

IT Sector

Weak quarter; focus on CY24

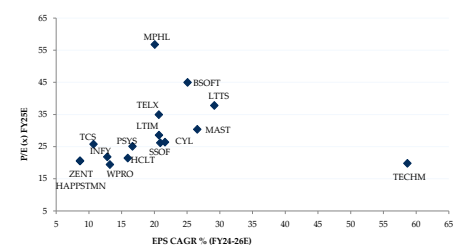
The IT sector (coverage universe) is expected to post a weak quarter with a sequential decline. This is due to increased furloughs, Q3 seasonality, a prolonged deal conversion cycle, and compression in discretionary and renewals. Positive factors for the quarter include the ramp-up of mega deals (BSNL/Verizon for TCS/HCLT) and consistent deal activity. However, most of the supply-side indicators, such as tech job postings, remain soft and do not signal any recovery 'yet'. Although the recent trajectory of rates can support valuation multiples due to a high inverse correlation, it's unlikely that tech budgets will improve materially. This is because a 'slowdown' in economic growth remains a baseline scenario, leading enterprises to prioritise cost optimization over transformation initiatives. In the Indian IT landscape, we expect three developments: (1) growth divergence within the sector in the near term, (2) margin recovery with favourable supply-side factors, and (3) mid-tier IT sustaining its relative outperformance. However, the margin of safety is low on aggregate, as valuations have approached +2 SD (rerated higher by >20% in the last six months) with limited immediate upside triggers. We maintain our preference for LTI Mindtree, Persistent, and Birlasoft.

Q3FY24E performance: For Q3, revenue growth divergence is from -2% QoQ to +3.5% QoQ for tier-1 IT and mid-tier IT growth is ranging from -1% QoQ to +4% QoQ. Within tier-1 IT, we expect HCLT to lead growth at 3.5% QoQ while WPRO/TECHM/INFO are expected to post a sequential decline of 2%, 1% and 1% respectively; TCS is expected to post 1% growth. Margins for the sector are expected to be impacted by greater impact from furlough and seasonality and wage increases (Infosys, HCLT, and Birlasoft). In mid-tier IT, Sonata (Travel and Hi-Tech), LTTS (SWC seasonality) and Tata Elxsi (Transportation and Medical) are expected to outperform on growth while Mphasis (organic) and Zensar are expected to underperform with a sequential drop in revenue.

A downward revision to guidance likely, focus on CY24: We expect TCS to clock deal bookings of USD 9bn+ TCV in Q3, HCLT to clock USD 2.5bn+ new deal TCV and TECHM could be at sub-USD 500mn TCV. Deal activity in the quarter was strong in the manufacturing/automotive verticals, which included LKQ Europe/TK Elevator/smart Europe GmbH by Infosys, Husqvarna by HCL Tech, Marelli by Wipro, and Ammega by Sonata Software. We expect Infosys to revise its FY24E revenue guidance to 1-2% (1-2.5% earlier) and HCLT to revise its FY24E revenue guidance to 3.5-4.5% (5-6% earlier). Key monitorables include deal bookings and pipeline, progress on mega deals, commentary/outlook on CY24 tech budgets of enterprise clients and discretionary spending, outlook on BFSI vertical, competition from GCC, and headcount/supply-side trends. Downgrade Wipro to REDUCE (from ADD) and Mphasis to REDUCE (from ADD). Maintain our selective stance on the sector and stock preference for LTI Mindtree within tier-1 IT and Persistent Systems and Birlasoft within mid-tier IT. Over the last 3M, the IT index has gone up in double digits despite a ~2% cut in EPS estimates (increase in mid-tier IT EPS estimates).

Company	CMP* (INR)	RECO	TP (INR)
TCS	3,667	ADD	3,975
INFO	1,513	ADD	1,515
HCLT	1,420	ADD	1,515
WPRO	452	REDUCE	420
LTIM	5,866	BUY	6,735
TECHM	1,248	REDUCE	1,205
PSYS	7,265	BUY	8,530
LTTS	5,222	REDUCE	4,500
TELX	8,640	SELL	7,020
MPHL	2,599	REDUCE	2,575
CYL	2,267	ADD	2,350
BSOFT	688	BUY	800
HAPPSTMN	901	ADD	935
ZENT	585	ADD	600
SSOF	705	ADD	730
MAST	2,686	ADD	2,900

*CMP as on 4th Jan 2024



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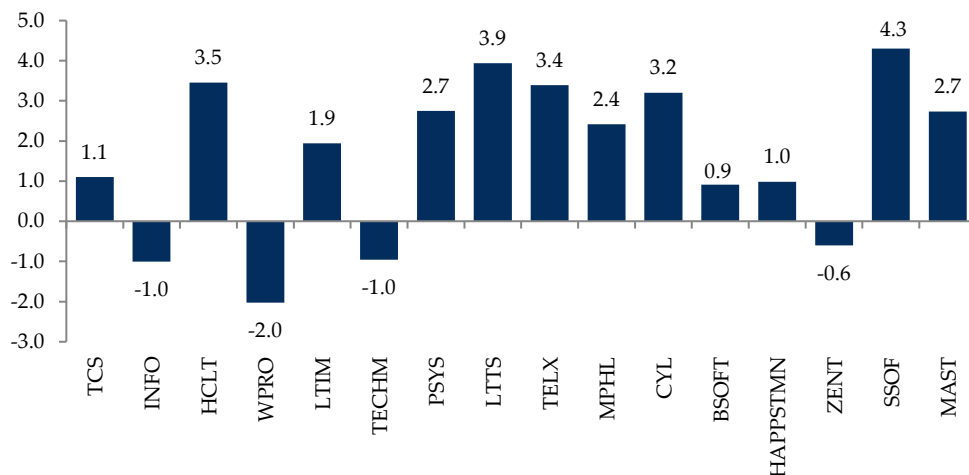
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Exhibit 1: IT Services: Q3FY24E Quarterly Financial Summary

Company	NET SALES (USD mn)			NET SALES (INR bn)			EBIT (INR bn)			EBIT Margin (%)			APAT (INR bn)			Adj. EPS (INR)		
	Q3 FY24E	QoQ (%)	YoY (%)	Q3 FY24E	QoQ (%)	YoY (%)	Q3 FY24E	QoQ (%)	YoY (%)	Q3 FY24E	QoQ (bps)	YoY (bps)	Q3 FY24E	QoQ (%)	YoY (%)	Q3 FY24E	Q2 FY24	Q3 FY23
TCS	7,246	0.5	2.4	602.88	1.0	3.5	145.93	0.8	2.2	24.2	(6)	(33)	113.17	(0.2)	4.3	31.3	31.3	30.0
INFO	4,657	(1.3)	(0.1)	387.42	(0.6)	1.1	80.44	(2.8)	(2.4)	20.8	(46)	(75)	61.42	(1.2)	(6.7)	14.8	15.0	15.9
HCLT	3,320	3.0	2.3	276.21	3.6	3.4	50.75	2.9	(2.9)	18.4	(13)	(121)	39.10	2.0	(4.6)	14.4	14.1	15.1
WPRO	2,645	(2.5)	(5.7)	222.04	(1.4)	(4.4)	32.52	(1.7)	(10.3)	14.6	(5)	(96)	26.83	1.4	(12.1)	4.9	4.8	5.6
LTIM	1,094	1.7	4.5	91.04	2.2	5.6	14.99	5.3	25.2	16.5	48	258	12.31	5.9	23.0	41.6	39.3	33.9
TECHM	1,534	(1.4)	(8.0)	127.64	(0.8)	(7.1)	6.96	14.7	(57.7)	5.5	74	(653)	6.19	(3.8)	(52.3)	7.0	7.3	14.6
PSYS	299	2.5	13.2	24.89	3.2	14.7	3.57	7.8	7.0	14.3	62	(103)	2.84	7.9	9.4	36.9	34.2	33.8
LTTS	299	3.6	20.4	24.84	4.1	21.3	4.13	1.3	7.8	16.6	(45)	(207)	3.32	5.4	9.5	31.4	29.8	28.7
TELX	109	2.5	9.7	9.10	3.2	11.3	2.45	2.9	8.9	27.0	(8)	(59)	1.98	(1.1)	1.6	31.8	32.1	31.3
MPHL	407	2.2	(5.2)	33.89	3.4	(3.4)	5.01	(1.1)	(6.4)	14.8	(67)	(48)	3.84	(2.1)	(6.9)	20.5	20.9	22.0
CYL	179	0.1	6.3	14.85	0.6	1.2	2.41	(1.0)	39.5	16.3	(27)	446	1.75	4.1	15.0	15.9	15.3	13.9
BSOFT	160	0.8	7.5	13.28	1.4	8.7	1.80	(3.1)	NA	13.6	(62)	NA	1.38	(5.1)	35.4	5.0	5.3	3.7
HAPPSTMN	50	0.8	9.3	4.12	1.3	12.3	0.69	1.6	(13.1)	16.8	5	(489)	0.59	1.5	(7.1)	4.0	3.9	4.0
ZENT	149	(1.0)	2.0	12.37	(0.3)	3.3	1.72	(11.3)	102.4	13.9	(173)	681	1.55	(11.0)	102.2	6.8	7.6	3.4
SSOF	84	4.0	39.1	7.00	4.5	43.0	1.54	8.6	44.4	22.0	84	22	1.27	2.6	8.3	4.5	4.4	4.2
MAST	94	1.5	17.4	7.82	2.2	18.8	1.12	9.4	18.7	14.3	94	(1)	0.77	15.3	20.3	24.4	21.6	20.7
Aggregate	22,324	0.1	0.6	1,859.40	0.8	1.7	356.03	0.4	(1.7)	19.1	(7)	(67)	278.31	0.3	(2.8)			

Source: HSIE Research, WPRO USD Rev is IT services, CYL is DET business and SSOF is IITS USD rev & IITS EBITDA margin

Exhibit 2: Q3FY24E revenue growth expectation (QoQ CC)



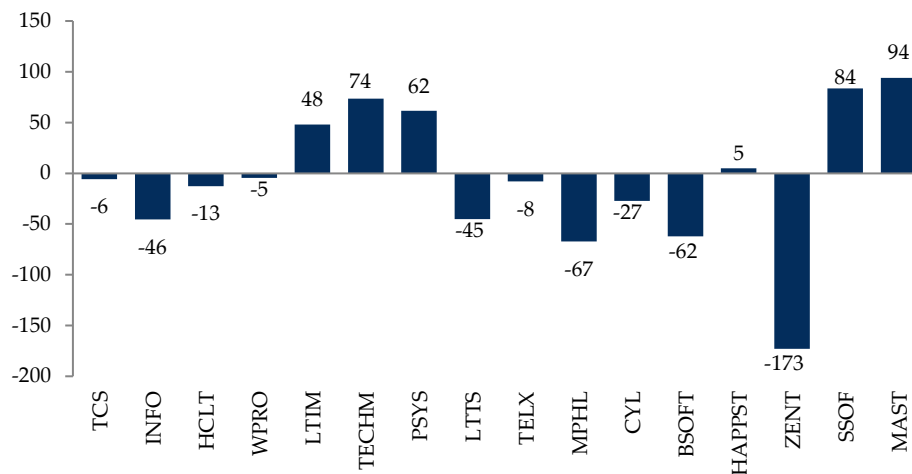
HCLT has full quarter contribution from ASAP acquisition (0.8% QoQ impact on growth)

Mphasis has 2 months contribution from Silverline acquisition (3.5% QoQ impact on growth)

Mastek 1 month revenue contribution of USD 1.3mn from BizAnalytica acquisition (1.4% QoQ impact on growth)

Source: HSIE Research; Inorganic growth for HCLT is 0.8% QoQ, Mphasis is 3.5% QoQ & Mastek is 1.4% QoQ

Exhibit 3: Q3FY24E EBITM QoQ expectation



Source: HSIE Research; Sonata is IITS EBITDA margin and Cyient is DET EBIT margin

Exhibit 4: IT Services: valuation metrics

Company	MCAp (INR bn)	CMP (INR)	TP (INR)	RECO	EPS (INR)				P/E (x)				RoE (%)				USD Rev CAGR% FY24-26E	EPS CAGR% FY24-26E
					FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E		
TCS	13,417	3,667	3,975	ADD	116.5	126.8	142.5	155.4	31.5	28.9	25.7	23.6	46.9	49.5	53.0	55.0	7.4	10.7
Infosys	6,277	1,513	1,515	ADD	58.2	59.4	69.3	75.6	26.0	25.5	21.8	20.0	32.0	32.1	35.4	35.9	7.0	12.8
HCL Tech	3,853	1,420	1,515	ADD	54.7	56.3	66.3	75.6	25.9	25.2	21.4	18.8	23.3	23.1	26.3	28.7	10.1	15.9
Wipro	2,373	452	420	REDUCE	21.6	20.5	23.3	26.3	20.9	22.1	19.4	17.2	15.8	14.1	16.2	17.4	6.5	13.2
LTIMindtree	1,734	5,866	6,735	BUY	149.1	165.1	205.3	240.5	39.3	35.5	28.6	24.4	28.6	27.2	29.0	28.8	13.0	20.7
TechM	1,100	1,248	1,205	REDUCE	57.5	31.9	63.1	80.3	21.7	39.1	19.8	15.5	18.5	10.0	19.2	23.4	8.3	58.7
Persistent	555	7,265	8,530	BUY	122.6	146.0	192.2	243.6	59.3	49.7	37.8	29.8	25.1	26.3	28.7	30.0	17.8	29.2
L&T Tech	552	5,222	4,500	REDUCE	110.8	123.5	149.4	179.9	47.1	42.3	34.9	29.0	25.7	24.3	25.4	26.3	14.9	20.7
Tata Elxsi	538	8,640	7,020	SELL	121.3	128.1	152.2	184.7	71.2	67.4	56.8	46.8	41.0	34.9	34.8	35.4	17.6	20.1
Mphasis	487	2,599	2,575	REDUCE	87.6	86.0	103.7	117.1	29.7	30.2	25.1	22.2	22.0	19.6	21.9	22.7	11.9	16.6
Cyient	250	2,267	2,350	ADD	51.2	70.5	85.9	104.2	44.3	32.2	26.4	21.8	17.2	21.2	23.2	24.9	14.5	21.6
Birlasoft	189	688	800	BUY	16.3	21.0	26.3	30.7	42.1	32.7	26.2	22.4	17.9	21.7	23.0	22.7	13.8	20.9
Happiest	137	901	935	ADD	15.6	15.7	20.0	24.5	57.8	57.4	45.0	36.7	31.5	20.5	19.3	20.8	21.0	25.1
Zensar	134	585	600	ADD	14.3	28.2	28.4	33.3	40.8	20.8	20.6	17.6	11.3	19.5	17.5	18.1	10.4	8.6
Sonata	98	705	730	ADD	16.1	18.2	23.2	29.1	43.8	38.8	30.4	24.2	37.7	35.7	37.9	39.2	17.7	26.6
Mastek	83	2,686	2,900	ADD	86.6	95.3	132.9	161.1	31.0	28.2	20.2	16.7	19.4	16.7	19.9	20.4	13.8	30.0
IT AVG									39.5	36.0	28.7	24.2	25.9	24.8	26.9	28.1	12.9	22.0
IT Median									40.1	32.4	25.9	22.3	24.2	22.4	24.3	25.6	13.4	20.7

Source: HSIE Research, CMP as on 4th Jan 2024**Exhibit 5: Global IT Peers: valuation metrics**

Company	MCAp (USD bn)	CMP (USD)	TP	RECO	EPS				P/E (x)				RoE (%)				USD Rev CAGR% FY24-26E	EPS CAGR% FY24-26E
					FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E		
Accenture	225.5	338	NA	NR	10.7	11.5	12.2	12.4	31.6	29.3	27.7	27.4	33.0	30.4	28.6	28.6	8.2	3.5
Cognizant	36.9	74	NA	NR	4.4	4.4	4.7	5.2	16.7	16.8	15.8	14.3	18.9	17.3	17.1	17.2	4.1	8.4
Capgemini [^]	32.3	187	NA	NR	11.1	11.4	12.5	13.7	16.9	16.4	14.9	13.6	17.0	18.6	18.4	18.2	5.1	9.7
EPAM	16.3	283	NA	NR	10.9	10.0	11.0	13.1	25.9	28.2	25.7	21.6	15.3	18.3	17.1	17.6	9.2	14.2
Globant	9.5	224	NA	NR	5.1	5.7	6.8	8.5	44.0	38.9	32.7	26.3	10.6	16.0	15.9	16.8	18.8	21.8
TietoEVRY [^]	2.5	21	NA	NR	2.4	2.2	2.4	2.5	9.0	9.6	8.9	8.4	10.7	12.4	14.4	15.5	3.4	7.2
Global IT AVG									24.0	23.2	21.0	18.6	17.6	18.8	18.6	19.0	8.1	10.8
Global IT Median									21.4	22.5	20.8	17.9	16.1	17.8	17.1	17.4	6.7	9.1

Source: Bloomberg Consensus, HSIE Research, CMP as on 4th Jan 2024, [^] in EUR

Exhibit 6: Change in estimates

Company	Revenue USD Mn (NEW)			Change (%)			EBIT % (NEW)			Change (bps)			EPS (INR) NEW			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
TCS	29,074	31,138	33,546	-0.3%	-0.8%	-0.2%	24.2	25.3	25.5	-9	29	48	126.8	142.5	155.4	-0.3%	0.4%	1.6%
INFO	18,685	19,800	21,385	-0.3%	-0.8%	-0.8%	21.0	22.0	22.0	-1	2	-4	59.4	69.3	75.6	-0.5%	-0.4%	-0.5%
HCLT	13,150	14,542	15,929	-1.4%	-1.7%	-0.6%	18.1	19.1	19.6	-29	-23	8	56.3	66.3	75.6	-2.8%	-2.8%	-0.2%
WPRO*	10,780	11,205	12,235	-0.6%	-2.0%	-2.0%	14.6	16.0	16.5	-8	-27	8	20.5	23.3	26.3	-1.1%	-3.4%	-1.5%
LTIM	4,352	4,855	5,558	0.0%	0.0%	0.8%	16.7	18.3	18.6	-5	30	8	165.1	205.3	240.5	-0.2%	1.6%	1.1%
TECHM	6,247	6,635	7,321	-0.4%	-0.9%	-0.9%	6.4	12.5	14.5	-82	-22	-7	31.9	63.1	80.3	-10.2%	-2.1%	1.4%
PSYS	1,185	1,388	1,645	0.0%	0.0%	0.0%	14.5	15.9	17.0	-22	-8	-1	146.0	192.2	243.6	-1.4%	-0.5%	-0.1%
LTTS	1,171	1,344	1,547	0.0%	0.0%	0.0%	17.0	17.9	18.3	-22	0	0	123.5	149.4	179.9	-1.1%	0.0%	0.0%
TELX	434	512	601	-0.8%	-1.5%	-1.5%	27.2	26.8	27.3	-24	-42	-42	128.1	152.2	184.7	-1.7%	-2.8%	-2.8%
MPHL	1,634	1,851	2,045	0.0%	0.0%	0.0%	15.4	16.0	16.0	-3	0	0	86.0	103.7	117.1	-0.2%	0.0%	0.0%
CYL	865	984	1,135	-0.4%	0.9%	1.4%	14.9	16.1	16.5	-15	13	1	70.5	85.9	104.2	-1.4%	1.8%	1.5%
BSOFT	637	726	824	0.0%	0.0%	0.0%	14.1	15.4	15.4	-4	0	0	21.0	26.3	30.7	-0.4%	0.0%	0.0%
HAPPSTMN	197	236	289	-1.5%	-1.8%	-0.7%	17.5	18.5	18.6	-22	34	11	15.7	20.0	24.5	-2.4%	0.0%	-0.1%
ZENT	601	649	732	-1.1%	-2.1%	-2.1%	14.9	14.5	15.2	-2	2	7	28.2	28.4	33.3	0.1%	-1.8%	-0.4%
SSOF*	330	391	457	0.5%	1.1%	2.0%	21.3	21.5	22.2	0	0	0	18.2	23.2	29.1	-0.4%	0.9%	1.4%
MAST	371	419	480	-0.9%	-1.5%	-1.3%	14.4	15.9	16.6	-20	-24	3	95.3	132.9	161.1	-6.4%	-2.8%	-0.5%

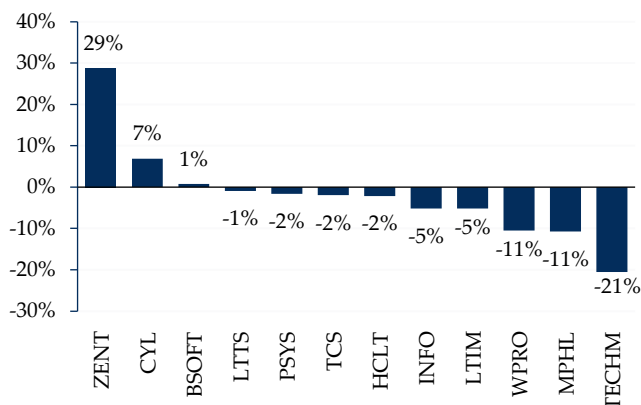
Source : Company, HSIE Research; * Wipro is IT Services USD revenue and Sonata is IITS revenue & IITS EBITDA margin

Exhibit 7: Change in TP & Rating

Companies	M-cap (INR bn)	CMP (INR)	TP Old (INR)	New TP (INR)	Old Rating	New Rating	Old multiple (x)	New multiple (x)	5Y Avg (x)	10Y Avg (x)
TCS	13,417	3,667	3,800	3,975	ADD	ADD	26	26	26	23
INFY	6,277	1,513	1,470	1,515	ADD	ADD	20	20	23	20
HCLT^	3,853	1,420	1,285	1,515	ADD	ADD	18	20	17	16
WPRO*	2,373	452	415	420	ADD	REDUCE	16	16	19	17
LTIM^	1,734	5,866	5,900	6,735	BUY	BUY	26	28	27	23
TECHM	1,100	1,248	1,060	1,205	REDUCE	REDUCE	15	15	17	15
PSYS	555	7,265	8,530	8,530	BUY	BUY	35	35	25	20
LTTS	552	5,222	4,100	4,500	REDUCE	REDUCE	25	25	29	26
TELX	538	8,640	6,560	7,020	SELL	SELL	38	38	40	30
MPHL*	487	2,599	2,445	2,575	ADD	REDUCE	22	22	21	18
CYL^	250	2,267	1,870	2,350	ADD	ADD	20	22	15	14
BSOFT	189	688	800	800	BUY	BUY	26	26	16	11
HAPPSTMN	137	901	935	935	ADD	ADD	38	38	15	13
ZENT	134	585	540	600	ADD	ADD	18	18	15	13
SSOF^	98	705	595	730	ADD	ADD	23	25	17	13
MAST^	83	2,686	2,500	2,900	ADD	ADD	16	18	15	13

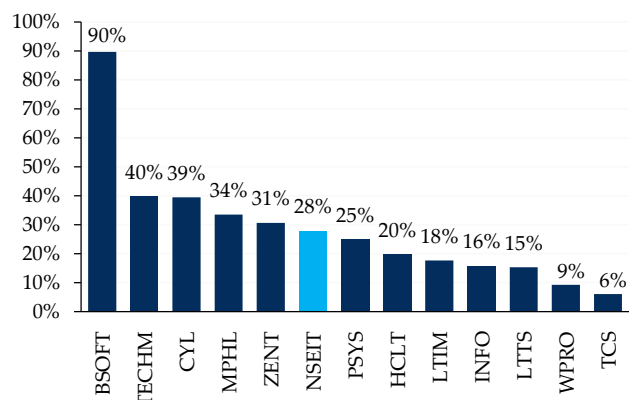
Source : Company, HSIE Research, CMP as on 4th Jan 2024, ^ indicates multiple upgrade and * indicates rating downgrade

Exhibit 8: Consensus FY25E Earnings upgrade/downgrade YTD



Source: Bloomberg, HSIE Research, Note: change from Apr'23 till Dec'23

Exhibit 9: Consensus Multiple re-rating/de-rating YTD



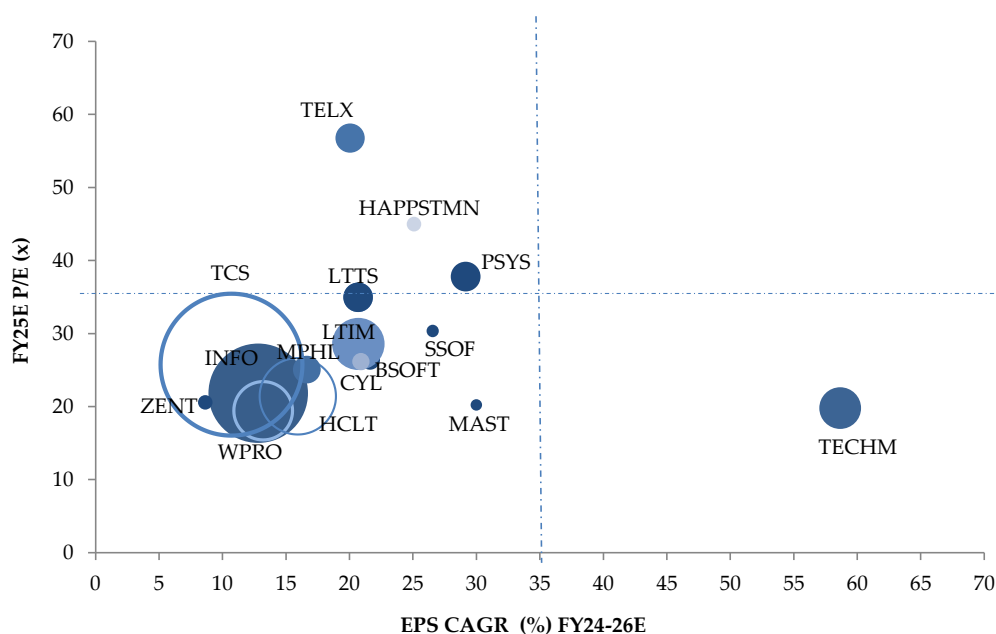
Source: Bloomberg, HSIE Research, Note: change from Apr'23 till Dec'23

Exhibit 10: IT Services stock performance (%) – PSYS, CYL, BSOFT, SSOF led the outperformance in last 3M

Company	M-cap (USD bn)	CMP (INR)	1W (%)	1M (%)	3M (%)	6M (%)	1Y (%)	3Y (%)	5Y (%)	YTD (%)
TCS	161.2	3,667	-4	4	4	11	11	21	95	-3
INFO	75.4	1,513	-3	3	5	12	1	17	129	-2
HCLT	46.3	1,420	-4	6	15	19	37	45	205	-3
WPRO	28.4	452	-4	11	12	14	16	14	86	-4
LTIM	20.9	5,866	-6	5	13	12	37	53	246	-7
TECHM	14.6	1,248	-3	2	4	9	22	25	83	-2
PSYS	6.7	7,265	-3	13	28	50	85	379	1161	-1
LTTS	6.6	5,222	1	10	15	32	41	113	222	-1
TELX	6.5	8,640	-1	3	19	15	36	359	761	-1
MPHL	5.9	2,599	-5	10	7	36	30	71	179	-5
CYL	3.0	2,267	0	4	36	50	181	332	272	-1
BSOFT	2.3	688	-5	8	40	94	133	171	424	-5
HAPPSTMN	1.6	901	0	7	6	-9	2	163	NA	1
ZENT	1.6	585	-6	9	12	52	174	143	155	-4
SSOF	2.4	705	-3	0	36	42	146	377	537	-5
MAST	1.0	2,686	-4	14	12	41	56	117	520	-5
NSE IT Index			-4	5	8	16	20	37	143	-3
NIFTY			-1	5	11	12	20	53	102	0
Nasdaq			-3	3	10	6	40	15	117	-3

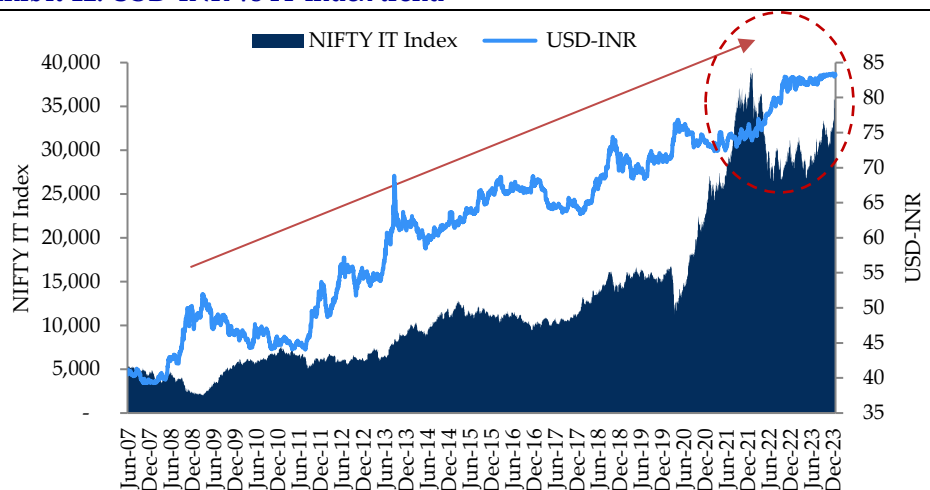
Source: Bloomberg, HSIE Research, CMP as on 4th Jan 2024

Exhibit 11: IT Sector P/E and EPS Growth



Source : Company, HSIE Research, Size of the bubble denotes market cap

Exhibit 12: USD-INR vs IT index trend

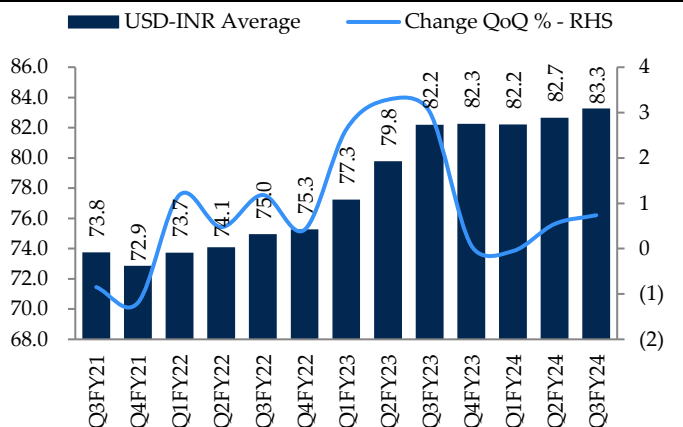


Source: Bloomberg

Exhibit 13: Currency trends

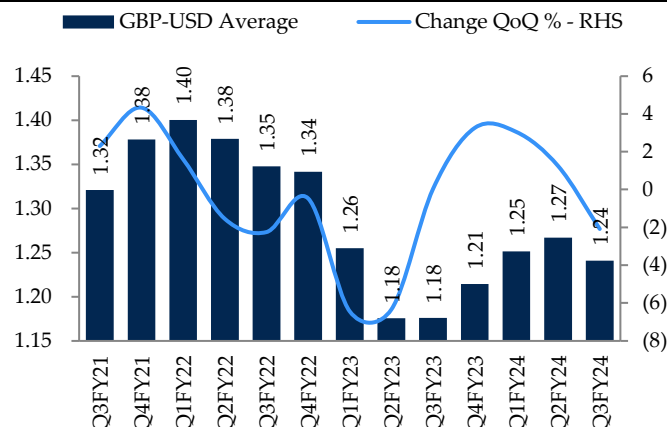
Unfavourable movement of GBP, EUR and AUD offset the positive impact USD lead negative cross currency impact

USD-INR trend



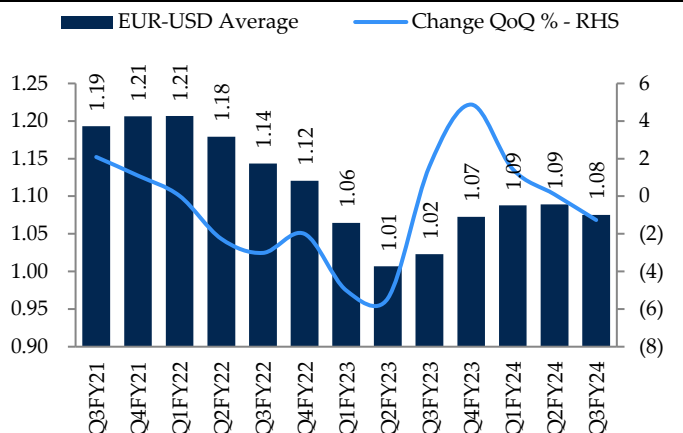
Source: NSE, Bloomberg, HSIE Research

GBP-USD trend



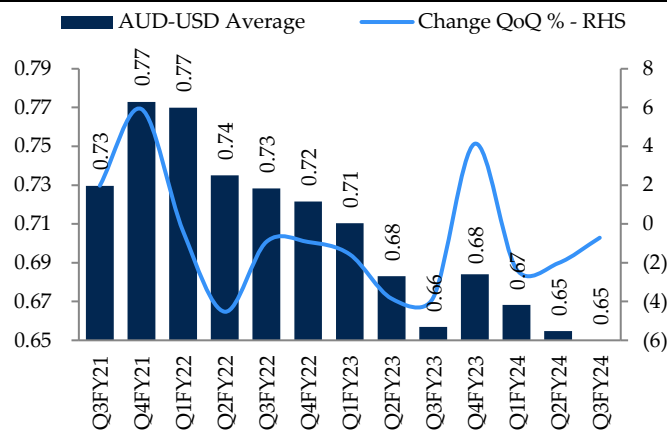
Source: NSE, Bloomberg, HSIE Research

EUR-USD trend



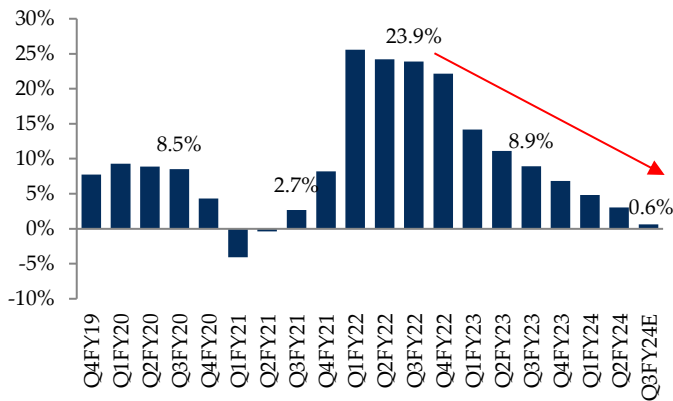
Source: NSE, Bloomberg, HSIE Research

AUD-USD trend



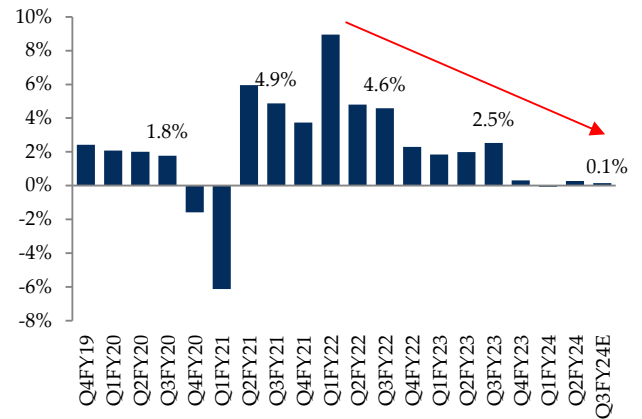
Source: NSE, Bloomberg, HSIE Research

Exhibit 14: IT Sector YoY revenue growth to bottom-out in H2FY24



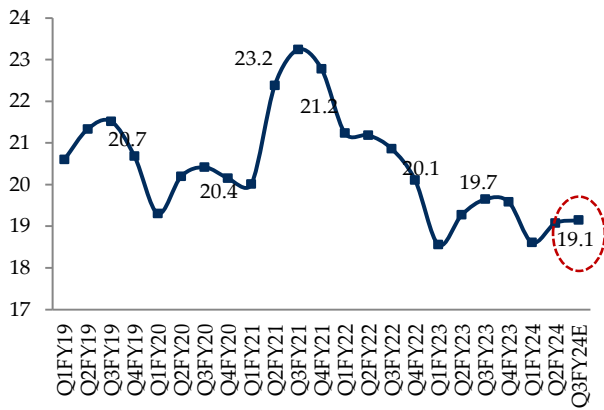
Source: Company, HSIE Research

Exhibit 15: IT Sector QoQ revenue growth impacted on lower discretionary spend & higher furloughs



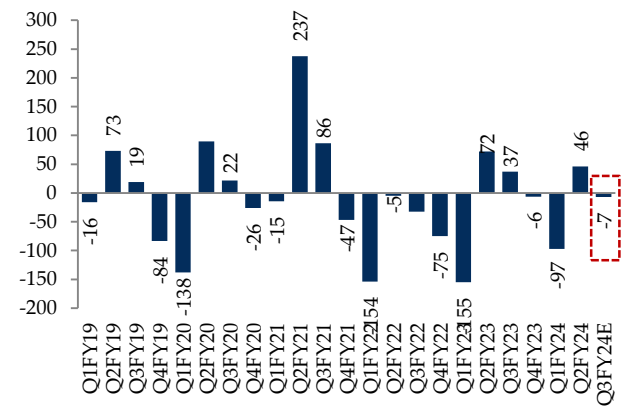
Source: Company, HSIE Research

Exhibit 16: Margin at bottom and to recover ahead – IT sector EBITM trend



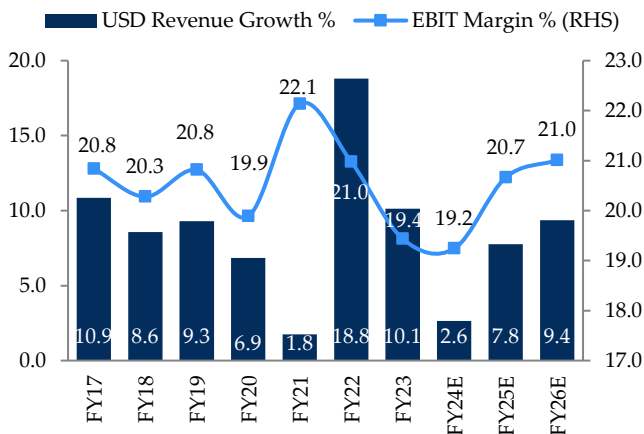
Source: Company, HSIE Research

Exhibit 17: Margins sustained sequentially despite revenue moderation



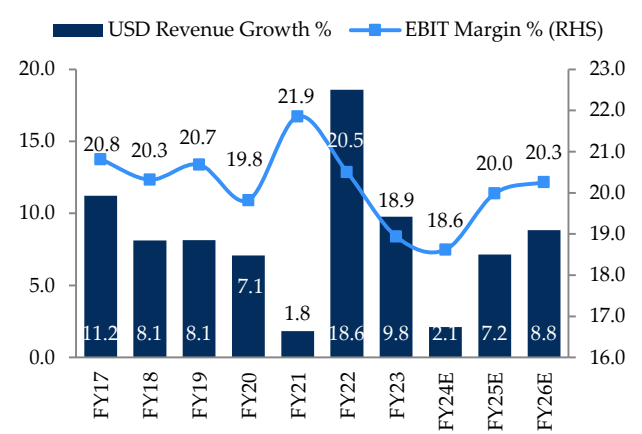
Source: Company, HSIE Research

Exhibit 18: Growth moderation in FY24E - IT Sector aggregate revenue growth and EBITM trend



Source: Company, HSIE Research

Exhibit 19: Tier -1 IT revenue growth and margin trend



Source: Company, HSIE Research; Tier 1 includes TCS, INFO, HCLT, WPRO, LTIM & TECHM

Exhibit 20: Key deals announced in Q3FY24

Company	Client	Vertical	Region	Services
TCS	ASDA	Retail & CPG	UK	Digital transformation
	VIAVI Solutions	Communication & Media	US	Testing Solutions
	Australia's securities exchange (ASX)	BFSI	Australia	BaNCS
	Munch Museum	Public Services	Norway	AI & ML
	SIX Partners	BFSI	Swiss	Infra modernisation
Infosys	Smart Europe GmbH	Manufacturing	Europe	Machine learning
	MSG Networks	Communication	US	Topaz AI, data and analytics solutions
	TK Elevator	Manufacturing	US	Digital modernisation (Topaz)
	Bank of Commerce	BFSI	Phillipines	Finacle
	Shell	Energy & Utilities	UK	Data Center
	Spotlight Retail	Retail & CPG	Australia	Digital Commerce
	LKQ Europe	Manufacturing (Automotive)	Europe	IT Transformation
HCLT	Banco do Brasil	BFSI	Latin America	Digital transformation (Salesforce)
	Husqvarna	Manufacturing	Sweden	Digital Transformation
	Deaprtment of transport & Planning, Victoria	Public Services	Australia	Digital Transformation
Wipro	Stockholm Exergi	Energy & Utilities	Sweden	IT Infrastructure
	RSA Group	BFSI (Insurance)	UK	Cloud Migration
	Marelli	Manufacturing	Europe	Digital Cloud
LTIMindtree	Infineon Technologies	Hi-Tech	Germany	SAP transformation
LTTS	BP Plc	Energy & Utilities	UK	Engineering services
Mphasis	International Cricket Council (ICC)	Technology, Media & Telecom	Middle East	Digital Consulting
Sonata	Global Cloud Xchange	Telecom & Media	India	Cloud, Data & GEN AI
	AMMEGA Group	Manufacturing	Netherland	Modernisation
	Bayer	Healthcare	Germany	Harmoni.AI And Microsoft Fabric
Mastek	Government Digital Service (GDS)	Public Services	UK	Technical Service Desk (GBP 8.5mn TCV for 3 years)

Source: Company, HSIE Research

Exhibit 21: Quarterly USD revenue growth trend (QoQ CC %)

USD Rev (QoQ CC %)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24E
TCS	4.2	2.4	4.0	3.0	2.6	3.5	4.0	2.3	0.6	0.0	0.1	1.1
INFO	2.0	4.2	6.3	7.0	1.2	5.5	4.0	2.4	-3.2	0.4	2.3	-1.0
HCLT	2.5	0.7	3.5	7.6	1.1	2.7	3.8	5.0	-1.2	-1.3	1.0	3.5
WPRO	3.0	12.0	8.1	3.0	3.1	2.1	4.1	0.6	-0.6	-2.8	-2.0	-2.0
LTIM	4.8	5.9	10.6	7.5	3.2	5.0	5.5	1.9	0.7	0.1	1.7	1.9
TECHM	0.7	3.9	7.2	4.7	5.4	3.5	2.9	0.2	0.3	-4.2	-2.4	-1.0
PSYS	4.6	9.2	9.5	9.6	9.3	12.0	6.6	3.5	3.5	2.9	3.2	2.7
LTTS	3.8	4.3	6.0	4.2	3.6	4.7	4.5	0.0	2.2	-2.9	3.2	3.9
TELX	9.1	6.4	7.4	6.5	7.4	6.5	4.7	3.5	1.6	1.2	3.4	3.4
MPHL	2.0	5.9	6.6	7.8	4.8	2.0	1.8	-2.5	-4.5	-3.5	0.0	2.4
CYL	2.2	-0.4	5.5	4.4	1.6	6.5	12.3	11.9	3.2	0.3	1.0	0.6
BSOFT	3.2	4.1	6.6	4.7	2.1	2.3	1.1	0.0	3.1	1.7	3.0	0.9
HAPPSTMN	14.0	11.2	8.0	5.5	5.5	5.9	5.0	2.1	1.4	3.6	3.3	1.0
ZENT	-3.4	4.8	12.3	4.7	4.2	3.1	1.6	-5.3	0.4	1.3	0.2	-0.6
SSOF	6.8	1.6	11.0	8.6	4.7	3.9	3.3	3.9	8.0	17.4	5.2	4.3
MAST	7.5	4.3	3.9	3.7	5.3	-0.1	10.7	3.1	5.3	0.4	4.4	2.7

Source: Company, HSIE Research, Wipro is IT services rev and Sonata is IITS Rev, LTIM is combined USD rev growth for Q4FY21, PSYS is USD rev growth from Q4FY21 to Q1FY22, SSOF is USD rev growth from Q4FY21 to Q4FY22, HAPPSTMN is USD rev growth from Q4FY21 to Q2FY24; Inorganic growth for HCLT is 0.8% QoQ, Mphasis is 3.5% QoQ & Mastek is 1.4% QoQ

Exhibit 22: Quarterly EBIT Margin trend (%)

EBIT Margin (%)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24E
TCS	26.8	25.5	25.6	25.0	25.0	23.1	24.0	24.5	24.5	23.2	24.3	24.2
INFO	24.5	23.7	23.6	23.5	21.6	20.1	21.5	21.5	21.0	20.8	21.2	20.8
HCLT	20.3	19.6	19.0	19.1	18.0	17.0	17.9	19.6	18.2	17.0	18.5	18.4
WPRO	21.0	19.0	17.8	17.6	17.0	15.0	15.1	16.3	16.3	16.0	16.1	16.1
LTIM	19.0	16.9	17.5	18.5	18.1	17.4	17.5	13.9	16.4	16.7	16.0	16.5
TECHM	16.5	15.2	15.2	14.8	13.2	11.0	11.4	12.0	11.2	6.8	4.7	5.5
PSYS	13.2	13.5	13.9	14.0	14.0	14.3	14.6	15.4	15.4	14.9	13.7	14.3
LTTS	16.6	17.3	18.4	18.6	18.6	18.3	18.1	18.7	18.7	17.2	17.1	16.6
TELX	30.2	24.7	28.6	31.0	30.1	30.5	26.8	27.6	27.3	27.1	27.1	27.0
MPHL	16.1	15.9	15.1	15.1	15.2	15.3	15.3	15.3	15.3	15.4	15.5	14.8
CYL	12.7	13.1	14.0	13.9	14.5	11.5	11.9	12.9	14.2	14.7	14.6	14.3
BSOFT	14.9	14.0	13.1	13.4	14.0	13.0	13.1	-1.1	11.9	13.6	14.2	13.6
HAPSTMN	22.0	20.3	19.7	21.0	20.9	23.5	22.7	21.7	21.0	19.2	16.7	16.8
ZENT	14.8	13.9	10.9	10.1	10.1	7.2	4.6	7.1	11.6	15.3	15.7	13.9
SSOF	22.4	21.3	24.9	24.1	23.0	24.5	23.5	21.8	20.7	21.1	21.2	22.0
MAST	19.8	20.0	19.2	19.1	18.7	17.2	14.4	14.3	14.9	14.8	13.3	14.3

Source: Company, HSIE Research, WPRO is IT services margin and SSOF is IITS EBITDA Margin, LTIM is combined margin for Q4FY21

Exhibit 23: Financial Snapshot**TCS (M-cap INR 13,417bn, CMP 3667, TP 3975, ADD)**

INR bn	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue (USD mn)	22,032	22,174	25,707	27,927	29,074	31,138	33,546
Revenue	1,569.49	1,641.77	1,917.54	2,254.58	2,407.11	2,615.56	2,851.38
EBIT	385.80	424.81	484.53	542.37	583.51	661.70	726.23
APAT	323.40	333.56	383.27	421.47	458.73	515.40	562.20
AEPS (INR)	89.4	92.2	105.9	116.5	126.8	142.5	155.4
EBIT margin (%)	24.6	25.9	25.3	24.1	24.2	25.3	25.5
USD Revenue growth (%)	5.4	0.6	15.9	8.6	4.1	7.1	7.7
EPS growth (%)	2.8	3.1	14.9	10.0	8.8	12.4	9.1
P/E (x)	41.0	39.8	34.6	31.5	28.9	25.7	23.6
EV/EBITDA (x)	30.5	27.4	24.0	21.6	20.1	17.8	16.2
RoE (%)	37.3	39.1	43.7	46.9	49.5	53.0	55.0

INFO (M-cap INR 6,277bn, CMP 1513, TP 1515, ADD)

INR bn	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue (USD mn)	12,781	13,562	16,310	18,212	18,685	19,800	21,385
Revenue	907.91	1,004.73	1,216.41	1,467.67	1,546.25	1,663.21	1,817.69
EBIT	193.74	246.22	280.15	309.06	324.89	365.71	399.10
APAT	164.04	193.51	221.11	240.95	246.14	287.18	313.24
AEPS (INR)	39.6	46.7	53.4	58.2	59.4	69.3	75.6
EBIT margin (%)	21.3	24.5	23.0	21.1	21.0	22.0	22.0
USD Revenue growth (%)	8.3	6.1	20.3	11.7	2.6	6.0	8.0
EPS growth (%)	4.0	18.0	14.3	9.0	2.2	16.7	9.1
P/E (x)	38.2	32.4	28.3	26.0	25.5	21.8	20.0
EV/EBITDA (x)	27.0	21.1	18.7	17.0	16.1	14.4	13.1
RoE (%)	25.2	27.3	29.2	32.0	32.1	35.4	35.9

HCLT (M-cap INR 3,853bn, CMP 1420, TP 1515, ADD)

INR bn	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue (USD mn)	9,936	10,176	11,537	12,586	13,150	14,542	15,929
Revenue	706.78	753.79	856.51	1,014.56	1,088.57	1,221.51	1,354.00
EBIT	138.53	160.71	162.04	184.96	196.60	233.31	265.74
APAT	110.62	124.62	134.99	148.52	152.72	179.96	205.24
AEPS (INR)	40.8	45.9	49.7	54.7	56.3	66.3	75.6
EBIT margin (%)	19.6	21.3	18.9	18.2	18.1	19.1	19.6
USD Revenue growth (%)	15.1	2.4	13.4	9.1	4.5	10.6	9.5
EPS growth (%)	9.3	12.7	8.3	10.0	2.8	17.8	14.0
P/E (x)	34.8	30.9	28.5	25.9	25.2	21.4	18.8
EV/EBITDA (x)	22.6	18.6	18.0	16.2	15.8	13.4	11.8
RoE (%)	23.8	22.4	22.1	23.3	23.1	26.3	28.7

WPRO (M-cap INR 2,373bn, CMP 452, TP 420, REDUCE)

INR bn	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
ITS Revenue (USD mn)	8,256	8,137	10,356	11,147	10,780	11,205	12,235
Revenue	610.23	619.43	790.93	904.88	897.41	948.99	1,048.50
EBIT	101.42	120.14	133.75	135.13	130.99	151.56	173.45
APAT	97.22	107.95	122.19	113.50	107.53	122.21	137.80
AEPS (INR)	18.5	20.6	23.3	21.6	20.5	23.3	26.3
IT Services EBIT margin (%)	18.1	20.2	17.8	15.7	15.9	17.4	18.0
USD Revenue growth (%)	1.7	(1.4)	27.3	7.6	(3.3)	3.9	9.2
EPS growth (%)	7.0	11.0	13.2	(7.1)	(5.3)	13.6	12.8
P/E (x)	24.4	22.0	19.4	20.9	22.1	19.4	17.2
EV/EBITDA (x)	17.4	14.4	13.4	12.7	13.2	11.6	10.1
RoE (%)	17.3	19.4	20.2	15.8	14.1	16.2	17.4

LTIM (M-cap INR 1,734bn, CMP 5866, TP 6735, BUY)

INR bn	FY22	FY23	FY24E	FY25E	FY26E
Revenue (USD mn)	3,502	4,106	4,352	4,855	5,558
Revenue	261.09	331.83	360.40	407.81	472.41
EBIT	46.52	53.85	60.09	74.62	87.71
APAT	39.50	44.10	48.84	60.73	71.15
AEPS (INR)	133.5	149.1	165.1	205.3	240.5
EBIT margin (%)	17.8	16.2	16.7	18.3	18.6
USD Revenue growth (%)	27.5	17.2	6.0	11.5	14.5
EPS growth (%)	29.5	11.6	10.7	24.3	17.2
P/E (x)	43.9	39.3	35.5	28.6	24.4
EV/EBITDA (x)	31.7	27.2	24.1	19.4	16.3
RoE (%)	30.5	28.6	27.2	29.0	28.8

TECHM (M-cap INR 1,100bn, CMP 1248, TP 1205, REDUCE)

INR bn	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue (USD mn)	5,182	5,111	5,998	6,606	6,247	6,635	7,321
Revenue	368.68	378.55	446.46	532.90	517.11	557.32	622.27
EBIT	42.80	53.89	65.00	60.72	33.31	69.64	90.26
APAT	42.51	44.79	55.66	50.68	28.13	55.64	70.80
AEPS (INR)	48.2	50.8	63.1	57.5	31.9	63.1	80.3
EBIT margin (%)	11.6	14.2	14.6	11.4	6.4	12.5	14.5
USD Revenue growth (%)	4.3	(1.4)	17.3	10.1	(5.4)	6.2	10.3
EPS growth (%)	(1.1)	5.4	24.3	(8.9)	(44.5)	97.8	27.2
P/E (x)	25.9	24.6	19.8	21.7	39.1	19.8	15.5
EV/EBITDA (x)	18.1	14.5	12.9	13.0	20.0	11.7	9.4
RoE (%)	20.2	19.2	21.5	18.5	10.0	19.2	23.4

PSYS (M-cap INR 555bn, CMP 7265, TP 8530, BUY)

INR bn	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue (USD mn)	502	566	766	1,036	1,185	1,388	1,645
Revenue	35.66	41.88	57.11	83.51	98.04	116.58	139.85
EBIT	3.27	5.07	7.92	12.47	14.22	18.55	23.77
APAT	3.59	4.51	6.90	9.43	11.23	14.79	18.74
AEPS (INR)	46.7	58.6	89.7	122.6	146.0	192.2	243.6
EBIT margin (%)	9.2	12.1	13.9	14.9	14.5	15.9	17.0
USD Revenue growth (%)	4.3	12.9	35.2	35.3	14.4	17.1	18.6
EPS growth (%)	(1.8)	25.6	53.2	36.6	19.1	31.6	26.7
P/E (x)	155.7	124.0	81.0	59.3	49.7	37.8	29.8
EV/EBITDA (x)	110.5	79.0	56.1	35.6	31.2	23.9	18.5
RoE (%)	14.4	17.4	22.4	25.1	26.3	28.7	30.0

LTTS (M-cap INR 552bn, CMP 5222, TP 4500, REDUCE)

INR bn	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue (USD mn)	786	737	880	990	1,171	1,344	1,547
Revenue	56.19	54.50	65.70	80.14	96.99	112.92	131.52
EBIT	9.28	7.89	12.01	14.79	16.46	20.17	24.09
APAT	7.51	6.27	9.57	11.70	13.04	15.77	18.98
AEPS (INR)	71.1	59.4	90.7	110.8	123.5	149.4	179.9
EBIT margin (%)	16.5	14.5	18.3	18.5	17.0	17.9	18.3
USD Revenue growth (%)	8.7	(6.3)	19.5	12.4	18.3	14.8	15.1
EPS growth (%)	9.3	(16.5)	52.7	22.2	11.4	21.0	20.4
P/E (x)	73.4	88.0	57.6	47.1	42.3	34.9	29.0
EV/EBITDA (x)	48.9	53.0	37.5	30.6	27.2	22.0	18.2
RoE (%)	28.6	20.1	25.1	25.7	24.3	25.4	26.3

TELX (M-cap INR 538bn, CMP 8640, TP 7020, SELL)

INR bn	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue (USD mn)	227	247	331	390	434	512	601
Revenue	16.10	18.26	24.71	31.45	35.95	43.02	51.10
EBIT	3.00	4.78	7.10	8.80	9.77	11.53	13.96
APAT	2.71	3.68	5.50	7.55	7.98	9.48	11.50
AEPS (INR)	43.6	59.1	88.3	121.3	128.1	152.2	184.7
EBIT margin (%)	18.6	26.2	28.8	28.0	27.2	26.8	27.3
USD Revenue growth (%)	(0.9)	8.8	34.3	17.7	11.3	17.9	17.4
EPS growth (%)	(6.4)	35.6	49.3	37.4	5.7	18.8	21.4
P/E (x)	198.3	146.2	97.9	71.2	67.4	56.8	46.8
EV/EBITDA (x)	154.9	101.2	68.8	54.7	48.5	41.0	33.8
RoE (%)	26.7	30.1	37.2	41.0	34.9	34.8	35.4

MPHL (M-cap INR 487bn, CMP 2599, TP 2575, REDUCE)

INR bn	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue (USD mn)	1,240	1,309	1,593	1,718	1,634	1,851	2,045
Revenue	88.44	97.22	119.62	137.99	134.86	155.51	173.85
EBIT	14.19	15.61	18.27	21.09	20.79	24.84	27.87
APAT	11.42	12.17	14.46	16.38	16.09	19.39	21.90
AEPS (INR)	61.1	65.0	77.3	87.6	86.0	103.7	117.1
EBIT margin (%)	16.0	16.1	15.3	15.3	15.4	16.0	16.0
USD Revenue growth (%)	10.8	5.6	21.7	7.8	(4.9)	13.3	10.5
EPS growth (%)	6.4	6.5	18.9	13.2	(1.8)	20.5	12.9
P/E (x)	42.5	40.0	33.6	29.7	30.2	25.1	22.2
EV/EBITDA (x)	28.4	25.8	22.0	19.0	18.7	15.7	14.1
RoE (%)	20.6	19.7	21.5	22.0	19.6	21.9	22.7

CYL (M-cap INR 250bn, CMP 2267, TP 2350, ADD)

INR bn	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue (USD mn)	625	557	608	746	865	984	1,135
Revenue	44.27	41.32	45.34	60.16	71.62	82.65	97.00
EBIT	4.08	4.16	6.30	7.67	10.70	13.27	15.97
APAT	3.73	3.72	5.22	5.65	7.78	9.48	11.51
AEPS (INR)	33.8	33.7	47.3	51.2	70.5	85.9	104.2
EBIT margin (%)	9.2	10.1	13.9	12.8	14.9	16.1	16.5
USD Revenue growth (%)	(5.3)	(10.9)	9.2	22.7	15.9	13.7	15.3
EPS growth (%)	(24.0)	(0.2)	40.5	8.2	37.6	21.9	21.3
P/E (x)	79.6	79.8	56.8	52.5	38.1	31.3	25.8
EV/EBITDA (x)	49.3	47.1	35.2	29.3	22.3	18.2	15.1
RoE (%)	14.5	13.5	17.2	17.2	21.2	23.2	24.9

BSOFT (M-cap INR 189bn, CMP 688, TP 800, BUY)

INR bn	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue (USD mn)	464	480	555	595	637	726	824
Revenue	32.91	35.56	41.30	47.95	52.72	60.95	70.03
EBIT	3.09	4.49	5.64	4.38	7.43	9.37	10.77
APAT	2.24	3.21	4.64	4.50	5.78	7.23	8.46
AEPS (INR)	8.1	11.7	16.8	16.3	21.0	26.3	30.7
EBIT margin (%)	9.4	12.6	13.6	9.1	14.1	15.4	15.4
USD Revenue growth (%)	(2.2)	3.4	15.7	7.2	7.0	14.0	13.5
EPS growth (%)	(5.3)	43.1	44.5	(3.0)	28.6	25.1	16.9
P/E (x)	84.4	59.0	40.8	42.1	32.7	26.2	22.4
EV/EBITDA (x)	46.6	33.6	27.6	34.2	21.0	16.4	13.9
RoE (%)	12.4	15.8	19.5	17.9	21.7	23.0	22.7

HAPPSTMN (M-cap INR 137bn, CMP 901, TP 935, ADD)

INR bn	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue (USD mn)	93	104	147	178	197	236	289
Revenue	6.98	7.73	10.94	14.29	16.34	19.82	24.57
EBIT	0.77	1.69	2.25	3.17	2.86	3.67	4.58
APAT	0.83	1.62	1.87	2.37	2.39	3.05	3.74
AEPS (INR)	5.4	10.7	12.3	15.6	15.7	20.0	24.5
EBIT margin (%)	11.0	21.8	20.6	22.2	17.5	18.5	18.6
USD Revenue growth (%)	8.5	12.2	41.0	21.3	11.0	19.5	22.5
EPS growth (%)	209.7	95.8	15.3	26.7	0.7	27.6	22.6
P/E (x)	165.3	84.4	73.2	57.8	57.4	45.0	36.7
EV/EBITDA (x)	140.7	69.6	51.5	37.6	37.4	29.4	23.5
RoE (%)	83.3	40.0	30.9	31.5	20.5	19.3	20.8

ZENT (M-cap INR 134bn, CMP 585, TP 600, ADD)

INR bn	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue (USD mn)	566	494	569	604	601	649	732
Revenue	40.10	36.68	42.44	48.48	49.70	54.54	62.18
EBIT	3.47	5.11	4.72	3.69	7.43	7.91	9.47
APAT	2.63	2.52	4.16	3.28	6.44	6.50	7.60
AEPS (INR)	11.5	15.3	18.2	14.3	28.2	28.4	33.3
EBIT margin (%)	8.7	13.9	11.1	7.6	14.9	14.5	15.2
USD Revenue growth (%)	1.6	(12.7)	15.3	6.1	(0.6)	8.1	12.7
EPS growth (%)	(22.4)	33.0	19.0	(21.3)	96.5	0.9	16.9
P/E (x)	50.8	38.2	32.1	40.8	20.8	20.6	17.6
EV/EBITDA (x)	25.1	17.5	18.3	20.9	12.4	11.1	9.0
RoE (%)	12.7	15.7	16.3	11.3	19.5	17.5	18.1

SSOF (M-cap INR 98bn, CMP 705, TP 730, ADD)

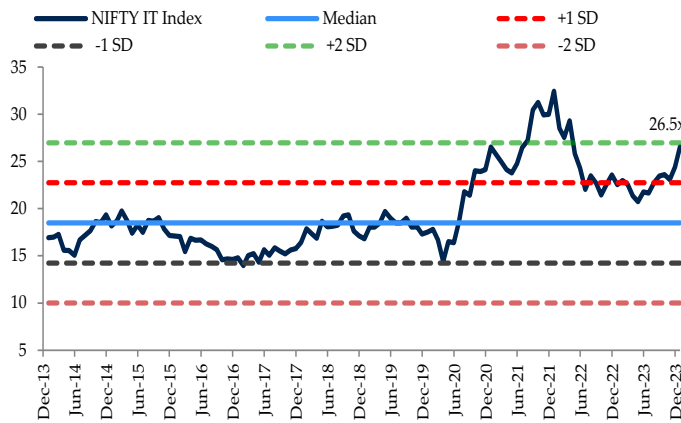
INR bn	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue (USD mn)	181	160	203	241	330	391	457
Revenue	37.43	42.28	55.53	74.49	90.56	107.79	128.82
EBIT	3.36	3.40	4.16	5.45	6.68	8.34	10.41
APAT	2.77	2.44	3.76	4.52	5.10	6.51	8.17
AEPS (INR)	9.9	8.7	13.4	16.1	18.2	23.2	29.1
IITS EBITDA margin (%)	22.3	24.1	23.0	20.9	21.3	21.5	22.2
EBIT margin (%)	9.0	8.0	7.5	7.3	7.4	7.7	8.1
USD Revenue growth (%)	12.2	(11.3)	26.6	18.7	37.1	18.4	17.0
EPS growth (%)	12.3	(11.9)	54.3	20.0	12.9	27.6	25.5
P/E (x)	71.4	81.1	52.5	43.8	38.8	30.4	24.2
EV/EBITDA (x)	52.6	50.9	41.5	33.9	25.5	20.5	16.3
RoE (%)	38.5	31.0	37.6	37.7	35.7	37.9	39.2

MAST (M-cap INR 83bn, CMP 2686, TP 2900, ADD)

INR bn	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue (USD mn)	151	232	293	318	371	419	480
Revenue	10.71	17.22	21.84	25.63	30.71	35.23	40.79
EBIT	1.32	3.20	4.20	3.88	4.43	5.60	6.79
APAT	1.33	2.09	2.95	2.68	3.02	4.20	5.10
AEPS (INR)	46.7	73.5	96.6	86.6	95.3	132.9	161.1
EBIT margin (%)	12.3	18.6	19.2	15.2	14.4	15.9	16.6
USD Revenue growth (%)	2.2	53.6	26.3	8.6	16.6	13.1	14.4
EPS growth (%)	31.7	57.5	31.5	(10.4)	10.1	39.4	21.2
P/E (x)	57.6	36.6	27.8	31.0	28.2	20.2	16.7
EV/EBITDA (x)	48.5	19.3	16.5	18.5	16.0	12.5	10.0
RoE (%)	17.6	25.4	30.6	19.4	16.7	19.9	20.4

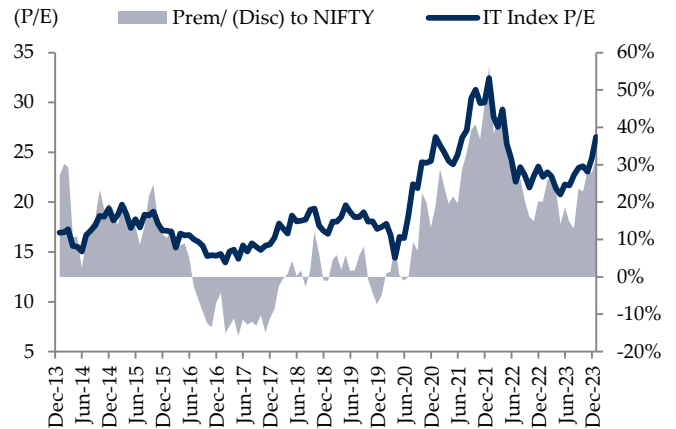
Exhibit 24: Valuation charts

NIFTY IT Index Valuation Trend (P/E 1-yr fwd)



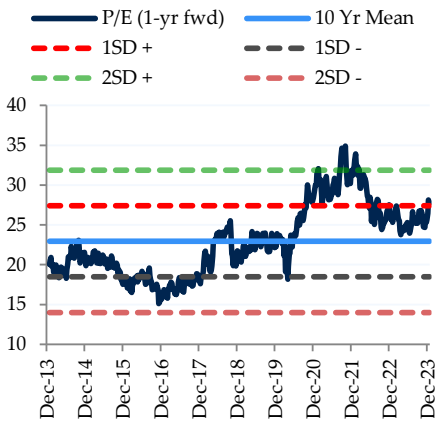
Source: Bloomberg, HSIE Research

IT Index Valuation Trend vs NIFTY



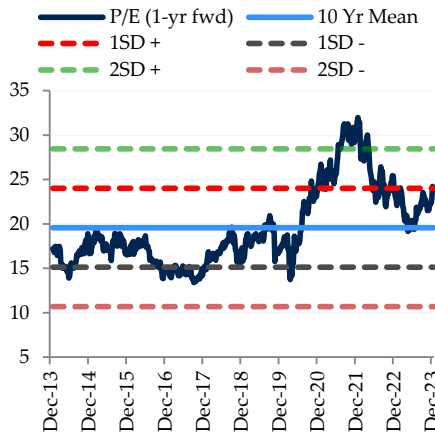
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TCS P/E (1-yr fwd) Trend

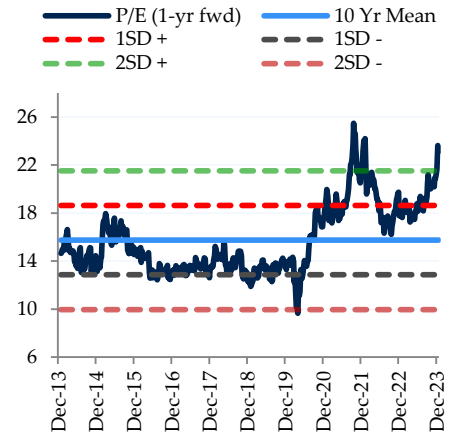


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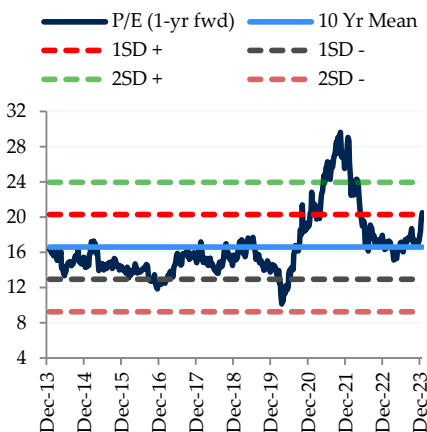
INFO P/E (1-yr fwd) Trend



HCLT P/E (1-yr fwd) Trend

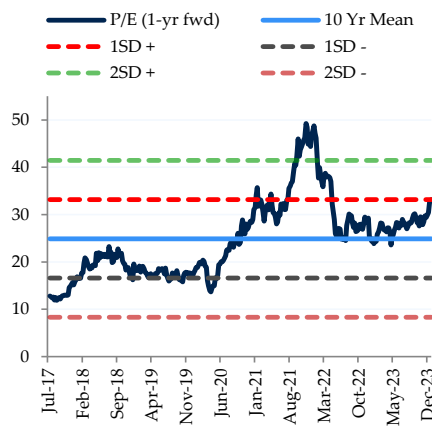


WPRO P/E (1-yr fwd) Trend

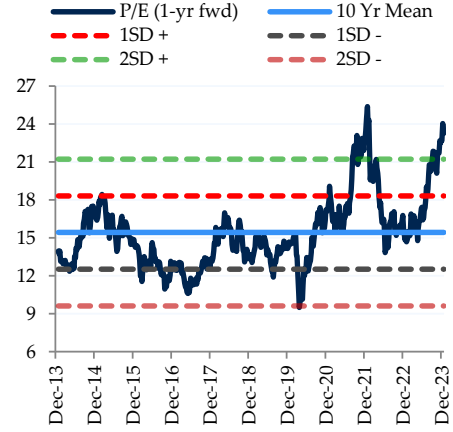


Source: Bloomberg, HSIE Research

LTIM P/E (1-yr fwd) Trend

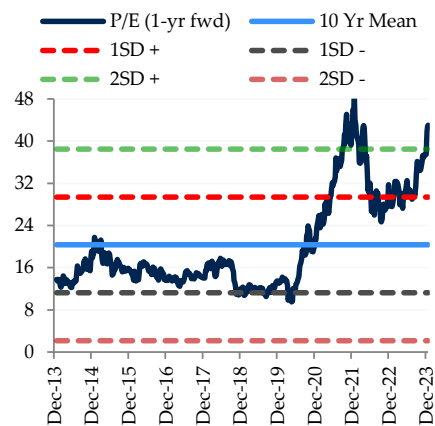


TECHM P/E (1-yr fwd) Trend

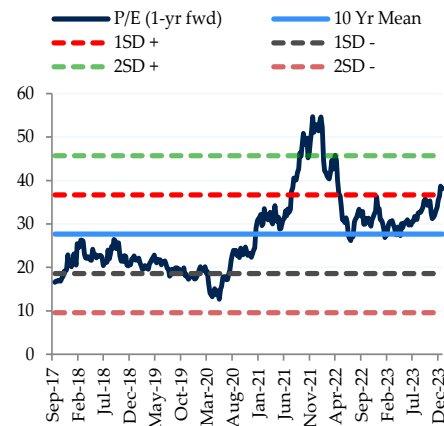


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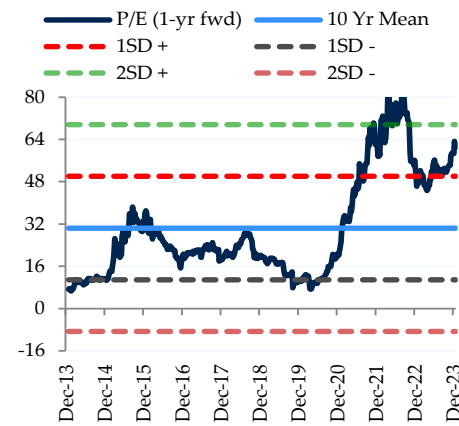
PSYS P/E (1-yr fwd) Trend



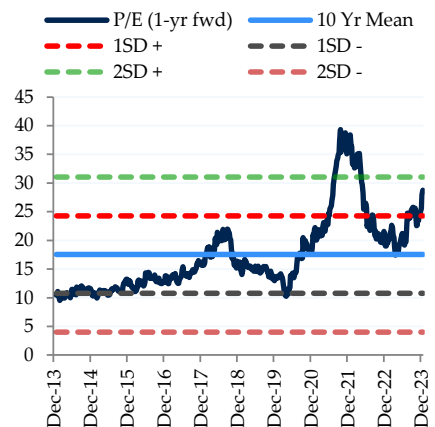
LTTS P/E (1-yr fwd) Trend



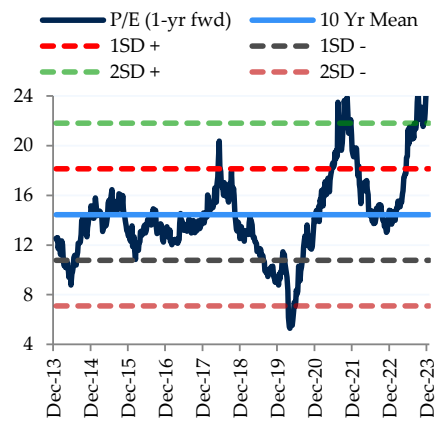
TELX P/E (1-yr fwd) Trend



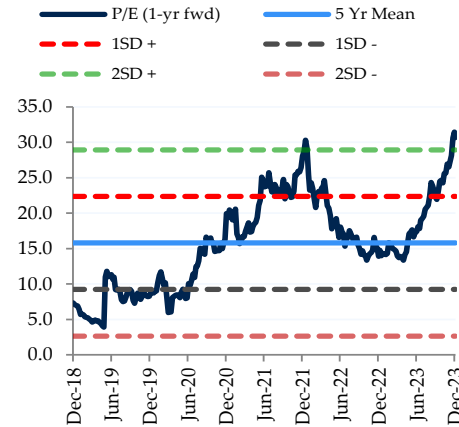
MPHL P/E (1-yr fwd) Trend



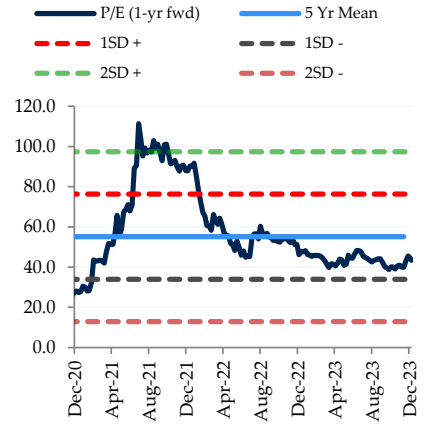
CYL P/E (1-yr fwd) Trend



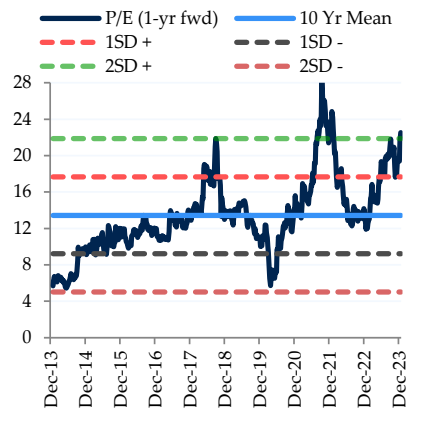
BSOFT P/E (1-yr fwd) Trend



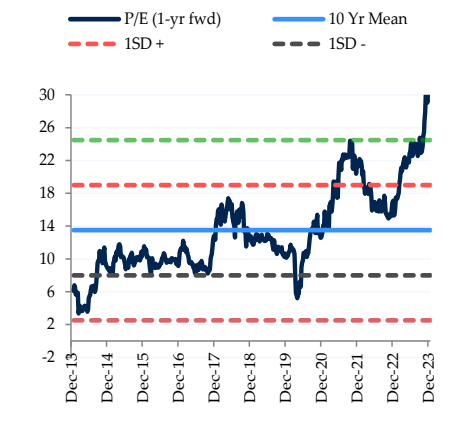
HAPPSTMN P/E (1-yr fwd) Trend



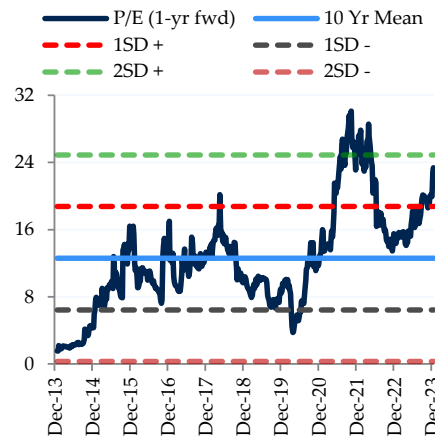
ZENT P/E (1-yr fwd) Trend



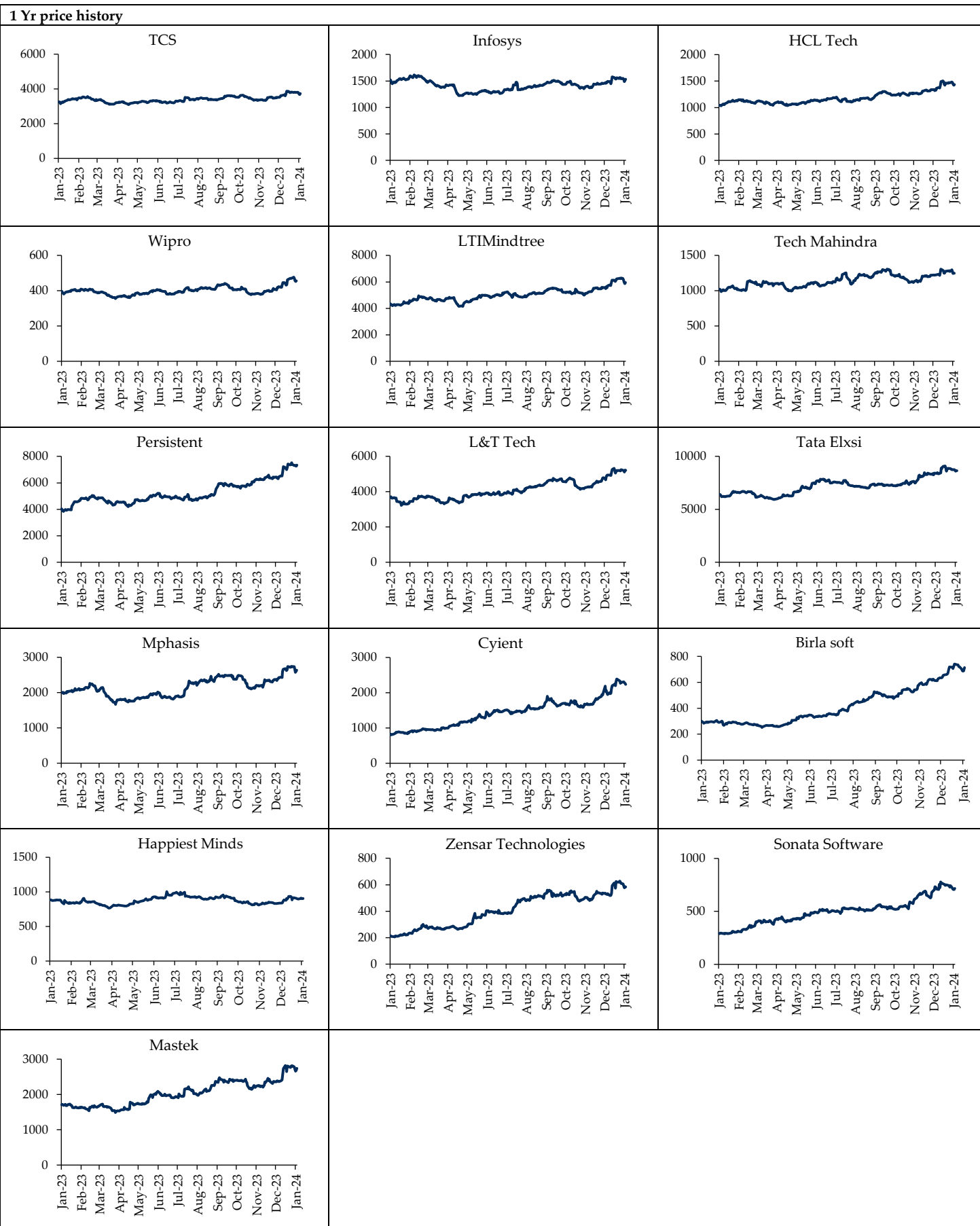
SSOF P/E (1-yr fwd) Trend



MAST P/E (1-yr fwd) Trend



Source: Bloomberg, HSIE Research



Rating Criteria

- BUY: >+15% return potential
- ADD: +5% to +15% return potential
- REDUCE: -10% to +5% return potential
- SELL: > 10% Downside return potential

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