Valuations close to the mid-point of 5yr. & 10yr. Avg. of the 1 yr. fwd.

Potential Divergence in fortunes makes us selective..

								ROE (%)	ROCE (%) (Post-Tax)	ROIC (%) (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	FY25	L2Y	L3Y	L5Y	L10Y	FY25	FY26e	FY27e	FY28e	FY26e-FY28e EPS CAGR (%)	PEG (x.)
1.	Persistent	5,250	9.5	Hold	Hold	5,682	8.2%	24.8%	22.2%	32.5%	51.9x.	45.3x.	40.8x.	27.5x.	57.8x.	48.2x.	40.4x.	33.1x.	20.7%	2.0x.
2.	Mphasis	2,734	6.1	Buy	Buy	3,425	25.3%	18.5%	14.1%	21.3%	28.5x.	26.1x.	26.6x.	19.8x.	30.6x.	28.7x.	24.5x.	21.7x.	15.0%	1.6x.
3.	Intellect Design Arena	907	1.5	Hold	Buy	1,093	20.5%	12.7%	10.3%	15.3%	32.7x.	29.1x.	27.4x.	38.9x.	41.3x.	37.6x.	25.0x.	21.0x.	33.6%	0.7x.
4.	Birlasoft	373	1.2	Hold	Hold	445	19.3%	15.8%	13.0%	30.1%	26.6x.	23.4x.	22.8x.	15.5x.	20.1x.	21.7x.	17.9x.	16.3x.	15.5%	1.2x.
5.	Sonata Software	357	1.2	Hold	Hold	407	14.2%	27.3%	18.0%	29.3%	30.5x.	27.0x.	23.7x.	16.9x.	23.3x.	24.1x.	20.6x.	18.2x.	15.2%	1.4x.
6.	Happiest Minds	589	1.0	Buy	Buy	796	35.1%	12.1%	7.7%	17.5%	43.7x.	46.4x.	55.7x.	NA	33.9x.	32.7x.	27.6x.	24.7x.	15.0%	1.8x.
7.	Latent View Analytics	409	1.0	Hold	Hold	471	15.2%	12.3%	7.7%	33.5%	55.2x.	52.5x.	NA	NA	45.1x.	42.3x.	34.2x.	28.0x.	23.0%	1.5x.
8.	Mastek	2,539	0.9	Buy	Hold	3,320	30.8%	16.5%	12.9%	15.9%	23.2x.	21.2x.	21.5x.	16.6x.	21.1x.	19.7x.	17.7x.	15.2x.	14.0%	1.3x.
	IT Services (mcap weighted)		**22.4**								**40.3x.**	**36.2x.**	**33.8x.**	**24.2x.**	**42.3x.**	**37.3x.**	**31.0x.**	**26.1x.**	**17.4%**	**1.7x.**
9.	FSL	365	3.0	Buy	Hold	458	25.6%	15.2%	11.4%	11.8%	29.0x.	24.6x.	21.2x.	14.4x.	43.3x.	34.6x.	28.7x.	24.0x.	20.1%	1.4x.
	BPO (mcap weighted)		**3.0**								**29.0x.**	**24.6x.**	**21.2x.**	**14.4x.**	**43.3x.**	**34.6x.**	**28.7x.**	**24.0x.**	**20.1%**	**1.4x.**
10.	LTTS	4,164	5.2	Hold	Hold	4,429	6.4%	22.2%	17.9%	32.4%	37.9x.	35.9x.	36.9x.	29.8x.	34.9x.	33.9x.	29.4x.	26.0x.	14.2%	2.1x.
11.	KPIT	1,204	3.9	Hold	Hold	1,237	2.8%	33.2%	24.2%	40.4%	54.7x.	53.7x.	46.5x.	NA	39.3x.	41.6x.	33.8x.	29.4x.	19.0%	1.8x.
	ER&D (mcap weighted)		**5.2**								**45.0x.**	**43.5x.**	**41.0x.**	**17.1x.**	**34.9x.**	**33.9x.**	**29.4x.**	**26.0x.**	**16.0%**	**2.1x.**

- Mastek & Mphasis remain our top pick in Mid-Cap IT, followed by Happiest Minds, Firstsource.
  - Mastek benefits from Non-US healthcare and Data/ AI play, available at undemanding valuations
  - Happiest Minds is an M&A driven transformation play, post acquisition of Pure & Aureus, with BFSI and Healthcare to drive growth
  - Mphasis is an AI driven BFSI (67% of Q1FY26 revenues) play, with the highest ever TCV of $760 Mn in Q1FY26 and 68% of the pipeline being AI led
  - FSOL is disrupting the traditional BPO by focusing on platform-led, outcome/output-based models with a focus on digital and AI-led transformation

EPS revision summary

FSOL the lone meaningful upgrade; Sonata, KPIT, Birlasoft & IDA underwhelm…

				EPS (New)				EPS (Old)			
Company	Target Price (New)	Target Price (Old)	% Change	FY26e	FY27e	FY28e	FY26e-FY28e EPS CAGR (%)	FY26e	FY27e	FY28e	FY26e-FY28e EPS CAGR (%)
IT Services											
Persistent	5,682	5,912	-3.9%	109.0	130.0	158.7	20.7%	110.3	134.7	165.1	22.4%
Mphasis	3,425	3,366	1.8%	96.2	112.9	127.2	15.0%	98.7	112.0	123.9	12.1%
Intellect Design Arena	1,093	1,187	-7.9%	24.1	36.3	43.1	33.6%	24.1	36.3	42.8	33.1%
Birlasoft	445	485	-8.2%	17.2	20.8	22.9	15.5%	18.2	21.3	23.7	14.2%
Sonata Software	407	472	-13.7%	14.8	17.3	19.6	15.2%	18.2	20.7	22.9	12.1%
Happiest Minds	796	789	0.9%	18.0	21.4	23.8	15.0%	18.0	21.3	23.1	13.3%
Latent View Analytics	471	462	1.9%	9.7	11.9	14.6	23.0%	9.8	12.1	14.3	21.2%
Mastek	3,320	3,332	-0.4%	128.9	143.4	167.5	14.0%	128.9	143.4	167.5	14.0%
BPO											
FSOL	458	433	5.8%	10.7	12.8	15.4	20.1%	10.7	12.8	14.8	17.9%
ER&D											
LTTS	4,429	4,497	-1.5%	122.7	141.7	160.1	14.2%	120.1	144.2	162.9	16.5%
KPIT	1,237	1,365	-9.4%	28.9	35.7	41.0	19.0%	31.5	37.5	42.5	16.1%

Note:

- For Happiest Minds & Latenet View- Acquisition amortization is added back to arrive at the adjusted EPS

- Intellect Design Arena: post expensing capitalized R&D expenses upfront (vs. capitalizing and amortizing the same)