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Q1FY24 result preview

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Q1FY24 preview: No signs of demand improvement yet;
reduce Wipro, sell TechM

Based on our discussion with IT company managements ahead of their silent period, we haven't observed any significant change in their demand commentary over the last 3 months. Due to macro headwinds in key industry verticals like banking and hi-tech, and in key geographies like US and Europe with persistently high interest rates and inflationary pressure, discretionary technology demand is getting delayed. There is higher level of scrutiny around each deal due to which pipeline to conversion is taking longer than usual and in certain cases orderbook to revenue conversion is also slow. Accenture's recent quarterly result ([link](#)) also indicates smaller deals around digital transformation and consulting are drying up and focus is higher on larger cost optimisation deals. In such a scenario, we believe the duration of contracts would increase with slower conversion of orderbook to revenue. We see heightened risk to the top end of Indian IT companies' revenue growth guidance for FY24E due to the following key reasons:

- Accenture's weak growth guidance for Aug'23 quarter implies no immediate demand revival and Sep'23 quarter growth for Indian IT companies could also remain weak, contrary to the street and company managements' expectations of demand revival post Jun'23.
- Multiple cancelled or postponed projects during Mar'23 quarter haven't seen the light of the day with limited visibility of them getting executed in near- to -medium term.
- Post covid, multiple enterprises have sped up their technology initiatives around cloud to enable virtualisation and digital transformation. With employees returning to offices and the profitability for enterprises coming under pressure due to inflation, there is now heightened level of scrutiny around technology budgets with multiple discretionary projects having limited RoI visibility getting permanently cancelled or postponed.
- Signs of increasing pricing pressure as contribution of cost optimisation deals in overall order book and revenue is increasing, wherein competition is high and margins could be lower in the initial stages of deal ramp ups.
- There may be negative impact of generative AI on IT services contract pricing in the near term, which is yet to be clearly established but has high probability of playing out over the next 1-2 years, similar to the initial deflationary impact of cloud and SaaS during 2015-17 period. A couple of projects around application development, maintenance, testing, BPO and customer support may get further automated. Amid slowing demand environment with high competition, there could be predatory pricing carried out by few IT service companies that are ahead in technology adoption curve, thereby, enabling them to accelerate their market share gains.

We cut our FY24-26E EPS estimates by up to 6% on the back of weak Q1FY24 and weaker-than-expected Q2

Due to soft demand outlook with limited large deal ramp ups during Q1FY24, we expect QoQ revenue growth in CC terms for our coverage companies to be in the range of -2.4% (TechM) to +4% (Happiest Minds). Our BUY rated TCS, INFY and Persistent are expected to grow at 0.2%, 0.8% and 3% QoQ in CC terms, respectively. On the other hand, our SELL rated TechM would have the weakest sequential revenue growth at -2.4% in CC terms due to sharp weakness in communication, media and entertainment verticals along with soft orderbook. REDUCE rated Wipro is likely to grow its revenue at -1.6% QoQ CC. We expect EBIT margins to be largely flat for most IT companies except TCS, which has announced wage hike starting Apr 1, '23.

We turn cautious on the Indian IT services sector for the near (3-6 months) term given there could be downside risks to consensus earnings forecasts for Q1/Q2FY24E and FY24E with macro headwinds continuing to persist at least for the next few quarters. In terms of valuations, NIFTY IT is currently trading at 21X 1-yr forward P/E multiple compared to its last 15-yr average of 18X and factoring in demand pick up in FY25E given the structural tailwinds around cloud migration and digitalisation for the sector. For medium- to -long term (1-2 years), we believe investors should add high quality names like TCS, INFY and Persistent that are building strong partnerships with key technology players globally, have consistent strong management execution, ability to win large cost optimisation deals during weak macros and have laser focus to harp on the digital transformation opportunity for its clients.

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Infosys: We expect Infosys to report soft 0.8% QoQ growth in CC terms Q1FY24E. With 20bps cross currency tailwind, this would imply muted 3.5% YoY growth in US\$ terms. With our expectation of pick up in growth only in H2FY24E as Q2 may also remain relatively soft at 2.7% QoQ CC growth given no mega deal ramp ups in Q2; we believe INFY could narrow its revenue growth guidance to 4-6% in CC terms for FY24 from 4-7%. We are now expecting 5.1% CC growth for INFY in FY24E with EBIT margin at 21%. With the stock currently trading at 18.4X FY25E (same as last 15-yr avg), we see attractive risk-reward for INFY with the expectation of 12.8%/12.4% CC revenue growth in FY25E/26E given its superior digital capabilities, strong partner ecosystem and management execution. Our 12-month target price of Rs1,613 implies 24% potential upside and we reiterate our BUY rating on INFY. Mega deal announcements similar to the recent ones like with Danske Bank would be the key catalyst for stock re-rating providing a smooth path for sequential pick up in H2FY24E and double digit revenue growth in FY25E. Key risks: Delay in mega deal announcements, ramp-ups due to adverse macro environment.

HCL Tech: We expect HCL Tech to report weak Q1FY24E with flattish growth QoQ CC given the pressure in ER&D vertical and weak seasonality in IT services segment in any June quarter due to annual productivity benefits passed on to certain large customers. We now expect HCLT to report 6.5% YoY CC revenue growth in FY24E, at the lower end of its revenue growth guidance of 6-8%. We expect its EBIT margin at 18.1%, 10bps lower QoQ due to limited operating leverage and no wage hikes in Q1FY24. We have ADD rating on HCLT with 9% potential upside given it is likely to be the fastest growing IT services company among its large cap peers in FY24E. With stock trading at 17.5X FY25E, at a significant premium to its last 15-yr average of 14.6X, we see limited further re-rating potential in HCL Tech.

Wipro: We expect Wipro to report revenue growth of -1.6% QoQ CC for IT services segment against the guidance of -1 to -3% in Q1FY24E given the continued weakness in its banking and consulting business. For Q2FY24E, we expect muted 0-2% QoQ CC revenue growth guidance given there are no mega deal announcements and no signs of incremental demand pick up in Wipro's key banking and retail verticals that have been its primary growth drivers in the past.

Table 1: Preview summary

Q1FY24	TCS	INFY	HCLT	WIPRO	TechM	LTIMindtree	Mphasis	Persistent	Happiest minds
Reporting date	12th July	20th July	12th July	13th July	25-27th July	3rd week of July	21st July	20th July	24th July (tentative)
QoQ CC	0.2%	0.8%	0.0%	-1.6%	-2.4%	0.6%	-1.2%	3.0%	4.0%
Revenue US\$ mn	\$7,233	\$4,598	\$3,254	\$2,787	\$1,632	\$ 1,065	\$408	\$282	\$ 48
QoQ \$	0.5%	1.0%	0.0%	-1.3%	-2.1%	0.7%	-0.9%	2.8%	4.3%
YoY \$	6.7%	3.5%	6.0%	1.9%	0.0%	8.8%	-6.4%	16.9%	13.4%
EBIT margin	23.6%	20.7%	18.1%	15.9%	11.1%	16.4%	16.0%	16.0%	21.1%
QoQ bps	-92	-33	-3	9	-8	5	-3	63	12
YoY bps	47	65	114	153	3	-90	125	170	-160
EPS (Rs/share)	30.0	14.6	14.0	5.7	12.9	38.7	21.3	38.0	4.3

Source: Company, I-Sec research

Table 2: Key metrics

Companies	Rating	CMP (Rs)	Market Cap (US\$ bn)	Target Price	Potential Upside	USD Revenue CAGR FY23-FY26E	EPS CAGR FY23-FY26E	P/E		PEG	EV/EBITDA		EV/Sales		ROE (%)	
								FY25E	FY26E		FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
LTIMindtree	ADD	5,089	19	5,582	10%	14.3%	18.9%	24.7	20.6	1.3	16.6	13.9	3.3	2.9	35.5	36.2
Infosys	BUY	1,293	67	1,613	25%	10.3%	10.9%	18.2	16.3	1.7	12.6	11.3	3.0	2.6	34.2	35.9
TCS	BUY	3,215	147	3,753	17%	10.1%	13.4%	21.7	19.0	1.6	15.3	13.4	4.2	3.7	50.7	52.2
Mphasis	HOLD	1,849	4	1,763	-4.6%	10.5%	10.2%	17.0	15.0	1.7	10.8	9.6	2.0	1.8	23.3	24.2
HCL Tech	ADD	1,170	40	1,273	9%	10.9%	10.3%	15.5	14.1	1.5	9.3	8.4	2.1	1.9	24.1	26.6
Wipro	Reduce	382	26	342	-10%	6.4%	9.8%	15.2	13.9	1.5	9.4	8.7	1.8	1.7	15.9	16.2
Tech M	SELL	1,108	13	904	-18%	7.9%	7.9%	16.8	15.8	2.1	9.4	8.7	1.5	1.4	20.8	22.5
Persistent	BUY	4,876	5	5,851	20%	17.6%	28.4%	23.8	18.6	0.8	16.3	13.1	3.2	2.7	29.4	30.3
Happiestminds	ADD	951	2	1,001	5.2%	23.1%	22.8%	39.7	32.2	1.7	25.5	20.5	6.3	5.1	31.1	31.5
Sector Average					6%	12%	15%	21.4	18.4	1.6	13.9	12.0	3.0	2.6	29.4	30.6

Companies	Rating	CMP (US \$)	Market Cap (US\$ bn)	Target Price	Potential Upside	USD Revenue CAGR FY23-FY26E	EPS CAGR FY23-FY26E	P/E		PEG	EV/EBITDA		EV/Sales		ROE	
								FY25E	FY26E		FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Accenture	Not Rated	301	200	Not Rated	Not Rated	7.7%	8.7%	22.4	20.2	2.6	14.4	14.8	2.7	2.4	26.9	27.1
Cognizant	Not Rated	63	32	Not Rated	Not Rated	3.8%	5.4%	13.6	12.2	2.5	8.6	7.9	1.5	1.4	17.1	17.1
Capgemini	Not Rated	172	30	Not Rated	Not Rated	6.8%	9.0%	12.6	11.4	1.4	8.1	7.4	1.2	1.2	18.5	18.5
Microsoft	Not Rated	335	2,488	Not Rated	Not Rated	12.7%	15.8%	26.4	22.4	1.7	18.7	15.3	9.3	8.1	33.0	31.5
Salesforce	Not Rated	209	203	Not Rated	Not Rated	11.2%	28.3%	23.4	20.1	0.8	13.5	11.6	5.3	4.8	10.6	10.3
ServiceNow	Not Rated	540	110	Not Rated	Not Rated	21.7%	108.5%	45.7	37.2	0.4	30.4	24.0	10.0	8.2	24.9	23.7
Workday	Not Rated	224	59	Not Rated	Not Rated	17.1%	30.4%	35.1	28.6	1.2	23.1	18.6	6.6	5.6	18.4	16.6
SAP	Not Rated	122	150	Not Rated	Not Rated	6.4%	17.5%	18.4	15.6	1.1	13.3	11.9	4.2	3.8	15.0	16.6
Oracle	Not Rated	118	320	Not Rated	Not Rated	8.6%	11.8%	19.1	16.7	1.6	13.5	12.3	6.9	6.3	226.0	108.8

Happiestminds Global peers	Rating	CMP (US \$)	Market Cap (US\$ bn)	Target Price	Potential Upside	USD Revenue CAGR FY23-FY26E	EPS CAGR FY23-FY26E	P/E		PEG	EV/EBITDA		EV/Sales		ROE	
								CY24 /FY25E	CY25 /FY26E		FY25E	FY25E	FY26E	FY25E	FY26E	FY25E
EPAM	Not Rated	258	15	Not Rated	Not Rated	7.9%	6.5%	23.3	19.6	3.6	14.9	12.2	2.6	2.2	17.1	18.4
Globant	Not Rated	180	8	Not Rated	Not Rated	20.5%	16.4%	27.0	22.5	1.7	14.7	11.5	3.0	2.4	14.1	14.1
Endava	Not Rated	51	3	Not Rated	Not Rated	11.5%	11.4%	18.0	15.0	1.6	11.2	9.2	2.6	2.2	19.3	19.5
Thoughtworks	Not Rated	8	2	Not Rated	Not Rated	11.4%	13.4%	17.4	12.5	1.3	10.8	8.1	1.9	1.5	14.4	16.9
Perficient	Not Rated	79	3	Not Rated	Not Rated	7.7%	7.9%	15.5	14.7	2.0	12.7	11.4	3.0	2.8	27.7	23.7
Grid Dynamics	Not Rated	9	1	Not Rated	Not Rated	14.8%	7.1%	18.4	14.4	2.6	NA	NA	NA	NA	10.3	11.5

Source: I-sec estimates for covered and BBG estimates for uncovered companies. CMP is as on 26th June 2023

Note: Cognizant, Capgemini, ServiceNow, SAP financial year ending is in Dec and Accenture's financial year ending is in Aug, Microsoft is June year end, Salesforce and Workday is Jan year end, Oracle is May year end

Table 3: Change in Target Price

	Previous Target Price	Revised Target Price	Change in Target Price
TCS	3,786	3,753	-0.9%
INFY	1,641	1,613	-1.7%
HCLT	1,291	1,273	-1.5%
WIPRO	350	342	-2.2%
TECHM	927	904	-2.5%
LTIM	5,637	5,582	-1.0%
Mphasis	1,812	1,763	-2.7%
Persistent	5,960	5,851	-1.8%
Happiestminds	1,038	1,001	-3.5%

Source: I-sec estimates

Table 4: FY24E revenue growth to be in mid to high single digit amidst worsening macros; expect pick up in revenue growth in FY25E. Margins likely to be flattish or improve slightly over FY23-FY26E

	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue YoY CC							
TCS	7.1%	-0.8%	15.4%	13.7%	6.1%	11.1%	12.0%
Infosys	9.8%	5.0%	19.7%	15.4%	5.1%	12.8%	12.4%
Wipro	3.9%	-2.3%	16.7%	10.1%	1.0%	8.9%	8.6%
HCLT	16.7%	1.1%	12.7%	13.7%	6.5%	12.4%	12.6%
TechM	5.6%	-2.2%	16.7%	14.5%	1.7%	11.6%	10.0%
LTIMindtree	11.2%	5.1%	27.5%	17.2%	10.2%	16.7%	16.2%
Mphasis	11.7%	4.9%	21.2%	9.7%	1.2%	17.1%	13.0%
Persistent	4.3%	12.8%	35.2%	35.3%	14.8%	17.7%	20.6%
Happiestminds			40.9%	23.7%	18.9%	26.3%	24.1%
EBIT margin							
TCS	24.6%	25.9%	25.3%	24.1%	24.3%	25.2%	25.6%
Infosys	21.3%	24.5%	23.0%	21.1%	21.0%	20.5%	20.2%
Wipro	16.6%	19.4%	17.2%	14.9%	15.8%	15.8%	15.8%
HCLT	19.6%	21.4%	18.9%	18.2%	18.2%	18.3%	18.0%
TechM	11.6%	14.2%	14.6%	11.4%	12.3%	12.7%	12.4%
LTIMindtree	13.6%	18.6%	17.8%	16.2%	16.9%	18.0%	18.5%
Mphasis	15.9%	15.8%	14.6%	15.6%	16.1%	16.1%	16.1%
Persistent	9.2%	12.1%	13.9%	14.9%	16.1%	17.0%	17.8%
Happiestminds			20.6%	22.0%	20.7%	21.3%	21.3%

Source: Company data, I-Sec research. Note: Wipro revenue growth in FY22 and FY23 is excluding contribution from Capco and Rizing acquisitions respectively. For LTIMindtree we have considered YoY \$ growth

Table 5: I-Sec vs consensus estimates

Revenue (Rs mn)	FY24E			FY25E			FY26E		
	I-Sec	Cons	Difference	I-Sec	Cons	Difference	I-Sec	Cons	Difference
TCS	24,55,289	24,70,322	-0.6%	27,26,326	27,13,515	0.5%	30,52,794	29,64,695	3.0%
Infosys	15,80,416	15,80,862	0.0%	17,82,192	17,40,639	2.4%	20,02,798	19,09,885	4.9%
Wipro	9,42,836	9,55,677	-1.3%	10,26,709	10,36,960	-1.0%	11,15,631	11,21,606	-0.5%
HCLT	11,13,068	11,11,699	0.1%	12,51,492	12,16,951	2.8%	14,08,786	13,38,968	5.2%
TechM	5,53,314	5,69,163	-2.8%	6,17,616	6,22,466	-0.8%	6,79,629	6,78,979	0.1%
LTIMindtree	3,71,016	3,72,729	-0.5%	4,32,826	4,23,959	2.1%	5,02,912	4,59,423	9.5%
Mphasis	1,43,396	1,42,807	0.4%	1,67,853	1,60,994	4.3%	1,89,728	1,78,838	6.1%
Persistent	97,441	98,262	-0.8%	1,14,565	1,14,396	0.1%	1,38,188	1,31,941	4.7%
Happiestminds	17,338	17,751	-2.3%	21,886	22,013	-0.6%	27,154	28,178	-3.6%
EBIT (Rs mn)	FY24E			FY25E			FY26E		
	I-Sec	Cons	Difference	I-Sec	Cons	Difference	I-Sec	Cons	Difference
TCS	5,96,791	6,11,382	-2.4%	6,85,807	6,83,451	0.3%	7,82,727	7,39,683	5.8%
Infosys	3,31,142	3,39,518	-2.5%	3,64,886	3,81,869	-4.4%	4,05,298	4,18,882	-3.2%
Wipro	1,49,071	1,52,265	-2.1%	1,61,906	1,68,562	-3.9%	1,76,439	1,80,598	-2.3%
HCLT	2,02,425	2,05,374	-1.4%	2,29,261	2,29,384	-0.1%	2,54,143	2,53,244	0.4%
TechM	68,100	70,394	-3.3%	78,256	82,211	-4.8%	84,211	90,005	-6.4%
LTIMindtree	62,589	62,692	-0.2%	78,042	73,266	6.5%	93,194	84,441	10.4%
Mphasis	23,119	22,340	3.5%	27,079	25,598	5.8%	30,601	28,376	7.8%
Persistent	15,700	15,406	1.9%	19,465	18,452	5.5%	24,575	21,616	13.7%
Happiestminds	3,593	3,784	-5.0%	4,669	4,788	-2.5%	5,793	5,906	-1.9%
EPS (Rs)	FY24E			FY25E			FY26E		
	I-Sec	Cons	Difference	I-Sec	Cons	Difference	I-Sec	Cons	Difference
TCS	129	129	-0.4%	147	144	2.1%	168	159	5.9%
Infosys	63	64	-0.6%	70	72	-2.2%	79	79	0.0%
Wipro	23	23	0.4%	25	26	-2.4%	27	29	-4.6%
HCLT	59	60	-1.1%	67	66	0.4%	73	73	0.2%
TechM	59	63	-5.9%	67	73	-8.2%	71	81	-12.3%
LTIMindtree	169	171	-1.3%	209	204	2.9%	250	241	3.9%
Mphasis	92	92	0.1%	109	106	2.1%	123	118	4.8%
Persistent	163	155	4.8%	205	187	9.9%	262	225	16.5%
Happiestminds	19	19	-4.2%	24	24	-1.8%	30	31	-4.4%

Source: Company data, Bloomberg, I-Sec research

Table 6: ISEC vs Consensus Q1FY24 estimates

Company	INR Revenue (mn)			INR EBIT (mn)			EPS		
	Q1FY24E			Q1FY24E			Q1FY24E		
	I-Sec	Cons	Difference	I-Sec	Cons	Difference	I-Sec	Cons	Difference
TCS	5,95,017	6,01,574	-1.1%	1,40,261	1,41,460	-0.8%	30.0	30.1	-0.3%
Infosys	3,78,258	3,81,494	-0.8%	78,325	81,597	-4.0%	14.6	15.2	-3.8%
Wipro	2,31,765	2,28,898	1.3%	36,771	35,844	2.6%	5.7	5.5	3.9%
HCLT	2,67,713	2,68,862	-0.4%	48,585	48,959	-0.8%	14.0	14.2	-1.2%
TechM	1,34,214	1,37,047	-2.1%	14,859	16,071	-7.5%	12.9	14.1	-8.9%
LTIMindtree	87,591	NA	NA	14,367	13,869	3.6%	38.7	40.9	-5.3%
Mphasis	33,553	34,438	-2.6%	5,368	5,337	0.6%	21.3	21.7	-2.1%
Persistent	23,207	23,064	0.6%	3,715	3,509	5.9%	38.0	36.2	5.0%
Happiestminds	3,938	4,073	-3.3%	830	858	-3.3%	4.3	4.5	-4.0%

Source: Company data, Bloomberg, I-Sec research

Table 7: Cross currency tailwinds of 20-50bps QoQ for IT companies under our coverage

Company	US\$	€ EUR	£ GBP	AUD	CAD	INR	JPY	Others	CC headwind/(tailwind) (bps)
TCS	54.9%	11.1%	13.6%	5.0%	3.0%	4.0%	4.0%	4.4%	34
Infosys	66.7%	14.9%	4.4%	5.1%	1.0%	3.0%	1.0%	3.9%	21
Wipro	60.0%	11.0%	11.0%	4.0%	3.0%	4.0%	3.0%	4.0%	32
HCLT	63.0%	11.0%	17.0%	4.0%	1.5%	3.0%	0.4%	0.1%	58
TechM	51.3%	11.4%	10.2%	3.8%	2.0%	5.0%	3.0%	13.3%	30
Mphasis	81.0%	5.5%	5.5%	0.0%	1.0%	6.0%	0.0%	1.0%	25
LTIM	76.6%	7.9%	3.1%	2.0%	1.0%	5.0%	2.0%	2.4%	10
Persistent	77.9%	10.3%	NA	NA	NA	10.0%	NA	1.8%	15
Happiestminds	70.5%	0.0%	9.4%	NA	NA	15.0%	NA	5.1%	29

Source: Company data, Bloomberg, I-Sec research

Table 8: Currency movement QoQ

	Average Rates					
	USD/EUR	USD/GBP	USD/AUD	USD/CAD	INR/USD	JPY/USD
Jun-23	1.09	1.25	0.67	0.74	82.22	137.16
Mar-23	1.07	1.22	0.68	0.74	82.26	132.39
Change (QoQ)	1.4%	3.0%	-2.2%	0.6%	0.1%	-3.5%

Source: Company data, Bloomberg, I-Sec research

Table 9: Q1FY24 preview

Company	1Q24E	4Q23	QoQ gr.	1Q23	YoY gr.
TCS					
QoQ CC	0.2%	0.6%		3.5%	
USD/INR	82.3	82.2	0.0%	77.8	5.7%
Revenues (US\$m)	7,233	7,195	0.5%	6,780	6.7%
Revenues (Rs. mn)	5,95,017	5,91,620	0.6%	5,27,580	12.8%
EBIT (Rs. Mn)	1,40,261	1,44,880	-3.2%	1,21,860	15.1%
EBIT margin (%)	23.6%	24.5%	-92 bps	23.1%	47 bps
Adjusted net profit (Rs. Mn)	1,09,936	1,13,920	-3.5%	94,780	16.0%
EPS (Rs/share)	30.0	31.1	-3.5%	25.9	16.0%
Infosys					
Revenue growth QoQ CC	0.8%	-3.2%		5.5%	
USD/INR	82.3	82.2	0.1%	77.5	6.2%
Revenues (US\$m)	4,598	4,554	1.0%	4,444	3.5%
Revenues (Rs. mn)	3,78,258	3,74,410	1.0%	3,44,700	9.7%
EBIT (Rs. Mn)	78,325	78,770	-0.6%	69,140	13.3%
EBIT margin (%)	20.7%	21.0%	-33 bps	20.1%	65 bps
Adjusted net profit (Rs. Mn)	60,652	61,280	-1.0%	53,600	13.2%
EPS (Rs/share)	14.6	14.8	-1.0%	12.8	14.5%
HCLT					
Revenue growth QoQ CC	0.0%	-1.2%		2.7%	
Revenues (US\$m)	3,254.4	3,235.0	0.6%	3,024.9	7.6%
USD/INR	82	82	0.0%	78	6.0%
Revenues (Rs. mn)	2,67,713	2,66,060	0.6%	2,34,640	14.1%
EBIT (Rs. mn)	48,585	48,360	0.5%	39,920	21.7%
EBIT margin (%)	18.1%	18.2%	-3 bps	17.0%	114 bps
Adjusted net profit (Rs. Mn)	37,939	39,810	-4.7%	32,830	15.6%
EPS (Rs/share)	14.0	14.7	-4.7%	12.1	15.5%

Company	1Q24E	4Q23	QoQ gr.	1Q23	YoY gr.
Wipro					
IT Services revenue QoQ CC	-1.6%	-0.6%		2.1%	
USD/INR	82.3	81.6	0.8%	77.8	5.7%
IT Services revenue (US\$ mn)	2,787	2,823	-1.3%	2,736	1.9%
Consolidated Revenue (US\$ m)	2,817	2,853	-1.2%	2,780	1.3%
Revenues (Rs. mn)	2,31,765	2,31,903	-0.1%	2,15,286	7.7%
EBIT (Rs. mn)	36,771	36,587	0.5%	30,856	19.2%
EBIT margin (%)	15.9%	15.8%	9 bps	14.3%	153 bps
Adjusted net profit (Rs. mn)	31,220	31,125	0.3%	25,636	21.8%
EPS (Rs/share)	5.7	5.6	1.5%	4.7	21.7%
Tech M					
Revenue QoQ CC	-2.4%	0.3%		3.5%	
USD/INR	82.2	82.3	-0.1%	77.7	5.8%
Revenues (US\$mn)	1,632	1,668	-2.1%	1,633	0.0%
Revenues (Rs. mn)	1,34,214	1,37,182	-2.2%	1,27,079	5.6%
EBIT (Rs. mn)	14,859	15,303	-2.9%	14,034	5.9%
EBIT margin (%)	11.1%	11.2%	-8 bps	11.0%	3 bps
Adjusted net profit (Rs. mn)	11,414	12,601	-9.4%	11,316	0.9%
EPS (Rs/share)	12.9	14.2	-9.4%	12.8	0.8%
LTIMindtree					
Revenue QoQ CC	0.6%	0.7%		5.0%	
USD/INR	82.2	82.2	0.0%	78.0	5.5%
Revenues (US\$mn)	1,065	1,058	0.7%	980	8.8%
Revenues (Rs. mn)	87,591	86,910	0.8%	76,439	14.6%
EBIT (Rs. mn)	14,367	14,214	1.1%	13,225	8.6%
EBIT margin (%)	16.4%	16.4%	5 bps	17.3%	-90 bps
Adjusted net profit (Rs. mn)	11,469	11,137	3.0%	11,060	3.7%
EPS (Rs/share)	39	38	3.0%	37.3	3.8%
Mphasis					
Revenue QoQ CC	-1.2%	-4.5%		2.0%	
USD/INR	82	82	-0.1%	78	5.7%
Revenues (US\$mn)	408	412	-0.9%	436	-6.4%
Revenues (Rs. mn)	33,553	33,893	-1.0%	33,909	-1.1%
EBIT (Rs. mn)	5,368	5,433	-1.2%	5,001	7.3%
EBIT margin (%)	16.0%	16.0%	-3 bps	14.7%	125 bps
Adjusted net profit (Rs. mn)	4,007	4,053	-1.1%	4,019	-0.3%
EPS (Rs/share)	21	22	-1.1%	21	-0.5%
Persistent					
Revenue QoQ CC	3.0%	3.5%		12%	
USD/INR	82.2	82.1	0.1%	77.76	5.7%
Revenues (US\$mn)	282	275	2.8%	242	16.9%
Revenues (Rs. mn)	23,207	22,545	2.9%	18,781	23.6%
EBIT (Rs. mn)	3,715	3,466	7.2%	2,688	38.2%
EBIT margin (%)	16%	15%	63 bps	14%	170 bps
Adjusted net profit (Rs. mn)	2,902	2,515	15.4%	2,116	37.1%
EPS (Rs/share)	38.0	32.9	15.4%	27.69	36.2%
Happiestminds					
Revenue QoQ CC	4.0%	1.3%		6.9%	
USD/INR	82.2	82.3	-0.1%	77.9	5.5%
Revenues (US\$mn)	48	46	4.3%	42	13.4%
Revenues (Rs. mn)	3938	3780	4.2%	3289	19.7%
EBIT (Rs. mn)	830	792	4.8%	746	11.3%
EBIT margin (%)	21%	21%	12 bps	23%	-160 bps
Adjusted net profit (Rs. mn)	623	577	8.1%	563	10.6%
EPS (Rs/share)	4.30	3.98	8.1%	3.88	10.9%

Source: Company, I-Sec research

Table 10: Deal wins

IT Company	Date of announcement	Client	Vertical	Geography	Deal size / Duration	Deal description
TCS	26th June 2023	Standard Life International DAC, a wholly-owned subsidiary of the Phoenix Group	BFS	Germany and Austria		Transform its operating model and enhance customer experience.
	21st June 2023	NEST, UK's largest workplace pension scheme	BFS	UK		Digitally transforming Nest's scheme administration services and improving customer experience.
	5th June 2023	The Teachers' Pension Scheme	BFS	UK	10-year contract	Manage the scheme administration services using a future-ready, digitally enabled, omni-channel platform powered by TCS BaNCS.
	30th May 2023	Ikano Bank	BFS	Sweden		Client has selected TCS BaNCS™ global banking SaaS platform for its pan-Europe core banking transformation.
	23rd May 2023	Zurich Insurance Company Dubai International Financial Center (DIFC)	BFS	Dubai		Client deployed TCS BaNCS™ insurance for property and casualty.
	25th April 2023	Marks and Spencer	Retail	UK		TCS to simplify M&S' technology landscape and modernise its core business systems with a cloud-first and composable platform strategy.
	3rd April 2023	Bane NOR, the Norwegian government agency	BFS	Norway		TCS to provide identity governance and administration (IGA), access management, identity lifecycle management and application management operations in a managed services model.
Infosys	26th June 2023	Danske Bank	BFS	Denmark	USD454 mn 5-year deal, can be extended for 3 more years with annual renewal	Infosys to transform client's customer experiences, improve operations, and modernise technology landscape. Infosys will also acquire Danske Bank's IT centre in Bengaluru, India which employs 1,400 digitally-skilled professionals.
	13th June 2023	Keytrade Bank	BFS	Belgium		Infosys' Finacle suite will replace Keytrade Bank's legacy banking platform and help the bank leapfrog its digital maturity.
	16th May 2023	British Petroleum	E&U	UK	It is a MoU and is expected to be converted in to TCV of USD1.5 bn over 5 year period	Infosys to be BP's primary partner for end-to-end application services, including development, modernisation, management and maintenance.
	2nd May 2023	SolarWinds	E&U	US		Infosys will accelerate the SaaSification of SolarWinds' products and platforms.
	24th April 2023	Aramco	E&U	Saudi Arabia	MoU	Infosys and Aramco aspire to bring new insights to HR data and analytics, scale the use of automation tools and enhance employee experience through artificial intelligence (AI) technologies.
	20th April 2023	XacBank	BFS	Mongolia		Infosys transformed XacBank's technology landscape with Finacle Digital Banking Solution Suite
HCLT	26th April 2023	Heubach Group	Manufacturing	Austria		HCL Tech will deliver an IT system for Heubach Group across 11 countries to include deployment of hybrid cloud, cybersecurity solutions, end-user services and secure networks.
TechM	31st May 2023	Bank of Baroda	BFS	India		Tech Mahindra has set up a first-of-its-kind Centre of Excellence (CoE) for the bank's contact centre to equip them with new-age solutions to meet dynamic customer requirements.
LTIMindtree	24th April 2023	Currys	Retail	UK	5-year deal	Currys will leverage LTIMindtree's extensive retail business consulting and technology capabilities to deliver the next phase of omni-channel transformation to its consumers and employees.

Source: Company, I-Sec research

Table 11: Demand commentary

IT Company	Commentary on demand and margins
TCS	<p>Demand: ↓ Demand uncertainty seen in month of March has continued in Jun'23 quarter. TCS is seeing some project cancellations and postponements. Some right-shifted projects have started ramping up in June. Europe and UK are growing well while there is more weakness in North America.</p> <p>Deal TCV: ↑ Deal TCV is expected to grow on YoY basis in Q1FY24.</p> <p>Pipeline: ↑ Deal pipeline is growing. There are no budget cuts, but clients are reprioritising budgets with more focus on cost optimisation deals.</p> <p>Margin: ↓ Margin headwinds in Q1FY24 - 1) Full quarter wage hike impact, 2) lower utilisation due to project cancellations and postponements.</p>
Infosys	<p>Demand: ↓ Clients are reducing spends on discretionary side and there is more focus on cost takeout deals. Full quarter impact of project cancellations in Mar'23 will be reflected in Apr'23 and May'23. Telecom and banking verticals have been impacted the most due to weak macros. Retail spending has remained resilient.</p> <p>Pipeline: ↑ Deal pipeline is growing and a few mega deals are in advanced stages, but there is delay in conversion of pipeline to TCV.</p> <p>Margin: ↓ Margin is likely to be muted due to muted revenue growth and increased travel costs because of leadership connect event done by the company. Timeline and quantum of wage hikes have not yet been decided by Infosys' management.</p>
HCLT	<p>Demand: ↓ Neither did demand environment deteriorate further nor did it improve vs April. Clients are delaying or not renewing shorter tenure discretionary projects.</p> <p>Pipeline: ↑ Deal pipeline is healthy and a few deals are in advanced stages. Slowdown in discretionary areas will be reflected in TCV wins in Q1FY24.</p> <p>ER&D business: ↓ ER&D segment was impacted by weakness in hi-tech and telecom verticals in Mar'23 for a few days and the full quarter impact is likely in Q1FY24.</p> <p>Pricing: Competition intensity and thus pricing pressure have increased in cost optimisation / cost take-out deals for overall IT services industry.</p> <p>Margin: ↔ Annual margin guidance of 18-19% for FY24 is intact. Wage hike for HCL Tech will be spread across Q2 and Q3FY24. Q1FY24 margins will be impacted by weak seasonality in IT services business and muted revenue growth in ER&D.</p>
Wipro	<p>Demand: ↓ Weak demand continues in Q1FY24 for Wipro. Demand has neither worsened nor improved for Wipro. Technology and BFSI verticals are more impacted due to macro weakness. TCV to revenue conversion is progressing well, deals are ramping up as per plan.</p> <p>Deal pipeline: ↔ Deal pipeline has remained at similar levels vs previous quarter. Pipeline to TCV conversion is slowing and the nature of deals has shifted to cost take out deals.</p> <p>Margin: ↓ Margins will be subdued in Q1FY24 due to muted revenue growth. Management has not decided on timing and quantum of wage hike.</p>
TechM	<p>Demand: ↓ Reprioritisation of spends by one of the top clients from communication vertical has been dragging down Top 5 client revenue for TechM. This impact is likely to bottom out in Q1FY24. Communication vertical revenue may decline sequentially due to cut in discretionary spends by clients and seasonal weakness in Comviva Tech. Enterprise vertical is also expected to report sequential decline in revenue but to a lesser extent vs communication. Within enterprise, manufacturing vertical is doing well, whereas other verticals are sluggish.</p> <p>TCV: ↓ TCV wins are expected to be soft around ~US\$400-600mn. Pipeline is at an all-time high but deal conversion cycle is elongated.</p> <p>Margin: ↓ Majority of wage hike impact will occur in Q1FY24. Margins are expected to decline due to fall in revenue growth. Reduction in variable pay may offset wage hike impact.</p>
LTIMindtree	<p>Demand: ↓ Demand environment has not improved since Mar'23. Hi-tech vertical is expected to recover in Q1FY24. Top account is also growing well. Weakness in BFSI continues with BFSI firms freezing hiring. The company still expects to deliver double digit revenue growth in FY24. TCV to revenue conversion is progressing well. Manufacturing, energy, travel and hospitality verticals are growing well.</p> <p>TCV: ↔ TCV is expected to be in line with the last two quarters.</p> <p>Margins: ↑ EBIT margin for full year is likely to be 17-18%. Since revenue growth may be soft in Q1FY24, margins may not improve substantially. It plans to rollout wage hike from Jul 1, '23.</p>
Mphasis	<p>Demand: ↓ Tech spending pattern of large banks is muted. Drag from First Republic Bank and Digital Risk (mortgage business) is expected to bottom out in Q1. TMT vertical is expected to recover in Q1FY24.</p> <p>TCV: ↑ TCV is expected to be strong with a couple of large deals.</p> <p>Pricing: ↓ Pricing pressure is high on offshore. On blended basis, pricing may decline in FY24 vs FY23.</p> <p>Margin: ↔ Margins are expected to be above the lower end of guidance (15.25-16.25%). There will be moderation in the quantum of wage hike and headcount is expected to further decline in Q1FY24.</p>
Persistent	<p>Demand: ↔ Demand environment continues to be difficult. However, company expects to deliver 3-5% QoQ revenue growth in Q1FY24. Clients are delaying discretionary tech spends and new growth initiatives. Hyperscalar ramp down experienced in Q4FY23 is stabilising in Q1FY24. In terms of verticals, hi-tech followed by BFSI are growing well. Healthcare is expected to be soft.</p> <p>Pricing: ↔ Pricing is stable on portfolio level.</p> <p>Margin: ↔ Margins are expected to improve by 0-50bps in FY24. Margin tailwinds of pyramid optimisation, improvement in utilisation, and company-wide initiatives to improve project level margins are likely to offset headwinds from wage hike, increased travel costs and softer revenue growth.</p>
Happiest Minds	<p>Demand: ↔ Ramp downs in Q4FY23 may recover in Q1FY24. Company expects mid-single digit QoQ growth in Q1FY24.</p> <p>Margin: ↔ EBIT margin is expected to be flat QoQ. Wage hike impact will be seen in Q2FY24 as the company will rollout wage hike on Jul 1, '23.</p>

Source: Company, I-Sec research

Table 12: TCS – change in estimates

	Revised			Old			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenues (US\$ mn)	\$29,929	\$33,262	\$37,245	\$29,889	\$33,216	\$37,194	0.1%	0.1%	0.1%
Revenue growth YoY CC	6.1%	11.1%	12.0%	6.6%	11.1%	12.0%	-40bps	0bps	0bps
Revenue growth (US\$, %)	7.2%	11.1%	12.0%	7.0%	11.1%	12.0%	10bps	0bps	0bps
Rs mn									
Revenues	24,55,289	27,26,326	30,52,794	24,57,798	27,31,351	30,58,456	-0.1%	-0.2%	-0.2%
EBIT	5,96,791	6,85,807	7,82,727	5,99,300	6,91,764	7,89,401	-0.4%	-0.9%	-0.8%
EBIT margin	24.3%	25.2%	25.6%	24.4%	25.3%	25.8%	-10bps	-20bps	-20bps
EPS (Rs/share)	129	147	168	129	149	170	-0.4%	-0.8%	-0.9%

Source: Company, I-Sec research

Table 13: Infosys – change in estimates

	Revised			Old			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenues (US\$ mn)	\$19,265	\$21,743	\$24,434	\$19,431	\$21,960	\$24,679	-0.9%	-1.0%	-1.0%
Revenue growth YoY CC	5.1%	12.8%	12.4%	6.4%	13.0%	12.4%	-120bps	-20bps	0bps
Revenue growth (US\$, %)	5.8%	12.9%	12.4%	6.7%	13.0%	12.4%	-90bps	-20bps	0bps
Rs mn									
Revenues	15,80,416	17,82,192	20,02,798	16,06,193	18,15,234	20,40,030	-1.6%	-1.8%	-1.8%
EBIT	3,31,142	3,64,886	4,05,298	3,38,782	3,71,501	4,11,811	-2.3%	-1.8%	-1.6%
EBIT margin	21.0%	20.5%	20.2%	21.1%	20.5%	20.2%	-10bps	0bps	10bps
EPS (Rs/share)	63	70	79	65	72	80	-2.1%	-1.8%	-1.7%

Source: Company, I-Sec research

Table 14: HCL Tech – change in estimates

	Revised			Old			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenues (US\$ mn)	\$13,568	\$15,268	\$17,187	\$13,632	\$15,340	\$17,268	-0.5%	-0.5%	-0.5%
Revenue growth YoY CC	6.5%	12.4%	12.6%	7.9%	12.5%	12.6%	-140bps	-10bps	0bps
Revenue growth YoY \$	7.8%	12.5%	12.6%	8.3%	12.5%	12.6%	-50bps	0bps	0bps
Rs mn									
Revenues	11,13,068	12,51,492	14,08,786	11,26,852	12,68,022	14,27,392	-1.2%	-1.3%	-1.3%
EBIT	2,02,425	2,29,261	2,54,143	2,08,499	2,42,231	2,57,197	-2.9%	-5.4%	-1.2%
EBIT margin	18.2%	18.3%	18.0%	18.5%	19.1%	18.0%	-30bps	-80bps	0bps
EPS (Rs/share)	59	67	74	61	70	75	-2.7%	-5.2%	-1.5%

Source: Company, I-Sec research

Table 15: Wipro – change in estimates

	Revised			Old			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenues (US\$ mn)	\$11,365	\$12,386	\$13,455	\$11,514	\$12,597	\$13,683	-1.3%	-1.7%	-1.7%
Revenue growth YoY CC	1.0%	8.9%	8.6%	2.9%	9.4%	8.6%	-190bps	-50bps	0bps
Revenue growth YoY US\$	1.8%	9.0%	8.6%	3.2%	9.4%	8.6%	-130bps	-40bps	0bps
Rs mn									
Revenues	9,42,836	10,26,709	11,15,631	9,61,601	10,52,136	11,43,070	-2.0%	-2.4%	-2.4%
EBIT	1,49,071	1,61,906	1,76,439	1,48,692	1,62,784	1,80,798	0.3%	-0.5%	-2.4%
EBIT margin	15.8%	15.8%	15.8%	15.5%	15.5%	15.8%	30bps	30bps	0bps
EPS (Rs/share)	23	25	27	23	25	28	0.3%	-0.4%	-2.2%

Source: Company, I-Sec research

Table 16: TechM – change in estimates

	Revised			Old			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenues (US\$ mn)	\$6,746	\$7,535	\$8,292	\$6,867	\$7,637	\$8,402	-1.8%	-1.3%	-1.3%
Revenue growth YoY CC	1.7%	11.6%	10.0%	4.0%	11.2%	10.0%	-240bps	40bps	0bps
Revenue growth YoY US\$	2.1%	11.7%	10.0%	3.9%	11.2%	10.0%	-180bps	50bps	0bps
Rs mn									
Revenues	5,53,314	6,17,616	6,79,629	5,67,613	6,31,251	6,94,553	-2.5%	-2.2%	-2.1%
EBIT	68,100	78,256	84,211	69,340	77,345	85,662	-1.8%	1.2%	-1.7%
EBIT margin	12.3%	12.7%	12.4%	12.2%	12.3%	12.3%	10bps	40bps	10bps
EPS (Rs/share)	59	67	71	59	66	73	-0.2%	1.5%	-2.5%

Source: Company, I-Sec research

Table 17: LTIMindtree – change in estimates

	Revised			Old			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenues (US\$ mn)	\$4,523	\$5,281	\$6,136	\$4,545	\$5,288	\$6,145	-0.5%	-0.1%	-0.2%
Revenue growth YoY CC	9.8%	16.7%	16.2%	10.6%	16.3%	16.2%	-80bps	40bps	0bps
Revenue growth YoY US\$	10.2%	16.7%	16.2%	10.7%	16.3%	16.2%	-50bps	40bps	0bps
Rs mn									
Revenues	3,71,016	4,32,826	5,02,912	3,75,731	4,37,126	5,07,974	-1.3%	-1.0%	-1.0%
EBIT	62,589	78,042	93,194	63,391	78,817	94,132	-1.3%	-1.0%	-1.0%
EBIT margin	16.9%	18.0%	18.5%	16.9%	18.0%	18.5%	0bps	0bps	0bps
EPS (Rs/share)	169	209	250	171	211	253	-1.2%	-0.9%	-1.0%

Source: Company, I-Sec research

Table 18: Mphasis – change in estimates

	Revised			Old			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenues (US\$ mn)	\$1,748	\$2,048	\$2,315	\$1,782	\$2,087	\$2,359	-1.9%	-1.9%	-1.9%
Revenue growth YoY CC	1.2%	17.1%	13.0%	3.5%	17.2%	13.0%	-230bps	-10bps	0bps
Revenue growth YoY US\$	1.8%	17.1%	13.0%	3.7%	17.2%	13.0%	-200bps	0bps	0bps
Rs mn									
Revenues	1,43,396	1,67,853	1,89,728	1,47,170	1,72,411	1,94,888	-2.6%	-2.6%	-2.6%
EBIT	23,119	27,079	30,601	23,727	27,814	31,434	-2.6%	-2.6%	-2.6%
EBIT margin	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%	0bps	0bps	0bps
EPS (Rs/share)	92.2	108.6	123.4	94.6	111.5	126.8	-2.6%	-2.7%	-2.7%

Source: Company, I-Sec research

Table 19: Persistent – change in estimates

	Revised			Old			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenues (US\$ mn)	\$1,188	\$1,398	\$1,686	\$1,201	\$1,413	\$1,704	-1.1%	-1.1%	-1.1%
Revenue growth YoY CC	14.8%	17.7%	20.6%	15.8%	17.7%	20.6%	-100bps	0bps	0bps
Revenue growth YoY US\$	14.7%	17.7%	20.6%	15.9%	17.7%	20.6%	-120bps	0bps	0bps
Rs mn									
Revenues	97,441	1,14,565	1,38,188	99,267	1,16,795	1,40,879	-1.8%	-1.9%	-1.9%
EBIT	15,700	19,465	24,575	15,994	19,843	25,054	-1.8%	-1.9%	-1.9%
EBIT margin	16.1%	17.0%	17.8%	16.1%	17.0%	17.8%	0bps	0bps	0bps
EPS (Rs/share)	163	205	262	166	209	267	-1.7%	-1.8%	-1.8%

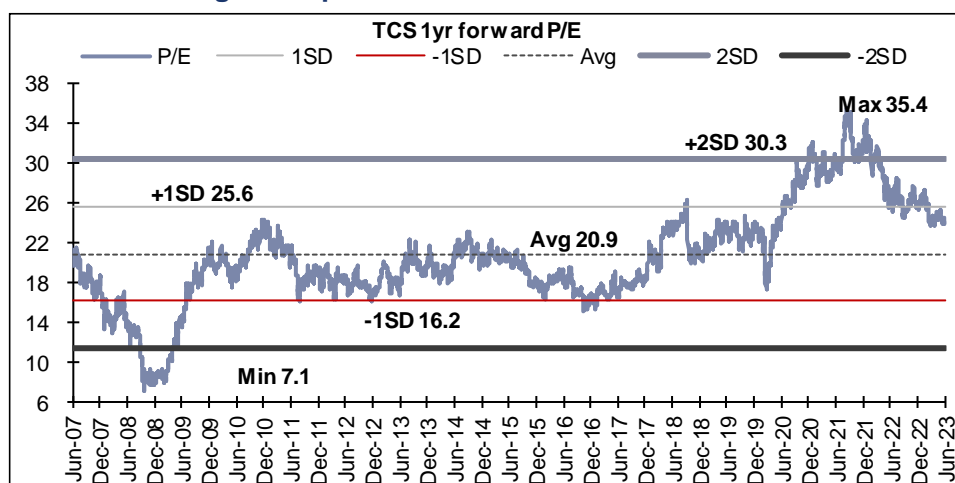
Source: Company, I-Sec research

Table 20: Happiest Minds – change in estimates

	Revised			Old			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenues (US\$ mn)	\$ 211	\$ 267	\$ 331	\$ 217	\$ 275	\$ 341	-2.8%	-2.8%	-2.8%
Revenue growth YoY CC	18.9%	26.3%	24.1%	22.8%	26.3%	24.1%	-390bps	-10bps	0bps
Revenue growth YoY US\$	18.9%	26.3%	24.1%	22.3%	26.3%	24.1%	-340bps	0bps	0bps
Rs mn									
Revenues	17,338	21,886	27,154	17,974	22,708	28,178	-3.5%	-3.6%	-3.6%
EBIT	3,593	4,669	5,793	3,813	4,844	6,012	-5.8%	-3.6%	-3.6%
EBIT margin	20.7%	21.3%	21.3%	21.2%	21.3%	21.3%	-50bps	0bps	0bps
EPS (Rs/share)	18.6	24.0	29.5	19.7	24.9	30.7	-5.6%	-3.6%	-3.7%

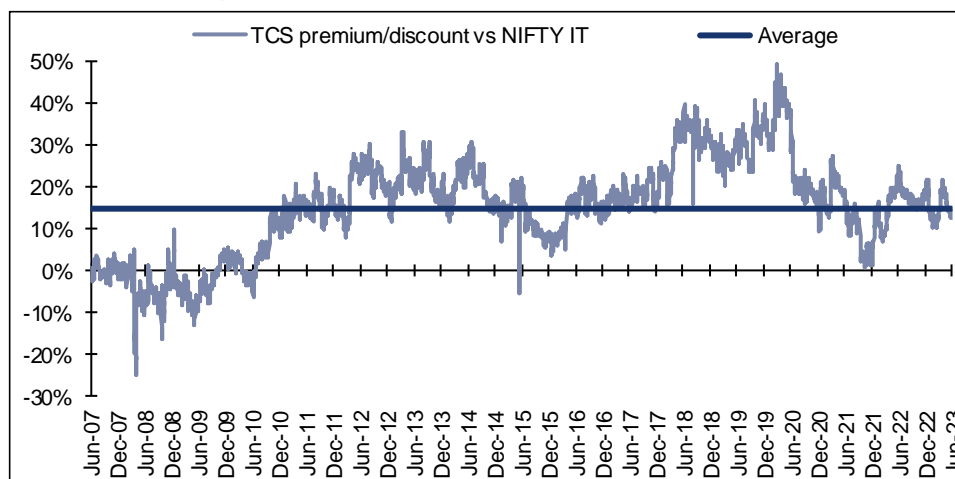
Source: Company, I-Sec research

Chart 1: TCS is currently trading at ~24x (1-year forward P/E) closer to its historical average multiple of 21x



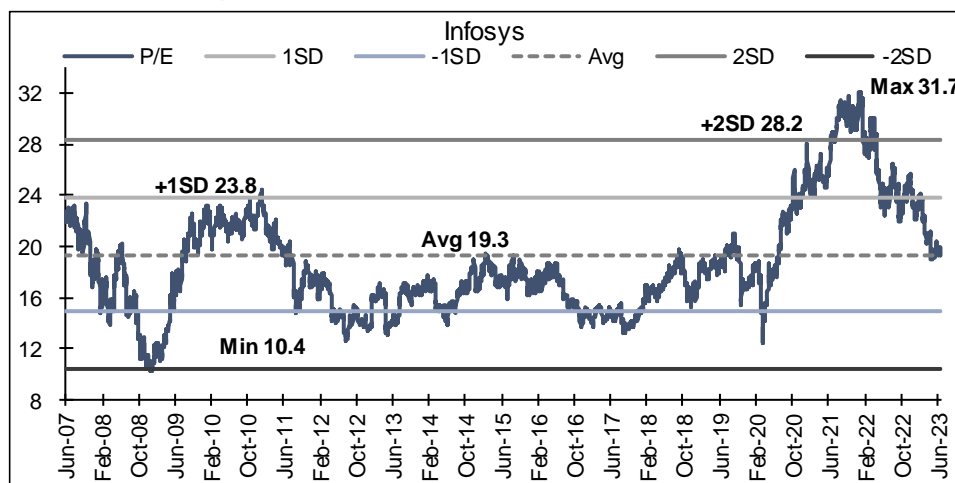
Source: Company, I-Sec research

Chart 2: TCS is currently trading at 13% premium to NIFTY IT, vs its long term historical average premium of 15%



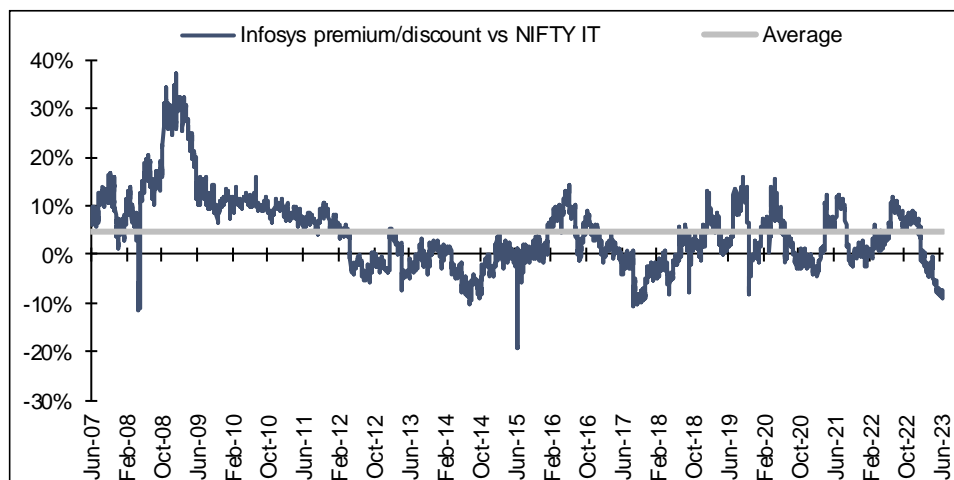
Source: Company, I-Sec research

Chart 3: Infosys is currently trading at ~19.7x (1-year forward P/E), closer to its historical average multiple of 19.3x



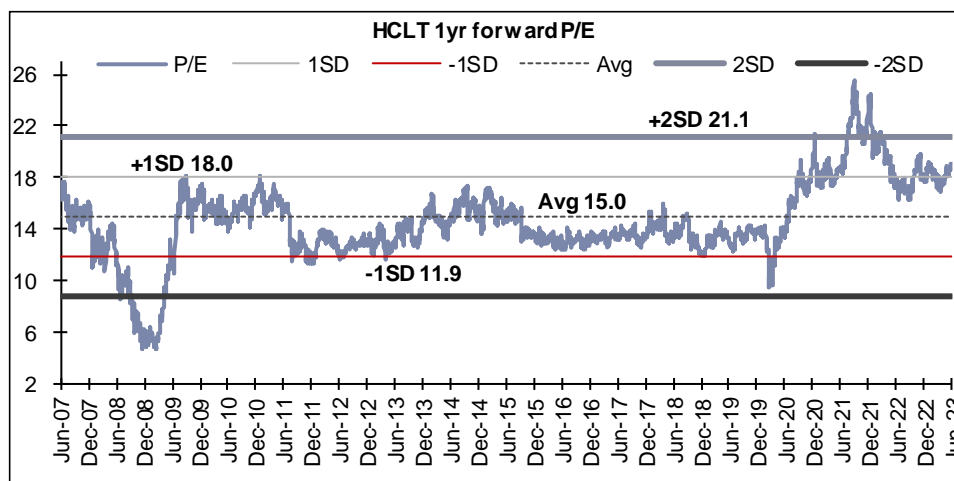
Source: Company, I-Sec research

Chart 4: Infosys is currently trading at 8% discount to NIFTY IT vs its long-term historical average premium of 5%



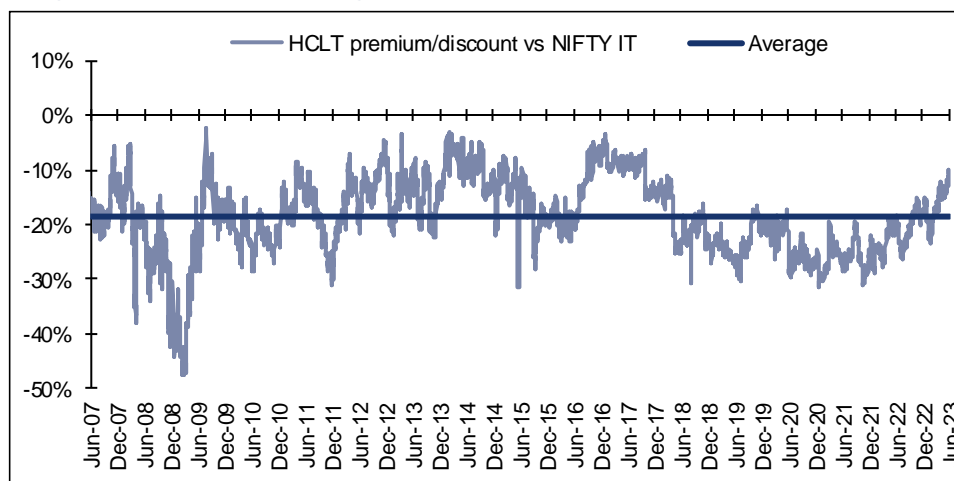
Source: Company, I-Sec research

Chart 5: HCL Tech is currently trading at ~19x (1-year forward P/E), above its historical +1SD multiple of 18x



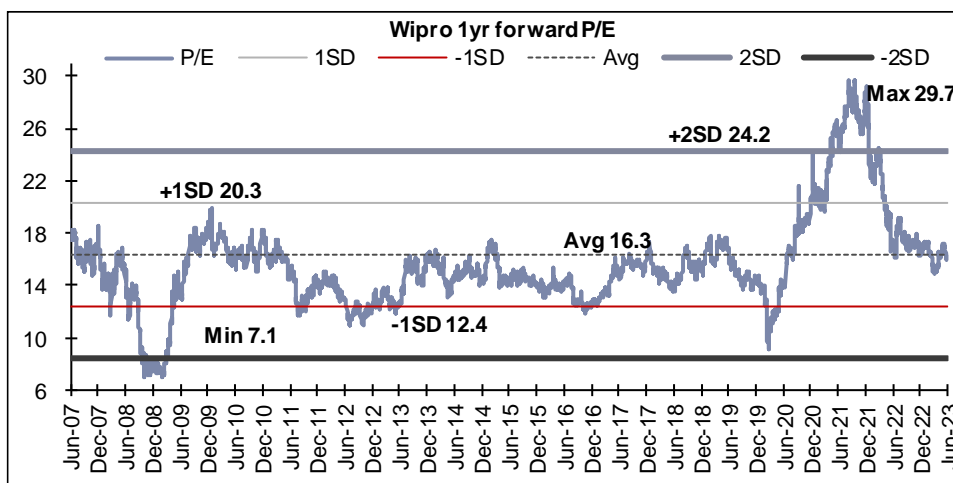
Source: Company, I-Sec research

Chart 6: HCL Tech is currently trading at 11% discount to NIFTY IT above its long-term historical average premium of 19%



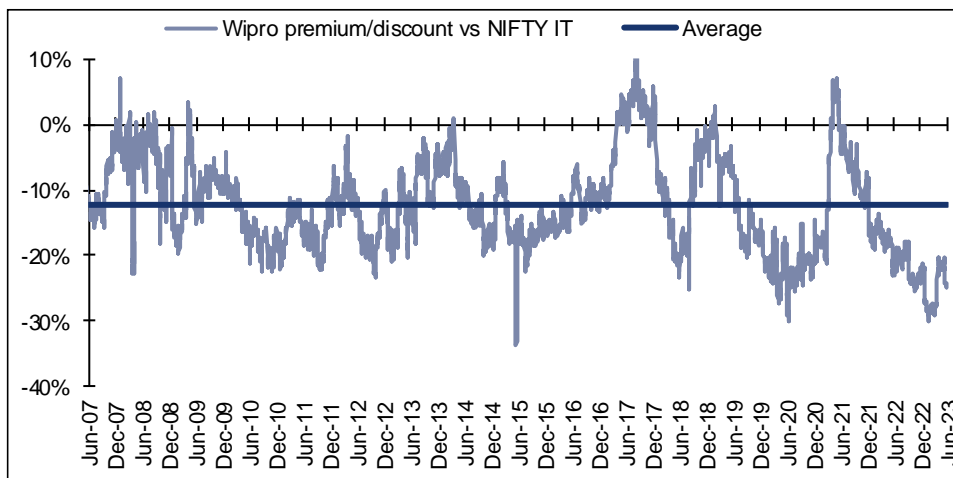
Source: Company, I-Sec research

Chart 7: Wipro is trading at 16x (1-year fwd P/E), closer its long-term average P/E of 16x



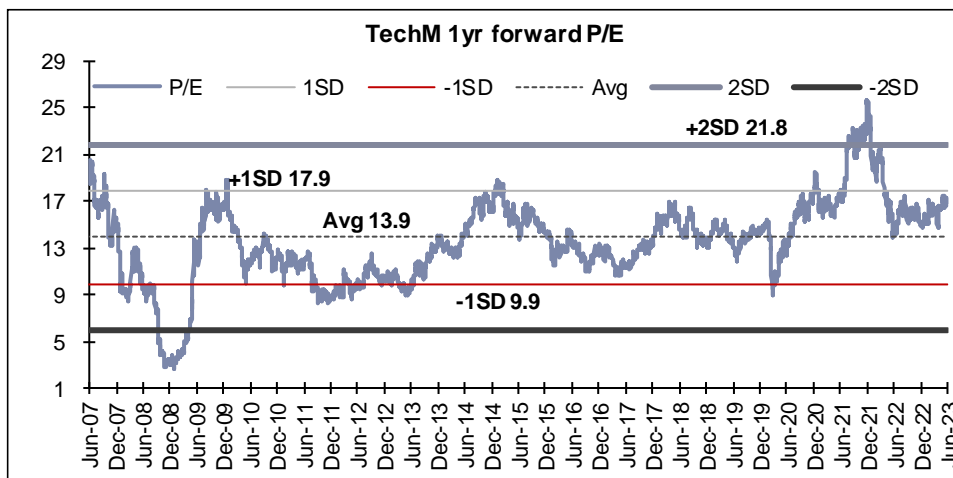
Source: Company, I-Sec research

Chart 8: Wipro is trading at 25% discount to NIFTY IT vs historical average of 12% discount



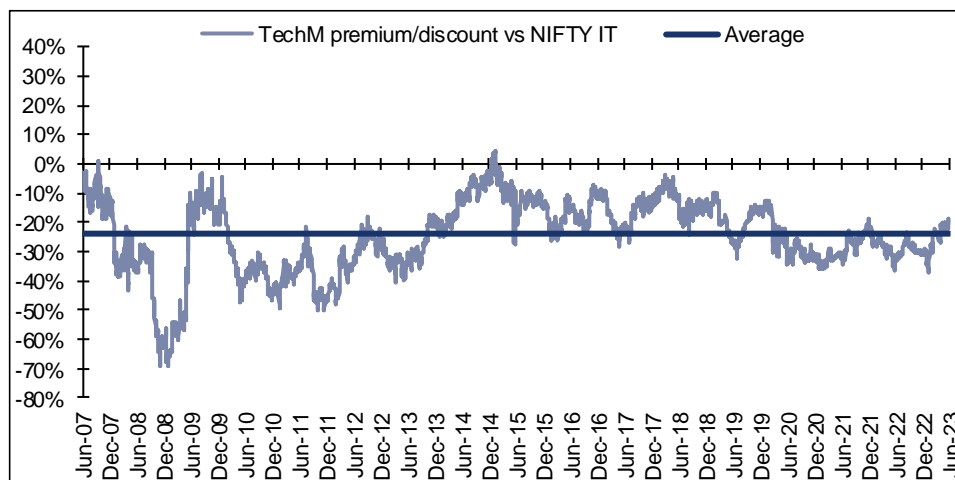
Source: Company, I-Sec research

Chart 9: TechM is currently trading at ~17x (1-year forward P/E), closer to its historical +1SD multiple of ~18x



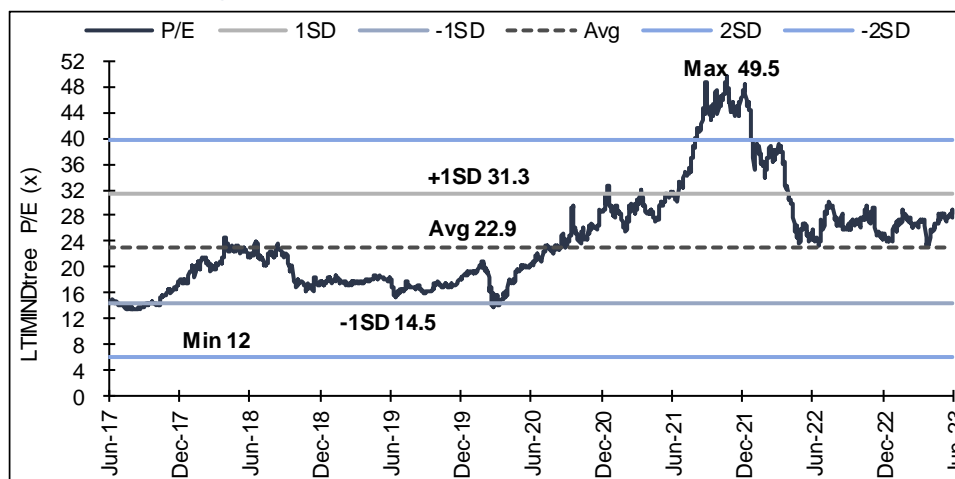
Source: Company, I-Sec research

Chart 10: TechM is trading at 20% discount to NIFTY IT vs historical average of 24% discount



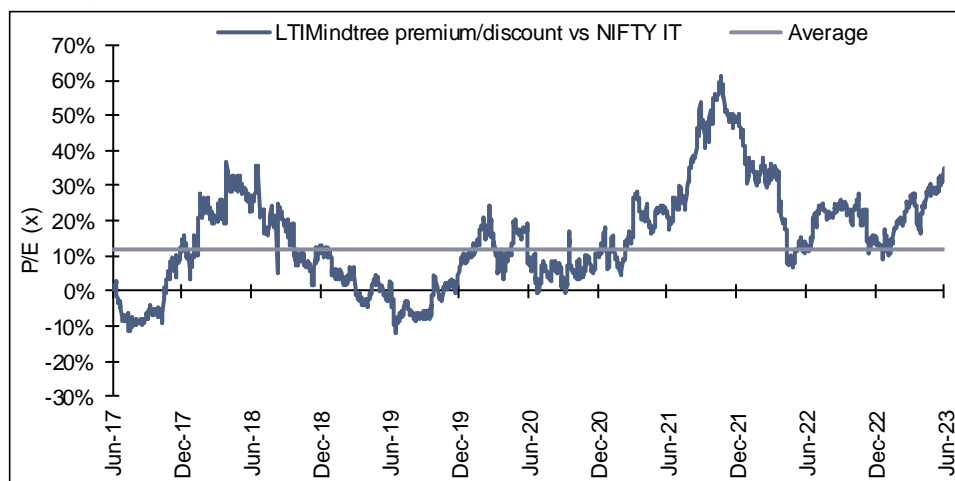
Source: Company, I-Sec research

Chart 11: LTIMindtree is currently trading at ~28x (1-year forward P/E), vs its historical average multiple of 23x



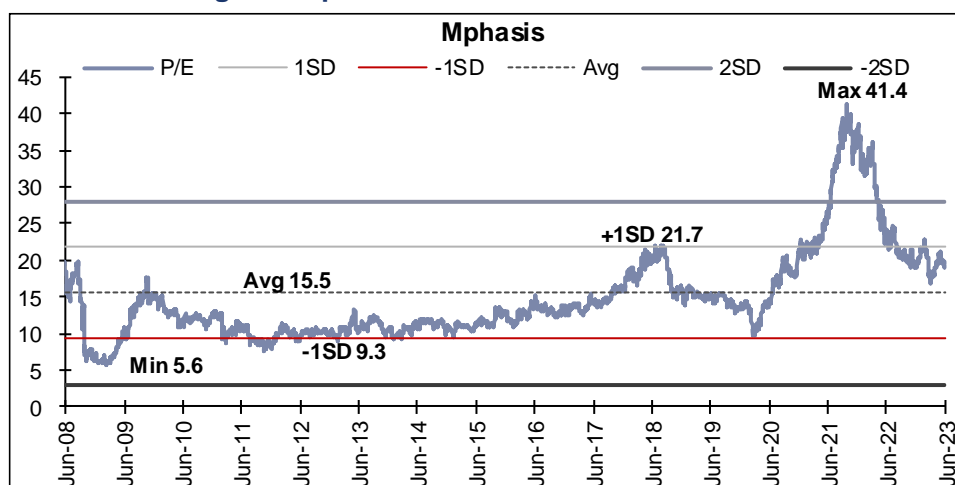
Source: Company, I-Sec research

Chart 12: LTIMindtree is trading at 33% premium to NIFTY IT vs historical average premium of 12%



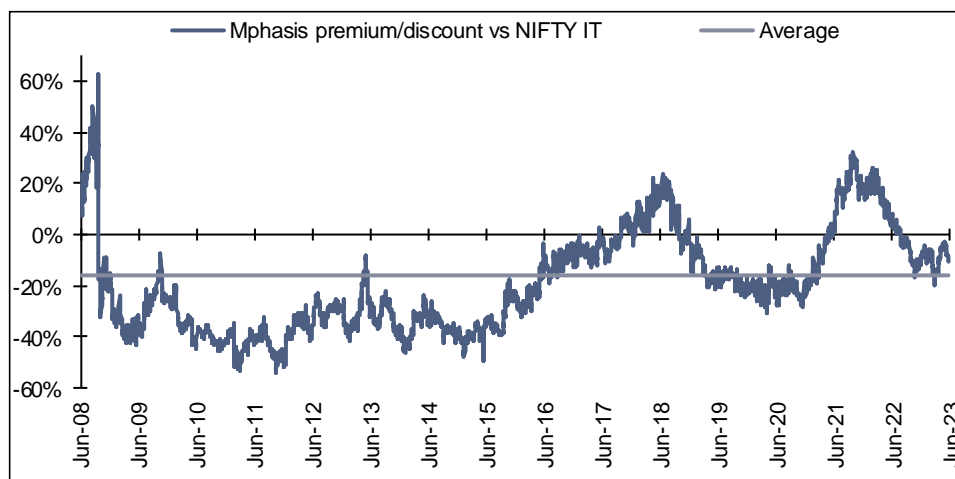
Source: Company, I-Sec research

Chart 13: Mphasis is currently trading at ~19x (1-year forward P/E), vs its historical average multiple of 15.5x



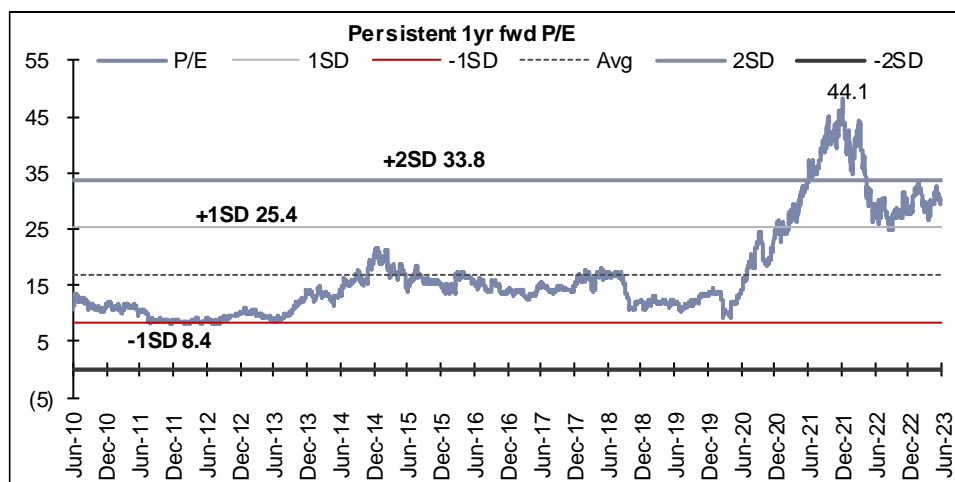
Source: Company, I-Sec research

Chart 14: Mphasis is trading at 9% discount to NIFTY IT, closer to its historical average of 16% discount



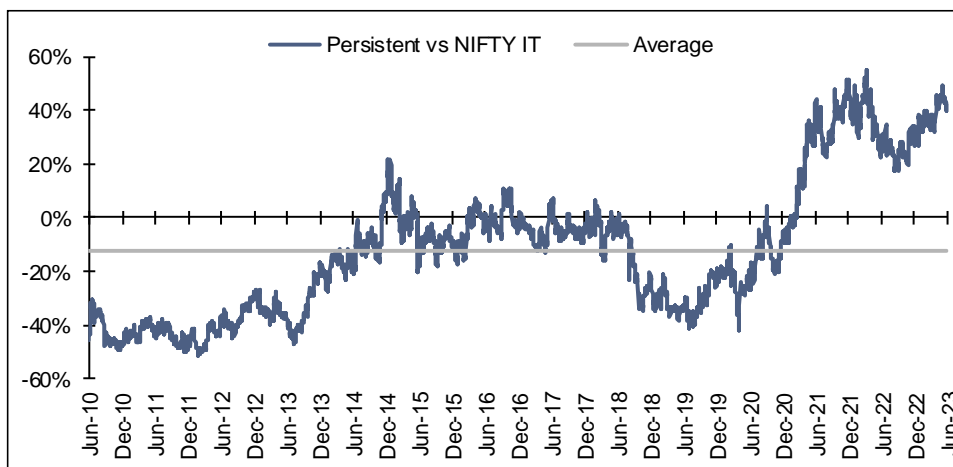
Source: Company, I-Sec research

Chart 15: Persistent is currently trading at ~30x (1-year forward P/E), above its historical +1SD multiple of 25x



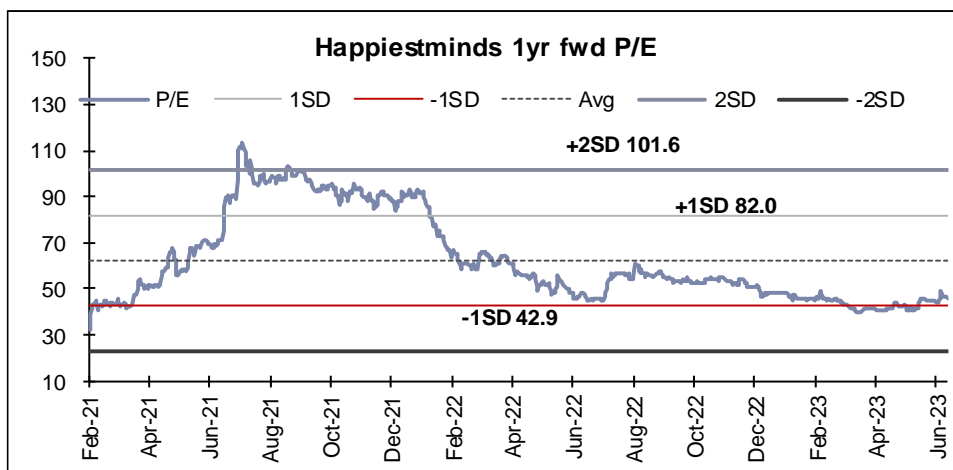
Source: Company, I-Sec research

Chart 16: Persistent is trading at 40% premium to NIFTY IT, vs its historical average discount of 13%



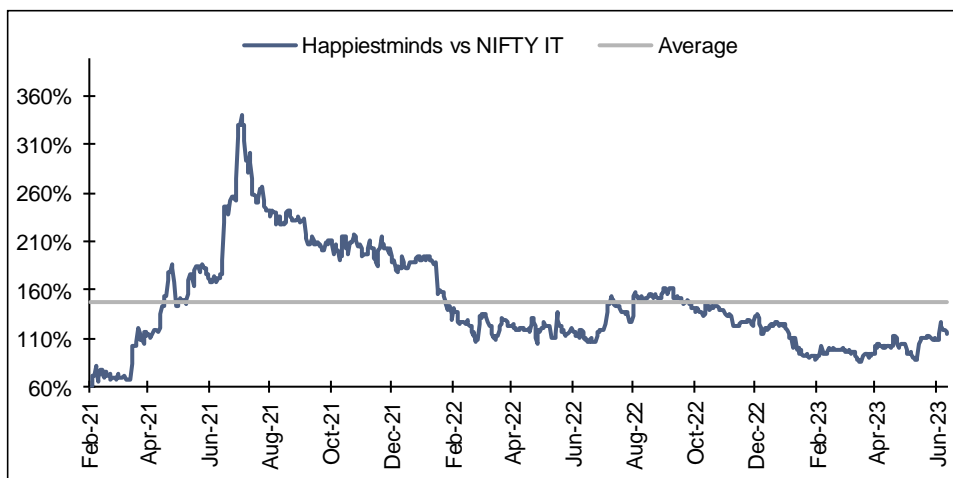
Source: Company, I-Sec research

Chart 17: Happiest Minds is currently trading at ~46x (1-year forward P/E), above its historical -1SD multiple of 43x



Source: Company, I-Sec research

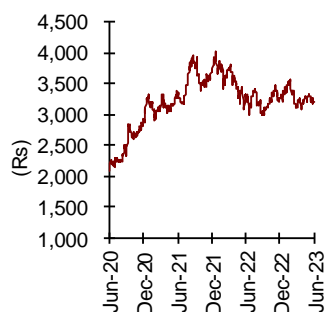
Chart 18: Happiest Minds is trading at 112% premium to NIFTY IT, vs its historical average premium of 147%



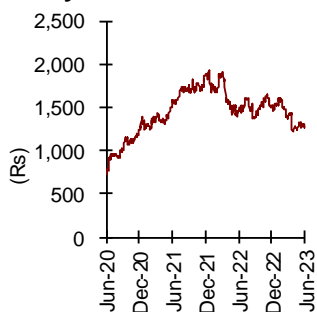
Source: Company, I-Sec research

Price charts

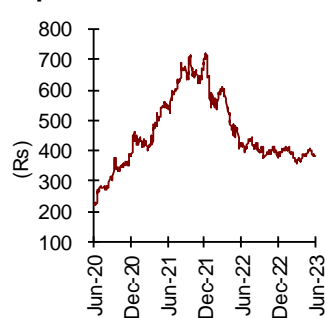
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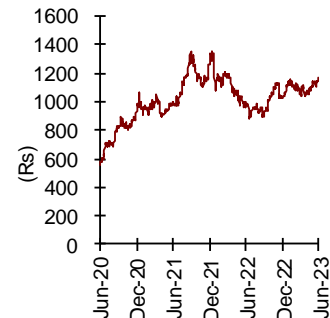
Infosys



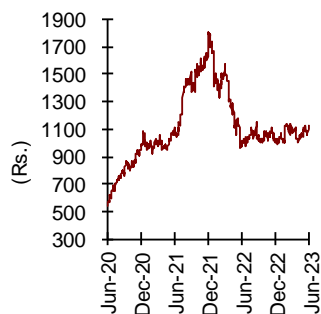
Wipro



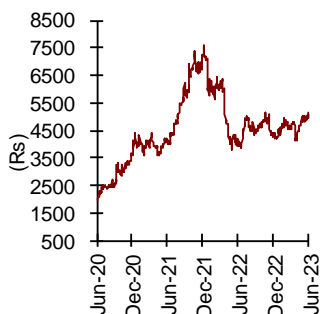
HCL Tech



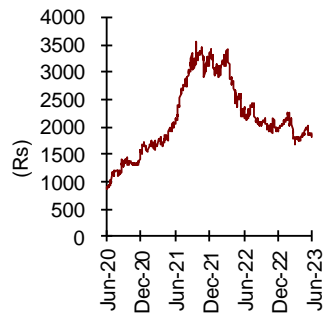
TechM



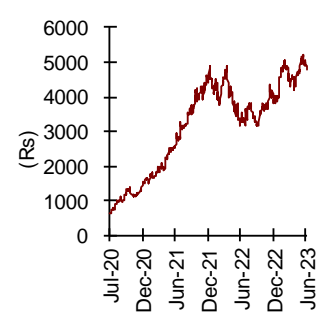
LTIMindtree



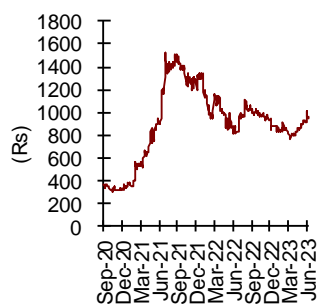
Mphasis



Persistent



Happiest Minds



Source: Bloomberg

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