

Infosys (INFTEC)

₹ 707

Strong revenue performance & deal wins...

- US\$ revenues grew 3.2% QoQ to \$2,921 million (above our estimate of 2.2%) mainly led by healthy growth in BFSI and retail. Constant currency (CC) revenues grew 4.2% QoQ vs. our estimate of 3% QoQ. Rupee revenues grew 7.7% QoQ to ₹ 20,609 crore
- At 23.7%, EBIT margins were flat QoQ mainly led by higher compensation (-100 bps), subcontracting cost (-50 bps) offset by rupee depreciation (+80 bps) and pricing, onsite mix (+70 bps)
- The board has declared an interim dividend of ₹ 7 per share

Strong deal wins, healthy recovery in BFSI to propel revenue growth...

Infosys reported a strong quarter on the revenue front as revenues grew 4.2% sequentially in constant currency terms led by volume growth of 2.8% and realisation of 0.9% QoQ. Growth was broad based among verticals and geographies. The highlight of the quarter was healthy recovery in BFSI (grew 5.8% QoQ in CC terms), improvement in digital revenues (grew 13.5% QoQ in CC terms) and strong large deal TCV (strong growth of 79.2% QoQ to ~US\$2 billion). As per the management commentary, client specific issues present in BFSI for the last many quarters have largely abated and expects spending by US clients to continue for the next few quarters. Considering healthy revenue performance in H1FY19 (in CC terms), full quarter consolidation of Fluidio acquisition in H2FY19, steady outlook across verticals and strong deal wins, we expect Infosys to surpass the upper band of its revenue guided range of 6-8% in constant currency terms in FY19E. Overall, we expect Infosys' \$ revenues to grow at 8.2% CAGR to US\$12.8 billion in FY18-20E.

Miss at margins, levers there to improve trajectory...

Infosys' EBIT margins were flat QoQ at 23.7%. Factors that played out at margin were rupee depreciation benefit (+80 bps), pricing & lower onsite mix (+70 bps) offset by higher variable pay (-100 bps) and higher subcontracting expenses & onsite localisation (-50 bps). On the margin outlook front, the company has retained EBIT margin band of 22-24% for FY19E. Despite higher investment in H2FY19E, we expect the company to achieve higher end of the guidance in FY19E mainly led by rupee tailwind. Further, higher share of digital (higher margin), employee pyramid accompanied by deal win conversion, strong execution would lead to margin up-tick in FY20E. Hence, we factor in EBIT margin 24.7% in FY20E.

Digital revenues inching up, growth of 32% YoY...

On the digital side, digital contribution to overall dollar revenues was at (31% vs. 25.2% in Q2FY18) \$905 million and grew 12.7% QoQ and 31.9% YoY. Core declined 0.6% QoQ. According to the management, investments in newer digital areas and people skills will continue. Hence, we believe it would prove to be beneficial for Infosys in terms of future deal wins and profitability.

Well poised for growth, recommend BUY...

Infosys reported a broad based performance and strong execution on the revenue front. Robust deal wins, recovery in BFSI and margin enhancement levers are expected to accelerate growth. Moreover, it is trading relatively at better valuation of 16x FY20E EPS (vs ~21X FY20E EPS for TCS). Hence, we upgrade our growth estimates and revise our recommendation on the stock to **BUY** with a revised target price of ₹ 800 (18x FY20E EPS).

Rating matrix		
Rating	:	Buy
Target	:	₹ 800
Target Period	:	12 months
Potential Upside	:	13%

What's Changed?	
Target	Changed from ₹ 705 to ₹ 800
EPS FY19E	Changed from ₹ 35.6 to ₹ 38.2
EPS FY20E	Changed from ₹ 39.2 to ₹ 44.2
Rating	Changed from Hold to Buy

Quarterly Performance					
	Q2FY19	Q2FY18	YoY (%)	Q1FY19	QoQ (%)
Revenue	20,609	17,567	17.3	19,128	7.7
EBIT	4,894	4,246	15.3	4,537	7.9
EBIT (%)	23.7	24.2	15.3	23.7	7.9
PAT	4,110	3,726	10.3	3,612	13.8

Key Financials				
₹ Crore	FY17	FY18	FY19E	FY20E
Net Sales	68,485	70,522	83,117	91,642
EBITDA	18,605	19,010	22,026	24,926
Net Profit	14,353	14,597	16,601	19,227
EPS (₹)	31.4	32.3	38.2	44.2

Valuation summary				
	FY17	FY18	FY19E	FY20E
P/E	22.5	21.9	18.5	16.0
Target P/E	25.5	24.7	21.0	18.1
EV / EBITDA	14.8	14.8	12.6	10.9
P/BV	4.7	4.9	4.3	3.9
RoNW (%)	20.8	22.5	23.1	24.5
RoCE (%)	28.8	30.9	31.6	33.2

Stock data	
Particular	Amount
Market Capitalization (₹ Crore)	307,517.9
Total Debt	-
Cash and Investments (FY18)	26,225.0
EV (₹ Crore)	281,292.9
52 week H/L	754 / 457
Equity capital	2,174.8
Face value	₹ 5

Price performance (%)				
TCS	(5.4)	(2.4)	23.2	51.7
Infosys	(7.5)	4.1	19.1	49.4
Wipro	(3.3)	16.8	10.8	8.3
HCL Tech	(8.2)	0.4	(1.2)	8.9

Research Analysts	
Devang Bhatt	
devang.bhatt@icicisecurities.com	
Deepthi Tayal	
deepthi.tayal@icicisecurities.com	

Variance analysis

	Q2FY19	Q2FY19E	Q2FY18	YoY (%)	Q1FY19	QoQ (%)	Comments
Revenue	20,609	20,267	17,567	17.3	19,128	7.7	Constant currency (CC) revenues grew 4.2% QoQ led by BFSI (5.8% QoQ) and retail (5.9% QoQ)
Employee expenses	12,818	12,444	10,771	19.0	11,852	8.2	
Gross Profit	7,791	7,823	6,796	14.6	7,276	7.1	
Gross margin (%)	37.8	38.6	38.7	-88 bps	38.0	-23 bps	
Selling & marketing costs	1,088	1,054	846	28.6	1,005	8.3	
G&A expenses	1,346	1,317	1,248	7.9	1,298	3.7	
EBITDA	5,357	5,452	4,702	13.9	4,973	7.7	
EBITDA Margin (%)	26.0	26.9	26.8	-77 bps	26.0	-1 bps	
Depreciation	463	507	456	1.5	436	6.2	
EBIT	4,894	4,945	4,246	15.3	4,537	7.9	
EBIT Margin (%)	23.7	24.4	24.2	-42 bps	23.7	3 bps	EBIT margins were below our expectation and were flat sequentially. Rupee depreciation benefit (+80 bps), pricing & lower onsite mix (+70 bps) were offset by higher variable pay (-100 bps) and higher subcontracting expenses & onsite localisation (-50 bps)
Other income	739	690	883	-16.3	726	1.8	
PBT	5,633	5,635	5,129	9.8	5,263	7.0	
Tax paid	1,523	1,578	1,403	8.6	1,381	10.3	
PAT	4,110	4,057	3,726	10.3	3,612	13.8	Reported PAT was above our estimate mainly on account of lower tax rate

Key Metrics

Closing employees	217,739	210,000	198,440	9.7	209,905	3.7	Net addition of 7,834 employees in the quarter
LTM attrition-standalone (%)	19.9	19.5	17.2	270 bps	20.6	-70 bps	
Utilisation -ex trainees (%)	85.6	85.2	84.7	90 bps	85.7	-10 bps	Utilisation declined marginally by 10 bps QoQ
Average \$/₹	70.6	70.0	64.4	9.6	67.6	4.4	

Source: Company, ICICI Direct Research

Change in estimates

(₹ Crore)	Old	FY19E New	% Change	Old	FY20E New	% Change	Comments
Revenue	79,476	83,117	4.6	91,051	91,642	0.6	Change in revenue estimates on account of strong quarter execution and deal wins along with change in exchange rate assumption
EBIT	19,074	19,948	4.6	21,852	22,635	3.6	
EBIT Margin (%)	24.0	24.0	0 bps	24.0	24.7	70 bps	We revise our FY20E margin estimates on digital growth and deal wins conversion
PAT	15,481	16,601	7.2	17,805	19,227	8.0	
EPS (₹)	35.6	38.2	7.2	40.9	44.2	8.0	

Source: Company, ICICI Direct Research

Assumptions

	FY17	FY18	Current FY19E	Earlier FY19E	Current FY20E	Earlier FY20E	
Closing employees	200,364	204,107	210,326	207,367	222,570	212,114	
Utilisation -ex trainees (%)	81.7	84.6	85.0	85.0	85.0	85.0	
Average \$/₹	67.1	64.5	71.0	68.3	71.5	68.5	Change in exchange rate assumptions on account of rupee depreciation

Source: Company, ICICI Direct Research

Conference Call Highlights

- a. **Revenue outlook-** For FY19E, Infosys has retained its revenue guidance to be in the range of 6-8% in constant currency terms. However, with healthy revenue performance in H1FY19 (in CC terms), full quarter consolidation of Fluidio acquisition in Q3FY19 (~US\$6.3 mn), steady outlook across verticals and strong deal wins, we expect Infosys to surpass the upper band of this guided range
- b. **Margin trajectory:** In terms of operating profit (EBIT) guidance also, the company has retained the EBIT margin range at 22-24%. Unchanged margin guidance for FY19E despite rupee movement is mainly on the back of increased focus on digital led growth, additional investments in H2FY19E, revitalising sales team and repurposing of talent
- c. **TCV:** Large deal TCV witnessed strong growth of 79.2% QoQ to US\$2 billion+. Infosys signed 12 new deals with seven in the US, four in Europe and one in RoW. Among verticals, financial services and manufacturing constituted three each, hi-tech- two and retail, communications & other- one each
- d. **Vertical commentary:** BFSI (32.2% of revenue) saw a turnaround in the quarter with 5.8% QoQ growth in constant currency. As per the management, client specific issues present in BFSI for the last many quarters have largely abated and expect spending by US clients to continue for the next few quarters. Retail (16.8% of revenue) saw another healthy quarter and grew 5.9% QoQ in CC terms (6.4% growth in Q1FY19). Sub segments in retail continue to see a structural shift though the pipeline is good. The management expects near term growth to be strong in communication while lifesciences & healthcare are expected to see some softness in coming quarters
- e. **Top client:** Top client (3.9% of revenue) and top 25 clients (34.7% of revenue) grew 8.8% and 2.6% sequentially
- f. **Employee update:** Employee count was at 217,739 with net addition of 7,834 employees in the quarter. Attrition (consolidated) and attrition (standalone) both witnessed a decline of 80 bps and 70 bps QoQ to 22.2% and 19.9%, respectively. The management indicated that it is taking steps to bring down the attrition levels. On the other hand, utilisation (ex-trainees) saw a marginal decline of 10 bps sequentially to 85.6%

Company Analysis

Exhibit 2: Geography wise split up

	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19
<u>Revenue by geography (%)</u>						
North America	61.1	60.6	60.4	59.4	60.0	60.3
Europe	22.4	23.2	24.4	24.8	24.3	24.0
India	3.6	3.3	3.0	2.8	2.6	2.5
ROW	12.9	12.9	12.2	13.0	13.1	13.2

Growth QoQ in \$ terms (%)

North America	1.2	2.1	0.7	0.1	1.9	3.7
Europe	4.6	6.6	6.2	3.5	-1.1	1.9
India	16.1	-5.7	-8.2	-5.0	-6.3	-0.8
ROW	7.4	2.9	-4.5	8.5	1.7	4.0

Source: Company, ICICI Direct Research

Exhibit 3: Vertical-wise split up

	%contribution to revenues Q2FY19	%contribution to revenues Q1FY19	US\$ growth QoQ (%)
Revenue by verticals (%)			
Financial Services	32.2	31.8	4.7
Retail	16.8	16.6	4.9
Communication	12.3	12.7	-0.4
Energy, Utilities, Resources & Services	12.3	12.4	1.9
Manufacturing	9.6	9.6	3.7
Hi Tech	7.5	7.4	3.5
Life Sciences	6.4	6.6	0.4
Others	2.9	2.9	0.8

Source: Company, ICICI Direct Research

Exhibit 4: Client & human resource matrix

	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19
<u>Client metrics</u>						
5 Million \$ clients	606	620	630	634	627	633
25 Million \$ clients	190	186	198	198	200	205
50 Million \$ clients	56	55	56	57	56	58
100 Million \$ clients	18	19	20	20	24	23

Headcount, Utilization & Attrition

Total Employees	198553	198440	201691	204107	209905	217739
Utilization (Excluding trainees)	84.0	84.7	84.9	84.7	85.7	85.6
LTM Attrition (Standalone)	16.9	17.2	15.8	16.6	20.6	19.9

Source: Company, ICICI Direct Research

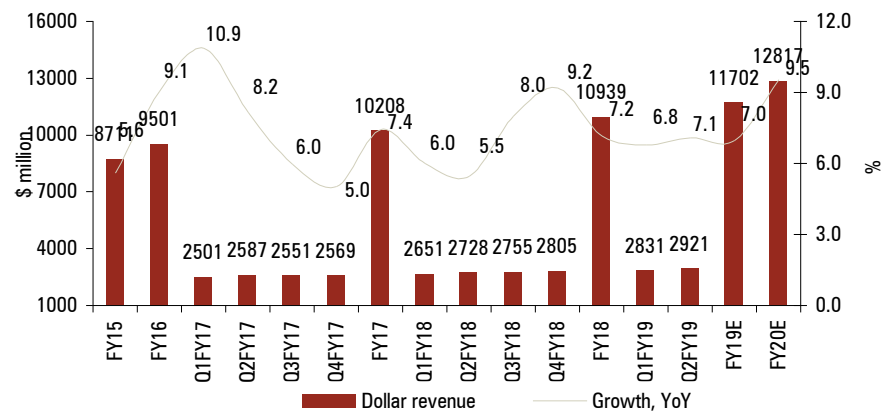
Growth was broad based across geographies

BFSI and retail led the growth and is expected to sustain the growth momentum

Attrition declined sequentially. The management indicated it is taking various steps to lower attrition levels. Utilisation declined marginally by 10 bps QoQ to 85.6%

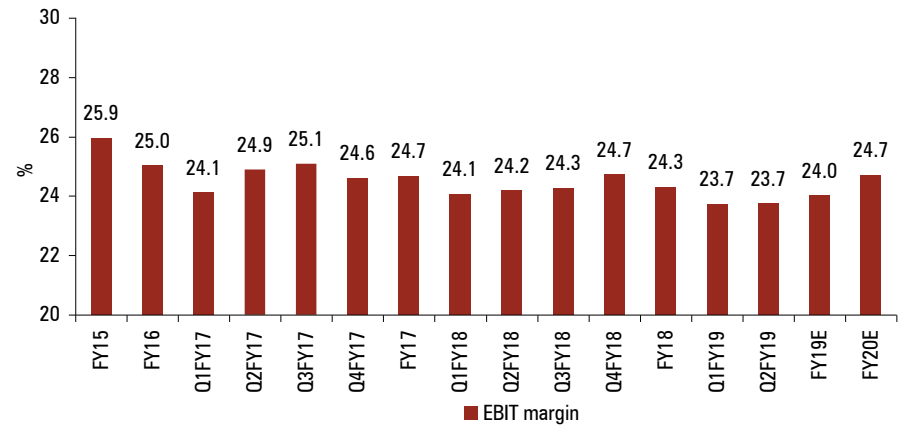
Financial story in charts

Exhibit 5: Dollar revenues may grow at 8.2% CAGR in FY18-20E



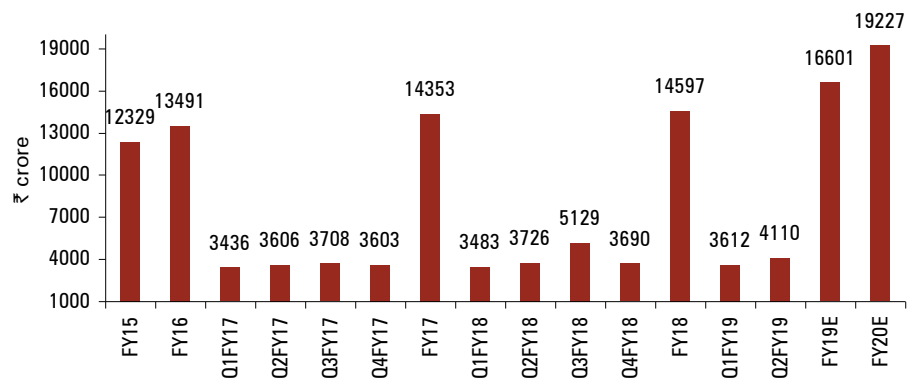
Source: Company, ICICI Direct Research

Exhibit 6: Change in margin estimates for FY20E



Source: Company, ICICI Direct Research

Exhibit 7: PAT trend



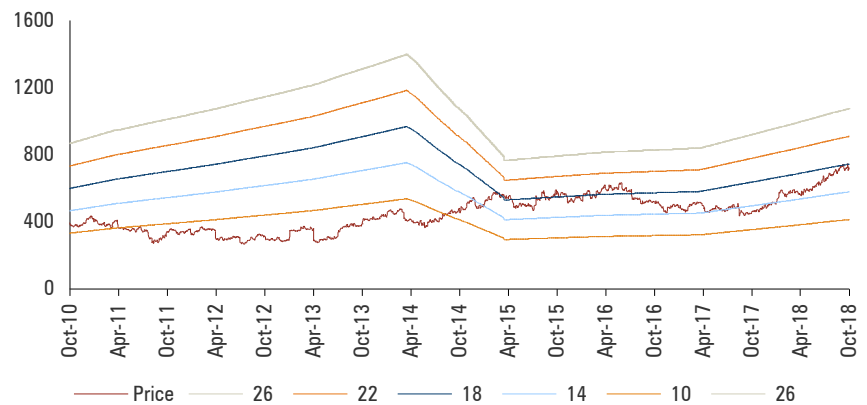
Source: Company, ICICI Direct Research

Outlook and valuation

Infosys reported Q2FY19 earnings with revenue above our expectations. There was a miss on the margin front on account of higher employee expenses. The highlight for Q2FY19 was strong large deal wins, healthy recovery in BFSI and improvement in digital revenues. Large deal TCV witnessed strong growth of 79.2% QoQ to ~US\$2 billion. BFSI grew 5.8% QoQ and digital (31% of revenues) grew 13.5% QoQ in CC terms. For FY19E, Infosys retained its revenue guidance in the range of 6-8% in constant currency terms and EBIT margin guidance range of 22-24%.

Infosys reported a broad based performance and strong execution on the revenue front. Robust deal wins, recovery in BFSI and margin enhancement levers are anticipated to accelerate growth. Moreover, it is trading relatively at better valuation of 16x FY20E EPS (vs ~21X FY20E EPS for TCS). Hence, we upgrade our growth estimates and revise our recommendation on the stock to BUY with a revised target price of ₹ 800 (18x FY20E EPS).

Exhibit 8: One year forward rolling PE



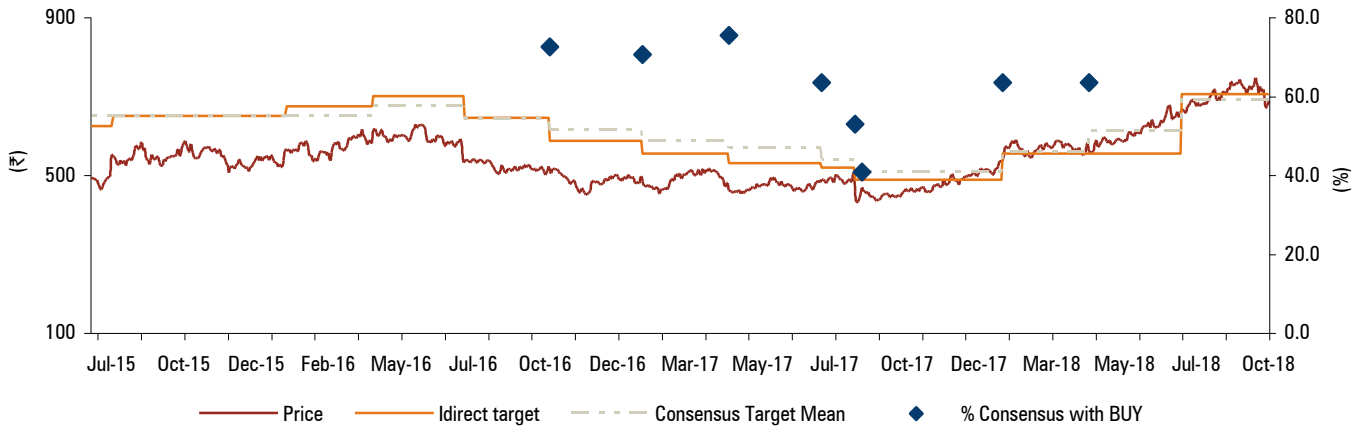
Source: Company, ICICI Direct Research

Exhibit 9: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY16	62,441	17.1	29.5	(45.3)	24.0	16.1	21.8	30.2
FY17	68,485	9.7	31.4	6.4	22.5	14.8	20.8	28.8
FY18	70,522	3.0	32.3	3.0	21.9	14.8	22.5	30.9
FY19E	83,117	17.9	38.2	18.1	18.5	12.6	23.1	31.6
FY20E	91,642	10.3	44.2	15.8	16.0	10.9	24.5	33.2

Source: Company, ICICI Direct Research

Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICI Direct Research

Key events

Date	Event
Jan-18	Infosys selected by Proximus, the largest telecommunications company in Belgium, to implement Excite – a business transformation program. Infosys entrusted with joint overall responsibility and ownership of the Greenfield Excite program, aimed at simplifying and remodelling the company's portfolio of products for the professional services market and digitising business transactions
Jan-18	Infosys enters into a strategic partnership with the AS Watson Group (ASW), the world's largest international health and beauty retailer, to accelerate ASW's digital transformation initiatives. Infosys appointed as an official technology partner by the AS Watson Group to provide technology services across data science and artificial intelligence
Apr-18	Infosys enters into a strategic multi-year partnership with Calix to accelerate communications service provider (CSP) adoption of AXOS, its Software Defined Access (SDA) platform. Calix and Infosys will jointly invest to co-create new services and value-added offerings on the AXOS platform
May-18	Infosys completes acquisition of WongDoody Holding Company, Inc, a US-based digital creative and consumer insights agency. The acquisition was for a consideration of up to \$75 million and is in line with the company's focus on digital led growth
Jun-18	Infosys announces voluntary delisting of its American Depositary Shares (ADSs) from the Euronext Paris and Euronext London exchanges
Sep-18	Infosys forms a joint venture (JV) with Singapore-based global investment firm Temasek, the global investment company. As part of the transaction, Infosys will acquire a 60% stake in the joint venture and Temasek will hold 40%. Infosys would leverage its digital skills, learning capabilities and transformation experience to help enhance operations across Temasek's global business
Sep-18	Infosys signs definitive agreement to acquire Fluidio, the leading Salesforce advisor and consulting partner in Nordics. The consideration for the acquisition is € 65 million (~₹ 545 crore). The deal value includes earn-out, management incentives and bonuses and is expected to close during Q3FY19
Sep-18	Infosys Public Services awarded a computer-aided design contract worth CAD \$80.3 million by Public Services and Procurement Canada (PSPC) to modernise and automate its procurement processes

Source: Company, ICICI Direct Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	DWS Investment GmbH	7-Sep-18	17.2%	745.7	744.3
2	Deutsche Asset Management Americas	30-Jun-18	17.1%	742.0	-17.8
3	Life Insurance Corporation of India	7-Sep-18	6.9%	299.0	1.7
4	Gopalakrishnan (Sudha)	7-Sep-18	3.2%	137.2	42.5
5	HDFC Asset Management Co., Ltd.	7-Sep-18	2.9%	125.9	2.6
6	The Vanguard Group, Inc.	7-Sep-18	2.6%	112.9	-3.9
7	BlackRock Institutional Trust Company, N.A.	30-Sep-18	2.4%	105.9	1.5
8	SBI Funds Management Pvt. Ltd.	31-Aug-18	1.9%	82.8	1.6
9	GIC Private Limited	7-Sep-18	1.9%	82.6	13.5
10	State Bank of India	7-Sep-18	1.9%	80.8	29.1

Source: Reuters, ICICI Direct Research

Shareholding Pattern

(in %)	Dec-17	Mar-18	Sep-18
Promoter	12.90	12.90	12.82
Public	86.61	86.61	86.70
Others	0.49	0.49	0.48
Total	100.00	100.00	100.00

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
DWS Investment GmbH	7488.3m	744.3m	Deutsche Asset Management Americas	-170.3m	-17.8m
Gopalakrishnan (Sudha)	427.1m	42.5m	ICICI Prudential Asset Management Co. Ltd.	-165.9m	-16.5m
Templeton Asset Management Ltd.	328.4m	34.4m	Franklin Advisers, Inc.	-65.9m	-6.6m
State Bank of India	293.1m	29.1m	Morgan Stanley Investment Management Inc. (US)	-43.2m	-4.8m
GIC Private Limited	135.9m	13.5m	APG Asset Management	-39.8m	-4.6m

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement		₹ Crore			
(Year-end March)	FY17	FY18	FY19E	FY20E	
Total operating Income	68,485	70,522	83,117	91,642	
Growth (%)	9.7	3.0	17.9	10.3	
COGS (employee expenses)	41,550	43,267	50,785	55,993	
Admin expenses	4,739	4,684	5,818	5,957	
S&M expenses	3,591	3,560	4,488	4,765	
Total Operating Expenditure	49,880	51,511	61,091	66,715	
EBITDA	18,605	19,010	22,026	24,926	
Growth (%)	8.9	2.2	15.9	13.2	
Depreciation	1,703	1,863	2,078	2,291	
Other Income	3,079	3,193	3,063	3,703	
PBT	19,951	20,270	22,741	26,338	
Total Tax	5,598	4,241	6,140	7,111	
PAT	14,353	14,597	16,601	19,227	
Growth (%)	6.4	1.7	13.7	15.8	
EPS (₹)	31.4	32.3	38.2	44.2	
Growth (%)	6.4	3.0	18.1	15.8	

Source: Company, ICICI Direct Research

Balance sheet		₹ Crore			
(Year-end March)	FY17	FY18	FY19E	FY20E	
Equity Capital	2,286	2,258	2,175	2,175	
Reserve and Surplus	66,696	62,666	69,749	76,237	
Total Shareholders funds	68,982	64,924	71,924	78,412	
Employee benefit obligations	-	48	48	48	
Debt	-	-	-	-	
Deferred Tax Liability	207	541	541	541	
Other non current liabilities	153	272	272	272	
Total Liabilities	69,342	65,785	72,785	79,273	
Assets	-	-	-	-	
Property, plant and equipment	11,716	12,143	12,565	12,774	
Goodwill	3,652	2,211	2,211	2,211	
Intangibles	776	247	247	247	
Available for sale assets	6,382	5,756	5,756	5,756	
Other assets	7,124	9,516	9,516	9,516	
Cash	22,625	19,818	23,948	29,066	
Current Investments	9,970	6,407	6,407	6,407	
Trade receivables	12,322	13,142	15,489	17,078	
Unbilled revenue	3,648	4,261	5,022	5,040	
Prepayment & O.fin.assets	4,856	6,373	7,511	8,282	
Other current assets	284	16	16	16	
Total Current Assets	53,705	50,017	58,394	65,889	
Trade payables	367	694	818	902	
Unearned revenue	1,777	2,295	2,705	2,982	
OCL & provisions	11,869	11,116	12,381	13,236	
Total Current Liabilities	14,013	14,105	15,903	17,120	
Net Current Assets	39,692	35,912	42,490	48,769	
Application of Funds	69,342	65,785	72,785	79,273	

Source: Company, ICICI Direct Research

Cash flow statement		₹ Crore			
(Year-end March)	FY17	FY18	FY19E	FY20E	
Profit after Tax	14,353	14,597	16,601	19,227	
Add: Depreciation	1,703	1,863	2,078	2,291	
(Inc)/dec in Current Assets	(2,214)	(1,899)	(4,246)	(2,377)	
Inc/(dec) in CL and Provisions	270	1,793	1,798	1,217	
Taxes paid	(5,653)	(6,829)	(6,140)	(7,111)	
CF from operating activities	14,063	14,559	13,168	16,655	
(Inc)/dec in Investments*	(9,976)	5,374	3,063	3,703	
(Inc)/dec in Fixed Assets	(2,760)	(1,998)	(2,500)	(2,500)	
CF from investing activities	(17,074)	3,111	563	1,203	
Dividend paid & dividend tax	(6,939)	(7,464)	(9,601)	(12,740)	
Others	-	5	-	-	
CF from financing activities	(6,939)	(20,505)	(9,601)	(12,740)	
Net Cash flow	(9,950)	(2,835)	4,130	5,118	
Exchange difference	(122)	81	-	-	
Opening Cash	32,697	22,625	19,818	23,948	
Closing Cash	22,625	19,818	23,948	29,066	

Source: Company, ICICI Direct Research

Key ratios		₹ Crore			
(Year-end March)	FY17	FY18	FY19E	FY20E	
Per share data (₹)					
EPS	31.4	32.3	38.2	44.2	
Cash EPS	35.1	36.5	42.9	49.5	
BV	151	144	165	180	
DPS	25.8	43.5	18.3	24.3	
Cash Per Share	49	44	55	67	
Operating Ratios (%)					
EBIT Margin	24.7	24.3	24.0	24.7	
PBT Margin	29.1	28.7	27.4	28.7	
PAT Margin	21.0	20.7	20.0	21.0	
Debtor days	66	68	68	68	
Unbilled revenue	18	20	20	20	
Creditor days	2	4	4	4	
Return Ratios (%)					
RoE	21	22	23	25	
RoCE	29	31	32	33	
RoIC	46	43	47	52	
Valuation Ratios (x)					
P/E	23	22	19	16	
EV / EBITDA	15	15	13	11	
EV / Net Sales	4	4	3	3	
Market Cap / Sales	4	4	4	3	
Price to Book Value	5	5	4	4	
Solvency Ratios					
Debt/EBITDA	-	-	-	-	
Debt / Equity	-	-	-	-	
Current Ratio	2	3	3	3	
Quick Ratio	2.5	2.8	2.7	2.7	

Source: Company, ICICI Direct Research

ICICI Direct coverage universe (IT)

Sector / Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE(%)		
	(₹)	TP(₹)	Rating		FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
Cyient (INFENT)	675	760	Hold	9,041	36.0	39.2	47.6	22.3	20.5	16.9	14.9	11.6	10.6	21.4	20.2	21.5	17.3	17.0	18.2
Eclerx (ECLSER)	1,069	1,120	Hold	4,522	72.9	72.2	80.3	15.1	15.2	13.7	10.7	9.8	8.6	28.2	28.4	28.9	24.1	20.9	21.2
Firstsource (FIRSOU)	63	87	Buy	5,332	4.8	5.1	6.1	16.0	14.8	12.4	12.9	11.1	9.2	13.0	16.4	17.5	13.9	13.7	14.9
HCL Tech (HCLTEC)	1,030	1,050	Hold	153,593	62.6	69.2	75.1	17.4	15.7	14.5	13.1	10.2	8.9	27.4	28.3	27.6	23.8	23.0	22.0
Infosys (INFTEC)	707	800	Buy	307,518	32.3	38.2	44.2	21.9	18.5	16.0	14.8	12.6	10.9	30.9	31.6	33.2	22.5	23.1	24.5
KPIT Tech (KPISYS)	213	300	Hold	6,168	12.9	17.8	21.1	24.1	17.4	14.7	15.4	11.3	9.4	15.5	19.4	20.2	13.9	16.7	16.8
MindTree (MINCON)	976	1,245	Hold	19,479	34.3	43.4	56.5	33.8	26.7	20.5	25.3	17.2	13.1	24.9	29.5	33.3	20.8	23.3	26.0
NIIT Technologies (NIITEC)	1,137	1,250	Buy	8,350	45.6	57.9	68.7	30.1	23.7	20.0	15.1	12.4	10.1	19.4	21.5	21.9	15.8	17.3	17.6
Persistent (PSYS)	690	925	Buy	5,703	40.5	47.8	55.2	17.6	14.9	12.9	10.4	8.1	6.7	19.8	20.9	21.4	15.2	15.9	16.3
TCS (TCS)	1,948	1,880	Hold	720,731	67.4	85.6	95.1	14.2	22.4	20.2	20.9	16.2	14.2	37.6	45.1	40.4	29.6	35.1	31.3
Tech Mahindra (TECMAH)	726	770	Buy	75,079	42.7	44.7	51.3	17.9	17.1	14.9	14.9	11.2	9.3	21.5	20.3	20.1	20.2	18.3	17.7
Wipro (WIPRO)	326	325	Buy	142,756	16.8	16.3	21.3	18.8	19.5	14.9	12.1	12.7	9.5	16.9	14.1	16.2	16.6	13.5	15.5

Source: Company, ICICI Direct Research

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Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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