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1QFY20E preview—margin challenges to the fore. We expect steady revenue growth for Tier-1 IT and muted performance from mid-tier companies. EBIT margin will likely decline across companies (except Wipro) on yoy comparison. While the reasons for decline will vary across companies, the broad factors are localization and increase in cost structure in the US, investments in digital and large deal-transition costs. Expect moderation in earnings assumptions ahead. TCS will shine with its relatively stronger performance while Tech Mahindra will disappoint.

Reasonable revenue growth for Infosys and TCS; volatile for the rest

We expect double-digit organic revenue growth on yoy comparison for TCS and Infosys powered by ramp-up of large deals and chunkier digital deal sizes. On sequential basis, we expect TCS and Infosys to deliver constant currency (c/c) revenue growth of 3.3% and 3.1%, respectively. HCLT will report a weak sequential quarter due to annual reset of productivity on a few IMS deals and high base of the earlier quarter. Tech Mahindra will disappoint with sequential revenue decline and muted low-single-digit growth on yoy comparison. We expect mid-tier companies to report deceleration in growth rates.

Profitability remains a key concern; expect 20-340 bps yoy decline in EBIT margin for Tier-1 IT

We expect 20-340 bps yoy decline in EBIT margin for Tier-1 IT companies. Reasons for margin decline vary across companies although it can be categorized in the following buckets—(1) higher visa applications compared to the previous year, (2) shortage of talent in the US and decline in H-1B visa approvals have forced companies to rework their talent supply model. Changes in talent supply model, viz. higher localization and increase in subcontracting, have increased cost structure, (3) investments in business. Infosys and HCLT have stepped up investments in digital through organic build-out and acquisitions and (4) transition costs of large deals won in the past 2-3 quarters. Some of the impact on margins is transient. We note that significant INR depreciation and acceleration in revenue growth provided a cushion for margins in FY2019. These factors are not available to offset headwinds in FY2020E. INR depreciation is critical to defend margins; else there are downside risks to profitability in FY2020E.

Guidance of companies likely to stay unchanged

Infosys and HCLT provided FY2020E revenue growth guidance of 7.5-9.5% and 14-16%, respectively. Both companies cut FY2020E EBIT margin guidance band by 100 bps each. We expect both of them to retain guidance. TCS has guided for double-digit revenue growth at stable margins. TM's 6-8% revenue growth expectation could move to the lower end of the band.

Expect volatile demand in financial services with slowdown in FY2020E

Financial services firms in the US and Europe towards the end of CY2018 had increased focus on cost-management initiatives in the face of an uncertain global environment. This along with a few client-specific issues such as M&A and leadership changes had led to softness in IT spends, especially in the capital markets segment in Europe in the March 2019 quarter with higher pressure on cost takeout initiatives and decline/delay in discretionary spends. While the situation has likely improved in the June 2019 quarter, BFS firms continue to face challenges from slowing global growth, a low interest rate environment, escalation of trade tensions and Brexit uncertainty. We expect demand in the financial services vertical to moderate through the course of FY2020E. We expect volatility in growth in the near term. Growth for individual IT companies will be a function of exposure to sub-segments of the financial services vertical, mix of run and change spends addressed by the player and share gains/losses in consolidation decisions.

Kawaljeet Saluja
kawaljeet.saluja@kotak.com
Mumbai: +91-22-4336-0860

Sathishkumar S
sathishkumar@kotak.com
Mumbai: +91-22-4336-0879

Kotak Institutional Equities Research
kotak.research@kotak.com
Mumbai: +91-22-4336-0000

Attractiveness of the sector has reduced

The IT sector has performed relatively well in the past 12 months on the back of its defensive characteristics, currency depreciation and acceleration in demand. Many stocks are trading at peak cycle multiples and bake in elevated revenue growth and sustenance of profitability. This leaves little on the table to generate returns. We expect muted stock returns. HCLT's stock price underperformance and strong deal momentum make it an attractive play. We retain ADD rating on the stock. TCS is a strong play but trades at expensive valuations. TM is attractive but requires consistency in execution. Infosys stock has stayed firm in the past three months despite 3-5% cut in earnings. The turnaround has progressed well with return to top quartile of performance on growth. We like the Infosys story but would wait for a better entry price.

Comments on individual companies

- **Expect TCS to impress with steady broad-based revenue growth.** We expect constant-currency revenue growth rate of 3.3% and cross-currency headwind of 55 bps. Revenue growth will be broad-based except for challenges in a large client in the capital markets segment. On profitability, we expect EBIT margin to decline by 70 bps qoq on reported basis largely on account of wage revision and INR appreciation. On adjusted basis we expect EBIT margin decline of 130 bps since 4QFY19 had one-time contribution to electoral bonds that impacted margin by 60 bps. Net profit growth appears modest but this is due to completion of buyback of equity. We forecast EPS growth of 7.9% yoy. We expect investors to focus on—(1) demand from the financial services vertical, especially the capital markets segment, (2) order bookings, (3) impact of talent crunch in the US on margins and (4) progress on localization.

- **Wipro likely to post flattish revenue growth on adjusted basis; expect revenue growth to pick up in 2QFY20.** We expect constant-currency revenue growth of 0.4% and cross-currency headwind of 65 bps. We note that revenue growth will be lower on reported basis due to divestment of Workday business that impacted revenues by US$9 mn. Revenue growth expectation is within Wipro's guidance of revenue decline of 1% to revenue growth of 1% for the June 2019 quarter. On profitability, EBIT margin will likely decline due to wage revision effective June 1, 2019, marginal appreciation of INR against USD and weak revenue performance. Net profit growth appears modest on yoy comparison despite strong EBIT growth due to high base of the June 2018 quarter where the company booked non-recurring gain of Rs2.5 bn from sale of hosted data center business. We expect Wipro to guide for revenue growth of 0.5-2.5% for the September 2019 quarter, an improvement from expected performance of the June 2019 quarter. We expect investors to focus on (1) outlook for the key growth driver, viz. the financial services vertical, (2) sustainability of margin noting the aggressive cost rationalization, (3) state of demand from the healthcare vertical and (4) performance of acquired entities.

- **Infosys likely to report steady revenue growth with decline in margins.** We expect constant-currency revenue growth of 3.1% and cross-currency headwind of 45 bps. We expect the financial services vertical to report robust growth. Revenues for the quarter include one month of revenue contribution from the Stater acquisition. We expect further decline in profitability in the quarter. We forecast EBIT margin decline of 110 bps taking into account—(1) wage revision for 85% of employees that will impact margin by 100 bps, (2) higher H-1B visa applications relative to the previous year that will result in additional costs and (3) INR appreciation impact of 30 bps. The margin impact will be offset to some extent through higher utilization and cost-control measures. We expect pricing and margin trend to be followed closely due to a belief that the company has been aggressive on deal structures and pricing to win contracts and accelerate growth. We expect investors to focus on—(1) momentum of large deals noting the strong trend of the past four quarters, (2) attrition rate that has remained high and sticky despite multiple interventions made by the management, (3) levers to defend margin, (4) talent strategy in the US in light of higher H-1B visa applications in the current year and (5) pricing outlook.

- **Expect muted revenue growth and decline in profitability for HCLT.** We expect constant-currency revenue growth rate of 1.55% of which 1% will be organic with the balance contributed by Strong-Bridge Envision acquisition. We forecast cross-currency headwind of 55 bps. Muted revenue growth is on account of productivity adjustment for select clients in IMS and high base of earlier quarters due to transformation revenues booked from large IMS deals. We have not baked in any revenues from proposed acquisition of select products of IBM due to delay in closure by a month from the expected date of end of May 2019. HCLT will likely have a steep decline in profitability on account of delay in closure of acquisition of select IBM products. We note that the company has invested in people, infrastructure, systems and processes to integrate select IBM products' acquisition for the entire quarter even as the consummation of the acquisition has been delayed a tad. We expect the company to retain 14-16% revenue growth guidance despite delay in consummation of the acquisition by a month. We also expect the company to retain organic revenue growth guidance of 7-9% and EBIT margin guidance of 18.5-19.5%. We expect investors to focus on—(1) revenue growth from digital, which has shown promising signs in the past two quarters, (2) capital allocation in light of aggressive product acquisitions, (2) M&A strategy given that the company has started making a few digital acquisitions, (3) EBIT margin direction in light of the recent reset and (4) deflationary impact from renewal of legacy IMS deals.

- **Tech Mahindra likely to disappoint with revenue decline and margin contraction.** We expect Tech Mahindra to disappoint with revenue decline of 85 bps and cross-currency headwind of 65 bps. Revenue growth on yoy comparison has slowed down to a trickle as per our estimates. We forecast sequential revenue decline of 2.5% in the telecom business, pretty much along expected lines and due to seasonal weakness in Comviva. We expect modest 0.5% growth in c/c for the enterprise segment. Weakness in BFSI and manufacturing will likely contribute to weak numbers, while we expect the healthcare segment to recover a tad. On profitability, we expect sequential EBIT margin decline of 250 bps contributed by—(1) 100 bps impact from wage revision, (2) higher visa applications, (3) INR appreciation and (4) seasonal impact of lower Comviva revenues. We expect robust new deal signings with good spread across enterprise and telecom segments. We expect investors to focus on (1) timelines for 5G deal flow and impact of the US ban on Huawei on 5G adoption, (2) health of the enterprise business, especially in the manufacturing vertical where the company has high exposure to the auto sector, (3) reasons for slowdown in revenue growth in the enterprise segment and (4) M&A strategy and capital allocation.

Exhibit 1: Currency movement in June 2019 quarter

	INR/USD	USD/GBP	USD/EUR	USD/AUD	JPY/USD
Mar-19 quarter avg. rate	70.5	1.32	1.14	0.71	110.3
Jun-19 quarter avg. rate	69.6	1.28	1.12	0.70	109.3
Appr/ (Depr) (%)	**1.2**	**(3.2)**	**(1.3)**	**(1.8)**	**0.9**

Appreciation of the Rupee against other currencies

	INR/USD	INR/GBP	INR/EUR	INR/AUD	JPY/INR
Mar-19 quarter avg. rate	70.5	93.0	80.3	50.0	1.6
Jun-19 quarter avg. rate	69.6	88.9	78.3	48.5	1.6
Appr/ (Depr) (%)	**1.2**	**4.6**	**2.6**	**3.1**	**0.4**

Source: Bloomberg, Kotak Institutional Equities estimates

Exhibit 2: Cross-currency headwinds in 1QFY20E

	Currency-wise revenue mix (a)					Impact in bps on
	US	Europe		Rest of the world		US$ revenue
	USD	GBP	EUR	AUD	Others	growth
TCS	53	14	10	22		(55)
Infosys	68	5	12	7	8	(43)
Wipro	62	10	9	5	14	(61)
HCL Tech	62	10	20	8		(55)
Tech M	48	12	10	5	27	(65)
L&T Infotech	66	16		17		(22)
Mindtree	74	19		8		(38)
Hexaware	76	13		11		(15)
Mphasis	78	11		11		(19)

Notes:

(a) As per disclosures for Infosys, TCS, Wipro, HCLT and Tech M; assumed to be in line with geographic mix for other companies.

Source: Company, Bloomberg

Exhibit 3: Results preview for the quarter ending June 2019 (Rs mn)

Financials	Jun-18	Mar-19	Jun-19	qoq (%)	yoy (%)	Comments/what to look for
TCS (July 09, 2019)						
Revenues (US$ mn)	5,051	5,397	5,540	2.7	9.7	We expect constant currency revenue growth rate of 3.3% and cross currency headwind of 55bps. Revenue growth will be broad-based except for challenges in a large client in capital markets segment
Revenues	342,610	380,100	385,592	1.4	12.5	EBIT margin will decline 70 bps qoq on reported basis and 130 bps on adjusted basis largely on account of wage revision and Rupee appreciation. 4QFY19 had one-time contribution to electoral bonds that impacted margin by 60 bps
EBIT	85,780	95,370	94,015	(1.4)	9.6	Net profit growth appears modest due to completion of buyback of equity. EPS growth stands at 7.9% yoy
Adjusted net profit	73,400	81,260	78,183	(3.8)	6.5	Expect investor focus on -- (1) demand from the financial services vertical especially the capital markets segment, (2) order bookings, (3) impact of talent crunch in US on margins and (4) progress on localization
EBIT margin (%)	25.0	25.1	24.4	(71) bps	(66) bps	
Wipro (July 17, 2019)						
Total revenues	140,548	151,926	148,778	(2.1)	5.9	We expect constant currency revenue growth of 0.4% and cross-currency headwind of 65bps. On reported basis revenue growth will be lower due to divestment of Workday business that impacted revenues by US$9 mn. Note that Wipro had guided for revenue decline of 1% to revenue growth of 1% for June 2019 quarter
Global IT revenues (US$ mn)	2,027	2,076	2,062	(0.7)	1.7	EBIT margin will likely decline due to wage revision effective June 1, marginal appreciation of Rupee against USD and weak revenue performance
Global IT revenues	137,003	145,865	143,478	(1.6)	4.7	Net profit growth appears modest on yoy comparison despite strong EBIT growth due to high base of June 2018 quarter where the company booked non-recurring gain of Rs2.5 bn from sale of hosted data center business
EBIT	20,777	27,321	24,964	(8.6)	20.2	We expect Wipro to guide for revenue growth of 0.5-2.5% for September 2019 quarter, an improvement from the expected performance of June 2019 quarter
Adj. net profit	21,206	24,834	22,986	(7.4)	8.4	We expect investor focus on (1) outlook for the key growth driver viz financial services vertical, (2) sustainability of margin noting the aggressive cost rationalization, (3) state of demand from healthcare vertical, and (4) performance of acquired entities
Total EBIT margin (%)	14.8	18.0	16.8	(120) bps	200 bps	
IT Services - EBIT margin (%)	15.6	18.2	17.5	(66) bps	188 bps	
Infosys (July 12, 2019)						
Revenues (US$ mn)	2,831	3,060	3,140	2.6	10.9	We expect constant currency revenue growth of 3.1% and cross-currency headwind of 45 bps. We expect financial services vertical to report robust growth. Revenues include one month of revenues from the Stater acquisition
Revenues	191,280	215,390	221,385	2.8	15.7	Expect EBIT margin decline of 110 bps due to-- (1) wage revision for 85% of employees that will impact margin by 100 bps, (2) higher H-1B visa applications relative to the previous year that will result in additional costs and (3) Rupee appreciation impact of 30 bps. Margin impact will be offset to some extent through higher utilization and cost control measures
EBIT	45,370	46,180	44,909	(2.8)	(1.0)	Pricing and margin trend will be followed closely due to a belief that the company has been aggressive on deal structures and pricing to win contracts and accelerate growth
Adjusted net profit	36,120	40,780	36,306	(11.0)	0.5	We expect investor focus on -- (1) momentum of large deals noting the strong trend of the last four quarters, (2) attrition rate that has remained high and sticky despite multiple interventions made by the management, (3) levers to defend margin, (4) talent strategy in US in light of higher H-1B visa applications in the current year and (5) pricing outlook
EBIT margin (%)	23.7	21.4	20.3	(115) bps	(343) bps	
HCL Technologies (First week of August)						
Revenues (US$ mn)	2,055	2,278	2,301	1.0	12.0	We expect constant currency revenue growth rate of 1.55% of which 1% will be organic with the balance contribution from Strong-Bridge Envision acquisition. We forecast cross-currency headwind of 55 bps. Revenue growth will be impacted by productivity adjustment for select clients in IMS and high base of earlier quarters due to transformation revenues booked from large IMS deals
Revenues	138,780	159,899	160,145	0.2	15.4	We have not baked in any revenues from proposed acquisition of select products of IBM due to delay in closure by a month from the expected date of end-May 2019
EBIT	27,297	30,263	28,307	(6.5)	3.7	EBIT margin decline will be steep on account of delay in closure of acquisition of select IBM products. Note that the company has invested in people, infrastructure, systems and processes to integrate select IBM products' acquisition for the entire quarter even as the consummation of the acquisition has been delayed a tad
Adjusted net profit	24,031	25,576	23,252	(9.1)	(3.2)	We expect the company to retain 14-16% revenue growth guidance despite delay in consummation of the acquisition by a month. We expect the company to also retain organic revenue growth guidance of 7-9% and EBIT margin guidance of 18.5-19.5%
EBIT margin (%)	19.7	18.9	17.7	(125) bps	(199) bps	Expect investor focus on-- (1) revenue growth from digital which has shown promising signs in the last two quarters, (2) capital allocation in light of aggressive product acquisitions, (2) M&A strategy given that the company has started making a few digital acquisitions, (3) EBIT margin direction in light of the recent reset and (4) deflationary impact from renewal of legacy IMS deals

Source: Companies, Kotak Institutional Equities estimates

Exhibit 3: Results preview for the quarter ending June 2019 (Rs mn) (contd)

Financials	Jun-18	Mar-19	Jun-19	qoq (%)	yoy (%)	
Tech Mahindra (July 30)						
Revenues (US$ mn)	1,224	1,268	1,248	(1.5)	2.0	Tech Mahindra will disappoint with revenue decline of 85 bps and cross-currency headwind of 65 bps. Revenue growth has slowed down to a trickle on yoy comparison.
Revenues	82,763	88,923	86,862	(2.3)	5.0	We forecast sequential revenue decline of 2.5% in the telecom business, pretty much along expected lines and due to seasonal weakness in Comviva. Enterprise segment will disappoint with modest 0.5% growth in c/c. Weakness in BFSI and manufacturing will contribute to weak numbers, while healthcare segment will recover a tad
EBIT	10,761	13,683	11,157	(18.5)	3.7	We expect sequential EBIT margin decline of 250 bps contributed by -- (1) 100 bps impact from wage revision, (2) higher visa applications, (3) Rupee appreciation and (4) seasonal impact of lower Comviva revenues
Adjusted net profit	8,978	11,325	9,360	(17.3)	4.3	We expect robust new deal signings with good spread across enterprise and telecom segments
EBIT margin (%)	13.0	15.4	12.8	(254) bps	(16) bps	We expect investors to focus on (1) timelines fpr 5G deal flow and impact of US ban on Huawei on 5G adoption, (2) health of enterprise business especially in the manufacturing vertical where the company has high exposure to the auto sector, (3) reasons for slowdown in revenue growth in the enterprise segment, and (4) M&A strategy and capital allocation
L&T Infotech (July 17, 2019)						
Revenues (US$ mn)	320	354	357	0.9	11.5	We expect muted revenue growth and forecast c/c revenue growth of 1.1% and cross-currency headwind of 20 bps. We forecast organic revenue growth of 0.6% and contribution of 0.5% from full quarter consolidation of acquisitions done in the earlier quarter
Revenues	21,557	24,860	24,835	(0.1)	15.2	Expect revenue decline from top client to continue and will weigh on performance. In addition June is a seasonally weak quarter for India business contributing to overall weakness
EBIT (excl forex gains)	3,811	4,395	3,910	(11.0)	2.6	We expect EBIT margin decline of 200 bps due to --(1) 100 bps impact from sales and marketing investments, (2) 100 bps impact from H-1B visa application cost and (3) 20 bps impact from Rupee appreciation. The impact will be partly offset by operational improvements
Adjusted net profit	3,612	3,789	3,684	(2.8)	2.0	We forecast Fx gains of Rs651 mn, up from Rs334 mn in March 2019 quarter
EBIT margin (%)	17.7	17.7	15.7	(194) bps	(194) bps	Expect investor focus on (1) implications for LTI from the intention of the parent to acquire Mindtree, (2) large deal momentum, (3) outcome of annual client budgeting process and its implications for growth, (4) growth outlook from the top client, and (5) status of the hedge book after the recent Rupee appreciation
Mindtree (July 17, 2019)						
Revenues (US$ mn)	241.5	262.0	267.0	1.9	10.5	We expect muted revenue growth at 1.9% due to twin impact of weaker revenue growth from the top client and (2) distractions resulting from L&T's bid
Revenues	16,395	18,394	18,581	1.0	13.3	We expect EBIT margin decline of 200 bps from wage revision, H-1B visa costs and Rupee appreciation
EBIT	1,910	2,375	2,030	(14.5)	6.3	We expect weak TCV of deal wins. Uncertainty on outcome of L&T bid has distracted management and could have potentially impacted client decisions
Adjusted net profit	1,582	1,984	1,623	(18.2)	2.6	We expect investor focus on (1) management changes following L&T's acquisition of majority stake in Mindtree (2) attrition rate and talent retention strategies, (3) growth outlook of top client, (4) margin outlook given that it will be an important focus for the primary shareholder and (5) clarity on segments of the market that L&T will focus on noting that the largest shareholder has another IT services firm in its stable
EBIT margin (%)	11.6	12.9	10.9	(199) bps	(72) bps	
Hexaware Technologies (August 08, 2019)						
Revenues (US$ mn)	168.3	180.0	188.3	4.6	11.9	We expect c/c revenue growth of 4.8% sequentially and a cross-currency headwind of 15 bps. We expect organic revenue growth of 3.1%. We expect Mobiquity acquisition to contribute US$3.1mn to revenues.
Revenues	11,367	12,640	13,105	3.7	15.3	We expect a modest recovery in banking and financial services vertical. Growth will likely be driven by professional services and healthcare & insurance verticals.
EBIT	1,591	1,739	1,756	1.0	10.4	We expect EBIT margin of 13.4% a decline of 35 bps qoq on account of visa costs, marginal rupee appreciation. We do not bake in one-time transaction cost for Mobiquity acquisition
Adjusted net profit	1,534	1,385	1,485	7.2	(3.2)	We expect ~US$1 mn of hedge gains for the quarter. The company had posted a hedge loss of US$1.2 mn in the previous quarter. Decline in net profit on yoy basis is due to high forex gains in 2QCY18
EBIT margin (%)	14.0	13.8	13.4	(36) bps	(59) bps	We expect investor focus on (1) progress on integration of Mobiquity and synergy benefits from the acquisition, (2) more clarity on impact of cancellation of large net new deal on 4QCY19 revenues and on CY2020 revenues, (3) TCV of net new deal wins, (4) high attrition rates and (3) BFS vertical outlook
Mphasis (July 25, 2019)						
Revenues (US$ mn)	269	292	300	3.0	11.8	We expect c/c revenue growth of 3.2% sequentially and a cross-currency headwind of 20 bps. We expect core business to be the primary driver for growth and expect growth in DXC/HP business to moderate on yoy basis.
Revenues	18,202	20,250	20,908	3.2	14.9	We expect EBIT margin decline of 20 bps qoq due to investments in business, rupee appreciation and higher visa costs partially offset by margin tailwind from reduced hedge losses on account of better hedge rates
EBIT	3,022	3,204	3,252	1.5	7.6	Impact of DXC's cost rationalization and vendor consolidation programs will be keely watched
Adjusted net profit	2,583	2,662	2,631	(1.1)	1.9	We expect investor focus on - (1) growth outlook for DXC/HP channel, (2) deal wins in direct channel and confidence on sustenance of growth in direct core, (3) TCV of deal wins, (4) revenue contribution from Blackstone portfolio companies and new client acquisition channel and (5) impact of hedge gain/(loss) on margins in FY2020E
EBIT margin (%)	16.6	15.8	15.6	(27) bps	(105) bps	

Notes:
(a) Result dates are yet to be announced for some companies.

Source: Companies, Kotak Institutional Equities estimates

Exhibit 4: Kotak Institutional Equities: valuation summary of key Indian technology companies

	28-Jun-19		Mkt cap.		EPS (Rs)			P/E (X)			EV/EBITDA (X)			RoE (%)		
Company	Price (Rs)	Rating	(Rs m)	(US$ m)	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E
HCL Technologies	1,065	ADD	1,443,759	20,925	73.2	79.0	84.5	14.5	13.5	12.6	9.8	8.3	7.8	25.6	23.5	22.0
Hexaware Technologies	379	REDUCE	112,917	1,637	19.3	20.9	24.3	19.6	18.2	15.6	14.3	12.9	11.0	26.5	25.0	25.8
Infosys	732	ADD	3,195,450	46,313	35.4	37.8	42.9	20.7	19.4	17.1	14.4	13.6	12.0	24.2	25.3	27.9
L&T Infotech	1,829	ADD	317,419	4,600	86.4	92.5	106.4	21.2	19.8	17.2	15.8	14.5	12.3	34.7	30.2	29.1
Mindtree	927	ADD	152,292	2,207	45.8	51.2	60.5	20.2	18.1	15.3	13.3	10.9	9.2	24.9	23.6	24.0
Mphasis	1,004	REDUCE	187,046	2,711	56.1	63.3	66.0	17.9	15.9	15.2	13.0	11.0	10.2	20.0	21.4	20.5
TCS	2,227	REDUCE	8,357,311	121,125	83.1	93.1	101.4	26.8	23.9	22.0	19.9	17.8	16.2	35.2	37.0	38.0
Tech Mahindra	707	ADD	627,010	9,087	47.7	53.5	60.5	14.8	13.2	11.7	8.7	7.8	6.7	22.0	22.4	22.6
Wipro	281	REDUCE	1,692,918	24,536	15.0	17.5	19.2	18.8	16.0	14.6	12.1	10.9	9.6	17.2	18.2	18.2
Wipro			*1,692,918*	*24,536*				*18.8*	*16.0*	*14.6*	*12.1*	*10.9*	*9.6*	*17.2*	*18.2*	*18.2*
KIE universe			*116,198,584*	*1,683,749*				*25.1*	*19.3*	*16.4*	*11.4*	*10.2*	*9.0*	*11.5*	*13.5*	*14.4*

	Target	O/S shares	EPS CAGR (%)	EPS growth (%)			Net Profit (Rs mn)			EBITDA (Rs mn)			Sales (Rs mn)		
Company	Price (Rs)	(mn)	2019-21E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E
HCL Technologies	1,200	1,377	7.4	17.5	7.9	7.0	100,842	107,256	114,860	139,280	164,329	175,929	604,207	707,208	776,953
Hexaware Technologies	345	302	12.2	16.6	8.0	16.5	5,833	6,302	7,342	7,335	8,737	10,438	46,477	57,037	67,049
Infosys	750	4,353	10.0	9.5	6.9	13.3	157,262	160,919	182,317	208,890	224,034	251,195	826,760	920,990	1,018,950
L&T Infotech	1,940	176	10.9	36.0	7.0	15.0	15,184	16,286	18,833	18,833	20,067	22,827	94,458	108,884	125,220
Mindtree	1,030	165	14.9	32.7	11.7	18.2	7,541	8,436	9,969	10,645	12,606	14,578	70,215	80,284	91,037
Mphasis	930	191	8.4	27.9	12.8	4.2	10,734	11,789	12,284	13,240	15,342	16,313	77,311	88,951	98,614
TCS	1,940	3,790	10.5	23.1	12.1	8.9	314,720	349,413	380,552	395,050	440,901	481,652	1,464,630	1,638,364	1,800,713
Tech Mahindra	850	901	12.6	11.9	12.1	13.1	42,974	47,077	53,229	63,368	69,751	77,162	347,421	377,422	414,878
Wipro	270	6,021	13.4	17.7	17.1	9.9	90,223	102,134	109,696	116,587	131,265	139,309	590,607	628,460	669,222
Wipro							*90,223*	*102,134*	*109,696*	*116,587*	*131,265*	*139,309*	*590,607*	*628,460*	*669,222*
KIE universe				*12.2*	*30.1*	*17.4*	*4,621,385*	*6,014,648*	*7,064,138*	*8,535,079*	*9,567,307*	*10,667,236*	*58,627,007*	*64,110,942*	*69,740,819*

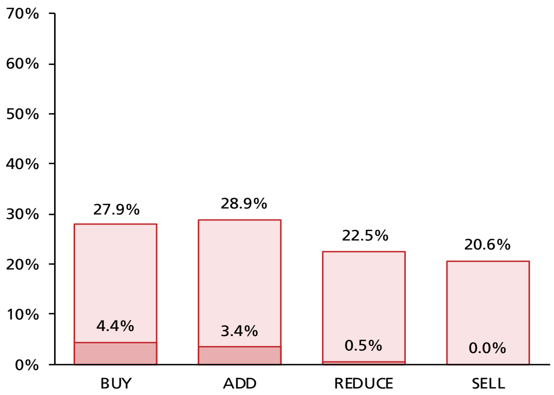
Notes:
(a) Hexaware Technologies is December year-ending.

Source: Companies, Kotak Institutional Equities estimates

"Each of the analysts named below hereby certifies that, with respect to each subject company and its securities for which the analyst is responsible in this report, (1) all of the views expressed in this report accurately reflect his or her personal views about the subject companies and securities, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report: Kawaljeet Saluja, Sathishkumar S."

Kotak Institutional Equities Research coverage universe

Distribution of ratings/investment banking relationships



Percentage of companies covered by Kotak Institutional Equities, within the specified category.

Percentage of companies within each category for which Kotak Institutional Equities and or its affiliates has provided investment banking services within the previous 12 months.

* The above categories are defined as follows: Buy = We expect this stock to deliver more than 15% returns over the next 12 months; Add = We expect this stock to deliver 5-15% returns over the next 12 months; Reduce = We expect this stock to deliver -5-+5% returns over the next 12 months; Sell = We expect this stock to deliver less than -5% returns over the next 12 months. Our target prices are also on a 12-month horizon basis. These ratings are used illustratively to comply with applicable regulations. As of 31/03/2019 Kotak Institutional Equities Investment Research had investment ratings on 204 equity securities.

Source: Kotak Institutional Equities

As of March 31, 2019

Ratings and other definitions/identifiers

Definitions of ratings

BUY. We expect this stock to deliver more than 15% returns over the next 12 months.

ADD. We expect this stock to deliver 5-15% returns over the next 12 months.

REDUCE. We expect this stock to deliver -5-+5% returns over the next 12 months.

SELL. We expect this stock to deliver <-5% returns over the next 12 months.

Our Fair Value estimates are also on a 12-month horizon basis.

Our Ratings System does not take into account short-term volatility in stock prices related to movements in the market. Hence, a particular Rating may not strictly be in accordance with the Rating System at all times.

Other definitions

Coverage view. The coverage view represents each analyst's overall fundamental outlook on the Sector. The coverage view will consist of one of the following designations: Attractive, Neutral, Cautious.

Other ratings/identifiers

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CS = Coverage Suspended. Kotak Securities has suspended coverage of this company.

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NA = Not Available or Not Applicable. The information is not available for display or is not applicable.

NM = Not Meaningful. The information is not meaningful and is therefore excluded.

Corporate Office
Kotak Securities Ltd.
27 BKC, Plot No. C-27, "G Block"
Bandra Kurla Complex, Bandra (E)
Mumbai 400 051, India
Tel: +91-22-43360000

Overseas Affiliates
Kotak Mahindra (UK) Ltd
8th Floor, Portsoken House
155-157 Minories
London EC3N 1LS
Tel: +44-20-7977-6900

Kotak Mahindra Inc
369 Lexington Avenue
28th Floor, New York
NY 10017, USA
Tel:+1 212 600 8856

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