

Results Preview



Company Name

Cyient
HCL Tech
Hexaware
Infosys
KPIT Tech
Mindtree
Mphasis
NIIT Tech
Persistent
Tata Elxsi
TCS
TechM
Wipro
Zensar

Two propitious strokes – one of order, the other of luck

- The usual second-quarter seasonal strength, coupled with the benefits from a favorable currency, is likely to drive a continued recovery for the technology sector.
- Revenue for Tier-I vendors is likely to increase by 9.4% YoY in constant currency terms (compared to 7.8% in 1QFY19 and 6.8% in 2QFY18), taking further strides toward entering a double-digit growth trajectory.
- INR depreciation and an improved performance are likely to act as margin tailwinds, driving stronger EBITDA growth. Also, with lower hedge gains being more than offset by sharp translation gains, PAT growth would come in even better.
- Growth and profitability trends are likely to be polarized, with USD revenue/EBITDA/PAT growth expected to be at 7%/18%/18% YoY for Tier-I and 15%/37%/45% YoY for Tier-II.
- Bottoming cyclical pressures will feed into valuation multiples favorably, while supportive currency movements will underpin earnings growth, in our view.

Expect uptrend in growth to continue

- The continued upward trajectory reinforces the outlook for Indian technology services. Considering the improving demand outlook, resonated in a pick-up in deal wins and more-so in commentary across verticals (especially in the crucial ones like BFSI) and supported by seasonal strength, we expect Tier-I to deliver CC revenue growth of 9.4% YoY for 2QFY19, as against 7.8% in 1QFY19 and 6.8% in 2QFY18.
- TCS is expected to deliver double-digit growth (12% YoY CC) this quarter. Other Tier-I vendors are expected to exhibit 150-300bp improvement in YoY growth rates in 2QFY19. For WPRO and HCLT, organic growth is expected to linger in the low-to-mid single-digit range.

Currency support on margins

- While the last year was characterized by moderate growth and profitability improvement (mainly led by efficiency enhancement), we believe better revenue growth and the near-term benefits of currency depreciation are likely to continue fueling margin expansion.
- We expect EBITDA margins to expand 100bp YoY to 24.6% in 2QFY19. On a sequential basis, too, the pressures of wage hikes and visa expenses are largely behind, likely driving margin expansion of 60bp QoQ.
- YoY margin expansion is likely to be the sharpest for TECHM (+290bp), followed by HCLT (+120bp) and TCS (+80bp). INFO and WPRO are likely to see YoY contraction in margins by 50bp – the former impacted by investments and the latter by multiple vertical/client/internal issues.

Translation gains to further boost bottom line

- Sharp INR depreciation in 2QFY19 (4% QoQ) should lead to a reduction in hedge gains, or hedge losses, depending on the cover and rate for various companies. However, on a closing basis, the INR has depreciated by 5% QoQ – this should result in very strong translation gains for the sector on the net monetary asset position denominated in foreign currency, further boosting PAT growth.

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- The quarter, thus, gets defined by two strokes – one of operational upgrades, and the other of currency – both working in favor of better numbers.

Watch out for INFO's guidance; reflection of BFS commentary in numbers

- INFO should continue guiding for 6-8% YoY growth in constant currency. We expect INFO to raise its margin guidance by 50bp, considering the more benign currency and the pre-determined nature of its investments.
- We expect TCS to continue its outlook of gradually accelerating revenue growth, thanks to the recent deal wins. The company should also retain its EBIT margin guidance of 26-28%.
- We expect WPRO's revenue growth to improve sequentially, especially given the recent deal wins. We are assuming a guidance of 1-3% QoQ CC for 3QFY19, hinged on commencement of revenue from the Alight deal.

Tier-II outperformance likely to continue

- These trends would also be exhibited in Tier-II providers, but to a larger extent, because of (a) company-specific factors resulting in mid-teens growth for several vendors over the last year and (b) higher exposure to the US as a geography (and currency) leading to a larger pass-through of benefits associated with the depreciation of the INR against the USD.
- Our expectations for USD revenue/EBITDA/PAT growth for the Tier-II coverage universe stand at 15/37/45% YoY, which signify another quarter of outperformance relative to Tier-I companies.

Valuation and view

- In our view, bottoming cyclical pressures and improved capital allocation are factors that will feed into valuation multiples favorably. Moreover, currency will keep earnings growth ticking further. That said, many stocks demonstrating the impact on earnings and increasing payouts already appear expensive. We remain selective on our picks, looking at both performance improvement and valuation comfort.
- Amongst the Tier-I, we prefer (i) **INFO** where valuations are expected to catch up with that of TCS as the performance gap narrows, now that INFO is also on the path to being free of past internal issues and (ii) **TECHM** because of the likelihood of it benefitting from a 5G-related spend uptick in the Communications vertical. **WPRO** appears to be an attractive tactical bet as it has been seeing a resolution of the several issues it had been facing.
- Amongst the Tier-II vendors, we prefer (i) **MTCL** where organic growth has resurrected sharply and the outlook amongst key customers continues to beam positivity, (ii) **ZENT** where restructuring led by the new leadership has finally started bearing fruit, placing growth in the mid-teens, like that for peers, and (iii) **PSYS** where underperformance (which will also continue in 2Q) has led to a considerable discount compared to peers, but strength in Digital and upside risks from recent investments (IBM IoT and other partnerships) have the potential to bring it back on the growth path.

Exhibit 1: Expected quarterly performance summary

Sector	CMP (INR)	RECO	Sales (INR M)			EBDITA (INR M)			Net Profit (INR M)		
			Sep-18	Var % YoY	Var % QoQ	Sep-18	Var % YoY	Var % QoQ	Sep-18	Var % YoY	Var % QoQ
Technology											
Cyient	759	Neutral	11,725	21.5	8.6	1,551	10.0	17.9	1,250	12.0	51.6
HCL Technologies	1,098	Neutral	146,724	18.0	5.7	34,329	24.4	6.4	27,220	24.4	13.2
Hexaware Tech.	431	Neutral	12,291	23.8	8.1	2,008	15.8	13.3	1,657	16.7	8.0
Infosys	744	Buy	204,008	16.1	6.7	53,594	14.0	7.8	41,513	11.4	6.9
KPIT Tech.	222	Neutral	10,771	17.6	6.2	1,325	46.9	7.9	982	62.7	18.9
Mindtree	1,075	Buy	17,809	33.7	8.6	2,767	79.6	19.8	2,241	120.3	41.6
Mphasis	1,163	Neutral	19,297	20.3	6.0	3,507	40.7	9.6	2,712	37.2	5.0
NIIT Tech.	1,168	Neutral	8,954	21.5	8.6	1,505	26.5	15.2	961	43.2	12.0
Persistent Systems	757	Buy	8,706	14.4	4.4	1,369	18.2	-2.3	934	13.0	6.9
Tata Elxsi	1,163	Buy	4,107	20.0	7.5	1,068	27.1	0.2	788	37.6	11.7
TCS	2,256	Neutral	364,394	19.3	6.4	100,367	22.9	10.6	77,907	20.9	6.1
Tech Mahindra	761	Buy	86,047	13.1	4.0	14,968	35.4	10.3	11,202	34.0	24.8
Wipro	331	Neutral	146,052	8.8	4.5	29,441	5.9	20.9	22,216	1.5	20.7
Zensar Tech	321	Buy	9,804	28.6	8.4	1,171	32.4	0.7	955	57.0	16.4
Technology Sector Aggregate			1,050,690	16.8	6.0	248,970	20.1	10.5	192,537	18.4	10.5

Exhibit 2: Across-the-board revenue acceleration; margins to benefit from INR depreciation

Company	Revenue (USD m)					Revenue (INR b)				
	2QFY19E	2QFY18	YoY (%)	1QFY19	QoQ (%)	2QFY19E	2QFY18	YoY (%)	1QFY19	QoQ (%)
TCS	5,191	4,739	9.5	5,051	2.8	364	305	19.3	343	6.4
Infosys	2,906	2,728	6.5	2,831	2.7	204	176	16.1	191	6.7
Wipro	2,028	2,014	0.7	2,026	0.1	146	134	8.8	140	4.5
HCLT	2,090	1,928	8.4	2,055	1.7	147	124	18.0	139	5.7
TECHM	1,226	1,179	3.9	1,224	0.1	86	76	13.1	83	4.0
Aggregate	13,440	12,588	6.8	13,187	1.9	947	816	16.1	895	5.8
Company	EBITDA Margin (%)					PAT (INR b)				
	2QFY19E	2QFY18	YoY (%)	1QFY19	QoQ (%)	2QFY19E	2QFY18	YoY (%)	1QFY19	QoQ (%)
TCS	27.5	26.7	80	26.5	110	78	64	20.9	73	6.1
Infosys	26.3	26.8	(50)	26.0	30	42	37	11.4	36	14.9
Wipro	20.2	20.7	(50)	17.4	270	23	21	6.6	22	2.9
HCLT	23.4	22.2	120	23.2	20	27	22	24.4	24	13.2
TECHM	17.4	14.5	290	16.4	100	11	8	34.0	9	24.8
Aggregate	24.6	23.9	60	23.5	100	180	153	17.8	164	9.7

Source: Company, MOSL

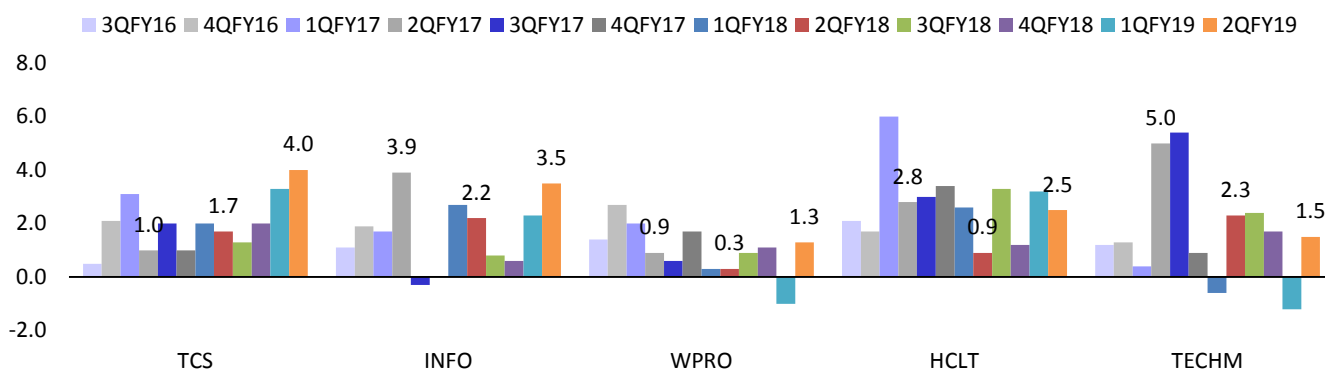
Exhibit 3: Tier-II in significantly better shape on revenue growth

Company	Revenue (USD m)					Revenue (INR b)				
	2QFY19E	2QFY18	YoY (%)	1QFY19	QoQ (%)	2QFY19E	2QFY18	YoY (%)	1QFY19	QoQ (%)
Persistent Systems	124	118	5.0	124	0.3	8.7	7.6	14.4	8.3	4.4
Hexaware	175	154	13.7	168	4.0	12.3	9.9	23.8	11.4	8.1
KPIT Tech.	153	142	8.1	151	1.9	10.8	9.2	17.6	10.1	6.2
Mindtree	254	206	23.0	242	5.0	17.8	13.3	33.7	16.4	8.6
Mphasis	276	242	13.8	269	2.7	19.3	16.0	20.3	18.2	6.0
Cyient	167	150	11.3	161	3.9	11.7	9.7	21.5	10.8	8.6
NIIT Tech	128	115	11.6	124	3.5	9.0	7.4	21.5	8.2	8.6
Zensar	140	119	17.8	135	3.5	9.8	7.6	28.6	9.0	8.4
Aggregate	1,743	1,517	14.9	1,692	3.0	122.3	98.2	24.5	114.1	7.1

Company	EBITDA margin (%)					PAT (INR b)				
	2QFY19E					2QFY18				
Persistent Systems	15.7	15.2	50	16.8	(110)	0.9	0.8	13.0	0.9	6.9
Hexaware	16.3	17.5	(110)	15.6	70	1.7	1.4	16.4	1.5	7.9
KPIT Tech.	12.3	9.9	240	12.1	20	0.3	0.2	46.3	0.2	18.4
Mindtree	15.5	11.6	400	14.1	140	2.2	1.0	120.3	1.6	41.6
Mphasis	5.4	5.2	20	5.0	40	2.7	2.0	37.2	2.6	5.0
Cyient	13.2	14.6	(140)	12.2	100	1.3	1.1	12.0	0.8	51.6
NIIT Tech	16.8	16.1	70	15.8	100	1.0	0.7	43.2	0.9	12.0
Zensar	11.9	11.6	30	12.9	(90)	1.0	0.6	57.0	0.8	16.4
Aggregate	12.9	11.6	130	12.5	40	15.3	10.6	45.1	12.9	18.5

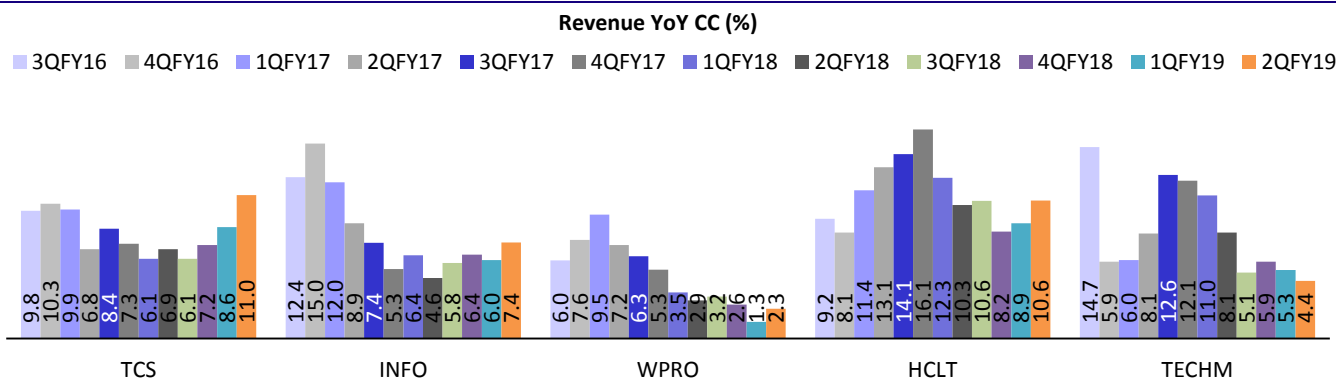
Source: Company, MOSL

Exhibit 4: Seasonal strength to favor 2Q growth (CC revenue growth, QoQ %)



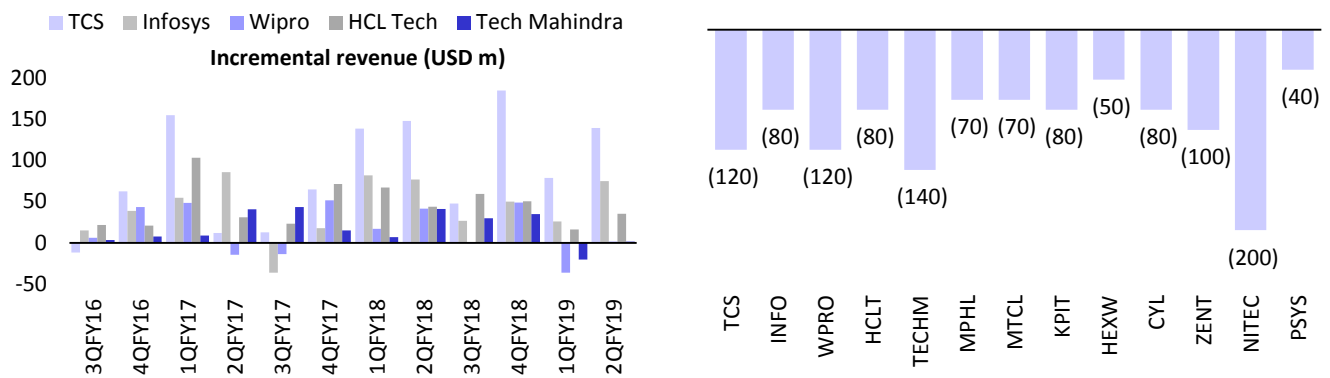
Source: Company, MOSL

Exhibit 5: YoY traction seen improving across the board



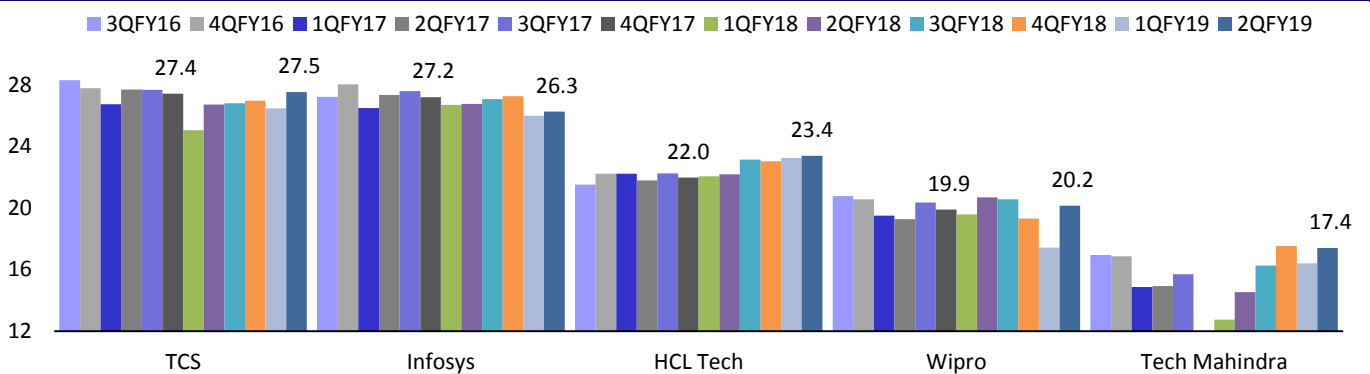
Source: Company, MOSL

Exhibit 6: Significant cross-currency headwinds this quarter



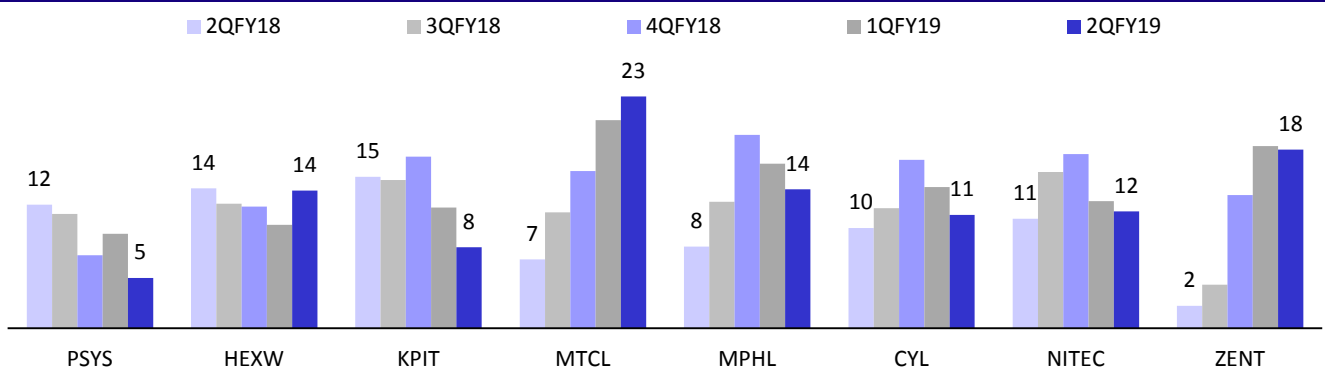
Source: Company, MOSL

Exhibit 7: YoY margin improvement seen across Tier 1



Source: Company, MOSL

Exhibit 8: Upward traction seen in all Tier-II vendors other than PSYS, CYL and KPIT (USD revenue growth, YoY %)



Source: Company, MOSL

Exhibit 9: 2QFY19 currency highlights (INR)

	Rates (INR)				Change (QoQ)			
	USD	EUR	GBP	AUD	USD	EUR	GBP	AUD
Average	70.1	81.5	91.4	51.3	4.5%	2.1%	0.2%	1.1%
Closing	72.5	84.0	94.6	52.3	5.9%	5.4%	5.1%	3.5%

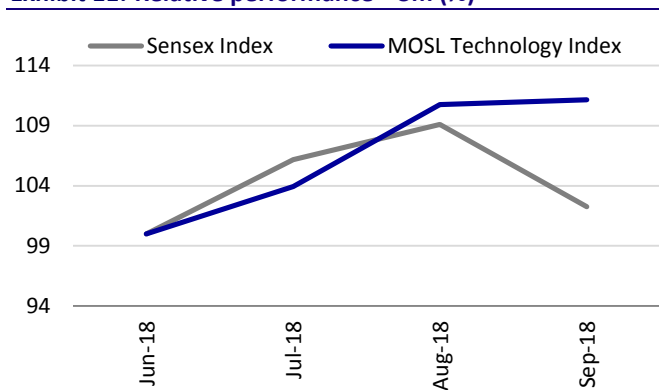
Source: Company, MOSL

Exhibit 10: 2QFY19 currency highlights (in USD)

	Rates (USD)			Change (QoQ)		
	EUR	GBP	AUD	EUR	GBP	AUD
Average	1.16	1.30	0.73	-2.4%	-4.2%	-3.3%
Closing	1.16	1.30	0.72	-0.7%	-1.3%	-2.4%

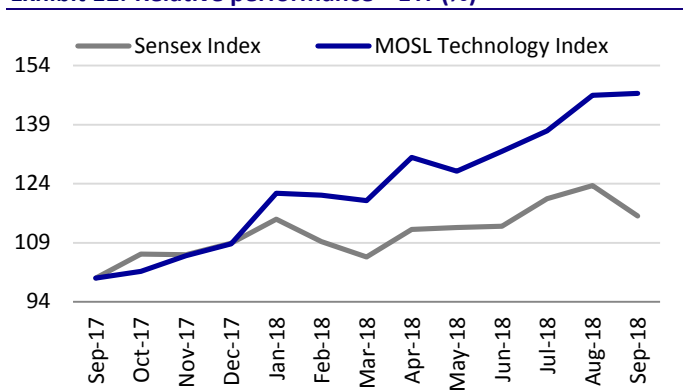
Source: Company, MOSL

Exhibit 11: Relative performance—3m (%)



Source: Bloomberg, MOSL

Exhibit 12: Relative performance—1Yr (%)



Source: Bloomberg, MOSL

Exhibit 13: Comparative valuation

Sector / Companies	Mkt Cap (USD B)	CMP (INR)	RECO	EPS (INR)			EPS Growth (%)			PE (x)			ROE (%)		
				FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
Cyient	1.2	759	Neutral	38.2	40.7	47.5	24.8	6.4	16.6	19.8	18.7	16.0	18.3	17.5	18.2
HCL Technologies	21.4	1,098	Neutral	62.6	75.2	82.2	4.5	20.1	9.4	17.5	14.6	13.4	25.0	26.2	25.5
Hexaware Tech.	1.8	431	Neutral	16.6	20.2	24.0	21.2	22.1	18.7	26.0	21.3	17.9	26.9	27.8	27.9
Infosys	46.9	744	Buy	32.4	38.2	44.2	3.1	18.1	15.5	23.0	19.5	16.9	24.1	26.3	27.9
KPIT Tech.	0.6	222	Neutral	12.7	17.7	19.5	6.1	39.8	10.3	17.5	12.5	11.4	15.4	18.3	16.8
Mindtree	2.5	1,075	Buy	34.4	51.7	63.2	38.0	50.4	22.4	31.3	20.8	17.0	18.8	28.3	28.8
Mphasis	3.4	1,163	Neutral	44.0	55.0	64.7	13.2	24.8	17.8	26.4	21.2	18.0	14.6	20.0	24.0
NIIT Tech.	1.0	1,168	Neutral	45.6	64.3	74.4	19.8	41.2	15.7	25.6	18.2	15.7	16.2	21.0	21.4
Persistent Systems	0.8	757	Buy	40.4	48.5	59.8	7.2	20.1	23.2	18.8	15.6	12.7	16.7	19.3	23.1
TCS	122.6	2,256	Neutral	66.0	84.9	91.0	-1.0	28.6	7.2	34.2	26.6	24.8	29.4	35.9	36.6
Tata Elxsi	1.0	1,163	Buy	38.7	49.0	56.7	37.7	26.6	15.6	30.0	23.7	20.5	37.6	36.8	29.9
Tech Mahindra	10.3	761	Buy	42.7	48.0	54.4	33.6	12.4	13.3	17.8	15.8	14.0	21.5	21.1	20.4
Wipro	20.6	331	Neutral	17.9	20.8	23.0	7.7	16.3	10.3	18.5	15.9	14.4	17.0	17.3	17.4
Zensar Tech	1.0	321	Buy	10.6	15.7	19.4	1.3	49.0	23.4	30.4	20.4	16.5	15.3	19.8	20.9
Sector Aggregate							5.0	16.0	10.0	25.6	22.1	20.0	24.1	26.0	26.0

Bloomberg	CYL IN
Equity Shares (m)	113
M.Cap.(INRb)/(USDb)	83.8 / 1.2
52-Week Range (INR)	887 / 501
1, 6, 12 Rel. Per (%)	10/-2/28

Financial Snapshot (INR b)

Y/E June	2017	2018	2019E	2020E
Sales	36.1	39.2	47.7	55.5
EBITDA	4.9	5.5	6.5	7.8
PAT	3.7	4.3	4.6	5.3
EPS (INR)	30.6	38.2	40.7	47.5
EPS Gr. (%)	(0.2)	24.8	6.4	16.6
BV/Sh. (INR)	188.7	208.9	232.8	260.7
RoE (%)	16.2	18.3	17.5	18.2
RoCE (%)	15.9	17.3	17.1	17.8
Payout (%)	34.3	34.0	32.0	27.4

Valuation

P/E (x)	23.9	19.2	18.0	15.4
P/BV (x)	3.9	3.5	3.1	2.8
EV/EBITDA (x)	15.3	13.5	11.0	8.9
Div yld (%)	1.4	1.8	1.8	1.8

CMP: INR759
TP: INR780 (+3%)
Neutral

- We expect CYL's USD revenue to grow 3.9% QoQ in 2QFY19. In the core services business, CYL's revenue is expected to increase by 3.0% QoQ (3.8% QoQ CC) v/s flat growth in the previous quarter.
- In Rangsons, post a weak 1Q, we expect a pick-up in revenue to USD20m (+11% QoQ), aiding consolidated growth.
- Margins are expected to expand 100bp QoQ to 13.2%. We expect the headwinds of wage hike and investments in the NBA program to be more than offset by INR depreciation and an improvement in margins in Rangsons.
- Our PAT estimate of INR1.3b represents an increase of 52% QoQ, led by seasonal strength in Services, normalization in Rangsons, INR depreciation and steep translation gains.
- The stock trades at 18.0x FY19E and 15.4x FY20E EPS. Maintain **Neutral**.

Key issues to watch for

- Update on trajectory of top customer
- Health and performance expectations of top customers
- Outlook for Rangsons

Quarterly Performance

Y/E March	(INR Million)								FY18	FY19E
	FY18				FY19					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	141	150	152	165	161	167	171	175	608	674
QoQ (%)	0.0	6.5	1.3	8.3	-2.3	3.9	2.3	2.5	13.0	10.9
Revenue (INR m)	9,070	9,654	9,834	10,618	10,800	11,725	12,390	12,790	39,176	47,704
YoY (%)	8.6	5.7	7.2	12.8	11.9	19.2	16.7	18.4	8.6	21.8
GPM (%)	34.9	35.4	35.6	34.8	34.3	34.3	34.6	35.7	35.2	34.7
SGA (%)	22.1	20.8	21.1	20.8	22.1	21.1	20.5	20.7	21.2	21.1
EBITDA	1,160	1,410	1,431	1,492	1,316	1,551	1,748	1,910	5,493	6,525
EBITDA Margin (%)	12.8	14.6	14.6	14.1	12.2	13.2	14.1	14.9	14.0	13.7
EBIT Margin (%)	9.9	11.9	11.8	11.6	9.5	10.9	11.9	12.7	11.3	11.3
Other income	350	407	273	409	170	417	123	156	1,439	865
ETR (%)	31.2	28.0	18.3	21.3	27.2	23.2	23.0	23.0	24.4	23.8
PAT	876	1,116	1,086	1,181	825	1,250	1,173	1,318	4,291	4,566
QoQ (%)	11.6	27.4	-2.7	8.7	-30.1	51.6	-6.2	12.4		
YoY (%)	18.4	14.7	15.5	50.4	-26.1	15.1	-0.7	59.7	16.0	6.4
EPS (INR)	7.8	9.9	9.7	10.5	7.4	11.2	10.5	11.8	38.2	40.7
Headcount	12,201	12,537	12,799	13,087	13,851	14,281	14,681	14,881	13,087	14,881
Util incl. trainees (%)	74.1	75.9	78.6	76.7	75.0	77.0	75.0	77.0		
Attrition (%)	16.6	14.2	16.8	16.9	16.9					
Offshore rev. (%)	40.4	41.2	42.8	44.0	41.9	43.0	43.0	43.0		

E: MOSL Estimates

HCL Technologies

Bloomberg	HCLT IN
Equity Shares (m)	1,413
M.Cap.(INRb)/(USDb)	1515.2 / 20.9
52-Week Range (INR)	1125 / 825
1, 6, 12 Rel. Per (%)	11/2/9

Financial Snapshot (INR b)

Y/E JUNE	2017	2018	2019E	2020E
Sales	467.2	505.7	602.7	679.8
EBITDA	103.1	114.4	141.7	158.1
PAT	84.6	87.8	102.7	111.9
EPS (INR)	59.8	62.6	75.2	82.2
EPS Gr. (%)	49.2	4.5	20.1	9.4
BV/Sh. (INR)	237.0	264.5	305.9	339.9
RoE (%)	27.5	25.0	26.2	25.5
RoCE (%)	25.3	22.6	24.3	24.4
Payout (%)	40.1	12.8	12.6	48.6
Valuation				
P/E (x)	18.3	17.5	14.6	13.3
P/BV (x)	4.6	4.1	3.6	3.2
EV/EBITDA (x)	13.8	12.5	9.6	8.4
Div yld (%)	2.2	0.7	0.9	3.7

CMP: INR1,098 TP: INR1,100 (+0%) Neutral

- We expect HCLT's revenue to grow by 2.5% QoQ on a CC basis, aided by revenue from new IP deals and the integration of Actian.
- Pressures from seasonality in IP and continued weakness in India are expected to weigh on organic growth in the quarter.
- Organic growth for the quarter is expected to be at 1.4% QoQ CC, similar to that achieved in the previous quarter. Integration of Actian is expected to add 110bp to this, taking CC growth to 2.5% QoQ and USD growth to 1.7% QoQ (80bp cross-currency headwind).
- EBIT margin is likely to inch up by 20bp QoQ to 19.9%, with IP seasonality and wage hikes offsetting most of the INR depreciation benefits. With this, we expect 20% EBIT margin for FY19, within the 19.5-20.5% guidance range.
- Adjusted PAT is likely to grow by 13% QoQ to INR27.2b.
- The stock trades at 14.6x FY19E and 13.3x FY20E EPS. Maintain **Neutral**.

Key issues to watch for

- Organic growth outlook
- Trajectory in IMS
- Traction in Digital and update on IP partnerships

Quarterly Performance

(INR Million)

Y/E March	FY18				FY19				FY18	FY19
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	1,884	1,928	1,988	2,038	2,055	2,090	2,154	2,206	7,838	8,505
QoQ (%)	3.7	2.3	3.1	2.5	0.8	1.7	3.1	2.4	12.4	8.5
Revenue (INR m)	1,21,490	1,24,340	1,28,080	1,31,790	1,38,780	1,46,724	1,56,167	1,61,059	5,05,700	6,02,730
YoY (%)	7.2	7.9	8.4	9.3	14.2	18.0	21.9	22.2	8.2	19.2
GPM (%)	33.7	34.0	34.3	35.0	34.4	34.7	36.1	36.1	34.3	35.4
SGA (%)	11.6	11.8	11.2	12.0	11.1	11.3	12.0	12.8	11.7	11.9
EBITDA (INRm)	26,810	27,590	29,640	30,360	32,260	34,329	37,637	37,431	1,14,400	1,41,657
EBITDA Margin (%)	22.1	22.2	23.1	23.0	23.2	23.4	24.1	23.2	22.6	23.5
EBIT Margin (%)	20.1	19.7	19.6	19.6	19.7	19.9	20.7	19.8	19.8	20.0
Other income	2,690	2,980	2,640	2,800	2,960	5,050	-223	749	11,110	8,537
ETR (%)	20.0	20.4	20.9	22.1	20.6	20.6	20.6	20.6	20.9	20.6
Adjusted PAT	21,710	21,880	21,940	22,290	24,040	27,220	25,454	25,973	87,820	1,02,687
QoQ (%)	7.2	0.8	0.3	1.6	7.9	13.2	-6.5	2.0		
YoY (%)	6.3	8.6	5.9	10.1	10.7	24.4	16.0	16.5	3.8	16.9
EPS	15.1	15.7	15.7	16.0	17.3	20.1	18.7	19.1	62.6	75.2
Headcount	1,17,781	1,19,040	1,19,291	1,20,081	1,24,121	1,26,471	1,29,821	1,33,071	1,20,081	1,33,071
Util excl. trainees (%)	85.7	86.0	85.8	85.9	85.5	86.7	87.7	88.7	83.7	84.1
Attrition (%)	16.2	15.7	15.2	15.5	16.3					
Fixed Price (%)	59.8	60.4	60.8	61.6	62.0					

E: MOSL Estimates

Hexaware Technologies

Bloomberg	HEXW IN
Equity Shares (m)	302
M.Cap.(INRb)/(USDb)	127.2 / 1.8
52-Week Range (INR)	557 / 262
1, 6, 12 Rel. Per (%)	9/4/45

Financial Snapshot (INR b)

Y/E DEC	2016	2017	2018E	2019E
Sales	35.3	39.4	47.2	56.6
EBITDA	5.7	6.6	7.6	9.8
PAT	4.2	5.0	6.1	7.3
EPS (INR)	13.7	16.6	20.2	24.0
EPS Gr. (%)	5.8	21.2	22.1	18.7
BV/Sh. (INR)	56.3	66.0	79.2	93.2
RoE (%)	26.5	26.9	27.8	27.9
RoCE (%)	24.2	24.6	25.3	28.1
Payout (%)	38.6	23.5	38.4	32.3

Valuation

P/E (x)	30.8	25.4	20.8	17.6
P/BV (x)	7.5	6.4	5.3	4.5
EV/EBITDA (x)	20.9	18.1	15.5	11.6
Div yld (%)	1.3	0.9	1.9	1.9

CMP: INR431 TP: INR460 (+7%) Neutral

- We expect USD revenue to increase by 4% QoQ, impacted by cross-currency headwinds to the tune of 50bp.
 - HEXW has been witnessing a pick-up in growth since 4QCY18, when it got past its client-specific issues. We expect a continual of that trend in this quarter as well.
 - EBITDA margin at 16.3% embeds an expansion of 70bp, primarily with strong revenue growth, INR depreciation and the absence of visa expenses more than offsetting offshore wage hikes.
 - Our PAT estimate for the quarter is INR1,657m, up 8% from the previous quarter, on the back of the strong operational performance and currency benefits.
 - The stock trades at 20.8x CY18E and 17.6x CY19E earnings.
- Neutral.**

Key issues to watch for

- Large deal pipeline and traction
- Health of top customers
- Margin outlook given recent currency movement

Quarterly Performance (Indian GAAP)

Y/E Dec	CY17				CY18				CY17	CY18E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	144.7	152.6	154.0	156.1	162.2	168.3	175.1	179.7	607	685
QoQ (%)	4.2	5.5	0.9	1.4	3.9	3.8	4.0	2.6	15.7	12.8
Revenue (INR m)	9,605	9,836	9,931	10,048	10,490	11,367	12,291	13,029	39,420	47,177
YoY (%)	17.1	13.1	9.8	6.8	9.2	15.6	23.8	29.7	11.5	19.7
GPM (%)	34.1	33.7	35.2	32.8	32.9	31.8	32.3	32.5	33.9	32.4
SGA (%)	17.2	17.4	17.7	16.9	17.4	16.2	16.0	16.0	17.3	16.3
EBITDA	1,623	1,598	1,734	1,599	1,626	1,773	2,008	2,156	6,554	7,563
EBITDA Margin (%)	16.9	16.2	17.5	15.9	15.5	15.6	16.3	16.5	16.6	16.0
EBIT Margin (%)	15.3	14.6	15.8	14.3	14.1	14.0	14.8	15.1	15.0	14.5
Other income	28	146	178	132	204	327	260	11	484	802
ETR (%)	23.8	22.9	18.9	23.0	20.0	20.0	20.5	20.5	22.0	20.3
PAT	1,139	1,224	1,420	1,211	1,343	1,534	1,657	1,574	4,994	6,108
QoQ (%)	-6.3	7.4	16.0	-14.7	10.9	14.2	8.0	-5.0	19.7	22.3
YoY (%)	35.3	22.5	27.5	-0.4	17.9	25.3	16.7	30.0	19.7	22.3
EPS (INR)	3.8	4.1	4.7	4.0	4.5	5.1	5.5	5.2	16.6	20.2
Headcount	12,734	13,098	13,488	13,705	14,619	15,357	16,135	16,601	13,705	16,601
Utilization (%)	78.9	80.8	79.7	80.9	81.3	78.2	77.0	77.0	81.4	80.2
Attrition (%)	14.9	13.8	13.7	13.1	13.4	14.4				
Offshore rev. (%)	35.5	35.3	34.6	34.9	34.6	34.8	34.5	34.6	35.1	34.6

E: MOSL Estimates

Infosys

Bloomberg	INFO IN
Equity Shares (m)	4,571
M.Cap.(INRb)/(USDb)	3179.5 / 43.9
52-Week Range (INR)	755 / 445
1, 6, 12 Rel. Per (%)	9/18/47

Financial Snapshot (INR b)

Y/E MAR	2017	2018	2019E	2020E
Sales	684.9	705.2	823.3	925.8
EBITDA	186.1	190.1	220.1	253.2
PAT	143.8	161.0	168.3	188.7
EPS (INR)	31.4	32.4	38.2	44.2
EPS Gr. (%)	6.4	3.1	18.1	15.5
BV/Sh. (INR)	151	143	147.1	169.5
RoE (%)	22.0	24.1	26.3	27.9
RoCE (%)	22.0	24.1	26.3	27.9
Payout (%)	40.9	45.4	104.1	43.0
Valuations				
P/E (x)	23.9	23.2	19.6	17.0
P/BV (x)	5.0	5.2	5.1	4.4
EV/EBITDA (x)	16.3	16.2	13.1	11.1
Div Yield (%)	1.7	2.2	2.3	2.5

CMP: INR744

TP: INR875 (+18%)

Buy

- Compared to the weak start to FY19 (0.9% QoQ CC growth in 1Q), we expect acceleration now, led by seasonal strength and an improvement in verticals like BFS, resulting in 3.5% QoQ CC growth for 2QFY19.
- Cross-currency headwinds are expected to result in 2.7% QoQ growth in USD terms.
- EBIT margin is expected to expand by 40bp QoQ to 24.1%, led by INR depreciation, partly offset by wage hikes and variable pay.
- With margins expected at the higher end of its guided range and most pressures for the year behind, we expect INFO to raise its annual EBIT margin guidance by 50bp.
- Our PAT estimate is INR41.5b (+7% QoQ), primarily led by higher growth and margin expansion.
- The stock trades at 19.6x FY19E and 16.3x FY20E earnings. **Buy.**

Key issues to watch for

- Update on internal stability of the company and strategy under the new leadership.
- Outlook for verticals like BFS and Retail.
- Commentary around margins in lieu of new investments and recent currency depreciation.

Quarterly Performance (IFRS)

Y/E March	FY18				FY19E				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	2,651	2,728	2,755	2,805	2,831	2,906	2,928	2,956	10,939	11,621
QoQ (%)	3.2	2.9	1.0	1.8	0.9	2.7	0.7	1.0	7.2	6.2
Revenue (INR m)	1,70,780	1,75,670	1,77,940	1,80,830	1,91,280	2,04,008	2,12,247	2,15,808	7,05,220	8,23,342
YoY (%)	1.8	1.5	3.0	5.6	12.0	16.1	19.3	19.3	3.0	16.7
GPM (%)	38.8	38.7	38.5	38.6	38.0	38.3	39.1	39.5	38.6	38.7
SGA (%)	12.1	11.9	11.4	11.4	12.0	12.0	12.0	12.0	11.7	12.0
EBITDA	45,610	47,020	48,170	49,310	49,730	53,594	57,443	59,314	1,90,100	2,20,081
EBITDA Margin (%)	26.7	26.8	27.1	27.3	26.0	26.3	27.1	27.5	27.0	26.7
EBIT Margin (%)	23.7	24.2	24.3	24.7	23.7	24.1	25.0	25.4	24.3	24.6
Other income	8,140	8,830	9,620	5,340	7,260	7,632	6,351	6,226	31,930	27,469
ETR (%)	28.2	27.4	2.9	26.3	26.2	27.0	27.0	27.0	20.9	26.8
PAT	34,880	37,260	36,970	36,900	38,820	41,513	43,348	44,606	1,61,030	1,68,287
QoQ (%)	-3.2	6.8	-0.8	-0.2	5.2	6.9	4.4	2.9		
YoY (%)	1.5	3.3	-0.3	2.4	11.3	11.4	17.3	20.9	12.0	4.5
EPS (INR)	7.6	8.1	8.1	8.5	8.3	9.5	10.0	10.4	32.4	38.2
Headcount	1,98,553	1,98,440	2,01,691	2,04,107	2,09,905	2,17,528	2,19,372	2,21,768	2,04,107	2,21,768
Util excl. trainees (%)	84.5	85.1	85.4	85.1	86.1	89.4	84.6	84.0	85.5	85.7

KPIT Technologies

Bloomberg	KPIT IN
Equity Shares (m)	200
M.Cap.(INRb)/(USDb)	41.9 / 0.6
52-Week Range (INR)	315 / 121
1, 6, 12 Rel. Per (%)	-21/-12/60

Financial Snapshot (INR b)

Y/E MAR	2017	2018	2019E	2020E
Sales	33.2	36.7	43.6	48.8
EBITDA	3.5	3.8	5.6	6.4
PAT	2.4	2.6	3.7	4.0
EPS (INR)	12.0	12.7	17.7	19.5
EPS Gr. (%)	-15.0	6.1	39.8	10.3
BV/Sh. (INR)	79.3	91.1	110.4	130.6
RoE (%)	16.1	15.4	18.3	16.8
RoCE (%)	15.9	15.8	20.8	20.8
Payout (%)	16.7	15.8	11.3	10.2

Valuations

P/E (x)	18.6	17.5	12.5	11.4
P/BV (x)	2.8	2.4	2.0	1.7
EV/EBITDA (x)	11.4	10.2	6.5	5.1
Div yld (%)	0.9	0.9	0.9	0.9

CMP: INR222 TP: INR320 (+44%) Neutral

- We expect revenue to increase by 2.7% QoQ in constant currency terms. As seen in recent quarters, we expect the strength in Engineering to be partly weighed upon by weakness in IT services.
- In USD terms, revenue is expected to grow by 1.9% QoQ, implying cross-currency headwinds of 80bp.
- We expect margins for KPIT to expand sequentially by 20bp to 12.3%. We expect this to be a function of wage hikes (-230bp), absence of one-time expenses from 1Q (+100bp), INR depreciation (+120bp) and operational efficiencies (+30bp).
- Our PAT estimate of INR982m (+19% QoQ) is a function of higher other income, led by translation gains.
- KPIT trades at 12.5x FY19E and 11.4x FY20E earnings. **Neutral.**

Key issues to watch for

- Growth in PES and top client
- Update on the deal with Birlasoft
- Levers on further recouping of profitability

Quarterly Performance

Y/E March	FY18				FY19				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY18	FY19E
Revenue (USD m)	134	142	141	150	151	153	154	157	568	616
QoQ (%)	4.8	5.7	-0.7	6.5	0.2	1.9	0.7	1.8	14.8	8.5
Revenue (INR m)	8,704	9,160	9,128	9,664	10,138	10,771	11,198	11,478	36,656	43,586
YoY (%)	8.4	10.2	9.9	12.6	16.5	17.6	22.7	18.8	10.3	18.9
GPM (%)	26.7	28.1	30.7	31.3	32.0	32.1	32.4	32.8	29.3	32.3
SGA (%)	17.6	18.2	19.9	19.9	19.9	19.8	19.5	19.1	18.9	19.6
EBITDA	795	902	989	1,099	1,229	1,325	1,454	1,562	3,785	5,570
EBITDA Margin (%)	9.1	9.9	10.8	11.4	12.1	12.3	13.0	13.6	10.3	12.8
EBIT Margin (%)	6.9	7.8	8.6	8.7	9.4	9.7	10.5	11.1	8.0	10.2
Other income	121	114	25	191	162	268	7	42	450	479
Interest	26	26	24	29	54	52	49	47	104	201
ETR (%)	23.4	24.4	21.3	16.5	25.0	22.5	22.5	22.5	21.1	22.5
PAT	555	603	619	838	826	982	877	985	2,616	3,670
QoQ (%)	3.3	8.7	2.6	35.4	-1.5	18.9	-10.6	12.3		
YoY (%)	0.9	7.4	-15.9	56.0	48.7	62.7	41.7	17.5	9.7	40.3
EPS (INR)	2.8	3.0	3.1	3.8	3.9	4.8	4.3	4.8	12.7	17.7
Headcount	12,261	11,946	12,211	12,527	12,951	13,311	13,520	13,729	12,527	13,729
Util excl. trainees (%)	68.8	70.2	70.8	73.0	71.2	75.5	74.3	74.5	70.7	73.9
Offshore rev. (%)	44.8	43.2	43.0	44.5	43.2	44.6	44.3	44.4	43.9	44.1
Fixed Price (%)	34.8	36.2	38.0	38.4	39.6					

E: MOSL Estimates

MindTree

Bloomberg	MTCL IN
Equity Shares (m)	168
M.Cap.(INRb)/(USDb)	169.7 / 2.3
52-Week Range (INR)	1182 / 464
1, 6, 12 Rel. Per (%)	6/24/108

Financial Snapshot (INR b)

Y/E MARCH	2017	2018	2019E	2020E
Sales	52.4	54.6	72.3	86.8
EBITDA	7.2	7.4	11.9	15.0
PAT	4.2	5.0	8.5	10.4
EPS (INR)	24.9	34.4	51.7	63.2
EPS Gr. (%)	-30.6	38.0	50.4	22.4
BV/Sh. (INR)	153.0	166.7	198.5	240.1
RoE (%)	16.8	18.8	28.3	28.8
RoCE (%)	20.1	20.6	33.8	36.4
Payout (%)	40.2	32.0	29.0	28.5
Valuation				
P/E (x)	42.4	30.7	20.4	16.7
P/BV (x)	6.9	6.3	5.3	4.4
EV/EBITDA (x)	23.2	21.9	13.3	10.3
Div Yld (%)	0.9	1.0	1.4	1.7

CMP: INR1,075 TP: INR1,260 (+17%) Buy

- 1QFY19 was particularly strong for MTCL with 8.2% QoQ CC growth. Growth on that base is expected to moderate slightly, but still remain strong.
- With this, we expect CC revenue growth of 5.7% QoQ; cross-currency headwinds of 70bp would mean USD revenue growth lands at 5.0% QoQ in 2QFY19.
- EBITDA margin is expected to expand by 140bp QoQ to 15.5%, primarily because of INR depreciation, absence of wage hikes and absence of the Stanford endowment (60bp).
- Our PAT estimate for the quarter is INR2.24b, which implies sequential growth of 42%. MTCL's higher sensitivity to INR/USD movement on operating margins, lower outstanding hedges and translation gains should benefit bottom-line growth in this quarter.
- The stock trades at 20.4x FY19E and 16.7x FY20E earnings. **Buy.**

Key issues to watch for

- Update on the health of top clients, and trajectory expected through the rest of the year
- Margin trajectory, going forward, given improvement in organic growth and in acquired entities
- Deal wins during the quarter and growth in Digital

Quarterly Performance

Y/E March	(INR Million)								FY18	FY19E
	FY18				FY19E					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	200	206	214	226	242	254	259	265	847	1,019
QoQ (%)	2.3	3.0	3.9	5.5	6.8	5.0	2.0	2.6	8.6	20.4
Revenue (INR m)	12,895	13,316	13,777	14,640	16,395	17,809	18,761	19,374	54,628	72,339
YoY (%)	-2.9	2.8	6.4	11.1	27.1	33.7	36.2	32.3	4.3	32.4
GPM (%)	34.9	32.4	35.1	36.5	36.6	38.0	39.0	39.8	34.8	38.4
SGA (%)	23.8	20.8	20.0	20.4	22.5	22.5	22.0	21.0	21.2	22.0
EBITDA	1,435	1,541	2,074	2,355	2,310	2,767	3,190	3,635	7,405	11,902
EBITDA Margin (%)	11.1	11.6	15.1	16.1	14.1	15.5	17.0	18.8	13.6	16.5
EBIT Margin (%)	7.3	8.0	11.7	13.1	11.5	13.1	14.7	16.5	10.1	14.1
Other income	368	368	8	464	279	735	163	293	1,208	1,469
ETR (%)	28.6	28.9	15.6	28.7	26.8	27.0	27.0	27.0	25.6	27.0
Adj. PAT	931	1,017	1,364	1,695	1,582	2,241	2,129	2,547	5,007	8,499
QoQ (%)	-4.2	9.3	34.1	24.3	-6.7	41.6	-5.0	19.6		
YoY (%)	-24.6	7.3	32.3	74.4	70.0	120.3	56.1	50.2	19.6	69.7
EPS (INR)	7.2	7.4	8.6	11.1	9.6	13.6	12.9	15.5	34.4	51.7
Headcount	16,561	16,910	17,200	17,723	18,990	19,890	20,510	20,870	17,723	20,870
Util incl. trainees (%)	73.2	73.2	72.8	73.8	75.4	75.0	73.0	73.5	73.3	74.2
Attrition (%)	14.0	13.0	12.6	12.5	12.2					
Fixed Price (%)	52.9	55.5	56.4	56.8	56.4					

E: MOSL Estimates

Mphasis

Bloomberg	MPHL IN
Equity Shares (m)	210
M.Cap.(INRb)/(USD\$b)	226.7 / 3.1
52-Week Range (INR)	1278 / 606
1, 6, 12 Rel. Per (%)	1/29/77

Financial Snapshot (INR b)

Y/E MAR	2017	2018	2019E	2020E
Sales	60.8	65.5	78.1	90.0
EBITDA	9.7	10.6	13.6	16.3
PAT	8.2	8.5	10.2	12.0
EPS (INR)	38.9	44.0	55.0	64.7
EPS Gr. (%)	12.9	13.2	24.8	17.8
BV/Sh. (INR)	292.4	283.6	243.7	283.9
RoE (%)	13.2	14.6	20.0	24.0
RoCE (%)	12.4	13.8	19.0	23.7
Payout (%)	43.7	45.4	146.1	43.3
Valuations				
P/E (x)	29.9	26.5	21.2	18.0
P/BV (x)	4.0	4.1	4.8	4.1
EV/EBITDA(x)	22.5	19.2	15.6	12.1
Div yld (%)	1.5	1.7	6.9	2.4

CMP: INR1,163 TP: INR1,050 (-1%) Neutral

- Strong growth in both HP channel and Direct channel is expected to drive 3.4% QoQ CC growth for MPHL in 2QFY19.
- Cross-currency headwinds of 70bp would pull USD revenue growth down to 2.7% QoQ.
- This would mark another quarter of strong YoY growth at 13.8%.
- We expect EBIT margin to expand by 60bp to 17.2%, slightly higher than the guided band of 15-17%.
- Our PAT estimate is INR2.7b (+5% QoQ). Higher PAT would be led by an improved operating performance and higher other income (led by translation gains).
- The stock trades at 21.2x FY19E and 18.0x FY20E EPS. **Neutral**.

Key issues to watch for

- Outlook for Digital Risk
- Strategy changes, roadmap under the new leadership, and outlook for FY19
- Traction in Direct International channel and the Blackstone portfolio

Quarterly Performance

Y/E March	(INR Million)								FY18	FY19E
	FY18				FY19					
	Jun 17	Sep 17	Dec 17	Mar 18	Jun 18	Sep 18	Dec 18	Mar 19		
Revenue (USD m)	231	242	252	264	269	276	279	285	989	1,109
QoQ (%)	4.2	4.9	3.8	5.0	1.7	2.7	1.2	2.0	10.7	12.1
Revenue (INR m)	15,360	16,047	16,607	17,445	18,202	19,297	20,045	20,573	65,459	78,117
YoY (%)	1.3	5.7	8.1	15.8	18.5	20.3	20.7	17.9	7.7	19.3
GPM (%)	27.3	27.5	27.6	28.5	28.9	30.9	29.4	30.0	27.7	29.8
SGA (%)	12.4	12.1	11.1	10.7	11.2	12.7	12.8	12.8	11.5	12.4
EBITDA	2,295	2,493	2,742	3,095	3,201	3,507	3,327	3,531	10,625	13,566
EBITDA Margin (%)	14.9	15.5	16.5	17.7	17.6	18.2	16.6	17.2	16.2	17.4
EBIT Margin (%)	13.8	14.4	15.5	16.8	16.6	17.2	15.7	16.3	15.1	16.4
Other income	469	375	354	422	449	428	94	192	1,620	1,163
ETR (%)	26.9	25.4	26.0	26.0	24.7	27.5	27.5	27.5	25.4	26.8
PAT	1,872	1,977	2,150	2,507	2,583	2,712	2,338	2,558	8,507	10,191
QoQ (%)	-3.2	5.6	8.8	16.6	3.0	5.0	-13.8	9.4		
YoY (%)	-8.4	-8.7	5.2	29.6	38.0	37.2	8.7	2.0	3.9	19.8
EPS (INR)	9.1	10.2	11.1	12.3	13.4	14.1	12.1	13.8	44.0	55.0
Headcount	21,878	22,183	22,335	22,264	22,566	22,855	23,350	23,795	22,264	23,795
Net Additions	-101	305	152	-71	302	289	495	445	285	1531
HP Channel rev. (%)	25.8	26.1	26.0	27.0	27.4					
Fixed Price (%)	21.3	22.6	24.8	26.3	26.5					

E: MOSL Estimates

NIIT Technologies

Bloomberg	NITEC IN
Equity Shares (m)	61
M.Cap.(INRb)/(USDb)	67.3 / 0.9
52-Week Range (INR)	1425 / 540
1, 6, 12 Rel. Per (%)	-12/17/83

Financial Snapshot (INR b)

Y/E MARCH	2017	2018	2019E	2020E
Sales	27.8	29.9	36.4	42.3
EBITDA	4.6	5.0	6.3	7.5
PAT	2.6	2.8	4.0	4.6
EPS (INR)	38.0	45.6	64.3	74.4
EPS Gr. (%)	-16.9	19.8	41.2	15.7
BV/Sh. (INR)	286.5	288.5	323.2	371.3
RoE (%)	13.7	16.2	21.0	21.4
RoCE (%)	15.9	16.2	19.2	20.3
Payout (%)	32.9	32.9	29.5	29.6
Valuations				
P/E (x)	29.7	24.8	17.6	15.2
P/BV (x)	3.9	3.9	3.5	3.0
EV/EBITDA (x)	13.8	12.3	9.6	7.5
Div Yld (%)	1.1	1.3	1.7	1.9

CMP: INR1,168 TP: INR1,100 (-6%) Neutral

- Minus the seasonal impact of GIS and ramp down of Morris, NITEC saw strong growth across verticals in 1Q. We expect this trend to continue, leading to 5% QoQ CC growth in 2QFY19.
- However, cross-currency headwinds would shave off 200bp of this growth, resulting in 3.0% QoQ growth in USD terms.
- We expect EBITDA margin to expand by 100bp QoQ to 16.8% in the absence of wage hikes, visa expenses and revenue pressures. The benefit of INR depreciation would be limited though, since hedge losses would be booked in revenue.
- Our PAT estimate is INR961m (+12% QoQ), primarily led by strength in the operating performance.
- The stock trades at 17.6x FY19E and 15.2x FY20E earnings. **Neutral.**

Key issues to watch for

- Traction in Digital and the international business
- Progress on development of strategy under new leadership
- Deal wins and outlook for the year

Quarterly Performance (IND-AS)

(INR Million)

Y/E March	FY18				FY19				FY18	FY19E
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Rev. (USD m) Ex. forex & bought outs	110	115	117	122	124	128	130	134	464	517
QoQ (%)	5.5	4.4	1.7	4.7	1.7	3.0	1.8	3.2	13.6	11.6
Revenue (INR m)	7,089	7,372	7,565	7,888	8,249	8,954	9,388	9,765	29,914	36,356
YoY (%)	5.7	6.4	9.0	9.9	16.4	21.5	24.1	23.8	7.8	21.5
GPM (%)	35.4	35.0	36.4	36.6	34.1	35.2	36.1	37.2	35.9	35.7
SGA (%)	19.8	18.9	19.3	18.6	18.2	18.4	18.4	18.4	19.1	18.4
EBITDA (INRm)	1,108	1,190	1,296	1,418	1,307	1,505	1,658	1,837	5,012	6,307
EBITDA Margin (%)	15.6	16.1	17.1	18.0	15.8	16.8	17.7	18.8	16.8	17.3
EBIT Margin (%)	11.2	11.5	13.0	14.1	12.1	13.0	13.9	15.0	12.5	13.5
Other income	58	87	5	148	209	212	169	117	298	707
ETR (%)	34.7	21.8	16.5	22.8	24.9	25.0	25.0	25.0	23.5	25.0
Minority Interest	42.0	61.0	70.0	112.0	46.0	72.3	75.1	76.3	285.0	269.6
PAT	513	671	757	861	858	961	1,027	1,110	2,802	3,956
QoQ (%)	-30.6	30.8	12.8	13.7	-0.3	12.0	6.9	8.1	25.2	41.2
YoY (%)	80.0	13.7	21.3	16.5	67.3	43.2	35.7	29.0		
EPS (INR)	8.7	11.4	12.3	14.0	14.0	15.6	16.7	18.1	46.4	64.3
Headcount	8,963	9,022	9,081	9,423	9,764	9,944	10,044	10,344	9,423	10,344
Util excl. trainees (%)	81.2	79.5	79.0	79.5	80.1	80.0	79.0	80.0	79.8	79.8
Attrition (%)	12.1	11.4	11.4	10.5	10.1					
Offshore rev. (%)	40.0	39.0	39.0	39.0	36.0				39.2	35.9
Fixed Price (%)	49.0	48.0	46.0	46.0	47.0					

E: MOSL Estimates

Persistent Systems

Bloomberg	PSYS IN
Equity Shares (m)	80
M.Cap.(INRb)/(USDb)	62.8 / 0.9
52-Week Range (INR)	915 / 629
1, 6, 12 Rel. Per (%)	-1/4/6

Financial Snapshot (INR b)

Y/E MARCH	2017	2018	2019E	2020E
Sales	28.8	30.3	35.9	41.3
EBITDA	4.7	4.7	6.1	7.3
Adj. PAT	3.1	3.2	3.9	4.8
Adj. EPS (INR)	37.7	40.4	48.5	59.8
EPS Gr. (%)	1.4	7.2	20.1	23.2
BV/Sh.(INR)	244.5	254.1	264.8	267.8
RoE (%)	17.0	16.7	19.3	23.1
RoCE (%)	16.7	16.0	15.9	18.6
Payout (%)	23.9	24.8	28.9	26.8

Valuations

P/E (x)	20.2	18.8	15.7	12.7
P/BV (x)	3.1	3.0	2.9	2.8
EV/EBITDA (x)	11.0	10.7	8.1	6.7
Div. Yield (%)	1.2	1.3	1.8	2.1

CMP: INR757
TP: INR950 (+25%)
Buy

- We expect 0.7% QoQ CC growth in revenue for PSYS in 1QFY19. This would be a function of strength in Digital, offset by pressure in IP revenue and in revenue from IBM IoT.
- With this, we also expect flattish margin trends (+10bp QoQ to 16.9%) despite the INR depreciation.
- Pressure in IP revenue and wage hikes are expected to result in a contraction of EBITDA margin to the tune of 110bp, despite INR depreciation. Management had cited a 250bp impact because of wage hikes.
- Our PAT estimate for the quarter is INR934m, up 6.9% QoQ, primarily because of higher other income (increased translation gains).
- The stock trades at 15.7x FY19E and 12.7x FY20E earnings. **Buy**.

Key issues to watch for

- Performance and outlook for top clients in ISV (ex-IBM)
- Commentary on traction with Enterprise customers and potential of winning large deals in Digital
- Outlook on sustainable profit margins in the near-to-medium term

Quarterly Performance (IFRS)

(INR Million)

Y/E March	FY18				FY18E				FY18	FY19E
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	113.0	118.1	122.5	117.0	123.6	124.0	128.4	130.3	471	506
QoQ (%)	3.6	4.5	3.8	-4.6	5.7	0.3	3.5	1.6	9.7	7.6
Revenue (INR m)	7,280	7,613	7,919	7,525	8,343	8,706	9,306	9,515	30,337	35,870
QoQ (%)	0.1	4.6	4.0	-5.0	10.9	4.4	6.9	2.3		
YoY (%)	3.7	8.1	6.2	3.5	14.6	14.4	17.5	26.4	5.4	18.2
GPM (%)	34.3	34.4	36.7	34.6	35.6	34.3	35.4	36.4	35.0	35.4
SGA (%)	20.0	19.2	19.4	19.9	18.8	18.1	17.7	18.0	19.6	18.4
EBITDA	1,044	1,158	1,375	1,111	1,400	1,369	1,601	1,748	4,687	6,119
EBITDA Margin (%)	14.3	15.2	17.4	14.8	16.8	15.7	17.2	18.4	15.5	17.1
EBIT Margin (%)	9.0	10.2	12.4	9.2	12.0	11.1	12.8	14.1	10.2	12.5
Other income	368	336	193	294	187	283	123	112	1,190	704
ETR (%)	26.3	25.9	22.0	25.1	26.4	25.0	25.0	25.0	24.7	25.3
PAT	751	826	917	737	873	934	986	1,087	3,231	3,880
QoQ (%)	-10.8	10.0	10.9	-19.6	18.5	6.9	5.6	10.2		
YoY (%)	2.5	12.4	11.9	-12.5	16.3	13.0	7.6	47.5	3.3	20.1
EPS (INR)	9.4	10.3	11.5	9.2	10.9	11.7	12.3	13.6	40.4	48.5
Headcount	9,401	9,246	9,109	8,976	8,902	8,958	9,289	8,976	8,976	9,345
Util excl. trainees (%)	77.2	78.6	79.9	81.2	80.7	82.5	80.5	81.2	79.2	80.3
Attrition (%)	15.5	15.5	14.7	14.7						
IP rev. proportion (%)	27.2	26.0	26.8	22.3	27.4	25.3	26.4	22.3	25.6	26.1

E: MOSL Estimates

Tata Elxsi

Bloomberg	TELX IN
Equity Shares (m)	62
M.Cap.(INRb)/(USDb)	71.8 / 1
52-Week Range (INR)	1492 / 795
1, 6, 12 Rel. Per (%)	-12/7/27

Financial Snapshot (INR b)

Y/E MARCH	2017	2018	2019E	2020E
Sales	12.3	13.9	16.6	19.2
EBITDA	2.9	3.5	4.4	5.1
Adj. PAT	1.8	2.4	3.1	3.5
Adj. EPS (INR)	28.1	38.7	49.0	56.7
EPS Gr. (%)	13.2	37.7	26.6	15.6
BV/Sh.(INR)	89.8	116.2	150.2	228.6
RoE (%)	37.1	37.6	36.8	29.9
RoCE (%)	37.1	37.6	36.8	46.2
Payout (%)	34.2	31.1	30.7	38.3
Valuations				
P/E (x)	40.7	29.6	23.3	20.2
P/BV (x)	12.8	9.8	7.6	5.0
EV/EBITDA (x)	23.6	19.3	14.8	12.0
Div. Yield (%)	0.7	0.9	1.1	1.6

CMP: INR1,163 TP: INR1,500 (+29%) Buy

- Growth on a YoY basis has been picking up for the last four quarters, and has increased from 9.3% in 1QFY18 to 18.2% in 1QFY19.
- We expect this trend to continue, resulting in 20% YoY growth to INR4,107m in 2QFY19.
- EBITDA margin is expected to contract by 190bp QoQ, but expand by 140bp YoY to 26%.
- PAT is expected to grow 19.2% YoY to INR788m.
- The stock trades at 23.3x FY19E and 20.2x FY20E earnings. **Buy**.

Key issues to watch for

- Addition of new customers and subsequent realization
- JLR's contribution to revenue
- Outlook on growth and profitability for the year

Consolidated - Quarterly Earning Model

(INR Million)

Y/E March	FY18				FY19				FY18	FY19
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	3,232	3,422	3,455	3,754	3,820	4,107	4,230	4,399	13,863	16,557
YoY Change (%)	9.3	12.5	11.4	15.1	18.2	20.0	22.4	17.2	12.4	19.4
Total Expenditure	2,498	2,581	2,520	2,803	2,755	3,039	3,130	3,255	10,403	12,180
EBITDA	734	840	935	951	1,065	1,068	1,100	1,144	3,460	4,377
Margins (%)	22.7	24.6	27.1	25.3	27.9	26.0	26.0	26.0	25.0	26.4
Depreciation	65	64	63	61	61	66	68	70	254	265
Other Income	79	89	68	196	78	215	87	230	432	610
PBT before EO expense	749	864	940	1,086	1,083	1,217	1,119	1,304	3,639	4,722
PBT	749	864	940	1,086	1,083	1,217	1,119	1,304	3,639	4,722
Tax	251	292	313	383	378	429	395	460	1,227	1,667
Rate (%)	33.6	33.8	33.2	35.3	34.9	35.3	35.3	35.3	33.7	35.3
Reported PAT	497	572	628	703	705	788	724	844	2,400	3,061
Adj PAT	497	572	628	703	705	788	724	844	2,400	3,061
YoY Change (%)	19.3	25.9	42.2	58.0	41.7	37.6	15.4	20.1	37.0	27.5
Margins (%)	15.4	16.7	18.2	18.7	18.5	19.2	17.1	19.2	17.3	18.5

E: MOSL Estimates

TCS

Bloomberg	TCS IN
Equity Shares (m)	3,941
M.Cap.(INRb)/(USDb)	8363.5 / 115.4
52-Week Range (INR)	2273 / 1213
1, 6, 12 Rel. Per (%)	13/43/60

Financial Snapshot (INR b)

Y/E MAR	2017	2018	2019E	2020E
Sales	1,179.7	1,231.0	1,477.8	1,674.3
EBITDA	323.1	325.2	405.9	441.8
PAT	262.9	258.3	320.0	341.5
EPS (INR)	66.7	66.0	84.9	91.0
EPS Gr. (%)	8.3	-1.0	28.6	7.2
BV/Sh. (INR)	224.1	228.3	238.0	250.2
RoE (%)	32.6	29.4	35.9	36.6
RoCE (%)	32.0	28.8	35.0	35.6
Payout (%)	35.2	101.5	129.4	70.1
Valuation				
P/E (x)	33.7	34.1	26.4	24.7
P/BV (x)	10.0	9.9	9.5	9.0
EV/EBITDA	26.1	25.2	20.2	18.5
Div. yield (%)	1.0	3.0	4.9	2.8

CMP: INR 2,256 TP: INR2,050 (-9%) Neutral

- Barring BFS (which only showed growth in the last quarter), all segments for TCS were growing in healthy single-digits or double-digits YoY.
 - On the back of USD 1.6b deal win in BFSI alone, we expect high growth momentum from the largest revenue contributing vertical.
 - Execution of recent deal wins and seasonal strength would ensure maintenance of revenue growth trends, in our view. We expect 4% QoQ CC growth in 2QFY19 (2.8% QoQ in USD terms).
 - Our EBIT margin estimate for 2Q stands at 26.1% (+100bp QoQ), primarily led by INR depreciation, and as most margin headwinds are now behind.
 - Our PAT estimate stands at INR77.9b (+6% QoQ), led by sequential growth in operating parameters.
 - The stock trades at 26.4x FY19E and 24.7x FY20E earnings.
- Neutral.**

Key issues to watch for

- New deal wins and outlook on continual of traction seen so far
- Traction in new initiatives (Digital/automation/solutions)
- Margin expectations for the next year

Y/E March	FY18				FY19				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	4,591	4,739	4,787	4,972	5,051	5,191	5,246	5,350	19,089	20,837
QoQ (%)	3.1	3.2	1.0	3.9	1.6	2.8	1.1	2.0	8.6	9.2
Revenue (INR m)	2,95,840	3,05,410	3,09,040	3,20,750	3,42,610	3,64,394	3,80,299	3,90,545	12,31,040	14,77,848
YoY (%)	1.0	4.3	3.9	8.2	15.8	19.3	23.1	21.8	4.4	20.0
GPM (%)	42.8	43.6	43.5	43.5	42.5	43.6	44.1	44.4	43.4	43.7
SGA (%)	17.8	16.9	16.7	16.5	16.1	16.0	16.2	16.5	17.0	16.2
EBITDA	74,120	81,640	82,880	86,520	90,710	1,00,367	1,06,050	1,08,734	3,25,160	4,05,861
EBITDA Margin (%)	25.1	26.7	26.8	27.0	26.5	27.5	27.9	27.8	26.4	27.5
EBIT Margin (%)	23.4	25.1	25.2	25.4	25.0	26.1	26.4	26.4	24.8	26.0
Other income	9,320	8,120	8,640	9,820	12,080	8,356	11,554	8,831	35,900	40,821
ETR (%)	24.2	23.7	24.3	24.1	24.5	24.5	24.5	24.5	24.1	24.6
PAT	59,450	64,460	65,310	69,040	73,400	77,907	84,440	84,299	2,58,260	3,20,045
QoQ (%)	-10.0	8.4	1.3	5.7	6.3	6.1	8.4	-0.2		
YoY (%)	-5.9	-2.1	-3.6	4.5	23.5	20.9	29.3	22.1	-1.8	23.9
EPS (INR)	15.2	16.8	17.1	18.0	19.2	20.8	22.5	22.5	66.0	84.9
Headcount	3,85,809	3,89,213	3,90,880	3,94,998	4,00,875	4,09,651	4,16,680	3,94,998	3,94,998	4,25,013
CC QoQ rev gr (%)	2.0	1.7	1.3	2.5	4.1	3.0	1.0	2.5	8.6	9.2
Attrition (%)	11.6	11.3	11.3	11.0	11.7					

E: MOSL Estimates

Tech Mahindra

Bloomberg	TECHM IN
Equity Shares (m)	985
M.Cap.(INRb)/(USDb)	730.6 / 10.1
52-Week Range (INR)	779 / 447
1, 6, 12 Rel. Per (%)	8/7/48

Financial Snapshot (INR b)

Y/E MARCH	2017	2018	2019E	2020E
Sales	291.4	307.7	353.5	399.3
EBITDA	41.8	47.2	63.6	72.6
Adj. PAT	28.4	38.0	43.3	48.9
Adj. EPS (INR)	32.0	42.7	48.0	54.4
EPS Gr. (%)	-8.8	33.6	12.4	13.3
BV/Sh.(INR)	187.9	213.4	249.2	289.7
RoE (%)	18.4	21.5	21.1	20.4
RoCE (%)	15.2	17.8	17.5	17.3
Payout (%)	28.2	32.8	20.8	22.1
Valuation				
P/E (x)	23.7	17.7	15.8	13.9
P/BV (x)	4.0	3.5	3.0	2.6
EV/EBITDA (x)	15.5	13.8	10.0	8.2
Div. Yield (%)	1.2	1.8	1.3	1.6

CMP: INR761
TP: INR880 (+16%)
Buy

- Revenue for 2QFY19 is expected to increase by 1.5% sequentially on a constant currency basis (+0.1% QoQ in USD terms).
- We expect strength in Communications to be weighed upon by some softness in Enterprise (on the back of a high base formed over the past couple of quarters).
- With wage hikes behind and business mix improving (apart from support from INR depreciation), we expect EBITDA margin expansion of 100bp QoQ to 17.4%.
- We expect PAT to increase by 24.8% QoQ to INR11.2b, led by both operational performance and currency benefits on translation gains.
- The stock trades at 15.8x FY19E and 13.9x FY20E earnings. **Buy.**

Key issues to watch for

- Health of LCC
- Traction in Enterprise and deal wins
- Expectations around a 5G-led pick-up in Telecom

Tech Mahindra Quarterly Performance

Y/E March	FY18				FY19E				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	1,138	1,179	1,209	1,244	1,224	1,226	1,246	1,293	4,771	4,989
QoQ (%)	0.6	3.6	2.5	2.9	-1.6	0.1	1.7	3.7	9.6	4.6
Revenue (INR m)	73,361	76,064	77,760	80,545	82,763	86,047	90,342	94,366	3,07,730	3,53,518
YoY (%)	6.0	6.1	2.9	7.5	12.8	13.1	16.2	17.2	5.6	14.9
GPM (%)	28.0	29.3	30.8	31.9	30.7	31.9	33.0	34.0	30.0	32.5
SGA (%)	15.3	14.7	14.6	14.3	14.3	14.5	14.5	13.8	14.7	14.5
EBITDA	9,347	11,057	12,638	14,119	13,569	14,968	16,682	18,385	47,161	63,604
EBITDA Margin (%)	12.7	14.5	16.3	17.5	16.4	17.4	18.5	19.5	15.3	18.0
EBIT Margin (%)	9.4	11.0	12.7	13.8	13.0	13.9	15.1	16.3	11.8	14.6
Other income	4,106	3,222	2,250	4,513	1,114	3,164	546	1,007	14,091	5,831
Interest expense	370	386	341	527	305	253	253	252	1,624	1,063
ETR (%)	25.4	25.3	21.8	18.6	21.2	24.0	24.0	24.0	22.4	23.4
PAT excl. BT amort & EOI	7,985	8,362	9,422	12,221	8,979	11,202	10,505	12,129	37,990	43,287
QoQ (%)	35.8	4.7	12.7	29.7	-26.5	24.8	-6.2	15.5		
YoY (%)	21.7	29.7	10.1	107.9	12.4	34.0	11.5	-0.8	38.3	13.9
EPS (INR)	9.0	9.4	10.6	13.7	10.1	12.6	11.8	13.6	42.6	48.0
Headcount	1,15,990	1,17,225	1,15,241	1,12,807	1,13,552	1,14,690	1,18,134	1,12,807	1,12,807	1,22,118
Util excl. trainees (%)	77.0	81.0	83.0	84.0	81.0	84.7	83.0	84.0	81.1	83.1
Attrition (%)	17.0	16.0	17.0	18.0	19.0					
Offshore rev. (%)	36.3	35.9	34.2	33.0	33.4	35.8	34.7	33.0	34.8	34.6

E: MOSL Estimates

Wipro

Bloomberg	WPRO IN
Equity Shares (m)	4,512
M.Cap.(INRb)/(USDb)	1466.7 / 20.2
52-Week Range (INR)	339 / 254
1, 6, 12 Rel. Per (%)	16/5/-2

Financial Snapshot (INR b)

Y/E MAR	2017	2018	2019E	2020E
Sales	550.4	544.9	594.8	648.8
EBITDA	108.8	109.2	121.9	138.9
PAT	83.6	85.3	91.4	103.6
EPS (INR)	16.6	17.9	20.8	23.0
EPS Gr. (%)	-8.5	7.7	16.3	10.3
BV/Sh. (INR)	105.9	107.2	127.1	138.0
RoE (%)	16.9	17.0	17.3	17.4
RoCE (%)	13.6	13.2	15.4	16.6
Payout (%)	5.9	0.0	0.0	43.6

Valuations

P/E (x)	17.1	15.9	13.7	12.4
P/BV (x)	2.7	2.6	2.2	2.1
EV/EBITDA (x)	10.8	10.2	8.7	7.4
Div Yld (%)	0.3	0.0	0.0	3.5

CMP: INR331

TP: INR300 (-9%)

Neutral

- Wipro's revenue growth guidance for 2QFY19 (0.3 to 2.3% QoQ CC) was impacted by continued restructuring in India/Middle East, uncertainty in HPS and pressure in Utilities.
- Our expectation for the quarter stands at the mid-point of the guided range, at 1.3% QoQ CC. Cross-currency headwinds of 120bp are likely to result in 0.1% QoQ growth in USD revenue.
- We expect EBIT margin in IT Services to expand by 170bp to 17.3% led by INR depreciation (100bp), absence of one-time restructuring expenses (40bp) and improvement in operational efficiencies (30bp).
- Our PAT estimate is INR22.2b (+21% QoQ). This would be led by the sharp improvement in profitability in both Services and Products.
- The stock trades at 13.7x FY19E and 12.4x FY20E earnings. **Neutral**.

Key issues to watch for

- Revenue growth guidance for 3QFY19
- Commentary on the verticals of Healthcare and Communications
- Outlook on profitability once the revenue decline stabilizes

Quarterly Performance (IFRS)

(INR Million)

Y/E March	FY18				FY19				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
IT Services Revenue (USD m)	1,972	2,014	2,013	2,062	2,026	2,028	2,013	2,083	8,060	8,191
QoQ (%)	0.9	2.1	0.0	2.4	-1.7	0.1	-0.7	3.5	4.6	1.6
Overall Revenue (INR m)	1,36,261	1,34,234	1,36,690	1,37,686	1,39,777	1,46,052	1,52,738	1,56,194	5,44,871	5,94,761
QoQ (%)	-2.6	-1.5	1.8	0.7	1.5	4.5	4.6	2.3		
YoY (%)	0.2	-2.5	-0.1	-1.6	2.6	8.8	11.7	13.4	-1.0	9.2
GPM (%)	28.7	29.5	30.1	29.0	28.2	32.4	33.7	34.1	29.3	32.2
SGA (%)	12.8	12.6	13.4	13.8	13.9	15.3	14.9	14.9	13.2	14.8
EBITDA	26,683	27,788	28,104	26,610	24,343	29,441	33,370	34,740	1,09,185	1,21,894
EBITDA Margin (%)	19.6	20.7	20.6	19.3	17.4	20.2	21.8	22.2	20.0	20.5
IT Serv. EBIT (%)	16.8	17.3	17.2	16.0	15.6	17.3	19.1	19.5	16.8	18.0
EBIT Margin (%)	16.0	16.8	16.7	15.2	14.3	17.1	18.8	19.2	16.2	17.4
Other income	5,079	5,728	5,054	3,796	4,319	3,812	3,771	3,098	19,657	15,000
ETR (%)	22.3	22.7	19.2	18.7	24.1	22.5	22.5	22.5	20.8	22.8
PAT	20,824	21,895	22,534	20,086	18,407	22,216	25,099	25,587	85,339	91,365
QoQ (%)	7.4	5.1	2.9	-10.9	-8.4	20.7	13.0	1.9		
YoY (%)	1.1	5.6	6.6	3.5	-11.6	1.5	11.4	27.4	4.2	7.1
EPS (INR)	4.3	4.5	4.0	4.1	4.6	4.9	5.6	5.7	17.9	20.8
Headcount	1,66,790	1,63,759	1,62,553	1,63,827	1,64,659	1,67,774	1,70,659	1,73,544	1,63,827	1,73,544
Util excl. trainees (%)	82.1	82.5	81.9	83.4	85.2	85.2	85.2	85.2	78.0	78.0
Attrition (%)	15.9	15.7	15.9	16.6	17.0					
Offshore rev. (%)	46.4	46.8	46.5	47.3	47.1	46.0	46.0	46.0	46.8	46.3
Fixed Price (%)	58.2	57.7	57.7	58.7	58.9					

E: MOSL Estimates

Zensar Technologies

Bloomberg	ZENT IN
Equity Shares (m)	226
M.Cap.(INRb)/(USDb)	63.6 / 0.9
52-Week Range (INR)	352 / 146
1, 6, 12 Rel. Per (%)	-3/47/75

Financial Snapshot (INR b)

Y/E MAR	2017	2018	2019E	2020E
Sales	30.6	31.1	39.7	45.5
EBITDA	3.8	3.6	5.3	6.7
PAT	2.3	2.4	3.5	4.4
EPS (INR)	10.4	10.6	15.7	19.4
EPS Gr. (%)	-24.1	1.3	49.0	23.4
BV/Sh. (INR)	65.2	73.2	85.4	100.6
RoE (%)	17.2	15.3	19.8	20.9
RoCE (%)	23.2	18.2	24.4	27.3
Payout (%)	23.0	20.9	19.0	18.5

Valuations

P/E (x)	32.4	31.9	21.4	17.4
P/BV (x)	5.2	4.6	3.9	3.4
EV/EBITDA (x)	19.0	19.8	13.2	10.1
Div Yld (%)	0.7	0.7	0.9	1.1

CMP: INR 321
TP: INR375 (+17%)
Buy

- We expect revenue of USD140m, representing growth of 3.5% QoQ. This would translate into 4.5% QoQ CC growth, a cross-currency headwind of 100bp for ZENT.
- Growth would be a function of strength in Digital, a recovery in the US and ramp-up of recent deal wins.
- We expect EBITDA margin to contract by 100bp QoQ to 11.9% due to effects of wage hikes, partially offset by INR depreciation and the absence of client-related bankruptcy costs.
- Our PAT estimate is INR955m, up 16% QoQ, on account of higher forex gains (translation gains).
- The stock trades at 21.4x FY19E and 17.4x FY20E earnings. **Buy**.

Key issues to watch for

- Traction in Digital, large deals and other new initiatives
- Margin outlook, given restructuring of IMS business
- Progress on revival of revenue growth post US turnaround

Quarterly Performance

(INR Million)

Y/E March	FY18				FY19				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	114	119	123	127	135	140	142	145	482	561
QoQ (%)	2.2	3.8	3.4	3.3	6.6	3.5	1.7	1.9	5.0	16.4
Revenue (INR m)	7,367	7,626	7,937	8,147	9,047	9,804	10,295	10,561	31,077	39,707
YoY (%)	-2.5	-1.0	0.9	9.6	18.6	23.5	26.4	16.7	1.7	27.8
GPM (%)	27.6	28.8	30.1	29.4	30.7	28.4	29.9	30.5	29.0	29.9
SGA (%)	17.4	17.2	16.8	17.6	16.5	16.5	16.0	15.7	17.2	16.5
EBITDA	748	884	1,054	961	1,163	1,171	1,429	1,561	3,647	5,324
EBITDA Margin (%)	10.2	11.6	13.3	11.8	12.9	11.9	13.9	14.8	11.7	13.4
EBIT Margin (%)	7.7	9.3	11.3	10.1	10.8	10.0	12.0	12.9	9.6	11.5
Other income	203	194	49	268	238	415	-18	40	714	674
ETR (%)	32.0	26.8	33.7	28.8	27.8	28.0	28.0	28.0	30.2	27.9
PAT	472	608	574	726	821	955	821	951	2,380	3,547
QoQ (%)	354.7	29.0	-5.7	26.5	13.0	16.4	-14.1	15.9		
YoY (%)	-36.3	-13.6	-28.3	599.7	34.9	66.4	13.0	15.9	1.3	49.0
EPS (INR)	2.1	2.7	2.5	3.2	3.6	4.2	3.6	4.2	10.6	15.7
Headcount	8,567	8,414	8,597	8,905	9,122	9,242	9,492	9,417	8,905	9,417
Utilization (%)	83.2	85.9	84.8	83.8	85.8	83.0	80.5	81.0	84.4	82.6
Offshore rev. (%)	37.5	37.5	37.0	37.3	35.4	32.9	31.8	31.7	37.3	32.9

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
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UNDER REVIEW	Rating may undergo a change
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