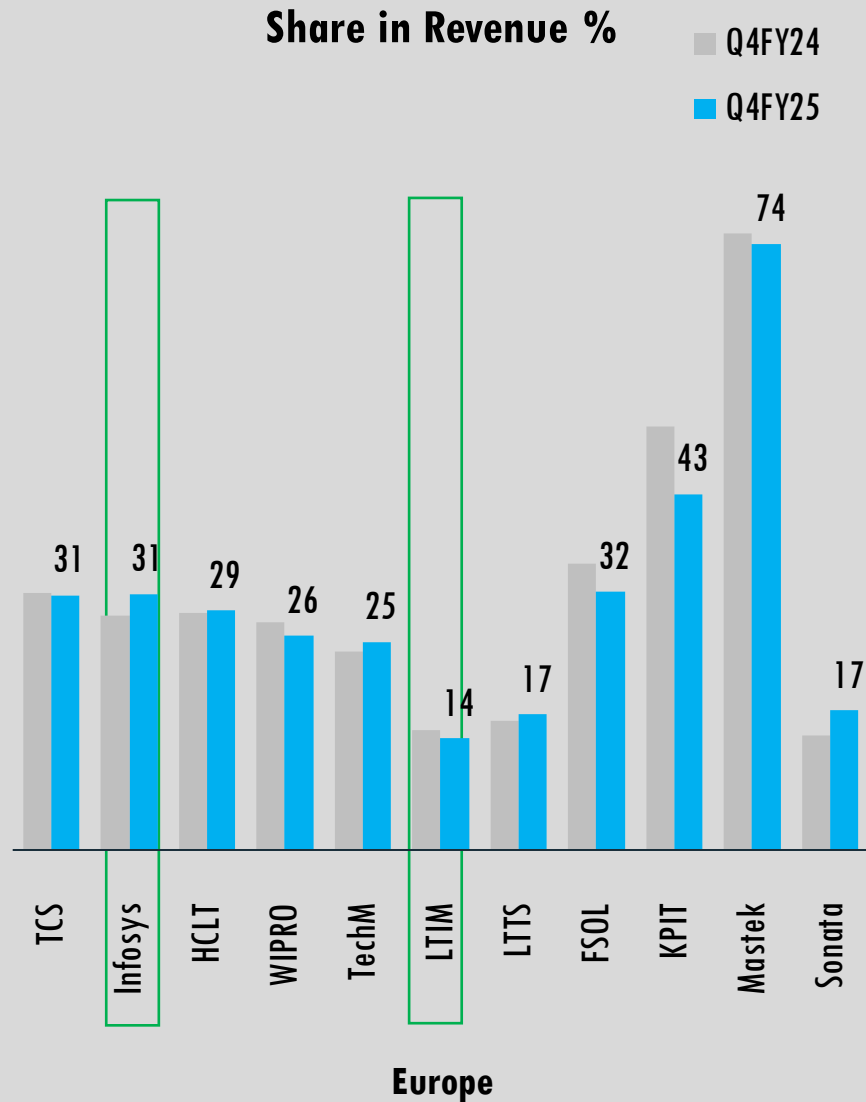
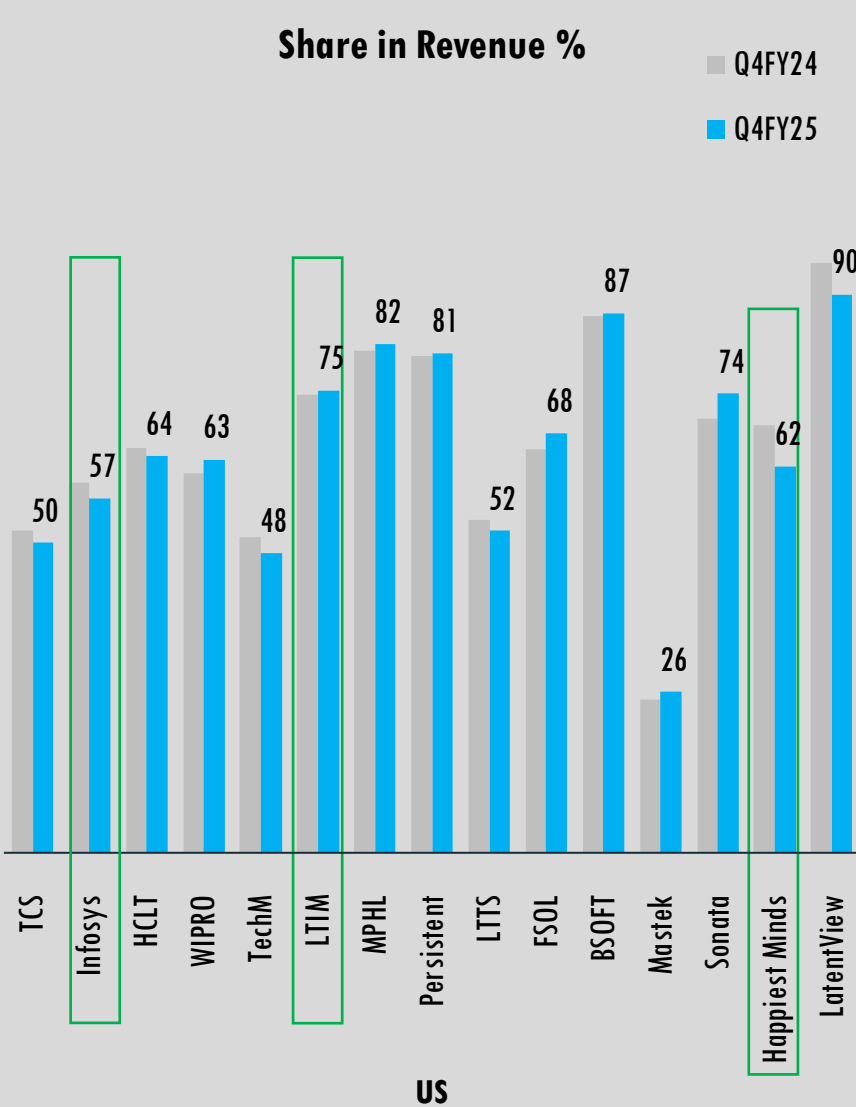
US grew faster for most companies in FY25 despite weak environment; Europe steady

Within our coverage universe, median US exposure is ~62% of revenues, while Europe exposure amounts to ~26% of revenues. Median YoY US / Europe revenue growth amounts to 6.2% / 1.9% respectively

US should benefit from return of discretionary demand driven by potential tax cuts, BFSI recovery in FY26. Amidst a challenging demand environment in the US, discretionary spend is expected to revive starting H2FY25. While BFSI segment shows early signs of recovery, M&R continue to remain soft.

Among large-caps, LTIM derives ~75% of its revenue from this region. Persistent ~81% Mphasis, ~82%, and Birlasoft generates even more at 87.8%. LatentView earns ~90% of its revenue from this market.

Infosys and TechM did better in Europe compared to the US, with Infosys growth driven by In-Tech acquisition. Within mid-caps, Sonata has increased their presence in the region in the last four quarters. The rest of the companies either maintained or reduced their contribution in this region

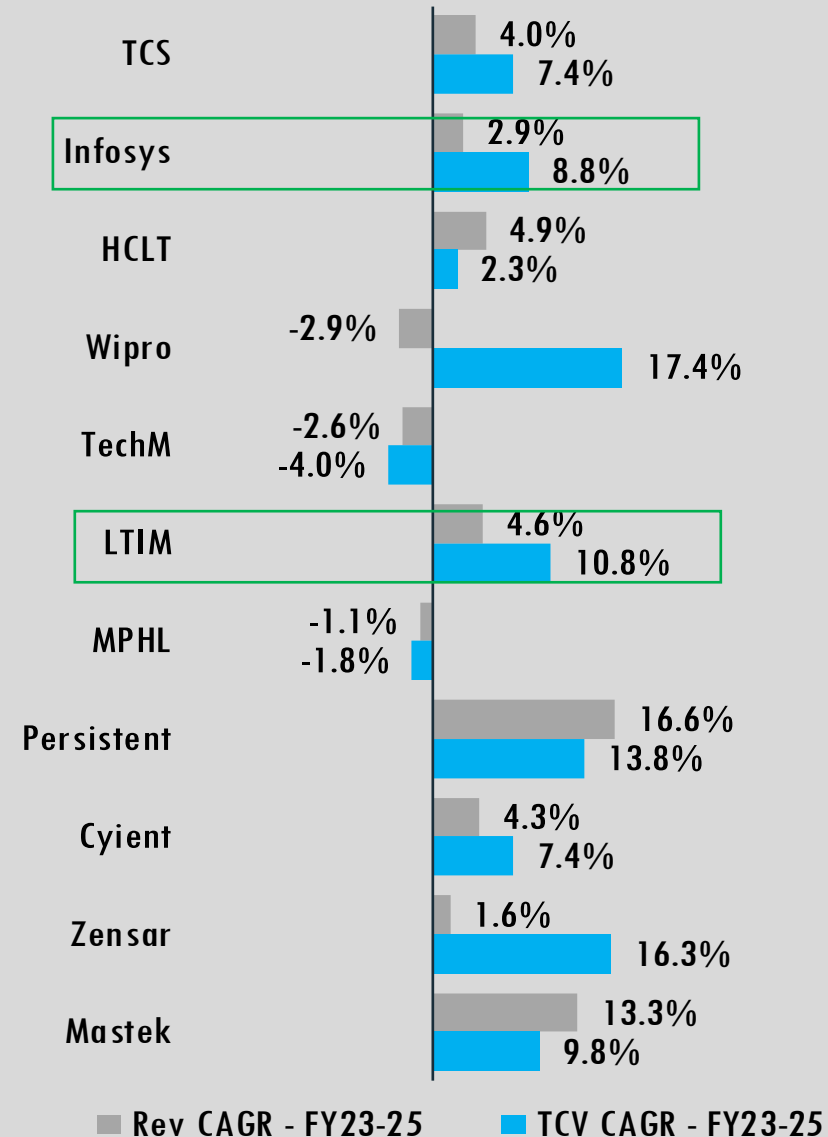


*Mastek's Europe contribution includes the Mid-East for uniformity in comparison
*Sonata's Intl IT(20% of rev) business is taken for the vertical chart

TCV to revenue conversion key driver for FY26e growth outlook...

FY23-25 revenue CAGR for most companies lagged TCV. TCV disclosures and definitions are not uniform across companies and hence, the ratios on chart cannot be compared across the sector. However, TCV CAGR was generally ahead of revenue CAGR, driven by slower overall revenue conversion.

Persistent and Mastek stood out with strong revenue conversion, highlighting their execution strength coupled, while a meaningful gap in conversion was observed in **Infosys and Wipro.** Amongst the large caps, HCL Tech showed strong execution with revenue CAGR higher than the TCV CAGR



Coverage Stocks: Valuation summary

								ROE (%)	ROCE (%) (Post-Tax)	Historical One Yr. Fwd. P/E (x.)			P/E (x.)				FY27e
S.No.	Company	CMP (Rs.)	Market Cap. (\$ Bn.)	Rating	Earlier Rating	Target	Upside / (Downside)	FY25	FY25	L3Y	L5Y	L10Y	FY26e	FY27e	FY28e	FY26e- FY28e EPS CAGR (%)	PEG (x.)
1.	TCS	3,406	144.1	Hold	Hold	3,669	7.7%	51.2%	43.5%	27.0x.	27.9x.	23.0x.	25.1x.	22.9x.	21.7x.	7.5%	3.0x.
2.	Infosys	1,639	79.6	Buy	Hold	1,918	17.0%	29.1%	23.9%	24.5x.	25.1x.	19.9x.	24.6x.	22.2x.	20.7x.	8.8%	2.5x.
3.	HCL Tech	1,700	53.9	Hold	Hold	1,728	1.6%	25.2%	20.1%	22.0x.	20.3x.	16.0x.	25.3x.	23.0x.	21.5x.	8.4%	2.7x.
4.	Wipro	270	32.9	Hold	Hold	306	13.5%	16.6%	10.9%	20.1x.	21.2x.	17.9x.	21.1x.	20.5x.	18.6x.	6.6%	3.1x.
5.	TechM	1,634	17.0	Sell	Hold	1,557	(4.7)%	15.7%	11.9%	25.6x.	22.2x.	16.9x.	31.0x.	26.4x.	22.0x.	18.9%	1.4x.
6.	LTIM	5,377	18.6	Buy	Buy	6,199	15.3%	21.5%	17.3%	30.8x.	32.6x.	25.5x.	31.7x.	27.1x.	24.0x.	14.8%	1.8x.
	Overall Large Cap IT		346.1							25.1x.	25.4x.	20.5x.	25.3x.	22.9x.	21.3x.	8.4%	2.7x.
7.	Persistent	5,770	10.4	Hold	Hold	5,912	2.5%	24.8%	22.2%	44.8x.	40.3x.	27.2x.	52.3x.	42.8x.	34.9x.	22.4%	1.9x.
9.	Mphasis	2,911	6.5	Hold	Buy	3,366	15.6%	18.5%	14.1%	25.9x.	26.4x.	19.7x.	29.5x.	26.0x.	23.5x.	12.1%	2.2x.
8.	LTTS	4,342	5.4	Hold	Hold	4,497	3.6%	22.2%	17.9%	35.8x.	36.7x.	29.8x.	36.2x.	30.1x.	26.6x.	16.5%	1.8x.
10.	KPIT	1,272	4.1	Hold	Hold	1,365	7.3%	33.2%	24.2%	53.7x.	46.1x.	NA	40.3x.	33.9x.	29.9x.	16.1%	2.1x.
11.	Intellect Design Arena	1,165	1.9	Hold	Buy	1,228	5.5%	12.7%	10.3%	28.8x.	27.5x.	38.9x.	40.5x.	31.2x.	25.7x.	25.6%	1.2x.
12.	Birlasoft	434	1.4	Hold	Hold	485	12.0%	15.8%	13.0%	23.3x.	22.6x.	15.4x.	23.8x.	20.3x.	18.3x.	14.2%	1.4x.
13.	Sonata Software	438	1.4	Hold	Hold	472	7.7%	27.3%	18.0%	26.8x.	23.5x.	16.8x.	24.1x.	21.2x.	19.2x.	12.1%	1.7x.
14.	Happiest Minds	638	1.1	Buy	Buy	803	25.9%	12.1%	7.7%	46.9x.	56.1x.	NA	35.2x.	30.2x.	27.1x.	14.1%	2.1x.
15.	Latent View Analytics	446	1.1	Hold	Hold	462	3.7%	12.3%	7.7%	52.7x.	NA	NA	51.0x.	40.2x.	33.0x.	24.4%	1.6x.
16.	Mastek	2,574	0.9	Buy	Hold	3,281	27.4%	16.5%	12.9%	21.1x.	21.4x.	16.5x.	20.1x.	18.0x.	15.8x.	13.0%	1.4x.
	Overall Midcap IT		34.3							38.0x.	35.5x.	25.3x.	39.5x.	32.9x.	28.2x.	17.1%	1.9x.
17.	FSL	365	3.0	Hold	Hold	427	16.9%	15.2%	11.4%	24.1x.	20.9x.	14.2x.	33.6x.	28.4x.	24.7x.	16.7%	1.7x.
	BPO		3.0							24.1x.	20.9x.	14.2x.	33.6x.	28.4x.	24.7x.	16.7%	1.7x.

While we continue to like BFSI and product focused plays such as Mphasis and Intellect, post our last IT thematic note, they have run up ~35% and ~67% respectively, thereby limiting upside. We have moved both to a “Hold” from “Buy” rating earlier

Note: Happiest Minds considers adjusted P/E multiple, factoring the add back of acquisition related amortization

Source: NSE, Anand Rathi estimates, company data. Price data as at 8th July 2025

Coverage Stocks: Rationale for change in rating...

1

Infosys

- Rating change from “Hold” to “Buy”
- Post the Q4FY25 results, while the Company had guided for a 0-3% FY26 organic growth, in light of the uncertain macro environment, we believe it is poised to grow at a higher rate, given the reduced uncertainty, and the improving US BFSI demand
- We believe the management may actually increase the lower end of the guidance from 0% to 1% in Q1FY26, with revised guidance range of 1-3%

2

TechM

- Rating change from “Hold” to “Sell”
- Increasing BPO exposure in the revenue mix by 120bps (14.8% to 16%), in the last 2 years, post new management coming in, with ~51% of incremental revenues from Q1FY24 coming from the BPO business
- Moreover, we believe Project Fortius milestone of 15% margins may be pushed by more than a year, given the weak macro environment. While the company may fastrack the same, it would come at the expense of lower growth. Higher growth can come with margin dilutive telecom exposure
- Basis our estimates, TechM trades at FY27e / FY28e P/E of ~26x. /~22x. (vs. last 5 yr. average 1 yr. fwd. multiple of ~22x.), which we believe would warrant a downgrade

3

Mastek

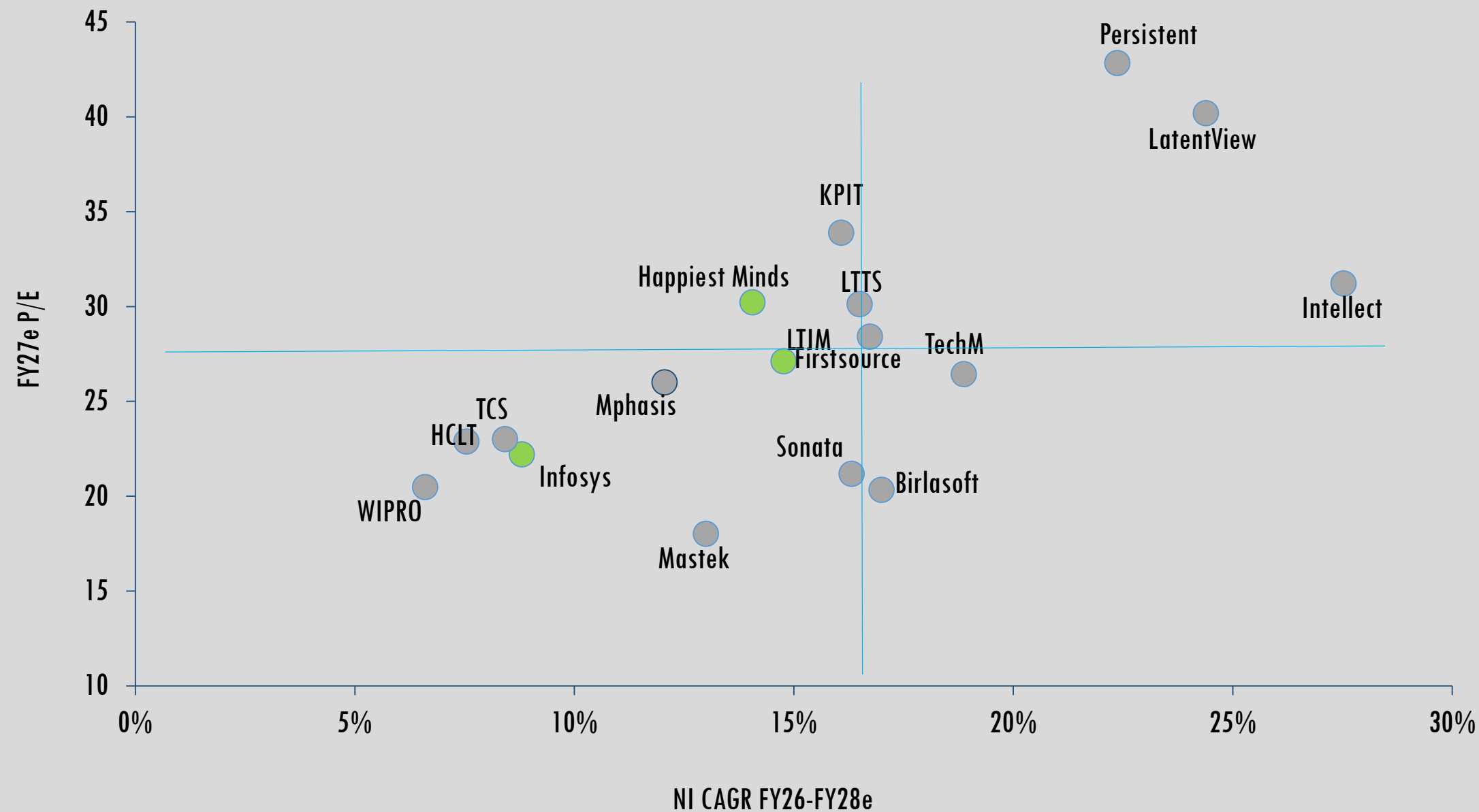
- Rating change from “Hold” to “Buy”
- Primarily, driven by compelling valuation, with FY27e / FY28e P/E of 18.0x. / 15.8x. respectively (vs. last 5 yr. average 1 yr. fwd. multiple of ~21.4x.)
- We also draw comfort from the expected spend for UK government / NHS segment, which should grow at least in low double digits YoY
- While US (~25% of revenues) may be muted in the short term, as a new leader is finalized, Oracle Cloud implementation (~30% of revenues) is gaining traction, which should drive growth going forward

4

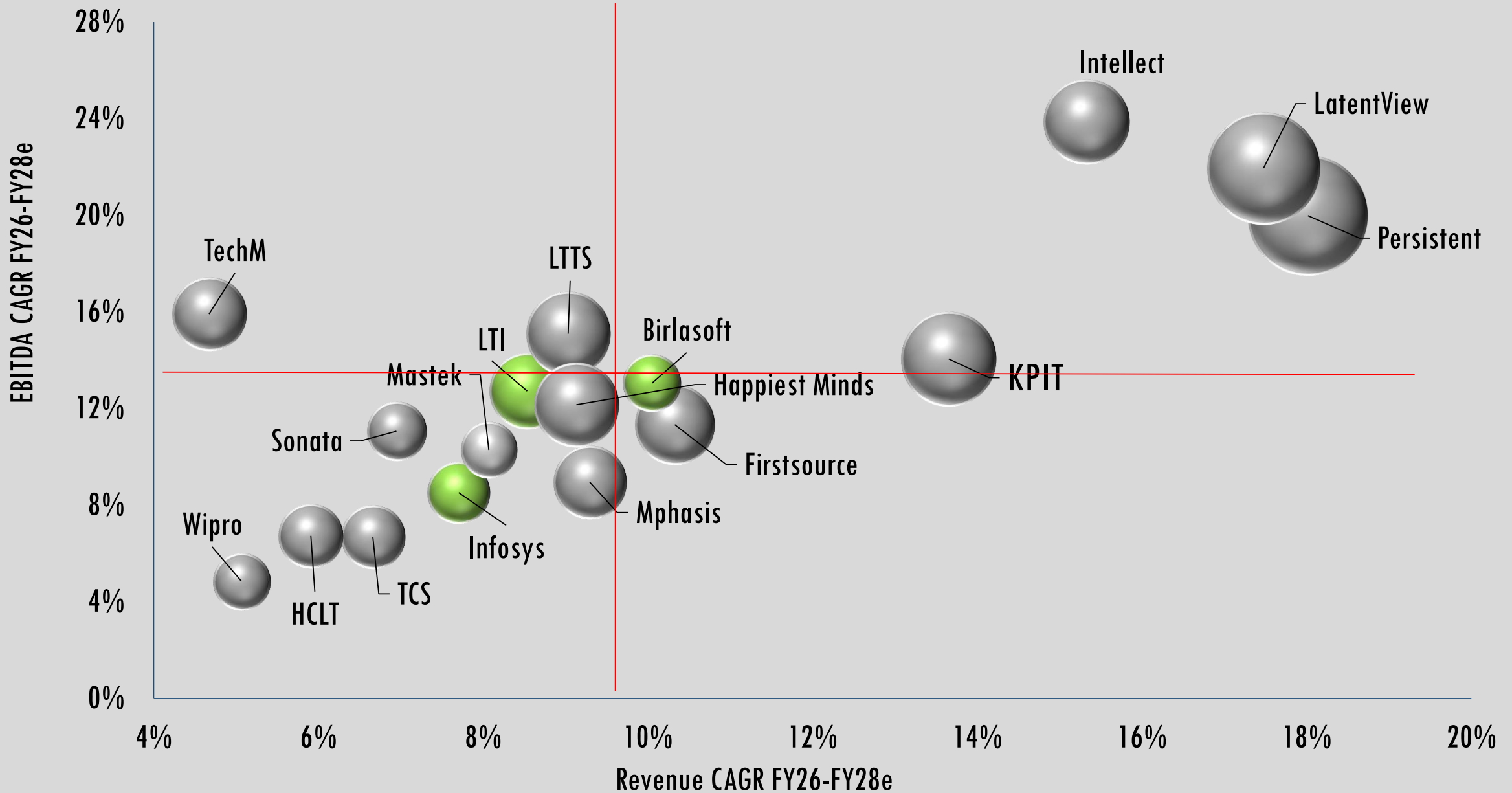
Intellect
 (“IDA”)

- Rating change from “Buy” to “Hold”
- While we continue to like Intellect given its leadership position within the BFSI products segment, coupled with the Purple Fabric platform’s success with European banks, the stock has run up by ~67% since our initiation in Apr-25, leaving little room for valuation upside
- However, key monitorables for us would be C1 Acquisition performance as well as the Enterprise AI execution, which IDA launched in May-25, under Purple Fabric3.0

Top picks are more tilted toward relative value



Top picks are more inclined toward relative value



Appendix

Key financial data and valuation metrics

Company	Revenue CAGR		EBITDA CAGR		PAT CAGR		CFO:PAT		FCF:NI		Valuation		
	FY23-25	FY26-28	FY23-25	FY26-28	FY23-25	FY26-28	FY25	FY26	FY25	FY26	FY26e P/E	FY27e P/E	FCF Yield
TCS	4.0%	6.7%	6.7%	6.7%	7.3%	7.5%	105%	118%	100%	113%	25.1	22.9	4.5%
Infosys	2.9%	7.7%	5.7%	8.5%	5.3%	8.8%	138%	122%	118%	111%	24.6	22.2	5.0%
HCLT	4.9%	5.9%	6.2%	6.7%	8.2%	8.4%	128%	114%	110%	108%	25.3	23.0	4.6%
WIPRO	-2.9%	5.1%	3.6%	4.8%	7.6%	6.6%	128%	124%	117%	115%	21.1	20.5	6.4%
TechM	-2.6%	4.7%	-6.7%	15.9%	-6.2%	18.9%	135%	110%	118%	98%	31.0	26.4	3.6%
LTIM	4.6%	10.3%	2.4%	14.1%	2.1%	14.8%	99%	117%	78%	100%	31.7	27.1	3.3%
Median	3.4%	6.3%	4.6%	7.6%	6.3%	8.6%	128%	118%	114%	110%	25.2	22.9	4.5%
Average	1.8%	6.7%	3.0%	9.5%	4.1%	10.8%	122%	118%	107%	107%	26.4	23.7	4.6%

Company	Revenue CAGR		EBITDA CAGR		PAT CAGR		CFO:PAT		FCF:NI		Valuation		
	FY23-25	FY26-28	FY23-25	FY26-28	FY23-25	FY26-28	FY25	FY26	FY25	FY26	FY26e P/E	FY27e P/E	FCF Yield
Mphasis	-1.1%	9.3%	3.2%	8.9%	1.9%	12.1%	112%	119%	92%	99%	29.5	26.0	3.7%
Persistent	16.6%	18.0%	16.4%	20.0%	23.3%	22.4%	83%	94%	62%	79%	52.3	42.8	1.5%
LTTS	12.8%	9.0%	5.1%	15.1%	4.1%	16.5%	117%	137%	51%	127%	36.2	30.1	3.0%
KPIT	28.5%	13.7%	39.1%	14.1%	48.5%	16.1%	166%	118%	126%	-59%	40.3	33.9	1.6%
Firstsource	12.1%	10.3%	23.2%	11.3%	7.6%	16.7%	118%	121%	-8%	67%	33.6	28.4	1.7%
Sonata	13.4%	6.9%	6.8%	11.1%	-3.1%	16.3%	152%	115%	-4%	23%	24.1	21.2	0.7%
Birlasoft	3.3%	10.0%	1.9%	13.1%	24.9%	14.2%	114%	105%	104%	95%	23.8	20.3	4.9%
Mastek	13.3%	8.1%	9.5%	10.3%	13.3%	13.0%	105%	85%	45%	54%	20.1	18.0	3.3%
Intellect	3.1%	15.3%	10.4%	23.9%	11.6%	27.5%	129%	97%	78%	52%	40.5	31.2	2.0%
Happiest Minds	17.1%	9.1%	-0.6%	12.2%	-11.1%	14.1%	128%	121%	-272%	29%	35.2	30.2	2.9%
LatentVlew	22.5%	17.5%	14.1%	22.0%	5.9%	24.4%	75%	74%	-125%	32%	51.0	40.2	-0.2%
Median	13.0%	9.1%	8.2%	11.7%	9.6%	14.1%	118%	104%	62%	55%	35.2	30.2	2.5%
Average	11.9%	-16.5%	10.9%	-14.1%	11.6%	-12.0%	118%	105%	11%	56%	34.7	29.2	2.4%

TCS - Financials

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenues (US\$m)	29,080	30,179	30,689	32,789	34,914
Growth (%)	4.1	3.8	1.7	6.8	6.5
Net revenues (Rs m)	24,08,930	25,53,240	26,22,915	28,02,447	29,84,030
Employee & Direct Costs	17,14,970	18,27,130	18,71,413	19,88,778	21,30,645
Gross Profit	6,93,960	7,26,110	7,51,502	8,13,669	8,53,385
Gross Margin %	28.81	28.44	28.65	29.03	28.60
SG&A	51,010	52,040	55,453	58,226	61,074
EBITDA	6,42,950	6,74,070	6,96,049	7,55,443	7,92,311
EBITDA margins (%)	26.7	26.4	26.5	27.0	26.6
- Depreciation	49,840	52,420	57,099	60,849	60,849
Other income	30,500	31,660	22,415	30,316	32,914
Interest Exp	-0	-0	-0	-0	-0
PBT	6,23,610	6,53,310	6,61,365	7,24,910	7,64,377
Effective tax rate (%)	26	25	25	25	25
+ Associates/(Minorities)	-1,910	-2,440	-2,760	-2,760	-2,760
Net Income	4,59,080	4,85,530	4,91,221	5,38,683	5,68,161
WANS	3,647	3,618	3,618	3,618	3,618
FDEPS (Rs/share)	125.9	134.2	135.8	148.9	157.0

Fig 3 – Cash Flow statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	6,23,610	6,53,310	6,61,365	7,24,910	7,64,377
+ Non-cash items	49,840	52,420	57,099	60,849	60,849
Operating profit before WC	6,73,450	7,05,730	7,18,464	7,85,759	8,25,225
- Incr./(decr.) in WC	69,280	36,460	-32,337	11,027	8,503
Others incuding taxes	-1,68,990	-1,65,260	-1,67,384	-1,83,467	-1,93,456
Operating cash-flow	4,35,180	5,04,010	5,83,417	5,91,265	6,23,267
- Capex (tangible + Intangible)	22,020	29,170	28,852	28,024	26,856
Free cash-flow	4,13,160	4,74,840	5,54,565	5,63,240	5,96,411
Acquisitions	-	-	-	-	-
- Dividend (including buyback & taxes)	4,61,770	4,49,620	2,38,788	2,62,667	2,88,933
+ Equity raised	-	-	-	-	-
+ Debt raised	-	-	-	-	-
- Fin Investments	-96,070	-	-	-	-
- Misc. Items (CFI + CFF)	20,410	73,490	-	-	-
Net cash-flow	27,050	-48,270	3,15,777	3,00,574	3,07,477

Source: Company, Anand Rath Research

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	3,620	3,620	3,620	3,620	3,620
Net worth	9,26,120	9,68,820	12,21,253	14,97,269	17,76,497
Total debt (incl. Pref)	-	-	-	-	-
Minority interest	8,300	10,150	12,910	15,670	18,430
DTL/(Asset)	-39,920	-41,290	-41,290	-41,290	-41,290
Capital employed	8,94,500	9,37,680	11,92,873	14,71,649	17,53,637
Net tangible assets	71,481	48,231	19,984	-12,840	-46,833
Net Intangible assets	44,990	49,640	49,640	49,640	49,640
Goodwill					
CWIP (tang. & intang.)	1,19,619	1,73,839	1,73,839	1,73,839	1,73,839
Other Long term Assets/(Liabilities)	-57,600	-76,090	-76,090	-76,090	-76,090
Investments (Financial)	3,44,270	3,46,210	3,46,210	3,46,210	3,46,210
Current Assets (ex Cash)	6,71,920	7,52,840	7,47,558	7,94,887	8,42,304
Cash	1,50,630	1,62,660	4,78,437	7,79,010	10,86,488
Current Liabilities	4,50,810	5,19,650	5,46,705	5,83,007	6,21,921
Working capital	2,21,110	2,33,190	2,00,853	2,11,880	2,20,382
Capital deployed	8,94,500	9,37,680	11,92,873	14,71,649	17,53,637
Contingent Liabilities	-	-	-	-	-

Fig 4 – Ratio analysis

Year end Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	26.8	25.4	25.1	22.9	21.7
EV/EBITDA (x)	18.4	17.5	17.0	15.6	14.9
EV/sales (x)	4.91	4.63	4.38	4.00	3.65
P/B (x)	13.3	12.7	10.1	8.2	6.9
RoE (%)	49.6	51.2	44.9	39.6	34.7
RoCE (%) - After tax	42.5	43.5	38.9	34.8	30.8
RoIC (%) - After tax	83.9	82.3	85.4	100.2	110.6
DPS (Rs per share)	55.0	126.0	66.0	72.6	79.9
Dividend yield (%)	1.6	3.7	1.9	2.1	2.3
Dividend payout (%) - Inc. DDT	95.8	135.1	48.6	48.8	50.9
Net debt/equity (x)	-0.5	-0.5	-0.7	-0.7	-0.8
Receivables (days)	81	81	81	81	80
Inventory (days)					
Payables (days)	15	20	21	22	23
CFO:PAT%	102	105	118	109	109
FCF:PAT% - includ M&A payout	90	98	113	105	105

Source: Company, Anand Rath Research

Infosys - Financials

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenues (US\$m)	18,562	19,277	19,830	21,560	23,002
Growth (%)	1.9	3.9	2.9	8.7	6.7
Net revenues (Rs m)	1,536,710	1,629,900	1,694,882	1,842,735	1,965,989
Employee & Direct Costs	1,108,760	1,171,010	1,220,676	1,319,828	1,406,701
Gross Profit	427,950	458,890	474,206	522,908	559,288
Gross Margin %	27.85	28.15	27.98	28.38	28.45
SG&A	63,700	66,540	65,576	72,333	78,095
EBITDA	364,250	392,350	408,630	450,575	481,193
EBITDA margins (%)	23.7	24.1	24.1	24.5	24.5
- Depreciation	46,780	48,110	50,012	52,112	54,228
Other income	42,420	31,830	31,296	32,861	34,504
Interest Exp	-	-	-	-	-
PBT	359,890	376,070	389,915	431,324	461,469
Effective tax rate (%)	26	29	29	29	29
+ Associates/(Minorities)	-160	-370	-100	-88	-12
Net Income	267,570	267,130	277,188	306,649	328,162
WANS	4,145	4,152	4,153	4,153	4,153
FDEPS (Rs/share)	64.6	64.3	66.7	73.8	79.0

Fig 3 – Cash Flow statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	359,890	376,070	389,915	431,324	461,469
+ Non-cash items	63,290	58,230	50,012	52,112	54,228
Operating profit before WC	423,180	434,300	439,926	483,436	515,696
- Incr./(decr.) in WC	52,050	-35,800	-10,772	11,238	12,686
Others including taxes	-110,470	-102,240	-112,627	-124,588	-137,095
Operating cash-flow	260,660	367,860	338,072	347,610	365,915
- Capex (tangible + Intangible)	22,010	22,370	20,720	19,763	21,085
Free cash-flow	238,650	345,490	317,352	327,847	344,830
Acquisitions	-1,010	-31,550	-8,290	-4,145	-4,145
- Dividend (including buyback & taxes)	146,920	202,870	187,321	196,916	207,470
+ Equity raised	-	-	-	-	-
+ Debt raised	-	-	-	-	-
- Fin Investments	43,380	-17,550	-11,771	-11,182	-10,623
- Misc. Items (CFI + CFF)	21,210	31,930	-	-	-
Net cash-flow	26,130	96,690	133,511	137,968	143,838

Source: Company, Anand Rath Research

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	20,710	20,730	20,730	20,730	20,730
Net worth	881,160	958,180	1,048,047	1,157,780	1,278,473
Total debt (incl. Pref)	-	-	-	-	-
Minority interest	3,450	3,850	3,950	4,038	4,049
DTL/(Asset)	-81,020	-39,830	-39,830	-39,830	-39,830
Capital employed	803,590	922,200	1,012,167	1,121,988	1,242,692
Net tangible assets	189,220	180,890	151,598	119,249	86,106
Net Intangible assets	87,000	128,720	137,010	141,156	145,301
Goodwill					
CWIP (tang. & intang.)	4,480	10,220	10,220	10,220	10,220
Other Long term Assets/(Liabilities)	-54,400	-43,280	-43,280	-43,280	-39,480
Investments (Financial)	246,230	235,410	223,640	212,458	201,835
Current Assets (ex Cash)	571,140	594,190	608,593	651,586	695,168
Cash	147,860	244,550	378,061	516,029	659,868
Current Liabilities	387,940	428,500	453,675	485,430	516,326
Working capital	183,200	165,690	154,918	166,156	178,843
Capital deployed	803,590	922,200	1,012,167	1,121,988	1,242,692
	-	-	-	-	-
	-	-	-	-	-

Fig 4 – Ratio analysis

Year end Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	25.4	25.5	24.6	22.2	20.7
EV/EBITDA (x)	17.4	16.1	15.5	14.0	13.1
EV/sales (x)	4.17	3.88	3.66	3.30	3.02
P/B (x)	7.7	7.1	6.5	5.9	5.3
RoE (%)	32.7	29.1	27.6	27.8	26.9
RoCE (%) - After tax	25.4	23.9	23.1	23.5	23.0
RoIC (%) - After tax	41.2	41.6	45.2	52.4	57.8
DPS (Rs per share)	46.0	43.0	45.1	47.4	50.0
Dividend yield (%)	2.8	2.6	2.8	2.9	3.0
Dividend payout (%) - Inc. DDT	71.3	66.8	67.6	64.2	63.2
Net debt/equity (x)	-0.4	-0.5	-0.6	-0.6	-0.7
Receivables (days)	106	104	102	100	100
Inventory (days)					
Payables (days)	12	12	12	12	12
CFO:PAT%	97	138	122	113	112
FCF:PAT% - includ M&A payout	89	118	111	106	104

Source: Company, Anand Rath Research

HCL Tech - Financials

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenues (US\$m)	13,270	13,840	14,458	15,357	16,218
Growth (%)	5.4	4.3	4.5	6.2	5.6
Net revenues (Rs m)	10,99,130	11,70,550	12,35,731	13,12,521	13,86,097
Employee & Direct Costs	8,07,850	8,77,703	9,30,800	9,83,252	10,37,430
Gross Profit	2,91,280	2,92,848	3,04,931	3,29,269	3,48,667
Gross Margin %	26.50	25.02	24.68	25.09	25.15
SG&A	49,280	37,807	38,721	43,004	45,415
EBITDA	2,42,000	2,55,040	2,66,210	2,86,265	3,03,252
EBITDA margins (%)	22.0	21.8	21.5	21.8	21.9
- Depreciation	41,730	40,840	37,067	34,084	33,825
Other income	9,390	18,410	13,902	14,731	16,252
Interest Exp	-	-	-	-	-
PBT	2,09,660	2,32,610	2,43,045	2,66,912	2,85,679
Effective tax rate (%)	25	25	25	25	25
+ Associates/(Minorities)	-80	-90	-40	-20	-20
Net Income	1,57,010	1,73,900	1,82,573	2,00,525	2,14,626
WANS	2,713	2,712	2,712	2,712	2,712
FDEPS (Rs/share)	57.9	64.1	67.3	73.9	79.1

Fig 3 – Cash Flow statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	2,09,660	2,32,610	2,43,045	2,66,912	2,85,679
+ Non-cash items	33,890	22,330	37,067	34,084	33,825
Operating profit before WC	2,43,550	2,54,940	2,80,112	3,00,996	3,19,504
- Incr./(decr.) in WC	-23,050	-10,100	10,801	13,348	12,635
Others including taxes	-42,120	-42,430	-61,321	-67,273	-71,957
Operating cash-flow	2,24,480	2,22,610	2,07,990	2,20,375	2,34,912
- Capex (tangible + Intangible)	10,480	11,080	11,697	12,424	13,120
Free cash-flow	2,14,000	2,11,530	1,96,293	2,07,951	2,21,791
Acquisitions	-20,430	-19,820	-	-	-
- Dividend (including buyback & taxes)	1,40,730	1,62,500	1,72,498	1,82,848	1,93,819
+ Equity raised	-	-	-	0	-0
+ Debt raised	760	-360	-700	-	-
- Fin Investments	17,090	12,540	26,270	31,524	37,829
- Misc. Items (CFI + CFF)	16,020	24,120	-177	-124	-87
Net cash-flow	20,490	-7,810	-2,998	-6,297	-9,770

Source: Company, Anand Rathi Research

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	5,430	5,430	5,430	5,430	5,430
Net worth	6,82,630	6,96,550	7,06,624	7,24,301	7,45,108
Total debt (incl. Pref)	23,270	22,910	22,210	22,210	22,210
Minority interest	80	180	220	240	260
DTL/(Asset)	-2,600	5,510	4,446	3,276	1,988
Capital employed	7,03,380	7,25,150	7,33,500	7,50,027	7,69,566
Net tangible assets	78,010	75,170	75,747	77,946	80,919
Net Intangible assets	2,72,620	2,86,550	2,60,603	2,36,745	2,13,067
Goodwill					
CWIP (tang. & intang.)	1,080	590	413	289	202
Other Long term Assets/(Liabilities)	-36,360	-30,530	-29,642	-28,736	-27,812
Investments (Financial)	1,07,880	1,31,350	1,57,620	1,89,144	2,26,973
Current Assets (ex Cash)	3,30,480	3,49,550	3,62,836	3,78,820	3,93,125
Cash	1,64,990	1,57,180	1,54,182	1,47,884	1,38,114
Current Liabilities	2,15,320	2,44,710	2,48,259	2,52,066	2,55,023
Working capital	1,15,160	1,04,840	1,14,577	1,26,754	1,38,102
Capital deployed	7,03,380	7,25,150	7,33,500	7,50,027	7,69,565
Contingent Liabilities	6,730	-	-	-	-
	-	-	-0.1	-0.1	-1.3

Fig 4 – Ratio analysis

Year end Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	29.4	26.5	25.3	23.0	21.5
EV/EBITDA (x)	18.0	17.0	16.3	15.2	14.3
EV/sales (x)	4.0	3.7	3.5	3.3	3.1
P/B (x)	6.8	6.6	6.5	6.4	6.2
RoE (%)	23.5	25.2	26.0	28.0	29.2
RoCE (%) - After tax	19.8	20.1	21.1	22.9	23.9
RoIC (%) - After tax	28.9	31.1	33.4	37.6	40.7
DPS (Rs per share)	52.0	60.0	63.6	67.4	71.5
Dividend yield (%)	3.1	3.5	3.7	4.0	4.2
Dividend payout (%) - Inc. DDT	89.8	93.6	94.5	91.2	90.3
Net debt/equity (x)	-0.4	-0.4	-0.4	-0.4	-0.5
Receivables (days)	87	84	84	84	84
Inventory (days)					
Payables (days)	11	12	11	10	9
CFO:PAT%	142.9	127.9	113.9	109.9	109.4
FCF:PAT% - includ M&A payout	123.3	110.2	107.5	103.7	103.3

Source: Company, Anand Rathi Research

Wipro - Financials

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenues (US\$m)	10,805	10,512	10,409	10,976	11,490
Growth (%)	-3.2	-2.7	-1.0	5.5	4.7
Net revenues (Rs m)	8,97,603	8,90,884	8,90,997	9,39,108	9,82,699
Employee & Direct Costs	6,87,261	6,68,900	6,67,228	7,04,175	7,38,247
Gross Profit	2,10,342	2,21,984	2,23,769	2,34,933	2,44,453
Gross Margin %	23.43	24.92	25.11	25.02	24.88
SG&A	40,512	41,166	40,612	41,779	43,117
EBITDA	1,69,830	1,80,818	1,83,156	1,93,155	2,01,336
EBITDA margins (%)	18.9	20.3	20.6	20.6	20.5
- Depreciation	34,071	29,579	29,231	29,820	30,421
Other income	24,236	38,234	35,974	29,447	38,691
Interest Exp	12,552	14,770	13,276	10,814	8,808
PBT	1,47,443	1,74,703	1,76,623	1,81,968	2,00,799
Effective tax rate (%)	24	24	24	24	24
+ Associates/(Minorities)	-902	-572	182	155	155
Net Income	1,10,452	1,31,354	1,33,533	1,37,541	1,51,758
WANS	5,222	5,218	5,218	5,218	5,218
FDEPS (Rs/share)	21.1	25.2	25.6	26.4	29.1

Fig 3 – Cash Flow statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	1,47,443	1,74,703	1,76,623	1,81,968	2,00,799
+ Non-cash items	25,594	10,300	29,231	29,820	30,421
Operating profit before WC	1,73,037	1,85,003	2,05,854	2,11,788	2,31,219
- Incr./(decr.) in WC	-18,051	-10,274	-3,979	-5,762	-7,774
Others including taxes	-14,872	-25,851	-44,214	-45,590	-50,273
Operating cash-flow	1,76,216	1,69,426	1,65,619	1,71,960	1,88,719
- Capex (tangible + Intangible)	10,510	14,737	12,586	14,400	14,475
Free cash-flow	1,65,706	1,54,689	1,53,033	1,57,560	1,74,245
Acquisitions	-6,585	-964	-	-	-
- Dividend (including buyback & taxes)	5,218	62,750	74,113	89,470	96,579
+ Equity raised	13	27	-	-	-
+ Debt raised	-10,057	17,923	-80,909	-40,454	-20,227
- Fin Investments	-3,529	95,062	-	-	-
- Misc. Items (CFI + CFF)	1,42,315	-11,158	-	-	-
Net cash-flow	5,073	25,021	-1,989	27,635	57,439

Source: Company, Anand Rathi Research

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	10,450	20,944	20,944	20,944	20,944
Net worth	7,49,883	8,28,309	8,87,729	9,35,799	9,90,978
Total debt (incl. Pref)	1,41,466	1,61,817	80,909	40,454	20,227
Minority interest	1,340	2,138	1,956	1,801	1,647
DTL/(Asset)	123	235	235	235	235
Capital employed	8,92,812	9,92,499	9,70,828	9,78,290	10,13,087
Net tangible assets	92,083	1,04,071	87,426	72,006	56,061
Net Intangible assets	3,48,750	3,52,464	3,52,464	3,52,464	3,52,464
Goodwill					
CWIP (tang. & intang.)	7,480	2,211	2,211	2,211	2,211
Other Long term Assets/(Liabilities)	-61,282	-83,703	-82,761	-81,754	-80,676
Investments (Financial)	3,32,800	4,37,932	4,37,932	4,37,932	4,37,932
Current Assets (ex Cash)	2,40,099	2,38,209	2,34,211	2,37,467	2,38,663
Cash	96,953	1,21,974	1,19,985	1,47,621	2,05,059
Current Liabilities	1,64,071	1,80,659	1,80,640	1,89,658	1,98,627
Working capital	76,028	57,550	53,571	47,809	40,036
Capital deployed	8,92,812	9,92,499	9,70,828	9,78,290	10,13,087
Contingent Liabilities	-	-	-	-	-
	-	-	-	-	-

Fig 4 – Ratio analysis

Year end Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	25.5	21.4	21.1	20.5	18.6
EV/EBITDA (x)	14.2	13.4	13.2	12.5	12.0
EV/sales (x)	2.82	2.71	2.63	2.42	2.23
P/B (x)	3.8	3.4	3.2	3.0	2.8
RoE (%)	14.4	16.6	15.6	15.1	15.8
RoCE (%) - After tax	10.3	10.9	10.6	11.3	11.6
RoIC (%) - After tax	18.0	20.7	21.7	23.9	26.1
DPS (Rs per share)	2.0	6.0	10.2	13.2	14.5
Dividend yield (%)	0.4	1.1	1.9	2.4	2.7
Dividend payout (%) - Inc. DDT	143.1	39.6	55.5	65.1	63.6
Net debt/equity (x)	-0.4	-0.5	-0.5	-0.6	-0.6
Receivables (days)	72	75	77	77	77
Inventory (days)					
Payables (days)	44	45	43	43	43
CFO:PAT%	158	128	124	125	124
FCF:PAT% - includ M&A payout	144	117	115	115	115

Source: Company, Anand Rathi Research

Tech M - Financials

Fig 1 – Income statement (Rs m)					
Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenues (US\$m)	6,277	6,264	6,325	6,624	6,931
Growth (%)	-5.0	-0.2	1.0	4.7	4.6
Net revenues (Rs m)	5,19,955	5,29,883	5,40,632	5,66,144	5,92,343
Employee & Direct Costs	3,87,772	3,80,848	3,81,535	3,93,512	4,01,491
Gross Profit	1,32,183	1,49,035	1,59,097	1,72,632	1,90,851
Gross Margin %	25.42	28.13	29.43	30.49	32.22
SG&A	74,313	79,124	80,698	82,528	85,520
EBITDA	57,870	69,911	78,399	90,104	1,05,331
EBITDA margins (%)	11.1	13.2	14.5	15.9	17.8
- Depreciation	18,171	18,529	19,131	19,614	20,107
Other income	-3,638	8,554	4,944	3,643	3,709
Interest Exp	3,922	3,217	2,047	1,228	1,228
PBT	32,139	56,719	62,164	72,905	87,705
Effective tax rate (%)	26	25	25	25	25
+ Associates/(Minorities)	-285	-202	-87	-36	-15
Net Income	23,578	42,515	46,726	54,867	66,033
WANS	887	887	887	887	887
FDEPS (Rs/share)	26.6	47.9	52.7	61.8	74.4

Fig 3 – Cash Flow statement (Rs m)					
Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	32,139	56,719	62,164	72,905	87,705
+ Non-cash items	31,097	19,544	14,187	15,971	16,398
Operating profit before WC	63,236	76,263	76,352	88,876	1,04,103
- Incr./((decr.) in WC	-12,987	2,662	2,251	5,010	5,810
Others incuding taxes	-12,459	-15,744	-22,466	-26,186	-31,068
Operating cash-flow	63,764	57,857	51,634	57,681	67,225
- Capex (tangible + Intangible)	7,911	5,935	6,055	6,341	6,635
Free cash-flow	55,853	51,922	45,579	51,340	60,591
Acquisitions	-7,488	-1,620	-	-	-
- Dividend (including buyback & taxes)	39,170	38,418	51,903	57,093	62,802
+ Equity raised	238	90	0	-0	-0
+ Debt raised	-472	-10,596	-1,886	-1,131	-679
- Fin Investments	984	-2,477	-7,528	-6,023	-4,818
- Misc. Items (CFI + CFF)	5,069	4,141	-4,944	-3,643	-3,709
Net cash-flow	2,908	-286	4,263	2,782	5,637

Source: Company, Anand Rathi Research

Fig 2 – Balance sheet (Rs m)					
Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	4,413	4,424	4,424	4,424	4,424
Net worth	2,66,694	2,73,615	2,68,439	2,66,213	2,69,444
Total debt (incl. Pref)	15,310	4,714	2,828	1,697	1,018
Minority interest	4,774	4,302	4,389	4,425	4,440
DTL/(Asset)	-11,651	-16,294	-16,294	-16,294	-16,294
Capital employed	2,75,127	2,66,337	2,59,363	2,56,041	2,58,608
Net tangible assets	34,171	38,785	41,014	43,433	46,046
Net Intangible assets	1,04,467	1,00,690	85,385	69,694	53,609
Goodwill					
CWIP (tang. & intang.)	1,011	206	206	206	206
Other Long term Assets/(Liabilities)	5,525	5,362	12,478	20,660	30,071
Investments (Financial)	40,119	37,642	30,114	24,091	19,273
Current Assets (ex Cash)	1,54,896	1,58,427	1,63,252	1,72,642	1,82,396
Cash	43,471	43,185	47,448	50,229	55,866
Current Liabilities	1,08,533	1,17,960	1,20,533	1,24,914	1,28,858
Working capital	46,363	40,467	42,718	47,728	53,538
Capital deployed	2,75,127	2,66,337	2,59,363	2,56,041	2,58,608
Contingent Liabilities	-	-	-	-	-
	-	-	-	-	-

Fig 4 – Ratio analysis					
Year end Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	61.5	34.1	31.0	26.4	22.0
EV/EBITDA (x)	23.7	19.6	17.5	15.2	13.0
EV/sales (x)	2.65	2.59	2.54	2.43	2.32
P/B (x)	5.4	5.3	5.4	5.4	5.4
RoE (%)	8.6	15.7	17.2	20.5	24.7
RoCE (%) - After tax	8.8	11.9	13.8	16.7	20.2
RoIC (%) - After tax	11.6	15.9	18.3	21.9	26.4
DPS (Rs per share)	40.0	45.0	58.5	64.4	70.8
Dividend yield (%)					
Dividend payout (%) - Inc. DDT	150.5	93.9	111.1	104.1	95.1
Net debt/equity (x)	-0.3	-0.3	-0.3	-0.3	-0.3
Receivables (days)	80	80	82	84	86
Inventory (days)					
Payables (days)	30	35	35	35	35
CFO:PAT%	267	135	110	105	102
FCF:PAT% - includ M&A payout	205	118	98	94	92

Source: Company, Anand Rathi Research

LTMindtree - Financials

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenues (US\$m)	4,287	4,493	4,765	5,292	5,798
Growth (%)	4.4	4.8	6.1	11.1	9.6
Net revenues (Rs m)	3,55,170	3,80,081	4,07,225	4,52,305	4,95,556
Employee & Direct Costs	2,64,218	2,82,128	3,01,021	3,32,684	3,62,221
Gross Profit	90,952	97,953	1,06,205	1,19,621	1,33,335
Gross Margin %	25.61	25.77	26.08	26.45	26.91
SG&A	27,078	33,004	34,931	37,093	40,564
EBITDA	63,874	64,949	71,274	82,528	92,771
EBITDA margins (%)	18.0	17.1	17.5	18.2	18.7
- Depreciation	8,189	9,915	10,285	11,582	12,351
Other income	7,019	9,897	9,350	10,629	11,221
Interest Exp	2,217	2,789	2,423	2,181	2,181
PBT	60,487	62,142	67,916	79,395	89,462
Effective tax rate (%)	24	26	26	26	26
+ Associates/(Minorities)	-25	-33	-4	-4	-4
Net Income	45,821	45,987	50,288	58,788	66,242
WANS	296	296	296	296	296
FDEPS (Rs/share)	155	155	170	198	224

Fig 3 – Cash Flow statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	60,487	62,142	67,916	79,395	89,462
+ Non-cash items	5,940	4,493	10,285	11,581	12,350
Operating profit before WC changes	66,427	66,635	78,202	90,976	1,01,812
- Incr./(decr.) in WC	-5,975	4,803	1,509	3,379	2,475
Others including taxes	-17,998	-16,829	-17,624	-20,603	-23,215
Operating cash-flow	54,404	45,003	59,068	66,995	76,122
- Capex (tangible + Intangible)	8,330	9,336	8,985	8,849	8,456
Free cash-flow	46,074	35,667	50,084	58,146	67,666
Acquisitions	-59	-75	-	-	-
- Dividend (including buyback & taxes)	17,753	19,246	21,184	23,303	25,633
+ Equity raised	-	-	-	-	-
+ Debt raised	-866	-399	-	-	-
- Fin Investments	33,305	11,547	22,740	27,288	32,745
- Misc. Items (CFI + CFF)	1,559	2,432	-	-	-
Net cash-flow	-7,468	1,968	6,160	7,555	9,288

Source: Company, Anand Rathi Research

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	296	296	296	296	296
Net worth	2,00,172	2,26,983	2,56,087	2,91,572	3,32,181
Total debt (incl. Pref)	407	23	23	23	23
Minority interest	92	132	136	140	144
DTL/(Asset)	-2,314	-1,978	-1,978	-1,978	-1,978
Capital employed	1,98,357	2,25,160	2,54,268	2,89,757	3,30,370
Net tangible assets	35,568	39,631	39,330	37,597	34,703
Net Intangible assets	15,078	14,212	13,212	12,212	11,212
Goodwill	6,900	6,900	6,900	6,900	6,900
CWIP (tang. & intang.)	4,669	5,818	5,818	5,818	5,818
Investments (Strategic)	-	-	-	-	-
Investments (Financial)	97,396	1,13,699	1,36,439	1,63,727	1,96,472
Current Assets (ex Cash)	1,02,218	1,10,020	1,15,193	1,24,430	1,32,744
Cash	18,200	20,623	26,783	34,338	43,626
Current Liabilities	74,772	78,843	82,507	88,365	94,204
Working capital	27,446	31,177	32,686	36,065	38,540
Capital deployed	1,98,357	2,25,160	2,54,268	2,89,757	3,30,370

Fig 4 – Ratio analysis

Year end Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	34.8	34.6	31.7	27.1	24.0
EV/EBITDA (x)	22.8	22.5	20.5	17.7	15.7
EV/sales (x)	-	-	-	-	-
P/B (x)	8.0	7.0	6.2	5.5	4.8
RoE (%)	25.0	21.5	20.8	21.5	21.2
RoCE (%) - After tax	20.8	17.3	17.1	17.7	17.8
RoIC (%) - After tax	41.0	36.8	39.0	45.2	51.4
DPS (Rs per share)	65.0	65.0	71.5	78.7	86.5
Dividend yield (%)	1.2	1.2	1.3	1.5	1.6
Dividend payout (%) - Inc. DDT	42.0	41.9	42.1	39.6	38.7
Net debt/equity (x)	-0.6	-0.6	-0.6	-0.7	-0.7
Receivables (days)	72	74	73	72	71
Inventory (days)	-	-	-	-	-
Payables (days)	19	18	18	18	19
CFO: PAT%	124	99	117	114	115
FCF: PAT% - includ M&A payout	100	77	100	99	102

Source: Company, Anand Rathi Research

Mphasis - Financials

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenues (US\$m)	1,610	1,680	1,792	1,966	2,140
Growth (%)	-6.3	4.4	6.6	9.7	8.8
Net revenues (Rs m)	1,33,340	1,42,234	1,53,138	1,68,061	1,82,929
Employee & Direct Costs	97,984	1,03,617	1,11,295	1,22,789	1,33,575
Gross Profit	35,356	38,617	41,843	45,272	49,354
Gross Margin %	26.52	27.15	27.32	26.94	26.98
SG&A	10,581	12,212	12,649	13,475	14,700
EBITDA	24,775	26,405	29,194	31,796	34,654
EBITDA margins (%)	18.6	18.6	19.1	18.9	18.9
- Depreciation	4,106	4,838	5,542	5,285	5,311
Other income	1,623	2,691	2,403	2,619	2,781
Interest Exp	1,608	1,656	1,069	769	749
PBT	20,684	22,602	24,986	28,361	31,375
Effective tax rate (%)	25	25	25	25	25
+ Associates/(Minorities)	-	-	-	-	-
Net Income	15,549	17,022	18,817	21,358	23,628
WANS	190	191	191	191	191
FDEPS (Rs/share)	81.7	89.2	98.7	112.0	123.9

Fig 3 – Cash Flow statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	20,684	22,602	24,986	28,361	31,375
+ Non-cash items	2,987	5,902	4,332	3,547	3,388
Operating profit before WC	23,671	28,504	29,318	31,908	34,763
- Incr./(decr.) in WC	-4,028	2,341	687	868	687
Others including taxes	-5,902	-7,111	-6,169	-7,003	-7,747
Operating cash-flow	21,797	19,052	22,462	24,038	26,329
- Capex (tangible + Intangible)	937	618	1,202	1,319	1,436
Free cash-flow	20,860	18,434	21,260	22,719	24,894
Acquisitions	-12,333	-2,800	-2,564	-	-
- Dividend (including buyback & taxes)	9,427	10,401	12,502	14,378	14,378
+ Equity raised	301	575	-	-	-
+ Debt raised	12,965	-4,455	-1,116	-1,004	-904
- Fin Investments	11,572	-3,839	-	-	-
- Misc. Items (CFI + CFF)	3,208	3,378	-1,373	-1,916	-2,120
Net cash-flow	-2,414	1,814	6,451	9,252	11,732

Source: Company, Anand Rath Research

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	1,890	1,901	1,901	1,901	1,901
Net worth	87,946	96,284	1,02,599	1,09,579	1,18,830
Total debt (incl. Pref)	15,436	11,159	10,043	9,039	8,135
Minority interest	-	-	-	-	-
DTL/(Asset)	-7,977	-9,590	-9,428	-9,249	-9,053
Capital employed	95,405	97,853	1,03,214	1,09,369	1,17,912
Net tangible assets	9,216	8,218	6,648	5,325	4,105
Net Intangible assets	4,795	49,599	49,392	46,750	44,094
Goodwill	41,793	-	-	-	-
CWIP (tang. & intang.)	137	-	-	-	-
Long-term Assets (Liabilities)	-7,739	-5,970	-5,970	-5,970	-5,970
Investments (Financial)	30,899	22,082	22,082	22,082	22,082
Current Assets (ex Cash)	36,332	40,077	42,383	45,673	48,799
Cash	8,144	16,126	22,576	31,829	43,560
Current Liabilities	28,172	32,277	33,897	36,319	38,758
Working capital	8,160	7,799	8,486	9,354	10,041
Capital deployed	95,405	97,853	1,03,214	1,09,369	1,17,912
	-	-	-	-	-

Fig 4 – Ratio analysis

Year end Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	35.6	32.6	29.5	26.0	23.5
EV/EBITDA (x)	21.0	19.7	17.8	16.4	15.0
EV/sales (x)	3.9	3.6	3.3	3.0	2.7
P/B (x)	6.3	5.8	5.4	5.1	4.7
RoE (%)	18.6	18.5	18.9	20.1	20.7
RoCE (%) - After tax	15.2	14.1	14.9	15.9	16.7
RoIC (%) - After tax	22.7	21.3	22.8	26.3	30.4
DPS (Rs per share)	55.0	57.0	65.6	75.4	75.4
Dividend yield (%)	1.9	2.0	2.3	2.6	2.6
Dividend payout (%) - Inc. DDT	67.4	63.9	66.4	67.3	60.8
Net debt/equity (x)	-0.3	-0.3	-0.3	-0.4	-0.5
Receivables (days)	74	81	81	81	81
Inventory (days)					
Payables (days)	27	31	30	30	30
CFO:PAT%	140	112	119	113	111
FCF:PAT% - includ M&A payout	55	92	99	106	105

Source: Company, Anand Rath Research

Persistent Systems - Financials

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenues (US\$m)	1,186	1,409	1,665	1,974	2,319
Growth (%)	14.5	18.8	18.2	18.6	17.5
Net revenues (Rs m)	98,216	1,19,387	1,42,327	1,68,737	1,98,228
Employee & Direct Costs	65,231	78,740	94,442	1,11,970	1,31,204
Gross Profit	32,985	40,647	47,885	56,767	67,024
Gross Margin %	33.58	34.05	33.64	33.64	33.81
SG&A	15,742	20,066	23,396	27,395	31,777
EBITDA	17,243	20,581	24,489	29,372	35,247
EBITDA margins (%)	17.6	17.2	17.2	17.4	17.8
- Depreciation	3,094	3,069	3,387	3,641	3,829
Other income	813	710	1,091	1,403	1,828
Interest Exp					
PBT	14,962	18,223	22,193	27,135	33,246
Effective tax rate (%)	24	23	23	23	23
+ Associates/(Minorities)					
Net Income	11,302	14,001	17,033	20,799	25,483
WANS	154	154	154	154	154
FDEPS (Rs/share)	73.4	90.9	110.6	135.0	165.4

Fig 3 – Cash Flow statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	14,962	18,223	22,193	27,135	33,246
+ Non-cash items	2,716	4,694	2,273	2,178	1,929
Operating profit before WC changes	17,678	22,917	24,466	29,313	35,174
- Incr./(decr.) in WC	2,052	6,233	3,393	2,747	2,958
Others incuding taxes	-3,414	-5,114	-5,145	-6,318	-7,743
Operating cash-flow	12,213	11,569	15,928	20,248	24,473
- Capex (tangible + Intangible)	2,791	1,931	2,130	2,130	2,130
Free cash-flow	9,423	9,638	13,797	18,118	22,343
Acquisitions	2,074	490	453	453	453
- Dividend (including buyback & taxes)	4,084	4,600	8,017	10,889	14,692
+ Equity raised	1,608	1,846	-	-	-
+ Debt raised	-2,234	-2,061	-	-	-
- Fin Investments	428	350	1,694	2,541	3,812
- Misc. Items (CFI + CFF)	1,365	3,957	-1,051	-1,387	-1,817
Net cash-flow	846	26	4,684	5,622	5,204

Source: Company, Anand Rathi Research

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	770	779	779	779	779
Net worth	49,577	63,191	72,159	82,011	92,738
Total debt (including Pref)	2,073	-	-	-	-
Minority interest					
DTL/(Asset)	-1,360	-2,024	-2,024	-2,024	-2,024
Capital employed	50,291	61,166	70,135	79,987	90,714
Net tangible assets	6,727	8,150	8,358	8,245	7,973
Net Intangible assets	4,575	6,349	5,724	4,973	4,095
Goodwill	10,913	10,913	10,913	10,913	10,913
CWIP (tangible and intangible)	335	774	387	193	97
Investments (Strategic)	5,539	6,415	6,415	6,415	6,415
Investments (Financial)	2,727	3,388	5,082	7,623	11,435
Current Assets (ex Cash) Incl LT assets	31,332	39,099	44,405	50,387	56,945
Cash	10,229	10,255	14,939	20,561	25,764
Current Liabilities (ex ST Loan/Current Portion) i	22,086	24,175	26,087	29,323	32,923
Working capital	9,246	14,924	18,317	21,064	24,022
Capital deployed	50,291	61,166	70,135	79,987	90,714
Contingent Liabilities	1,284	-	-	-	-

Fig 4 – Ratio analysis

Year end Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	81.3	63.5	52.3	42.9	35.0
EV/EBITDA (x)	50.4	42.2	35.6	29.7	24.7
EV/sales (x)	4.4	3.6	3.0	2.4	2.0
P/B (x)	17.9	14.1	12.3	10.8	9.6
RoE (%)	24.5	24.8	25.1	26.9	29.1
RoCE (%) - After tax	20.5	22.2	22.7	24.4	26.4
RoIC (%) - After tax	30.5	32.5	33.6	39.2	46.3
DPS (Rs per share)	26.0	38.1	52.0	70.7	95.4
Dividend yield (%)	0.5	0.7	0.9	1.2	1.7
Dividend payout (%) - Inc. DDT	36.6	41.9	47.2	52.5	57.8
Net debt/equity (x)	-0.3	-0.3	-0.4	-0.4	-0.5
Receivables (days)	89	79	79	78	77
Inventory (days)					
Payables (days)	37	33	30	30	31
CFO:PAT%	112	83	94	98	96
FCF:PAT% - includ M&A payout	67	62	79	85	86

Source: Company, Anand Rathi Research

LTTS - Financials

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenues (US\$m)	1,164	1,259	1,415	1,549	1,682
Growth (%)	17.6	8.2	12.4	9.5	8.6
Net revenues (Rs m)	96,472	1,06,702	1,20,927	1,32,390	1,43,761
Employee & Direct Costs	68,467	75,984	86,983	94,509	1,01,515
Gross Profit	28,005	30,718	33,945	37,881	42,246
Gross Margin %	29.03	28.79	28.07	28.61	29.39
SG&A	8,816	11,794	14,116	14,506	15,976
EBITDA	19,189	18,924	19,829	23,375	26,270
EBITDA margins (%)	19.9	17.7	16.4	17.7	18.3
- Depreciation	2,716	3,053	3,264	3,427	3,599
Other income	2,073	2,100	1,480	1,532	1,529
Interest Exp	509	564	541	460	460
PBT	18,037	17,407	17,504	21,020	23,741
Effective tax rate (%)	28	27	27	27	27
+ Associates/(Minorities)	-26	31	32	37	55
Net Income	13,036	12,667	12,739	15,297	17,290
WANS	106	106	106	106	106
FDEPS (Rs/share)	123	119	120	144	163

Fig 3 – Cash Flow statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	18,037	17,407	17,504	21,020	23,741
+ Non-cash items	2,704	2,555	2,325	2,355	2,529
Operating profit before WC changes	20,741	19,962	19,829	23,375	26,270
- Incr./(decr.) in WC	-437	1,217	-2,335	-203	-643
Others including taxes	-6,250	-3,934	-4,797	-5,761	-6,506
Operating cash-flow	14,928	14,811	17,367	17,817	20,406
- Capex (tangible + Intangible)	2,419	1,018	1,154	1,263	1,372
Free cash-flow	12,509	13,793	16,213	16,554	19,035
Acquisitions	-7,978	-7,364	-	-	-
- Dividend (including buyback & taxes)	4,967	5,292	6,419	7,061	7,767
+ Equity raised	-	-	-	-	-
+ Debt raised	-	-	-	-	-
- Fin Investments	-6,911	-1,908	-	-	-
- Misc. Items (CFI + CFF)	2,832	3,195	-939	-1,072	-1,070
Net cash-flow	3,643	-150	10,733	10,565	12,337
Cash classified as other asset/overdraft	-2,232	-2,760	-	-	-

Source: Company, Anand Rahi Research

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	212	212	212	212	212
Net worth	53,271	60,800	67,119	75,355	84,877
Total debt (including Pref)	-	-	-	-	-
Minority interest	207	175	143	106	51
DTL/(Asset)	691	594	594	594	594
Capital employed	54,169	60,630	66,918	75,116	84,584
Net tangible assets	9,878	7,843	5,733	3,569	1,342
Net Intangible assets	6,248	13,667	13,667	13,667	13,667
Goodwill	6,248	13,667	13,667	13,667	13,667
CWIP (tangible and intangible)	131	280	280	280	280
Investments (Strategic)	-	-	-	-	-
Investments (Financial)	17,611	14,923	14,923	14,923	14,923
Current Assets (ex Cash) Incl LT assets	39,742	44,788	49,039	52,083	54,907
Cash	11,221	13,831	24,564	35,129	47,466
Current Liabilities (ex ST Loan/Current Portion) i	30,662	34,702	41,288	44,535	48,001
Working capital	9,080	10,086	7,751	7,548	6,906
Capital deployed	54,169	60,630	66,918	75,116	84,584
Contingent Liabilities	-	-	-	-	-

Fig 4 – Ratio analysis

Year end Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	35.3	36.4	36.2	30.1	26.6
EV/EBITDA (x)	22.5	22.8	21.8	18.5	16.4
EV/sales (x)	4.4	4.0	3.5	3.1	2.8
P/B (x)	8.6	7.6	6.9	6.1	5.4
RoE (%)	25.4	22.2	19.9	21.5	21.6
RoCE (%) - After tax	20.6	17.9	16.9	18.5	18.9
RoIC (%) - After tax	41.7	32.4	32.6	43.2	53.3
DPS (Rs per share)	50.0	55.0	60.5	66.6	73.2
Dividend yield (%)	1.2	1.3	1.4	1.5	1.7
Dividend payout (%) - Inc. DDT	40.7	46.1	50.4	46.2	44.9
Net debt/equity (x)	-0.5	-0.5	-0.6	-0.7	-0.7
Receivables (days)	100	92	89	86	83
Inventory (days)	-	-	-	-	-
Payables (days)	67	67	69	71	73
CFO:PAT%	114	117	137	117	118
FCF:PAT% - includ M&A payout	35	51	127	108	110

Source: Company, Anand Rahi Research

Firstsource Solutions - Financials

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenues (US\$m)	765	944	1,071	1,186	1,304
Growth (%)	1.9	23.4	13.5	10.7	10.0
Net revenues (Rs m)	63,325	79,721	91,544	1,01,337	1,11,424
Employee & Direct Costs	39,089	49,958	58,079	65,586	71,649
Gross Profit	24,237	29,763	33,465	35,751	39,775
Gross Margin %	38.3	37.3	36.6	35.3	35.7
SG&A	14,710	17,769	18,917	19,332	21,745
EBITDA	9,527	11,994	14,548	16,419	18,031
EBITDA margins (%)	15.0	15.0	15.9	16.2	16.2
- Depreciation	2,602	3,270	3,853	4,280	4,321
Other income	406	162	80	120	220
Interest Exp	1,034	1,479	1,243	981	939
PBT	6,297	7,407	9,532	11,279	12,990
Effective tax rate (%)	18	20	20	20	20
+ Associates/(Minorities)	1	0	-	-	-
Net Income	5,148	5,945	7,655	9,058	10,432
WANS	703	705	705	705	705
FDEPS (Rs/share)	7.3	8.4	10.9	12.9	14.8

Fig 3 – Cash Flow statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	-
PBT	6,297	7,407	9,532	11,279	12,990
+ Non-cash items	3,273	5,767	5,016	5,140	5,040
Operating profit before WC	9,570	13,174	14,548	16,419	18,031
- Incr./((decr.) in WC	2,404	4,944	2,481	2,155	2,316
Others incuding taxes	-718	-1,219	-2,815	-2,345	-2,689
Operating cash-flow	6,448	7,011	9,252	11,920	13,025
- Capex (tangible + Intangible)	851	2,412	2,291	2,520	2,773
Free cash-flow	5,597	4,599	6,960	9,399	10,253
Acquisitions	-583	-5,099	-1,842	-	-
- Dividend (including buyback & taxes)	2,406	2,759	3,101	3,411	3,752
+ Equity raised	-	-	-	-	-
+ Debt raised	-291	6,787	-1,875	-2,690	-2,152
- Fin Investments	-416	160	-	-	-
- Misc. Items (CFI + CFF)	2,501	3,574	1,163	861	719
Net cash-flow	232	-206	-1,020	2,437	3,629

Source: Company, Anand Rahi Research

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	6,970	6,970	6,970	6,970	6,970
Net worth	37,004	40,976	44,953	50,023	56,126
Total debt (incl. Pref)	8,123	15,327	13,452	10,762	8,610
Minority interest	4	4	4	4	4
DTL/(Asset)	-2,259	-1,803	-1,771	-1,737	-1,703
Capital employed	42,872	54,504	56,639	59,052	63,037
Net tangible assets	7,996	11,889	12,253	12,633	13,245
Net Intangible assets	649	9,162	9,501	7,784	6,047
Goodwill	29,885	28,885	27,885	26,885	25,885
CWIP (tang. & intang.)	171	491	491	491	491
Long-term Assets (Liabilities)	2,911	2,991	3,141	3,298	3,463
Investments (Financial)	552	859	859	859	859
Current Assets (ex Cash)	13,189	19,955	23,209	26,018	28,967
Cash	1,748	1,542	522	2,959	6,588
Current Liabilities	14,229	21,270	21,222	21,876	22,508
Working capital	-1,040	-1,315	1,987	4,142	6,458
Capital deployed	42,872	54,504	56,638	59,051	63,036
Contingent Liabilities	519	-	-	-	-

Fig 4 – Ratio analysis

Year end Mar	FY24	FY25	FY26e	FY27e	-
P/E (x)	50.0	43.3	33.6	28.4	24.7
EV/EBITDA (x)	28.4	22.5	18.6	16.5	15.0
EV/sales (x)	-	-	-	-	-
P/B (x)	7.0	6.3	5.7	5.1	4.6
RoE (%)	14.6	15.2	17.8	19.1	19.7
RoCE (%) - After tax	11.0	11.4	12.3	13.6	14.7
RoIC (%) - After tax	11.5	11.8	12.6	14.1	15.9
DPS (Rs per share)	3.5	4.0	4.4	4.8	5.3
Dividend yield (%)	1.0	1.1	1.2	1.3	1.5
Dividend payout (%) - Inc. DDT	48	47	41	38	36
Net debt/equity (x)	0.2	0.3	0.3	0.1	0.0
Receivables (days)	67	77	80	83	86
Inventory (days)					
Payables (days)	21	21	19	17	15
CFO:PAT%	125	118	121	132	125
FCF:PAT% - includ M&A payout	97	-8	67	104	98

Source: Company, Anand Rahi Research

BirlaSoft - Financials

Fig 1 – Income statement (Rs m)					
Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenues (US\$m)	635	635	629	699	762
Growth (%)	6.8	0.0	-1.0	11.1	9.0
Net revenues (Rs m)	52,781	53,752	53,777	59,727	65,128
Employee & Direct Costs	39,403	41,636	41,659	46,145	50,260
Gross Profit	13,379	12,116	12,118	13,582	14,868
Gross Margin %	25.35	22.54	22.53	22.74	22.83
SG&A	5,017	5,142	5,185	5,588	6,006
EBITDA	8,362	6,974	6,934	7,994	8,862
EBITDA margins (%)	15.8	13.0	12.9	13.4	13.6
- Depreciation	850	857	874	900	900
Other income	1,035	1,085	925	1,095	1,115
Interest Exp	199	234	220	220	220
PBT	8,348	6,968	6,764	7,968	8,857
Effective tax rate (%)	25	26	25	26	26
+ Associates/(Minorities)	-	-	-	-	-
Net Income	6,238	5,168	5,054	5,926	6,587
WANS	281	278	278	278	278
FDEPS (Rs/share)	22.2	18.6	18.2	21.3	23.7

Fig 3 – Cash Flow statement (Rs m)					
Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	8,348	6,968	6,764	7,968	8,857
+ Non-cash items	1,372	641	170	26	85
Operating profit before WC	9,720	7,609	6,934	7,994	8,942
- Incr./(decr.) in WC	730	-144	-71	1,017	560
Others incuding taxes	-1,807	-1,878	-1,710	-2,042	-2,304
Operating cash-flow	7,182	5,875	5,295	4,935	6,077
- Capex (tangible + Intangible)	262	486	486	540	589
Free cash-flow	6,920	5,389	4,809	4,395	5,488
Acquisitions	-	-	-	-	-
- Dividend (including buyback & taxes)	1,240	1,796	1,987	2,186	2,404
+ Equity raised	99	106	-	-	-
+ Debt raised	-	111	-	-	-114
- Fin Investments	6,467	4,376	-	-	378
- Misc. Items (CFI + CFF)	55	89	-1,079	-1,147	-1,115
Net cash-flow	-743	-655	3,900	3,356	3,707

Source: Company, Anand Rathi Research

Fig 2 – Balance sheet (Rs m)					
Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	552	556	556	556	548
Net worth	30,441	34,782	37,849	41,590	45,773
Total debt (incl. Pref)	-	114	114	114	-
Minority interest	-	-	-	-	-
DTL/(Asset)	-1,042	-1,142	-1,122	-1,101	-1,077
Capital employed	29,399	33,755	36,841	40,603	44,696
Net tangible assets	1,919	2,306	1,918	1,557	1,246
Net Intangible assets	5,052	5,310	5,310	5,310	5,310
Goodwill	4,568	4,568	4,568	4,568	4,568
CWIP (tang. & intang.)	116	49	49	49	49
Investments (Strategic)					
Investments (Financial)	13,519	18,902	18,902	18,902	19,280
Current Assets (ex Cash)	13,441	13,449	13,382	14,644	15,959
Cash	3,926	3,271	7,171	10,528	14,235
Current Liabilities	8,574	9,532	9,891	10,387	11,383
Working capital	4,867	3,917	3,491	4,257	4,576
Capital deployed	29,399	33,754	36,841	40,603	44,695
Contingent Liabilities	1,497	-	-	-	-
	0.2	0.5	0.5	0.4	0.4

Fig 4 – Ratio analysis					
Year end Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	19.3	23.3	23.8	20.3	18.3
EV/EBITDA (x)	11.8	14.1	14.2	12.3	11.1
EV/sales (x)	-	-	-	-	-
P/B (x)	4.0	3.5	3.2	2.9	2.6
RoE (%)	22.7	15.8	13.9	14.9	15.1
RoCE (%) - After tax	19.1	13.0	11.6	12.3	12.6
RoIC (%) - After tax	37.3	30.1	30.3	35.1	38.2
DPS (Rs per share)	6.5	6.5	7.2	7.9	8.7
Dividend yield (%)	1.5	1.5	1.6	1.8	2.0
Dividend payout (%) - Inc. DDT	29.3	35.0	39.3	36.9	36.5
Net debt/equity (x)	-0.6	-0.6	-0.7	-0.7	-0.7
Receivables (days)	72	67	66	65	65
Inventory (days)					
Payables (days)	23	18	18	18	18
CFO:PAT%	115	114	105	83	92
FCF:PAT% - includ M&A payout	111	104	95	74	83

Source: Company, Anand Rathi Research

KPIT Technology - Financials

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenues (US\$m)	587	691	760	877	982
Growth (%)	40.3	17.7	10.0	15.4	11.9
Net revenues (Rs m)	48,715	58,423	64,975	74,985	83,928
Employee & Direct Costs	33,227	38,791	42,866	49,405	55,246
Gross Profit	15,488	19,632	22,109	25,580	28,681
Gross Margin %	31.79	33.60	34.03	34.11	34.17
SG&A	5,577	7,336	8,520	9,833	11,005
EBITDA	9,911	12,296	13,589	15,748	17,676
EBITDA margins (%)	20.3	21.0	20.9	21.0	21.1
- Depreciation	1,958	2,250	2,350	2,344	2,439
Other income	603	1,673	734	740	740
Interest Exp	548	424	312	266	266
PBT	8,008	11,296	11,660	13,878	15,712
Effective tax rate (%)	25	26	26	26	26
+ Associates/(Minorities)	-45	28	-	-	-
Net Income	5,944	8,394	8,631	10,273	11,630
WANS	273	274	274	274	274
FDEPS (Rs/share)	21.8	30.7	31.5	37.5	42.5

Fig 3 – Cash Flow statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	8,008	11,296	11,660	13,878	15,712
+ Non-cash items	2,510	2,482	2,350	2,344	2,439
Operating profit before WC	10,518	13,778	14,011	16,222	18,151
- Incr./(decr.) in WC	-1,625	-1,551	586	841	716
Others including taxes	-2,125	-1,434	-3,201	-3,805	-4,254
Operating cash-flow	10,018	13,895	10,223	11,575	13,180
- Capex (tangible + Intangible)	1,553	1,295	1,116	1,100	1,021
Free cash-flow	8,464	12,600	9,108	10,475	12,159
Acquisitions	-3,286	-2,066	-14,188	-	-
- Dividend (including buyback & taxes)	1,287	1,928	3,489	5,234	7,851
+ Equity raised	-	-	-	-	-
+ Debt raised	-156	-393	-15	-	-
- Fin Investments	428	1,441	-	-	-
- Misc. Items (CFI + CFF)	342	1,476	-422	-474	-474
Net cash-flow	2,965	5,297	-8,163	5,715	4,782

Source: Company, Anand Rahi Research

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	2,712	2,717	2,717	2,717	2,717
Net worth	21,459	29,122	34,264	39,302	43,081
Total debt (incl. Pref)	447	15	-	-	-
Minority interest	171	-	-	-	-
DTL/(Asset)	-788	-783	-783	-783	-783
Capital employed	21,289	28,354	33,481	38,520	42,299
Net tangible assets	5,434	6,031	6,114	6,276	6,322
Net Intangible assets	2,837	6,330	21,715	22,004	21,643
Goodwill	11,463	7,451	4,843	3,148	2,046
CWIP (tang. & intang.)	5	94	94	94	94
Longterm assets (Liabilities)	-5,302	-2,491	-2,740	-3,014	-3,315
Investments (Financial)	1,561	4,685	4,685	4,685	4,685
Current Assets (ex Cash)	11,596	12,038	13,299	15,245	16,948
Cash	7,705	10,743	2,580	8,295	13,077
Current Liabilities	14,006	16,434	17,109	18,214	19,202
Working capital	-2,410	-4,396	-3,810	-2,969	-2,254
Capital deployed	21,289	28,354	33,481	38,520	42,299
Contingent Liabilities	177	-	-	-	-
	0.0	0.0	0.0	0.0	0.0

Fig 4 – Ratio analysis

Year end Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	58.6	41.5	40.3	33.9	29.9
EV/EBITDA (x)	33.6	27.1	24.5	21.1	18.8
EV/sales (x)	6.9	5.7	5.2	4.5	3.9
P/B (x)	16.2	12.0	10.2	8.9	8.1
RoE (%)	31.3	33.2	27.2	27.9	28.2
RoCE (%) - After tax	23.3	24.2	22.7	23.5	23.9
RoIC (%) - After tax	33.7	40.4	32.8	30.9	35.4
DPS (Rs per share)	6.7	8.5	12.8	19.1	28.7
Dividend yield (%)	0.5	0.7	1.0	1.5	2.3
Dividend payout (%) - Inc. DDT	30.8	27.7	40.4	51.0	67.5
Net debt/equity (x)	-0.4	-0.5	-0.2	-0.3	-0.4
Receivables (days)	72	56	55	55	54
Inventory (days)					
Payables (days)	23	14	14	14	14
CFO:PAT%	167	166	118	113	113
FCF:PAT% - includ M&A payout	87	125	-59	102	105

Source: Company, Anand Rahi Research

Mastek - Financials

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenues (US\$m)	368	408	447	481	522
Growth (%)	15.8	10.9	9.4	7.6	8.6
Net revenues (Rs m)	30,548	34,552	38,179	41,075	44,590
Employee & Direct Costs	22,508	25,109	27,618	29,791	32,366
Gross Profit	8,040	9,444	10,562	11,283	12,224
Gross Margin %	26.32	27.33	27.66	27.47	27.41
SG&A	2,954	3,979	4,574	4,762	4,942
EBITDA	5,087	5,465	5,987	6,521	7,282
EBITDA margins (%)	16.7	15.8	15.7	15.9	16.3
- Depreciation	899	751	765	796	829
Other income	119	299	307	315	408
Interest Exp	445	421	327	219	219
PBT	3,862	4,592	5,202	5,821	6,642
Effective tax rate (%)	19	18	23	23	23
+ Associates/(Minorities)	-107	-	-	-	-
Net Income	3,003	3,759	3,982	4,455	5,084
WANS	31	31	31	31	31
FDEPS (Rs/share)	97.3	120.6	127.7	142.9	163.1

Fig 3 – Cash Flow statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	3,862	4,592	5,202	5,821	6,642
+ Non-cash items	1,644	1,214	538	569	517
Operating profit before WC	5,506	5,806	5,740	6,390	7,160
- Incr./ (decr.) in WC	237	634	1,153	602	777
Others incuding taxes	-1,069	-1,221	-1,220	-1,366	-1,558
Operating cash-flow	4,199	3,951	3,367	4,422	4,825
- Capex (tangible + Intangible)	315	201	362	389	422
Free cash-flow	3,885	3,750	3,005	4,033	4,403
Acquisitions	-2,050	-2,055	-863	-	-
- Dividend (including buyback & taxes)	581	587	677	757	864
+ Equity raised	4	3	0	-0	0
+ Debt raised	911	436	-1,638	-1,047	-705
- Fin Investments	291	692	22	24	27
- Misc. Items (CFI + CFF)	133	-36	-307	-315	-408
Net cash-flow	1,745	893	113	2,520	3,214

Source: Company, Anand Rafi Research

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	154	155	155	155	155
Net worth	21,004	24,623	27,928	31,626	35,846
Total debt (incl. Pref)	4,866	5,552	3,914	2,867	2,162
Minority interest	-	-	-	-	-
DTL/(Asset)	-732	-1,229	-1,229	-1,229	-1,229
Capital employed	25,138	28,946	30,612	33,263	36,778
Net tangible assets	881	822	615	367	126
Net Intangible assets	2,546	-769	-965	-1,124	-1,290
Goodwill	16,072	18,127	18,990	18,990	18,990
CWIP (tang. & intang.)	9	18	18	18	18
Other Long term Assets/(Liabilities)	-1,342	-580	-638	-701	-771
Investments (Financial)	938	1,780	1,780	1,780	1,780
Current Assets (ex Cash)	10,841	12,037	13,728	14,921	16,362
Cash	3,826	4,615	4,727	7,247	10,461
Current Liabilities	8,635	7,106	7,643	8,234	8,899
Working capital	2,206	4,932	6,084	6,687	7,463
Capital deployed	25,138	28,946	30,612	33,263	36,778
Contingent Liabilities	94	-	-	-	-

Fig 4 – Ratio analysis

Year end Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	26.7	21.3	20.1	18.0	15.8
EV/EBITDA (x)	15.6	14.5	13.3	12.2	10.9
EV/sales (x)	-	-	-	-	-
P/B (x)	3.8	3.3	2.9	2.5	2.2
RoE (%)	15.9	16.5	15.2	15.0	15.1
RoCE (%) - After tax	12.5	12.9	12.3	12.6	13.1
RoIC (%) - After tax	14.6	15.9	15.4	16.3	18.2
DPS (Rs per share)	19.5	23.0	21.7	24.3	27.7
Dividend yield (%)	0.8	0.9	0.8	0.9	1.1
Dividend payout (%) - Inc. DDT	20.0	17.0	17.0	17.0	17.0
Net debt/equity (x)	0.0	-0.0	-0.1	-0.2	-0.3
Receivables (days)	109	102	110	115	120
Inventory (days)					
Payables (days)	32	32	31	31	31
CFO:PAT%	135	105	85	99	95
FCF:PAT% - includ M&A payout	61	45	54	91	87

Source: Company, Anand Rafi Research

Sonata Software - Financials

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenues (US\$m)	1,042	1,203	1,249	1,317	1,429
Growth (%)	11.3	15.5	3.8	5.4	8.5
Net revenues (Rs m)	86,131	1,01,573	1,06,762	1,12,560	1,22,110
Employee & Direct Costs	71,543	86,795	92,269	96,842	1,05,247
Gross Profit	14,588	14,778	14,493	15,718	16,864
Gross Margin %	16.94	14.55	13.58	13.96	13.81
SG&A	7,314	7,881	7,144	7,554	7,798
EBITDA	7,274	6,896	7,349	8,164	9,065
EBITDA margins (%)	8.4	6.8	6.9	7.3	7.4
- Depreciation	1,319	1,215	939	990	1,075
Other income	-491	708	415	357	370
Interest Exp	850	653	303	227	227
PBT	4,614	5,737	6,522	7,303	8,134
Effective tax rate (%)	33	26	26	26	26
+ Associates/(Minorities)	-	-	-	-	-
Net Income	3,085	4,247	5,049	5,746	6,348
WANS	278	278	278	278	278
FDEPS (Rs/share)	11.1	15.3	18.2	20.7	22.9

Fig 3 – Cash Flow statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	4,614	5,737	6,522	7,303	8,134
+ Non-cash items	2,909	1,312	1,119	1,312	1,365
Operating profit before WC	7,522	7,049	7,642	8,615	9,499
- Incr./(decr.) in WC	2,094	-1,030	198	272	412
Others incuding taxes	-2,623	-1,636	-1,647	-1,878	-2,076
Operating cash-flow	2,805	6,443	5,797	6,465	7,011
- Capex (tangible + Intangible)	254	685	715	779	844
Free cash-flow	2,552	5,758	5,081	5,686	6,167
Acquisitions	-726	-5,919	-3,926	-4,009	-4,060
- Dividend (including buyback & taxes)	2,189	1,226	1,222	1,344	1,479
+ Equity raised	-	-	-0	0	0
+ Debt raised	6,404	-488	-1,104	-828	-621
- Fin Investments	150	-1,595	-3,492	-349	-35
- Misc. Items (CFI + CFF)	4,704	1,980	-113	-130	-143
Net cash-flow	1,186	-2,260	2,434	-17	186

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	278	278	278	278	278
Net worth	14,063	17,059	20,886	25,288	30,157
Total debt (incl. Pref)	6,743	4,416	3,312	2,484	1,863
Minority interest	-0	-0	-0	-0	-0
DTL/(Asset)	-2,239	-2,360	-2,261	-2,152	-2,032
Capital employed	18,567	19,115	21,937	25,620	29,988
Net tangible assets	1,327	1,036	1,282	1,566	1,873
Net Intangible assets	13,176	13,052	16,508	20,022	23,545
Goodwill	2,207	2,207	2,207	2,207	2,207
CWIP (tang. & intang.)	-	-	-	-	-
Long-term Assets (Liabilities)	-770	-511	-530	-552	-575
Investments (Financial)	5,740	3,880	388	39	4
Current Assets (ex Cash)	19,785	20,372	20,879	21,450	22,659
Cash	5,360	3,100	5,533	5,517	5,702
Current Liabilities	28,258	24,021	24,330	24,629	25,427
Working capital	-8,473	-3,649	-3,451	-3,179	-2,768
Capital deployed	18,567	19,115	21,937	25,620	29,988
Contingent Liabilities	7,804	-	-	-	-
	-0.0	0.1	0.0	0.2	0.3

Fig 4 – Ratio analysis

Year end Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	39.4	28.7	24.1	21.2	19.2
EV/EBITDA (x)	16.4	17.3	16.2	14.6	13.1
EV/sales (x)	-	-	-	-	-
P/B (x)	8.7	7.1	5.8	4.8	4.0
RoE (%)	22.8	27.3	26.6	24.9	22.9
RoCE (%) - After tax	16.8	18.0	19.9	20.0	19.3
RoIC (%) - After tax	29.8	29.3	26.8	25.0	23.3
DPS (Rs per share)	7.9	4.4	4.4	4.8	5.3
Dividend yield (%)	1.8	1.0	1.0	1.1	1.2
Dividend payout (%) - Inc. DDT	71.1	28.8	24.2	23.4	23.3
Net debt/equity (x)	-0.3	-0.2	-0.1	-0.1	-0.1
Receivables (days)	73	66	66	66	66
Inventory (days)					
Payables (days)	66	60	58	56	54
CFO:PAT%	91	152	115	113	110
FCF:PAT% - includ M&A payout	59	-4	23	29	33

Intellect Design Arena - Financials

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenues (US\$m)	303	295	350	393	435
Growth (%)	9.0	-2.5	18.5	12.2	10.9
Net revenues (Rs m)	25,064	25,000	29,895	33,550	37,195
Employee & Direct Costs	15,666	15,636	18,749	20,686	23,115
Gross Profit	9,399	9,364	11,146	12,865	14,080
Gross Margin %	37.50	37.45	37.28	38.34	37.86
SG&A	3,980	4,058	4,416	4,724	4,630
EBITDA	5,418	5,306	6,729	8,141	9,450
EBITDA margins (%)	21.6	21.2	22.5	24.3	25.4
- Depreciation	1,372	1,564	1,997	2,075	2,000
Other income	440	747	753	857	1,042
Interest Exp	26	42	39	39	39
PBT	4,460	4,447	5,446	6,884	8,453
Effective tax rate (%)	28	25	24	21	21
+ Associates/(Minorities)	12	-26	-26	-26	-53
Net Income	3,212	3,328	4,087	5,412	6,625
WANS	141	142	142	142	142
FDEPS (Rs/share)	22.9	23.5	28.9	38.2	46.8

Fig 3 – Cash Flow statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	4,460	4,447	5,446	6,884	8,453
+ Non-cash items	1,959	1,790	1,283	1,257	997
Operating profit before WC	6,419	6,237	6,729	8,141	9,450
- Incr./(decr.) in WC	1,304	935	1,416	80	-216
Others incuding taxes	-1,013	-988	-1,334	-1,446	-1,775
Operating cash-flow	4,101	4,314	3,980	6,615	7,891
- Capex (tangible + Intangible)	1,730	1,718	1,861	2,093	2,125
Free cash-flow	2,372	2,595	2,119	4,522	5,767
Acquisitions	-	-	-	-	-
- Dividend (including buyback & taxes)	337	482	991	991	991
+ Equity raised	6	10	-	-	-
+ Debt raised	0	-0	-	-	-
- Fin Investments	1,140	1,119	-	-	-
- Misc. Items (CFI + CFF)	-159	-237	-704	-808	-993
Net cash-flow	1,059	1,241	1,832	4,340	5,769

Source: Company, Anand Rahi Research

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	684	694	694	694	694
Net worth	24,389	27,858	30,954	35,375	41,009
Total debt (incl. Pref)	0	-	-	-	-
Minority interest	123	310	327	343	386
DTL/(Asset)	-480	-427	-427	-427	-427
Capital employed	24,032	27,741	30,853	35,291	40,968
Net tangible assets	2,060	2,407	2,269	2,147	2,072
Net Intangible assets	6,881	7,555	7,558	7,698	7,898
Goodwill	335	335	335	335	335
CWIP (tang. & intang.)	10	19	19	19	19
Investments (Strategic)	0	0	0	0	0
Investments (Financial)	5,758	6,970	6,970	6,970	6,970
Current Assets (ex Cash)	16,077	17,315	19,840	21,249	22,452
Cash	1,998	3,239	5,071	9,410	15,179
Current Liabilities	9,088	10,099	11,208	12,538	13,957
Working capital	6,989	7,216	8,632	8,711	8,495
Capital deployed	24,032	27,741	30,853	35,291	40,968
Contingent Liabilities	1,880	-	-	-	-

Fig 4 – Ratio analysis

Year end Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	51.3	49.5	40.5	31.2	25.7
EV/EBITDA (x)	28.5	29.1	23.0	19.0	16.4
EV/sales (x)	6.17	6.19	5.17	4.61	4.16
P/B (x)	6.8	5.9	5.3	4.7	4.0
RoE (%)	14.3	12.7	13.9	16.3	17.3
RoCE (%) - After tax	12.5	10.3	11.5	13.8	14.8
RoIC (%) - After tax	17.5	15.3	17.9	23.2	28.5
DPS (Rs per share)	3.5	7.0	7.0	7.0	7.0
Dividend yield (%)	0.3	0.6	0.6	0.6	0.6
Dividend payout (%) - Inc. DDT	15.3	29.8	24.2	18.3	15.0
Net debt/equity (x)	-0.3	-0.4	-0.4	-0.5	-0.5
Receivables (days)	201	217	212	202	192
Inventory (days)					
Payables (days)	39	31	31	31	31
CFO:PAT%	128	129	97	122	118
FCF:PAT% - includ M&A payout	74	78	52	84	87

Source: Company, Anand Rahi Research

Happiest Minds - Financials

Fig 1 – Income statement (Rs m)					
Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenues (US\$m)	196	244	267	291	319
Growth (%)	10.3	24.2	9.8	8.9	9.4
Net revenues (Rs m)	16,247	20,608	22,861	24,889	27,227
Employee & Direct Costs	9,920	13,115	14,558	15,805	17,549
Gross Profit	6,326	7,494	8,303	9,084	9,678
Gross Margin %	38.94	36.36	36.32	36.50	35.55
SG&A	2,968	3,949	4,420	4,691	4,794
EBITDA	3,359	3,545	3,883	4,393	4,884
EBITDA margins (%)	20.7	17.2	17.0	17.7	17.9
- Depreciation	583	887	917	935	873
Other income	854	1,014	840	798	798
Interest Exp	423	995	742	571	571
PBT	3,207	2,677	3,063	3,684	4,238
Effective tax rate (%)	27	26	26	26	26
+ Associates/(Minorities) / Exceptional Items	140	-122	-122	-122	-
Net Income	2,484	1,847	2,139	2,598	3,128
WANS	148	152	152	152	152
Adj. FDEPS (Rs/share)	17.6	17.3	18.1	21.1	23.6

Fig 3 – Cash Flow statement (Rs m)					
Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	3,207	2,677	3,063	3,684	4,238
+ Non-cash items	249	1,007	820	709	646
Operating profit before WC	3,456	3,683	3,883	4,393	4,884
- Incr./(decr.) in WC	306	373	497	201	224
Others incuding taxes	-1,024	-946	-802	-965	-1,109
Operating cash-flow	2,126	2,364	2,584	3,227	3,551
- Capex (tangible + Intangible)	82	77	85	93	101
Free cash-flow	2,043	2,288	2,499	3,135	3,450
Acquisitions	-	-7,312	-1,880	-2,009	-
- Dividend (including buyback & taxes)	-860	-859	-1,005	-1,106	-1,216
+ Equity raised	4,856	-	-	-	-
+ Debt raised	395	7,372	-1,084	-929	-802
+ Fin Investments	-1,653	-3,463	-	-	-
+ Misc. Items (CFI + CFF)	-5,334	1,714	98	227	227
Net cash-flow	-553	-261	-1,372	-681	1,658

Fig 2 – Balance sheet (Rs m)					
Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	299	300	300	300	300
Net worth	14,802	15,746	16,880	18,373	20,285
Total debt (including Pref)	4,424	11,609	10,526	9,597	8,795
Minority interest	-	-	-	-	-
DTL/(Asset)	-33	-231	-231	-231	-231
Capital employed	19,193	27,123	27,174	27,738	28,848
Net tangible assets	1,948	2,105	1,769	1,421	1,108
Net Intangible assets (incl. Goodwill)	2,182	10,008	11,393	12,906	12,448
Goodwill	-	-	-	-	-
CWIP (tangible and intangible)	1	-	-	-	-
Investments (Strategic)					
Investments (Financial)	12,218	4,240	4,240	4,240	4,240
Current Assets (ex Cash) Incl LT assets	4,819	5,940	6,525	7,034	7,619
Cash	1,147	10,582	9,210	8,529	10,187
Current Liabilities (ex ST Loan/Current Portion) i	3,122	5,753	5,962	6,392	6,753
Working capital	1,697	187	563	642	866
Capital deployed	19,193	27,123	27,174	27,738	28,848
Contingent Liabilities					
	-	-	-	-	-

Fig 4 – Ratio analysis					
Year end Mar	FY24	FY25	FY26e	FY27e	FY28e
Adj. P/E (x)	36.2	36.9	35.2	30.2	27.1
EV/EBITDA (x)	28.0	26.5	24.2	21.4	19.2
EV/sales (x)	5.4	4.6	4.1	3.8	3.4
P/B (x)	6.6	6.2	5.8	5.3	4.8
RoE (%)	21.4	12.1	13.1	14.7	16.2
RoCE (%) - After tax	11.7	7.7	7.3	8.3	9.4
RoIC (%) - After tax	28.2	17.5	13.6	14.6	16.5
DPS (Rs per share)	5.8	6.0	6.6	7.3	8.0
Dividend yield (%)	0.9	0.9	1.0	1.1	1.3
Dividend payout (%) - Inc. DDT	34.4	49.5	47.0	42.5	38.9
Net debt/equity (x)	-0.6	-0.2	-0.2	-0.2	-0.3
Receivables (days)	57	63	62	61	60
Inventory (days)					
Payables (days)	22	22	22	22	22
CFO:PAT%	86	128	121	124	114
FCF:PAT% - includ M&A payout	82	-272	29	43	110

LatentView Analytics - Financials

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenues (US\$m)	77	100	119	141	164
Growth (%)	15.9	29.4	18.5	18.6	16.3
Net revenues (Rs m)	6,407	8,478	10,138	12,028	13,990
Employee & Direct Costs	4,339	5,609	6,466	7,589	8,755
Gross Profit	2,068	2,870	3,671	4,439	5,236
Gross Margin %	32.28	33.85	36.22	36.90	37.42
SG&A	708	982	1,324	1,558	1,744
EBITDA	1,360	1,888	2,348	2,881	3,491
EBITDA margins (%)	21.2	22.3	23.2	23.9	25.0
- Depreciation	97	293	387	387	387
Other income	737	758	588	617	679
Interest Exp	30	66	89	29	29
PBT	1,970	2,287	2,460	3,083	3,755
Effective tax rate (%)	19	24	25	25	25
+ Associates/(Minorities)	-	7	-25	-	-
Net Income	1,586	1,742	1,813	2,303	2,805
WANS	207	207	207	207	207
FDEPS (Rs/share)	7.6	8.4	8.7	11.1	13.5

Fig 3 – Cash Flow statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT	1,970	2,287	2,460	3,083	3,755
+ Non-cash items	-560	-263	387	387	387
Operating profit before WC	1,410	2,025	2,847	3,469	4,142
- Incr./((decr.) in WC	-46	191	360	404	418
Others incuding taxes	-302	-528	-1,122	-1,369	-1,600
Operating cash-flow	1,154	1,305	1,366	1,696	2,123
- Capex (tangible + Intangible)	46	162	143	121	85
Free cash-flow	1,108	1,143	1,223	1,575	2,038
Acquisitions	-	-3,312	-640	-	-
- Dividend (including buyback & taxes)	-	311	415	415	415
+ Equity raised	-	-	-	-	-
+ Debt raised	-	-	-0	-0	-0
- Fin Investments	2,107	1,474	-	-	-
- Misc. Items (CFI + CFF)	-1,605	-2,797	-499	-589	-651
Net cash-flow	605	-1,158	667	1,749	2,274

Source: Company, Anand Rathi Research

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	206	206	206	206	206
Net worth	13,744	15,000	16,398	18,286	20,677
Total debt (including Pref)	2	1	1	1	1
Minority interest	-	370	395	395	395
DTL/(Asset)	-169	273	273	-169	273
Capital employed	13,578	15,323	16,746	18,634	21,024
Net tangible assets	275	395	151	-115	-416
Net Intangible assets					
Goodwill	-	3,615	4,255	4,255	4,255
CWIP (tangible and intangible)	-	87	87	87	87
Investments (Strategic)					
Investments (Financial)	10,919	10,250	10,250	10,250	10,250
Current Assets (ex Cash) Incl LT assets	1,547	2,797	3,193	3,637	4,089
Cash	1,649	694	1,362	3,110	5,384
Current Liabilities (ex ST Loan/Current Portion) incl LT liabilities	812	2,515	2,551	2,591	2,624
Working capital	735	282	642	1,046	1,465
Capital deployed	13,578	15,323	16,746	18,634	21,024
Contingent Liabilities					
	-	0.2	0.2	0.2	0.2

Fig 4 – Ratio analysis

Year end Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	58.3	53.1	51.0	40.2	33.0
EV/EBITDA (x)	60.0	43.2	34.8	28.3	23.4
EV/sales (x)	-	-	-	-	-
P/B (x)	6.7	6.2	5.6	5.1	4.5
RoE (%)	12.3	12.1	11.5	13.3	14.4
RoCE (%) - After tax	7.7	7.9	8.4	9.8	11.0
RoIC (%) - After tax	59.1	33.5	24.1	28.5	34.8
DPS (Rs per share)	-	1.5	2.0	2.0	2.0
Dividend yield (%)	-	0.3	0.4	0.4	0.4
Dividend payout (%) - Inc. DDT	-	17.9	22.9	18.0	14.8
Net debt/equity (x)	-0.9	-0.7	-0.7	-0.7	-0.7
Receivables (days)	72	83	82	81	80
Inventory (days)					
Payables (days)	7	11	10	9	8
CFO:PAT%	73	75	74	74	76
FCF:PAT% - includ M&A payout	70	-125	32	68	73

Source: Company, Anand Rathi Research

Appendix

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