Information Technology

1QFY25 Result Preview

June 21, 2024

Expect status quo on demand commentary

Key Points

- After a 410bps outperformance by Nifty IT against Nifty in 2023, it has underperformed by 910bps YTD, although it has recovered 630bps on MTD basis. Elevated PE multiples of Tier-1 and Tier-2 IT players (Exhibit 1) are either a sign that there is an earnings upgrade cycle in the offing for FY25/FY26 and/or that flows into equities are strong. We think FY25 consensus earnings still likely have a modest downside and a strong pick-up in FY26 is already factored in.
- We believe 1QFY25 will be a decent quarter and with growth QoQ for 9 out of 11 coverage companies. The post quarter commentary on demand conditions for FY25 will be the highlight. We think that it will remain the same as in the previous two quarters. Consensus (including us) is building in a modestly better FY25 vs. FY24 on the back of strong order inflow in FY24 and expectation of a spending pick-up in 2HFY25.
- After nine months of downward revisions in revenue growth and EPS by consensus, we now expect modest downward revisions in 2HFY25. All players are likely to hold on to their revenue and margin guidance (if publicly put out) as of now. The 2HFY25 rebound hope is at risk due to: (1) US interest rates remaining higher for longer (2) Expectations of dramatic changes in economic policies post US elections in Nov. 2024 – especially around tariffs if Donald Trump wins. The announcement on large deal wins by Indian IT players have been relatively muted since September 2023.
- We persist with our 'Underweight' stance on the IT sector as we believe that we are in a 'slower for longer' demand environment and the risk is for current consensus estimates to be cut rather than raised.

Points to focus on – Industry: (1) Is incremental spending improving/worsening in 2024? (2) when exactly will the growth kick in and what will be the driver of that? (3) State of discretionary spending (4) State of demand for key verticals – BFSI, Hi Tech, Manufacturing and Telecom (5) How much of the recent demand slowdown is macro driven vs normalisation of the high 'compressed transformation' demand seen in the pandemic timeframe? (6) How much are global capability centers (GCCs) eating into the business of outsourcing players? (7) Will there be a pent-up demand spike in FY26 that everybody is building into their estimates? (8) Are Gen AI projects scaling up? (9) Where are companies going to find the money to spend on Gen AI projects? (10) The extent and timing of salary hikes in FY25.

Key points to watch - Tier-1: (1) Whether companies are pointing to any green-shoots in discretionary spending and by when do they expect a pick-up? (2) Whether the TCV to revenue conversion problem continues? (3) Status of mega/large deal ramp-ups as there have been project cancellations and pauses in the past six months (4) When will hiring start?

Key points to watch - Tier-2: (1) Mphasis – Is the mortgage BFS area healing? (2) Persistent Systems – Can it continue to deliver high TCV numbers? (3) Coforge – update on the Cigniti acquisition (4) Birlasoft - Can it continue to deliver decent growth in FY25 too? (5) Zensar - Revenue and margin outlook for FY25.

Please refer to the disclaimer towards the end of the document.

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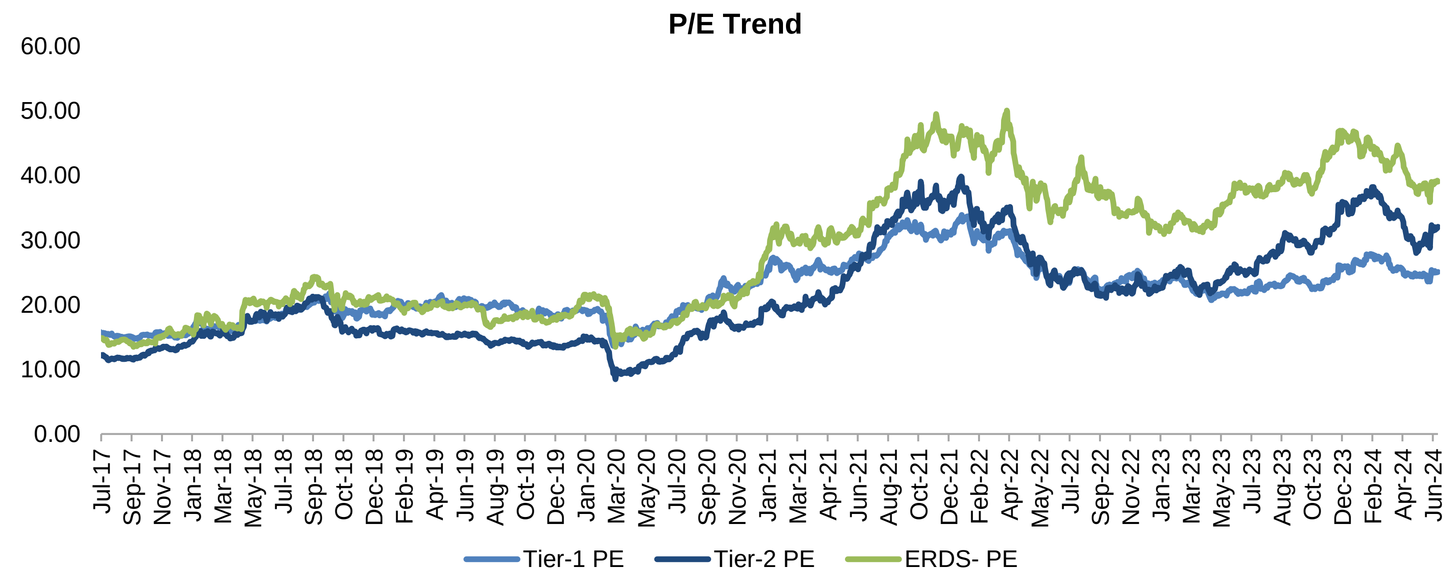
Exhibit 1: 12-month forward PE multiple charts of Tier-1, Tier-2 and ERDS players. Much above pre-pandemic levels



Source: Companies, Bloomberg, Nirmal Bang Institutional Equities.

Exhibit 2: Summary of financial performance by IT companies in our coverage universe for 1QFY25E

(Rsmn) Companies	Revenue						EBIT			EBIT Margin (%)			PAT		
	USD (mn)	1QFY25E	YoY (%)	QoQ (%)	QoQ Growth CC (%)	QoQ Growth USD (%)	1QFY25E	YoY (%)	QoQ (%)	1QFY24	4QFY24	1QFY25E	1QFY25E	YoY (%)	QoQ (%)
TCS	7,399	616,818	3.9	0.7	1.0	0.5	147,246	7.0	(7.5)	23.2	26.0	23.9	114,218	3.1	(8.1)
Infosys	4,657	388,195	2.3	2.4	2.5	2.0	77,860	(1.3)	2.2	20.8	20.1	20.1	61,774	3.9	(22.5)
HCL Tech	3,350	279,217	6.2	(2.0)	(2.0)	(2.35)	48,408	8.5	(3.5)	17.0	17.6	17.3	38,213	7.9	(4.4)
Wipro	2,626	219,770	(3.7)	(1.0)	(0.5)	(1.2)	35,731	3.5	1.0	15.1	15.9	16.3	29,440	2.6	3.9
Tech Mahindra	1,551	129,306	(1.7)	0.5	1.0	0.2	10,035	12.6	6.0	6.8	7.4	7.8	9,068	30.9	37.2
LTIMindtree	1,086	90,564	4.1	1.8	2.0	1.6	14,232	(1.9)	8.8	16.7	14.7	15.7	12,151	5.4	10.4
Mphasis	418	34,851	7.2	2.1	2.0	1.8	5,287	5.9	4.1	15.4	14.9	15.2	4,040	2.0	2.7
Persistent	320	26,666	14.9	2.9	3.0	2.9	3,902	12.6	4.2	14.9	14.5	14.6	3,052	33.4	(3.3)
Coforge	290	24,194	8.9	2.6	1.9	1.25	2,639	3.1	(22.5)	11.5	14.4	10.9	1,930	16.7	(13.8)
Birlasoft	167	13,908	10.1	2.1	2.0	1.8	2,067	20.4	3.1	13.6	14.7	14.9	1,708	24.2	(5.1)
Zensar	149	12,407	1.1	0.9	1.0	0.5	1,818	(3.2)	1.4	15.3	14.6	13.7	1,707	9.3	(1.5)

Source: Company, Nirmal Bang Institutional Equities.

Note 1: Wipro's USD revenue is only for IT services whereas other numbers are for the entire company.

Note 2: Coforge4QFY23 had one off expenses connected with its US$1bn revenue milestone and ADR expense write off (ADR has not been executed thus far). Excluding these one offs, EBIT margin in 4QFY23 was 15.5%.

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Exhibit 3: Key things to focus on in the numbers and in the management commentary.

TCS	• Expect TCS to report 1.0% revenue growth QoQ in CC terms, backed by strong order inflow of the last 12 months. It is likely to face cross-currency headwind of ~50bps on QoQ basis. • For 1QFY25, we think that EBIT margin will contract by 210bps QoQ to 23.9%. Margins will contract on the back of salary hikes which are effective from 1st April, 2024. Another headwind can be sub-contractor cost which was at 4.6% of revenue in 4QFY24 and may move up depending on demand conditions. • TCV for 4QFY24 was US$13.2bn after weak TCV number of US$8.1bn in 3QFY24 and was the highest quarterly TCV for TCS in its history. We believe that TCV for 1QFY25 should come in above the guided range of US$7-9bn and will continue the strong momentum. • Commentary around BFSI, Retail, Telecom and Technology will be keenly watched as TCS has the highest exposure in the Tier-1 set with deep relationships in both US as well as Europe and it has been indicating weakness in these verticals. • Things to watch out for: (1) Demand commentary for FY25. While it has stated that FY25 is going to be better than FY24, it has not indicated by how much (2) Commentary around discretionary spending (3) Update on Gen AI projects (4) By when it can reach the aspirational margin range of 26-28%?
Infosys	• We expect Infosys to reiterate revenue growth guidance for FY25 in the 1-3% CC range. Margin guidance will continue to remain in the 20-22% range. • We expect Infosys to report a revenue growth of 2.5% QoQ in CC terms. The company had talked about normal revenue seasonality on its 4QFY24 call (indicating that 1HFY25 is going to be stronger than 2HFY25). It will face cross currency headwinds of ~50bps. We expect EBIT margin to remain flat QoQ at 20.1% as there are no major factors for margin movement in the current quarter and it is working on the margin improvement program (Project Maximus). • Large deal TCV stood at US$4.5bn in 4QFY24 compared to US$3.2bn in 3QFY24. We believe that 4QFY24 TCV number will be in the US$3bn- US$4bn range. • Things to watch out for: (1) Any change in guidance for FY25 (2) The timing and extent of salary hikes in FY25 (3) Extent of boost from the margin improvement program in FY25 (4) Any more one-offs or projects renegotiations like the one which it had experienced in 4QFY24.
HCL Technologies	• We expect revenue growth guidance for FY25 at 3-5% in CC terms to be maintained as discretionary spending continues to remain low. We expect margin guidance to remain unchanged (18-19% EBIT). • We are expecting (2.0%) CC growth QoQ in 1QFY25. Cross currency headwinds are expected to be ~35bps. • We expect EBIT margin to decline by 30bps QoQ to 17.3% on the back of the annual productivity pass back for numerous clients and due to the offshoring impact from a large contract. • After TCV for 3QFY24 came in at US$1.93bn and was below the lower end of the earlier guidance range of US$2-2.5bn, 4QFY24 at US$2.29bn rebounded to mid-point of the guided range. For 1QFY25, we expect TCV to come in at the upper end of the guided range on the back of the SBI deal for the Unica platform (value not disclosed). TCV numbers for HCLT are only net new.
Wipro	• We estimate (0.5%) CC QoQ revenue growth in 1QFY25 as against (1.5%) to 0.5% CC growth guidance, putting us exactly at the mid-point of the guidance. There will be a cross-currency headwind of ~70bps. • While Wipro has maintained that EBIT margin will remain range-bound ~16% mark, we expect EBIT margin for 1QFY25 to expand by 40bps to 16.3% on QoQ basis as it has been focusing on optimizing low margin businesses and better operational efficiency. • Our growth number comes on the back of the cautiously optimistic guidance by Wipro and slow discretionary spending, which was indicated by Wipro in the last earnings call. • In terms of TCV, Wipro has been delivering US$3bn+ for the last six consecutive quarters with 4QFY24 TCV at a healthy US$3.6bn and we expect TCV to not fall below US$3bn. This also comes on the back of Wipro's efforts to let go of some small and loss-making accounts and chase larger deals. The larger issue for Wipro is conversion of TCV to revenue, which seems to be more acute than its peers. • Things to watch out for: (1) When will conversion of TCV to revenue pick up? (2) Impact of high-profile senior management exits on the business with the latest and most sudden being stepping down of CEO Thiery Delaporte (3) Is the recovery in the Consulting piece continuing? (4) Data points on the execution of strategy by the new CEO Mr. Srini Pallia.

Tech Mahindra	• We expect Tech Mahindra (TML) to deliver 1.0% CC QoQ growth, which will be impacted by weakness in the CME vertical (~37% of sales), although slight improvements are being seen. Cross-currency headwind will be ~80bps. • In 1QFY25, we expect TCV to be higher than the 4QFY24 TCV of US$500mn after remaining below the guided range of US$700-1000mn for the 5th consecutive quarter. We think the new organizational set up is just falling in place and we think under Mohit Joshi, TML will be much more selective in bidding for large deals. This makes us believe that it will only slowly move towards the guidance range. • We expect adjusted EBIT margin to expand by 40bps QoQ to 7.8% in 1QFY25. TML had recorded its lowest ever EBIT margin of 4.7% in 2QFY24 followed by 5.4% in 3QFY24 and 7.4% in 4QFY24 due to business restructuring, including termination of unprofitable contracts. It has indicated this will be the normalized range now and has laid down its margin expansion plan in the form of Project Fortius, which has its goal to reach 15% EBIT margin by FY27. • Things to watch out for: (1) When should one expect demand recovery in the CME vertical? (2) Update on business rationalization exercise (3) Plans to increase BFSI contribution (4) Have all members of the new leadership been on-boarded and will there be any more top management changes? (5) Timing and extent of salary hikes (6) Further details on Project Fortius in terms of investments and savings which were indicated in the previous earnings call (7) What are the specific actions taken to bring down the average resource cost in the quarter?
LTIMindtree	• We are expecting 2.0% CC QoQ growth. We expect cross-currency headwinds of ~40bps. • We expect EBIT margin to expand by ~100bps to 15.7% in 1QFY25. Tailwinds include improved utilization, operational efficiencies and improved SG&A spending. Apart from this, there was a one-off impact of 80bps due to two project cancellations in 4QFY24 which will be reversed. • The TCV number for 4QFY24 was US$1.4bn after US$1.5bn in 3QFY24 and US$1.3bn in 2QFY24. We expect a similar number for 1QFY25. LTIM did indicate that it is getting some advantage from vendor consolidation and the order book has many of these deals. It also indicated that cross-sell and up-sell strategies are working. Client mining is another area that we will closely watch. • We believe this TCV number is still on the lower side as the traditional portfolio was skewed towards discretionary deals which have dried up. 80% of the current pipeline has long term consolidation and cost take out deals which is leading to the issue of TCV conversion to revenue. • Things to watch out for: (1) When should one expect a pick-up in growth? (2) What is the progress on the client mining strategy that it had articulated at its 2023 analyst meet? (3) Is it getting invited for larger contracts now that the size is ~US$5bn? Why is it not winning deals with TCV of US$300-US$500mn, which many of its smaller peers are winning occasionally? (4) Till when is it pushing back the EBIT margin target of 17-18% as it is looking to reinvest more in the business? (5) Views for growth in FY25 as it had started FY24 with a strong double-digit growth view and eventually could not deliver (6) Who is going take over Debashis Chatterjee as the CEO?
Persistent Systems (PSL)	• We are expecting 3% CC QoQ growth. Cross currency headwind will be ~10bps. In terms of FY25 revenue growth, it has reiterated its aspiration to be in the leaders' quadrant for growth and we believe will continue to do so. • We expect EBIT margin to expand by 10bps QoQ to 14.6% on the back of various tailwinds like higher utilization, lower travel expenses, SG&A rationalization and benefit from headcount optimization. Headwinds are higher sub-con costs which are expected to continue for a few more quarters. For FY25, it has indicated EBIT margin of ~14.5% and we believe this will be maintained. • We expect TCV to be around the US$400mn mark in 1QFY25 after strong TCV of US$447.7mn in 4QFY24. We will keep an eye out for the ACV number, which is expected to come in above the US$300mn mark. PSL has been reporting very strong TCV and ACV numbers for the past three quarters. • Hi-tech has been an area of weakness across the industry and we will await commentary on how that will shape up in the coming quarters considering that it is the vertical with the highest weight in the company's revenue mix. • Key points to look at would be: (1) What are its capabilities in the cost takeout type of business, which predominates demand currently? (2) Demand outlook for FY25 as PSL is one of the few IT players who has not cut down headcount and instead has been adding gradually (3) How it expects to improve margin by 200-300bps over the next 2-3 years?
Mphasis	• We expect 2.0% CC QoQ growth in 1QFY25 after QoQ revenue growth of 2.1% in CC terms in 4QFY24, which came after 12 months of QoQ CC decline due to continued pressure from the Mortgage business amid high interest rates in the US. We expect cross-currency headwinds of ~20bps.

	• We expect EBIT margin to expand by~30bps QoQ to 15.2% and come in at the lower end of the guided range of 15.25-16.25% given by the company. For FY25, we believe it will maintain its reported margin guidance range of 14.6-16% (15.7-17% after adjusting for acquisition related costs). • MPHL reported TCV of US$177mn for 4QFY24 which was the lowest of the last 10 quarters. After 1QFY24 TCV at US$707mn, which was the highest ever in the company's history, TCV numbers could not cross US$300mn in any of the remaining three quarters of FY24. This has been contradictory in terms of industry trends where most peers have been reporting strong TCV numbers. For 1QFY25, we believe that TCV will rebound and cross the US$300mn mark. • Things to watch out for: (1) How is growth looking in the non-mortgage BFS part of the business? (2) Progress in growth beyond the BFSI vertical and top 10 clients (3) Update on the integration of Silverline (4) Why have TCV numbers been depressed and how is it working on bagging larger deals and creating a healthy pipeline?
Coforge	• Coforge after 4QFY24 has stopped giving any revenue growth and margin guidance for FY25. It is confident of achieving its goal of US$2bn by FY27, which will also lead to margin expansion of 150-200bps by FY27 (adjusted EBITDA margin for FY24 was 17.6% and missed the 18.3% guidance given by Coforge). • We expect 1.9% CC QoQ growth in 1QFY25. It is likely to face a cross-currency headwind of ~65bps. • We expect EBIT margin to contract by 350bps QoQ to 10.9% as full salary hikes have been given from 1st April, 2024. The new ESOP scheme will also have an impact on margins and these costs will be front loaded in FY25. • In terms of TCV, Coforge has been reporting TCV of US$300mn+ for nine consecutive quarters now and we expect it to continue this trend in 1QFY25 as it has indicated that the deal momentum is expected to remain robust and had reported US$775mn TCV in 4QFY24 which is the highest ever quarterly TCV for Coforge. • Things to watch out for: (1) What is happening to BFSI demand in the UK where bulk of its revenue comes from? (2) What should one expect on the ESOP cost front in the coming quarters and years? (3) What will be the trajectory of SG&A costs which are higher due to investments in sales and marketing (4) Can it keep up the strong double-digit CC revenue growth in FY25? (5) What is the update on the M&A action connected with Cigniti? Are there early signs of cross sell wins?
Birlasoft	• We expect 2.0% CC QoQ growth in 1QFY25. It is likely to have cross-currency headwind of ~20bps. • We expect EBIT margin to expand by 20bps QoQ to 14.9% as it looks to invest in capability and S&M which will be offset by better operational efficiencies. Tailwinds to margin include attrition, higher utilization and pyramiding. • In terms of TCV, Birlasoft has been reporting TCV of US$200mn+ on an average for the past 13 quarters and we expect it to continue this trend in 1QFY25 as it has indicated that the deal momentum is expected to remain robust and had reported US$240mn TCV in 4QFY24. • Things to watch out for: (1) Birlasoft has done a lot of hiring with respect to vertical and geo focused leaders. While it indicated hiring is almost complete, we would want to hear the plans laid down by the company for FY25 and FY26 (2) Birlasoft indicated industry leading growth for FY25 and we would like to see if it holds this as it indicated lower discretionary projects.
Zensar	• We expect 1.0% CC QoQ growth in 1QFY25. It is likely to face cross-currency headwind of ~50bps. • We expect EBIT margin to contract by 90bps QoQ to 13.7%. This is because there was a margin benefit due to lower depreciation and resizing of real estate in 4QFY24. • While 4QFY24 TCV came in at US$181.5mn, we expect TCV for 1QFY25 to remain above the US$150mn mark, which has been the case for the past five quarters. • Things to watch out for: (1) Demand and margin outlook for FY25 (2) Update on the new healthcare vertical (3) Any weaknesses in Hi-tech and BFSI segments, which account for ~65% of total revenue.

View on the Indian IT Services sector: We downgraded Indian IT Services to UW through a report on 10th April, 2022 (Positive surprises likely low in FY23; Tier-2 risky) and continued to remain underweight through our notes on 19th May, 2022 (Customer stress shows up), 8th July, 2022 (Negatives not in price), 10th October, 2022 (Growth expectations too high), 20th March, 2023 (Sell into delayed landing outperformance), 14th June 2023 (Too early to be positive), 26th September, 2023(Cut FY25 estimates; Slower for longer; Sell into the FOMO rally), 15th December, 2023(A No/Soft landing) and 20th March 2024 (Continued uncertainty to keep a lid on spending)

Nifty IT index's TSR from 1 Jan, 2020 till 14th June, 2024 has been 143% with a 38 percentage point outperformance vs the Nifty. But the outperformance was front-loaded in the first two years of the period (CY20 and CY21). Since 1st Jan, 2022, the Nifty IT TSR has underperformed the Nifty by 45 percentage points.

The massive outperformance of the Nifty IT in 2020 and 2021 was on the back of pandemic-driven Digital Transformation (DT) services-based earnings acceleration and significant multiple expansion on unprecedented monetary stimulus in the US and in Europe. While DT services will continue to remain a key theme over the long term, we believe that IT spends will be curtailed by an 'ability-to-spend' problem as enterprise customers battle earnings pressure from wage inflation, reduced end customer spending power, higher interest rates and likely below-trend growth in western developed economies. Customers, we believe, had pulled forward spending into the compressed transformation phase of FY20-FY23 from future years. We believe customers are now evaluating ROIs on those projects and on normalization of spending.

Macro environment now has one good and two bad scenarios: The good scenario is obviously the soft-landing scenario in the US where inflation, economy and employment cool off, thereby allowing the Fed to lower fed funds rate to what is considered a neutral rate – which is widely believed to be 2.5% (current fed's fund rate is at 5.25-5.5%). The two bad scenarios are: (1) some sort of US recession in 2HCY24/CY2025 or (2) a strong economic growth scenario with higher than 2% inflation, which will keep fed funds rate 'high for longer'.

We persist with our 'UW' stance.

This is because:

(1) Valuations for most IT stocks in our coverage universe are expensive in relation to their 5-year or 10-year histories and we see no material upside to FY25/FY26 earnings for our coverage in the next 12 months. Consensus Target prices are linked to FY26 EPS which we believe already factors in revenue and earnings rebound due to pent up demand. This is after a tepid FY25.

(2) As things stand today, while our earlier base case of a shallow US recession sometime in CY24 seems to have a low probability (professional forecasters give a probability of 30% for a US recession in the next 12 months based on Bloomberg consensus. This number was 50% 9 months back), chances of a 'no landing' with hotter inflation with 'higher rates for longer' scenario seems to have a better probability and is also not a positive scenario for customers.

A 'higher for longer' rates scenario could mean tepid growth in both FY25 and FY26; a shallow US recession could mean a significant deceleration in demand and consequently in revenue & earnings growth for the IT sector.

Even if one were to ignore the next 12–18 months' risks around a recession/the 'higher for longer' interest rate regime and take a 5-year view, we believe that starting valuations are expensive and can at best deliver mid to high single-digit total stock returns (including capital return to shareholders) for TCS/Infosys, as we believe that structural revenue/earnings growth is being overestimated by the street. We believe that USD revenue growth over a 5-year period (FY24-FY29) for Tier-1 IT set in aggregate will at best be at par with the FY15-FY20 period (~7%). We also expect margins for most coverage companies to remain in a narrow band at around FY24 levels and do not see a material expansion (except for Tech Mahindra where it starts from a very low base). *Ceteris Paribus,* this has valuation/return implications.

We continue to maintain TCS as our industry valuation benchmark: We are valuing TCS at target 12-month forward PE of 23.7x, which represents 1SD below the 5-year historical mean. Target multiples for others are at a premium/discount to TCS. If one were to look back in history, our Target PE multiples are not overly pessimistic as PE multiples of many Tier-1 IT stocks are in fact at the higher end of the pre-pandemic PE range. We have used a higher target PE multiple not because we think that a material earnings upgrade cycle is on the cards for FY25/FY26, but to acknowledge the higher domestic inflows into equities, which have lifted valuations of the entire Indian market and particularly that of the Mid-cap and Small-cap stocks.

The Tier-2 pack has held out better than anticipated: Growth for well-run Tier-2 IT companies has materially decelerated from their FY22/FY23 levels, but the same has not been as bad as we had expected. That we believe is because the US macro held up better than we/consensus had anticipated. Had we seen a shallow US recession (our earlier base case scenario), growth in both Tier-1 and Tier-2 set would have come off a lot more than it eventually did in FY24.

Tier-2 still faces significant risks: Tier-2 set has a less diversified revenue mix (client, service line and vertical), which could throw up negative growth surprises (as has been seen in case of Mphasis in the last 12-24 months), and a larger exposure to non-Global 1000 clientele, whose profits are more vulnerable in a weaker macro environment. Indian Tier-2 IT pack is now at a PE premium of ~27% to Tier-1 compared to a discount of 25% on 1st January 2020. The premium is at the highest ever level, driven by strong flows into SMID stocks by the Indian mutual funds.

This premium reflects expectations of a big positive earnings growth gap between Tier-2 and Tier-1 IT companies over FY21-FY23 and improving return ratios sustaining beyond FY23. We do not agree with that view. We think that the earnings growth gap will compress due to slower revenue growth and next-to-no margin expansion from current levels for most Tier-2 IT companies. The high PE multiples are also a reflection of the market’s view that some Tier-2 IT companies will become US$5-10bn enterprises in the next 10-20 years. Once the ‘Digital’ high tide recedes, it remains to be seen which of the current Tier-2 set will continue to show promise. In the initial phase of any new tech cycle, customers tend to be open to new vendors, but as the cycle matures (post FY23 in our view), vendors that have scale – Tier-1 - tend to do better. We think customers are looking for revolutionary transformation, which Tier-1 companies with multi-vertical exposure and deeper domain/technology skills are best placed to deliver.

Exhibit 4: Stock and Index Performance (%)

	CY21	CY22	CY23	2QCY21	3QCY21	4QCY21	1QCY22	2QCY22	3QCY22	4QCY22	1QCY23	2QCY23	3QFY23	4QCY23	1QCY24	QTD	YTD	MTD
TCS	30.6	(12.9)	16.5	5.3	12.8	(1.0)	0.0	(12.6)	(8.0)	8.4	(1.6)	3.0	6.9	7.5	2.2	(1.9)	0.2	2.7
Infosys	50.3	(20.1)	2.3	15.6	6.0	12.7	1.0	(23.3)	(3.3)	6.7	(5.3)	(6.5)	7.5	7.5	(2.9)	0.9	(2.0)	7.5
HCL Tech	85.2	(45.1)	41.1	31.8	16.2	12.8	(17.3)	(29.7)	(5.2)	(0.4)	(7.0)	9.5	3.9	18.7	5.3	(6.3)	(1.4)	10.0
Wipro	39.4	(21.2)	20.0	0.1	30.1	3.1	(11.8)	(16.4)	(4.2)	11.5	4.4	6.5	4.3	16.1	1.9	3.3	5.2	11.6
LTIM	84.0	(43.2)	44.2	10.5	26.0	29.7	(16.3)	(33.3)	0.9	0.8	8.4	9.2	0.2	20.8	(21.5)	1.6	(20.3)	8.0
Tech Mahindra	223.3	(21.1)	25.2	52.9	26.5	32.0	(2.8)	(28.6)	(4.7)	19.4	19.1	2.6	8.1	4.1	(1.9)	10.7	8.5	10.9
Mphasis	117.7	(34.1)	38.9	42.0	26.1	12.4	(24.3)	(20.6)	(5.0)	15.5	(1.8)	5.5	25.4	15.3	(12.8)	1.0	(12.0)	5.3
Persistent	25.0	(17.7)	90.9	24.6	-13.7	(4.2)	1.4	(6.4)	(19.2)	8.3	(3.5)	8.7	15.7	27.5	7.8	(3.6)	4.0	12.2
Coforge	118.8	(54.4)	61.5	33.9	19.8	23.6	(20.8)	(29.9)	(8.7)	(5.1)	(12.2)	23.5	8.3	22.9	(12.3)	(2.0)	(14.0)	7.5
LTTS	8.3	(35.5)	42.7	(11.3)	7.1	19.6	1.1	(23.6)	(14.9)	(0.4)	6.5	16.5	16.3	14.8	4.3	(11.3)	(7.4)	8.6
KPIT Infotech	44.3	(46.5)	39.3	5.6	28.2	11.8	(16.6)	(30.5)	7.5	(10.1)	(2.5)	27.3	(4.8)	21.1	(11.1)	(6.9)	(17.2)	4.3
Tata Elxsi	58.7	(35.6)	115.0	6.7	8.5	29.6	(18.7)	(17.0)	(7.3)	3.7	7.1	17.8	5.7	31.4	(1.8)	2.0	0.1	5.0
Cyient	86.5	(51.0)	182.7	28.8	11.6	17.2	(55.6)	3.6	22.9	(9.5)	(8.8)	50.8	12.9	35.3	(12.9)	(5.2)	(17.5)	9.3
Birlasoft	70.0	(27.6)	141.4	11.6	11.2	19.6	(6.0)	(16.5)	1.3	(5.8)	9.5	37.4	34.7	49.2	2.9	(6.9)	(4.2)	12.6
Mastek	99.4	(20.7)	64.9	32.8	23.6	(3.7)	(9.3)	(18.4)	4.8	2.3	22.7	26.1	23.5	17.4	(9.7)	7.3	(3.2)	15.2
Zensar	120.6	(41.9)	186.7	20.1	45.5	9.4	(0.6)	(32.1)	(9.0)	(5.5)	(9.0)	41.0	33.7	18.0	(0.6)	17.2	16.5	18.3
Newgen Software	100.4	(40.5)	333.7	0.4	41.6	27.2	(16.0)	(35.4)	12.1	(2.1)	9.0	50.6	32.7	73.5	1.8	16.8	18.9	2.6
Happiest Minds	139.3	(34.2)	1.7	9.4	61.8	19.2	(8.8)	(40.6)	18.5	2.6	(8.3)	27.4	(10.6)	2.4	(16.9)	19.2	(0.9)	13.1
HGS	219.7	7.1	(25.6)	59.8	30.0	4.9	50.7	(7.6)	4.7	(26.5)	(5.2)	4.8	(7.0)	(1.4)	(25.4)	16.0	(13.4)	5.5
Intellect Design	135.6	(39.9)	87.5	(2.2)	-1.9	4.5	27.4	(33.0)	(18.3)	(13.8)	(8.0)	53.1	12.4	18.4	31.1	(3.6)	26.4	16.7
OFSS	23.3	(23.7)	39.3	14.1	24.8	(13.1)	(9.4)	(13.3)	(3.7)	1.4	8.0	18.2	6.5	2.5	108.3	12.1	133.4	30.0
Ramco Systems	(21.2)	(46.4)	14.8	14.9	-21.1	(1.5)	(44.1)	6.3	(6.3)	(3.5)	(24.7)	33.6	29.5	(11.9)	(9.1)	22.1	11.0	6.1
DXC	29.1	(26.5)	33.5	11.4	2.9	(17.4)	(12.9)	(20.5)	0.7	5.6	(0.9)	4.5	(22.0)	9.8	(7.3)	(13.5)	(19.8)	16.6
Endava	17.2	(29.5)	30.7	14.8	30.8	(13.3)	(19.1)	(16.6)	2.7	1.9	(5.3)	(22.9)	10.7	35.7	(51.1)	(35.1)	(68.3)	(5.3)
Cognizant	(6.2)	(0.5)	70.4	(4.8)	-9.5	1.9	(3.2)	(6.0)	19.5	(10.2)	(11.2)	7.1	3.8	11.5	(3.0)	(10.2)	(12.9)	0.0
Accenture	120.6	(45.2)	141.4	57.9	2.5	33.0	(16.5)	(22.4)	(20.0)	5.8	(12.6)	8.0	(0.5)	14.3	(1.2)	(17.7)	(18.7)	1.3
Globant SA	166.7	(43.4)	64.9	85.8	37.6	(3.2)	10.0	(35.4)	(18.8)	(1.8)	(9.8)	9.6	10.1	20.3	(15.2)	(23.6)	(35.2)	0.1
Epam Systems INC	119.7	(59.2)	186.7	13.7	53.5	9.2	(29.6)	(25.8)	(22.2)	0.6	28.8	(24.8)	13.8	16.3	(7.1)	(38.4)	(42.7)	(3.4)
Cap Gemini	119.5	(38.9)	333.7	125.3	-8.5	1.0	(21.0)	(23.2)	(0.3)	1.0	25.1	1.6	(4.5)	13.8	13.0	(13.9)	(2.6)	(1.0)
Genpact	276.6	(32.0)	1.7	85.9	37.4	(6.0)	(18.5)	(21.5)	19.9	(11.3)	(12.9)	(18.7)	(3.6)	(4.1)	(5.1)	(5.8)	(10.5)	(4.0)
Perficient Inc	193.0	(19.5)	(25.6)	39.2	19.1	15.5	(38.1)	4.2	18.5	5.2	(22.6)	15.4	(30.6)	13.8	(14.5)	32.2	13.0	0.5
Thought Works Inc	171.3	(46.0)	(5.7)	37.0	43.9	11.7	(14.9)	(17.4)	(29.1)	7.4	3.4	2.6	(46.0)	17.9	(47.4)	6.7	(43.9)	(0.7)
Just Dial	-	-	115.0	11.4	2.9	(17.4)	(12.9)	(20.5)	0.7	5.6	(0.9)	24.1	(1.3)	10.0	0.1	24.4	24.5	6.9
Infoedge	-	-	(25.1)	14.8	30.8	(13.3)	(19.1)	(16.6)	2.7	1.9	(5.3)	20.4	(7.1)	23.4	8.8	11.6	21.4	8.2
Makemytrip	-	-	(52.8)	(4.8)	-9.5	1.9	(3.2)	(4.3)	19.5	(10.2)	(11.2)	10.3	50.2	15.9	51.2	15.9	75.2	5.5
Zomato	-	-	108.6	NA	NA	0.6	(40.1)	(34.6)	15.8	(4.9)	(14.0)	47.2	35.2	21.9	47.2	9.0	60.5	7.5
Nykaa	-	-	12.3	NA	NA	NA	(19.6)	(16.7)	(9.6)	(27.0)	(19.8)	19.6	3.1	13.5	(6.9)	7.5	0.0	7.1
Paytm	-	-	19.7	NA	NA	NA	(60.4)	27.9	(5.6)	(16.8)	19.9	36.3	(1.2)	(25.9)	(36.6)	1.9	(35.4)	10.8
PB Infotech	-	-	77.3	NA	NA	NA	(26.9)	(17.5)	(17.5)	(5.1)	42.5	9.1	9.8	3.8	41.5	20.4	70.4	6.3
Index Performance (%)																		
Nasdaq	26.6	(33.0)	53.8	11.2	0.9	11.1	(9.1)	(21.4)	(4.6)	(0.3)	20.5	15.2	(3.1)	14.3	8.5	9.1	18.3	7.0
S&P 500	26.9	(19.4)	24.2	8.2	0.2	10.6	(4.9)	(15.7)	(5.3)	7.1	7.0	8.3	(3.6)	11.2	10.2	4.4	15.0	3.9
Stox 600	22.2	(12.9)	12.7	5.4	0.4	7.3	(6.5)	(9.3)	(4.8)	9.6	7.8	0.9	(2.5)	6.4	7.0	0.5	7.5	(0.9)
DAX	15.8	(12.3)	20.3	3.5	-1.7	4.1	(9.3)	(9.8)	(5.2)	14.9	12.2	3.3	(4.7)	8.9	10.4	(1.9)	8.2	(2.6)
Nikkei	4.9	(9.4)	28.2	(1.3)	2.3	(2.2)	(3.4)	(3.7)	(1.7)	0.6	7.5	18.4	(4.0)	5.0	20.0	(4.0)	15.0	(1.1)
MSCI EM	(4.6)	(22.4)	7.0	4.4	-8.8	(1.7)	(7.3)	(11.3)	(12.5)	9.2	3.5	(0.1)	(3.7)	7.4	1.6	4.0	5.7	1.2
Bovespa	(11.9)	NA	NA	8.7	-12.5	(5.5)	14.5	(17.0)	11.7	NA	NA	15.9	(1.3)	NA	(4.5)	(6.6)	(10.8)	(2.0)
HSCEI	(23.3)	(18.6)	(14.0)	(2.8)	-18.2	(5.6)	(8.6)	2.2	(22.9)	13.4	3.9	(7.8)	(4.3)	(6.2)	0.7	9.6	10.4	(2.5)
NIFTY IT	59.6	(26.0)	24.1	12.8	20.1	10.5	(6.2)	(23.3)	(3.1)	6.1	0.3	3.0	7.5	11.7	(1.7)	0.1	(1.7)	7.4
NIFTY BANK	13.5	21.2	12.3	4.4	7.6	(5.2)	2.5	(8.1)	15.6	11.3	(5.5)	10.2	(0.4)	8.3	(2.4)	9.1	6.4	0.8
NIFTY FMCG	10.0	17.5	29.0	3.3	12.0	(7.0)	(3.4)	3.8	17.9	(0.5)	3.9	13.7	(1.1)	10.4	(5.3)	5.0	(0.6)	3.6
NIFTY AUTO	19.0	15.3	47.6	7.5	0.0	3.2	(3.5)	10.9	8.5	(0.7)	(2.9)	23.7	6.8	15.0	15.0	18.5	36.3	5.8
NIFTY ENERGY	33.7	14.3	29.4	9.0	15.3	(1.0)	14.1	(2.8)	1.9	1.1	(11.8)	8.2	10.6	22.5	16.6	4.0	21.3	(5.5)
NIFTY PHARMA	10.1	(11.4)	33.6	16.6	1.1	(1.7)	(4.5)	(10.5)	6.7	(2.9)	(4.6)	14.6	12.0	9.1	12.9	3.4	16.7	4.1
NIFTY METAL	69.7	21.8	18.7	31.1	7.6	(1.6)	16.3	(27.4)	23.8	16.6	(18.2)	12.9	10.1	16.6	3.5	18.4	22.5	(2.7)
NIFTY INFRA	35.6	6.1	39.1	6.2	15.8	(1.5)	1.4	(7.9)	7.3	5.9	(3.1)	12.7	8.8	17.0	14.1	6.7	21.8	(2.8)
NIFTYMIDCAP	46.1	3.5	46.6	13.8	12.7	0.2	(2.5)	(10.9)	15.9	2.7	(4.7)	19.0	13.4	13.9	4.1	14.3	19.0	3.0
NIFTY SMALLCAP	59.3	(13.8)	55.6	20.0	11.9	3.7	(7.6)	(19.1)	11.8	3.1	(7.6)	20.5	17.6	18.8	0.8	18.9	19.9	6.2
NIFTY	24.1	4.3	20.0	7.0	12.1	(1.5)	0.6	(9.6)	8.3	5.9	(4.1)	10.5	2.3	10.7	2.7	5.3	8.2	1.1
USD/INR	73.9	78.6	82.6	73.8	74.1	75.0	75.2	77.3	79.8	82.2	82.3	82.2	82.7	83.3	83.0	83.4	83.2	83.4

Source: Bloomberg, Nirmal Bang Institutional Equities Research, Prices as of 19 June, 2024

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