

April 5, 2021

Exhibit 1: PL Universe

Companies	Rating	CMP (Rs)	TP (Rs)
Coforge	BUY	2,924	3,020
Cyient	BUY	666	683
HCL Technologies	BUY	1,001	1,168
Infosys	BUY	1,386	1,646
L&T Infotech	BUY	4,121	4,394
L&T Tech. Serv.	BUY	2,721	3,006
Mphasis	BUY	1,749	1,869
Mindtree	BUY	2,068	2,326
Persistent Systems	BUY	1,954	2,017
Redington (India)	BUY	184	189
Sonata Software	BUY	522	537
Tata Const. Serv.	BUY	3,167	3,620
TeamLease Serv.	BUY	3,774	4,002
Tech Mahindra	BUY	990	1,143
Wipro	BUY	417	476
Zensar Technologies	BUY	276	290

Source: Company, PL

Charging Ahead..

Quick Pointers:

- Ramp-up of previously signed large deals, broad-based growth and tailwinds from cloud transformation to help IT Sector post another stellar quarter.
- Expect strong hiring trend, utilization levels to drop sequentially and focus on offshoring to continue.
- Things to monitor for Q4FY21E 1) Conversion of large deal pipeline, 2) Margin headwinds and 3) Annual budgeting exercise.

We estimate revenue growth between 1.6%-4.3% QoQ CC (avg:3%) for Tier-1 and 2%-4.4% QoQ CC (avg: 2.6%) for Tier-2. We believe IT services companies will post robust quarter led by 1) ramp up of large deals, 2) strong pick up from COVID-hit verticals (travel & manufacturing), 3) broad-based growth momentum and 4) tailwinds from cloud transformation journey. We expect operating margins to remain stable, as it can possibly get tailwinds from revenue growth, cost savings and offshoring. In fact, for coming quarters it will decline a bit in coming quarters on account of wage hike and bonuses, but will comfortably remain 100-150bps higher than pre-Covid levels in FY22.

We expect TCS, INFY, Wipro to lead growth in Tier-1 and LTI, MTCL, LTTS in Tier-2. We expect Infy to guide 12-14% YoY CC revenue growth & 22-24% EBIT margin guidance for FY22E. Similarly, HCLT can give revenue guidance of 10-12% YoY CC and margin guidance of 20-21% for FY22E. We expect Wipro to guide 1-3% QoQ revenue growth for Q1FY22.

We believe IT sector will maintain its strong performance in FY22 given 1) sector's entry in Technology Upcycle, 2) digital becoming mainstream 3) strong order book & deal pipeline ,4) accelerated demand for cloud adoption and 5) broad based demand across all industry verticals. We expect Infy & TCS to outperform in Tier-1 pack and hence remain our preferred picks. HCLT & TECHM continues to be attractive on relative valuation discount. We like Mindtree in Tier-II & LTTS in ER&D space. Rising COVID cases in India, uncertainty from core sectors and weaker INR will help IT sector again.

- **Strong Revenue growth across pack:** We estimate revenue growth between 1.6%-4.3% QoQ CC (avg:3%) for Tier-1 and 2%-4.4% QoQ CC (avg: 2.6%) for Tier-2. TCS to post highest growth among Tier-1 and LTI, MTCL, LTTS among Tier-2. We anticipate broad-based recovery among our coverage universe (except Zensar). Mindtree had strong deal wins in Q4FY21 and revenue momentum can get more strong in the next quarter also. We would like to highlight that revenue momentum will be strong for Infy, TCS, Wipro and MTCL too as many signed deals will ramp up soon. Given these demand tailwinds and strong deal wins accelerated momentum will sustain in H1FY22 also.

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LTTS & HCLT deal wins with Airbus and Infosys deal win with Spirit AeroSystems indicate good recovery in Travel (Aviation) sector.

Apart from wage hike & bonuses there is no other headwind for margins for IT Companies. We would like to highlight investors that there are multiple structural tailwinds for margins such as offshoring, stable pricing, employee pyramid, reduction in sub-contractors, hiring talent in-house.

We expect Infy to guide for 12-14% YoY CC revenue growth & 22-24% EBIT margin guidance for FY22E. We expect HCLT to give revenue guidance of 10-12% YoY CC & margin guidance of 20-21% band for FY22E. We expect Wipro to guide for 1-3% QoQ CC revenue growth for Q1FY22.

- **Margins to remain stable:** Apart from wage hike and bonuses there are no other headwinds for margins. We would like to highlight investors that there are multiple structural tailwinds for margins such as offshoring, stable pricing, employee pyramid, reduction in sub-contractors and hiring talent in-house. In our coverage universe Infosys, Wipro, LTI and Mindtree have announced wage hike which means a margin decline on QoQ basis. TCS announced wage hike last quarter (impact of 160bps).
- HCLT announced Rs7bn+ of one-time bonus to employees to celebrate US\$10bn revenue milestone. This will impact reported EBIT margin by 400 bps. There would be a steep decline in HCLT margin on account of onetime bonus, wage hike & lower contribution from product business.
- We expect TECHM to post stable margin performance due to seasonal strength in COMVIVA & no other headwinds on margins. Wipro will have margin headwinds from wage revisions and hiring of resources at the senior management level. We do not expect travel, marketing events to meaningfully resume before Q2FY22.
- **Strong guidance for FY22E:** We expect Infy to guide for 12-14% YoY CC revenue growth & 22-24% EBIT margin guidance for FY22E. We expect HCLT to give revenue guidance of 10-12% YoY CC & margin guidance of 20-21% band for FY22E. We expect Wipro to guide for 1-3% QoQ CC revenue growth for Q1FY22.
- **Strong deal pipeline across pack:** Strong deal win momentum continued even in fourth quarter. Deal wins were robust with increasing large deals announced in communication sector – i) TCS deal wins with Three UK & VodafoneZiggo B.V. ii) Wipro & TechM's deal wins with Telefonica Germany. LTTS & HCLT deal wins with Airbus and Infosys deal win with Spirit AeroSystems indicate good recovery in Travel (Aviation) sector. Deal pipeline for Tier 2 companies also remains robust with large deal wins bagged by Mindtree (Knauf, Alfac) & LTI (Mutual Benefit Group (MBG), Komerční Banka).
- Infosys is strongly positioned with nine months' deal TCV of USD12bn including USD8Bn net new deals. In 4QFY21, Infy won large deals from marquee clients such as Siemens Gamesa, Toyota Material Handling & Infy BPM deal win with Newmont Corporation. We expect strong pick up in TCV & strong commentary in deal pipeline for Infosys.

Exhibit 2: Q4FY21 Estimates...

Q3FY21	USD Revenue growth QoQ	USD Revenue growth YoY	CC revenue growth QoQ	EBIT Margins	QoQ Bps	YoY Bps	EPS Growth QoQ	EPS Growth YoY
TCS	5.0%	10.0%	4.3%	27.6%	96 bps	249 bps	8.2%	16.9%
Infosys	3.8%	14.1%	3.2%	24.0%	-137 bps	287 bps	-2.6%	17.0%
Wipro	3.5%	3.3%	3.0%	20.0%	-158 bps	346 bps	-3.4%	22.5%
HCL Tech	3.8%	6.9%	3.1%	21.0%	-187 bps	12 bps	-6.4%	18.2%
TechM	2.3%	3.4%	1.6%	15.7%	-21 bps	572 bps	4.2%	69.9%
Average Tier-I	3.7%	7.5%	3.0%	21.7%	-81 bps	293 bps	0.0%	28.9%
LTI	4.8%	9.4%	4.4%	18.7%	-192 bps	199 bps	-10.7%	9.4%
Mphasis	2.3%	6.8%	2.0%	17.0%	64 bps	67 bps	5.8%	-1.6%
Mindtree	4.7%	3.1%	4.3%	18.5%	-104 bps	607 bps	-4.2%	51.7%
Coforge	4.0%	8.0%	3.5%	13.0%	1 bps	-86 bps	8.8%	20.5%
LTTS	4.0%	1.2%	3.5%	16.0%	78 bps	81 bps	0.4%	-8.8%
CYIENT	3.0%	-2.4%	2.5%	11.7%	54 bps	328 bps	12.1%	143.2%
Zensar	-2.5%	-14.8%	-2.9%	14.0%	-191 bps	417 bps	-17.1%	15.2%
Persistent	3.5%	19.0%	3.2%	12.3%	-38 bps	305 bps	14.3%	64.9%
Average Tier-II	3.0%	3.8%	2.6%	15.2%	-41 bps	240 bps	1.2%	36.8%
Overall Average	3.2%	5.2%	2.7%	17.7%	-56 bps	260 bps	0.7%	33.8%

Source: Company, PL

Exhibit 3: Cross Currency Impact between 30bps-70bps

Company	USD	CC	Currency Impact (+)
TCS	5.0%	4.3%	70bps
Infosys	3.8%	3.1%	70bps
Wipro	3.5%	3.0%	50bps
HCL Tech	3.8%	3.1%	70bps
TechM	2.3%	1.6%	70bps
LTI	4.8%	4.4%	40bps
Mphasis	2.3%	2.0%	30bps
Mindtree	4.7%	4.3%	40bps
Coforge	4.0%	3.5%	50bps
LTTS	4.0%	3.5%	50bps
CYIENT	3.0%	2.5%	50bps
Zensar	-2.5%	-2.9%	40bps
Persistent	3.5%	3.2%	30bps

Source: Company, PL

QoQ currency movement in Q4FY21
Exhibit 4: Depreciation of currencies against the US Dollar

	INR/USD	USD/GBP	USD/EUR	USD/AUD	JPY/USD
Dec-20	73.8	1.3	1.2	0.7	104.5
Mar-21	72.9	1.4	1.2	0.8	106.0
Appr/ (Depr) (%)	1.19	4.31	1.00	5.59	-1.52

Source: PL

Exhibit 5: Appreciation of the Rupee against other currencies

	INR/USD	INR/GBP	INR/EUR	INR/AUD	JPY/INR
Dec-20	73.8	97.6	88.1	53.9	1.4
Mar-21	72.9	100.7	88.1	56.3	1.5
Appr/ (Depr) (%)	1.19	-3.15	0.05	-4.55	-3.17

Source: PL

Major global currencies have appreciated vs USD (EUR: +1%, GBP: +4.3%, and AUD: +5.59%), implying cross-currency tailwind of 30-70 bps for Q4FY21. We have assumed USD-INR rate of Rs 72.9 (-1.19% QoQ) for Q4FY21 implying hedge gain and translation losses

YoY currency movement in Q4FY21

Exhibit 6: Depreciation of currencies against the US Dollar

	INR/USD	USD/GBP	USD/EUR	USD/AUD	JPY/USD
Mar-20	72.5	1.3	1.1	0.7	109.0
Mar-21	72.9	1.4	1.2	0.8	106.0
Appr/ (Depr) (%)	-0.51	7.75	9.26	17.40	2.69

Source: PL

Exhibit 7: Appreciation of the Rupee against other currencies

	INR/USD	INR/GBP	INR/EUR	INR/AUD	JPY/INR
Mar-20	72.5	92.7	79.9	47.7	1.5
Mar-21	72.9	100.7	88.1	56.3	1.5
Appr/ (Depr) (%)	-0.51	-8.55	-10.24	-18.13	3.23

Source: PL

Exhibit 8: Uptick in outsourcing/rebadging deals in 3QFY21

Date	Company	Client	Deal size (USD mn)	Duration	People takeover
15-07-2020	INFO	Vanguard	~USD1.6bn	n/a	~1.3k employees
12-02-2020	INFO	Rolls-Royce	NA	5	engineering capabilities for civil aerospace in Bengaluru
22-12-2020	INFO	Daimler	~USD1.4bn	5	~600 employees
11-09-2020	TCS	Postbank Systems AG	~USD550mn	5	~1.5k employees
11-12-2020	TCS	Prudential Financial	~USD300mn	5	~1.5k employees
31-07-2020	HCLT	Ericsson	~USD600mn	5	NA
22-12-2020	WPRO	Metro AG	USD700-1000mn	5-9 years	~1.3k employees

Source: Company, PL

Exhibit 9: Strong deal wins for IT services in 4QFY21

Date	Company	Client	Vertical
18-Jan-21	TCS	Three UK	Communication
16-Feb-21	TCS	BankservAfrica	BFSI
04-Mar-21	TCS	VodafoneZiggo B.V.	Communication
23-Mar-21	TCS	Skanska	Construction
02-Feb-21	INFO	Siemens Gamesa Renewable Energy	E&U
08-Feb-21	INFO	Spirit AeroSystems	Manufacturing
10-Feb-21	INFO	Toyota Material Handling	E&U
11-Feb-21	INFO	Tennis Australia	Services
11-Mar-21	INFO	Newmont Corporation	Mining
04-Feb-21	HCLT	Airbus	Manufacturing (Aerospace)
15-Jan-21	WPRO	Fiat Chrysler Automobiles	Manufacturing (Auto)
15-Jan-21	WPRO	Telefónica Germany / O2	Communication
12-Jan-21	TECHM	FIS	BFSI
03-Feb-21	TECHM	RSA Scandinavia	BFSI
15-Feb-21	TECHM	Telefónica Germany / O2	Communication
23-Feb-21	TECHM	Himachal Pradesh Police	Network
20-Jan-21	LTI	Komerční banka	BFSI
17-Feb-21	LTI	Mutual Benefit Group (MBG)	BFSI (Insurance)
20-Jan-21	MTCL	Alfac	BFSI (Insurance)
22-Mar-21	MTCL	Knauf	Manufacturing
25-Feb-21	LTTS	Airbus	Manufacturing (Aerospace)

Source: Company, PL

Exhibit 10: Q4FY21 Preview

Company	Q4FY21	Q3FY21	QoQ gr.	Q4FY20	YoY gr.	Comments
TCS (12th Apr)						
Revenues (US\$ mn)	5,988	5,702	5.0%	5,444	10.0%	We are expecting robust growth of 4.3% CC because 1) strong ramp up of large deals signed before (Postbank and Prudential Financial deal), 2) Strong demand in cloud adoption, 3) Strong tailwinds of large transformational digital deals.
Revenues	4,36,522	4,20,150	3.9%	3,99,460	9.3%	
EBITDA	1,26,941	1,21,720	4.3%	1,09,760	15.7%	TCV of deal wins of last quarter was robust at \$6.8 Bn (This does not include Postbank deal closed on Jan.
EBITDA margin (%)	29.1%	29.0%	11 bps	27.5%	160 bps	TCS did wage hike last quarter & 160bps impact was seen. In this quarter there are no headwinds for TCS margins. We expect strong margin performance by TCS supported by revenue growth tailwinds.
EBIT margin (%)	27.6%	26.6%	96 bps	25.1%	249 bps	
Adjusted net profit	94,182	87,010	8.2%	80,490	17.0%	We expect investor to focus on 1) Demand trend across verticals 2) Execution time of large deals, 3) Update on pricing , 4) Revenue conversion of past deals, 5) Supply side issues, hiring trends, wage hikes & its impact on margins ahead 6) Client budget decisions for CY21.
EPS	25.1	23.2	8.2%	21.5	16.9%	
Infosys (14th Apr)						
Revenues (US\$ mn)	3,648	3,516	3.8%	3,197	14.1%	We expect 3.1% QoQ CC growth which will be led by 1) Strong come back from all verticals (Retail, Communication, manufacturing), 2) Ramp up of last sign deals. March is a seasonally weak quarter for Infy. History suggests -1.4% / +2.4% / +1.8% / +0.7% / +1.6% QoQ USD growth in 4Q20 / 4Q19 / 4Q18 / 4Q17 / 4Q16 resp.
Revenues	2,69,957	2,59,270	4.1%	2,32,670	16.0%	
EBITDA	72,888	74,150	-1.7%	56,760	28.4%	We expect margins to decline by ~140bps led by 1) Ramp up by large deals, 2) Wage revision. Utilization also was quite higher in 3QFY21 at 86%. We expect large deal TCV of ~US\$3.5 bn, down from US\$7.1 bn announced for Q3FY21. Infosys is strongly positioned with nine months' deal TCV at USD12bn with USD8Bn net new deals.
EBITDA margin (%)	27.0%	28.6%	-160 bps	24.4%	260 bps	
EBIT margin (%)	24.0%	25.4%	-137 bps	21.2%	287 bps	We expect Infy to guide for 12-14% YoY CC revenue growth & 22-24% EBIT margin guidance for FY22E.
Adjusted net profit	50,615	51,970	-2.6%	43,210	17.1%	We expect strong pick up in TCV & strong commentary for deal pipeline.
EPS	11.9	12.2	-2.6%	10.2	17.0%	We expect investor to focus on 1) Execution time of large deals 2) Details about Dailmer deal, 3) Update on pricing , 4) Revenue conversion of past deals, 5) View on IT spending/budgets for CY21, 6) Guidance, 7) Impact on margins due to less talent & wage revision

Company	Q4FY21	Q3FY21	QoQ gr.	Q4FY20	YoY gr.	Comments
HCLT (Last week of April)						
Revenues (US\$ mn)	2,718	2,617	3.8%	2,543	6.9%	We expect strong revenue strong of 3.4% CC led by strong demand in cloud adoption which will lead growth in IT services business (IMS, Cloud adoption), we believe ER&D segment will show strong performance and revenue growth will be broad-based.
Revenues	1,98,115	1,93,020	2.6%	1,85,900	6.6%	
EBITDA	51,510	54,420	-5.3%	47,200	9.1%	We expect margins to decline by ~190bps QoQ on account of onetime bonus, wage hike & less contribution from product business.
EBITDA margin (%)	26.0%	28.2%	-219 bps	25.4%	61 bps	
EBIT margin (%)	21.0%	22.9%	-187 bps	20.9%	12 bps	We expect HCLT to give revenue guidance of 10-12% YoY CC & margin guidance of 20-21% band for FY22E.
Adjusted net profit	37,268	39,810	-6.4%	31,530	18.2%	We expect investor to focus on 1) large deal wins 2) Revenue & Margin outlook of product business, 3) Update on pricing , 4) Revenue conversion of past deals, 5) Capital allocation
EPS	13.7	14.7	-6.4%	11.6	18.2%	
Wipro (15th Apr)						
IT Revenue (US\$ m)	2,142	2,071	3.5%	2,074	3.3%	We expect a strong revenue growth of 3% CC led by ramp up of large deals in the earlier quarter. Q4 is a seasonally strong quarter for Wipro. We expect strong growth from Cloud & infra business. Vertical wise we expect a broad-based recovery with retail & BFSI outperforming.
Revenues	1,59,054	1,56,700	1.5%	1,57,110	1.2%	
EBITDA	39,493	41,174	-4.1%	30,799	28.2%	
EBITDA margin (%)	24.8%	26.3%	-145 bps	19.6%	523 bps	We expect Wipro to post ~160bps decline in margins due to wage revisions and hiring at the senior management level.
EBIT	31,816	33,813	-5.9%	25,994	22.4%	We expect Wipro to guide for 1-3% QoQ CC revenue growth for Q1FY22.
EBIT margin (%)	20.0%	21.6%	-158 bps	16.5%	346 bps	
Adjusted net profit	28,684	29,667	-3.3%	23,260	23.3%	We expect investor to focus on 1) Execution of past large deal, 2) demand commentaries of key verticals , 3) Commentary of large deals, 5) Pricing & budgets of CY21, 6) Any other big M&A bets.
EPS	5.0	5.2	-3.4%	4.1	22.5%	
Tech M (Not Announced)						
Revenues (US\$ mn)	1,339	1,309	2.3%	1,295	3.4%	We expect a modest 1.6% QoQ CC growth from TechM.
Revenues	97,823	96,471	1.4%	94,902	3.1%	We expect margins to be at 15.7%. Utilization was very high at 87% (vs 85% in 2Q21 & 3Q20) and may come down to stable levels of 85% in Q4FY21. Sub-contracting costs have reduced 60bps to 12.4% (vs 13% in 2Q21 & 16.3% in 3Q20).
EBITDA	19,292	18,955	1.8%	13,478	43.1%	
EBITDA margin (%)	19.7%	19.6%	7 bps	14.2%	552 bps	We expect net-new TCV to range from US\$450-500 mn. Deal pipeline is robust for TechM.: Net new deal win TCV is USD 455mn (Vs Q2FY21: 421mn).
EBIT margin (%)	15.7%	15.9%	-21 bps	10%	572 bps	
Adjusted net profit	13,650	13,098	4.2%	8,039.0	69.8%	We expect investor to focus on 1) Sustainably of growth , 2) Commentary on communication, 5G theme., 3) Margin Expansion Plans ,4) Conversion of TCV, 5) Capital Allocation
EPS	15.5	14.9	4.2%	9.1	69.9%	

Company	Q4FY21	Q3FY21	QoQ gr.	Q4FY20	YoY gr.	Comments
Mindtree (15th Apr)						
Revenues (US\$ mn)	287	274	4.7%	278	3.1%	We expect strong 4.3% QoQ CC growth which will be led by broad-based recovery across verticals & service lines. We expect growth pick up from travel vertical also. Revenue growth will also be led by top account.
Revenues	22,505	20,237	11.2%	20,505	9.8%	
EBITDA	5,092	4,679	8.8%	3,237	57.3%	We expect margins to be at 18.5% as Wage hikes were given during the quarter leading to ~250 bps gross impact on margins. Utilization to trend lower due to hiring. TCV to remain strong, suggesting improving growth outlook for FY22 which will also likely benefit from a rebound in travel vertical.
EBITDA margin (%)	22.6%	23.1%	-50 bps	15.8%	684 bps	
EBIT margin (%)	18.5%	19.6%	-104 bps	12.5%	607 bps	
Adjusted net profit	3,128	3,265	-4.2%	2,062	51.7%	We expect investor to focus on 1) Growth outlook of top client, 2) margin outlook, 3) management strategy for next 2 years, 4) Outlook on T10 accounts and pricing & renewal commercials/DSO situation with large accounts, 5) Recovery of travel vertical
EPS	19.0	19.8	-4.2%	13	51.7%	
Mphasis (Last week of April)						
Revenues (US\$ mn)	342	334	2.3%	320	6.8%	We expect 2.0% CC revenue growth which will be led by 5% QoQ growth in direct core & 10% decline in DXC. We expect margins to remain stable at 17%.
Revenues	25,042	24,743	1.2%	23,462	6.7%	
EBITDA	4,864	4,653	4.5%	4,441	9.5%	DXC revenues will continue to decline and direct core business will continue to improve. Expect softness in digital risk revenues.
EBITDA margin (%)	19.4%	18.8%	62 bps	18.9%	49 bps	
EBIT margin (%)	17.0%	16.4%	64 bps	16.3%	67 bps	TCV to remain strong, suggesting strong growth outlook for FY22
Adjusted net profit	3,468	3,254	6.6%	3,532	-1.8%	We expect investor to focus on 1) Execution Large deal pipeline, 2) Revenue outlook from DXC, 3) Margin levers
EPS	18.5	17.5	5.8%	18.8	-1.6%	
Zensar (Not Announced)						
Revenues (US\$ mn)	120	123	-2.5%	141	-14.8%	
Revenues	8,728	9,065	-3.7%	10,178	-14.2%	
EBITDA	1,571	1,863	-15.7%	1,416	11.0%	Expect revenue to decline due to client-specific challenges in hi-tech, partially offset by gradual recovery in Retail and BFSI
EBITDA margin (%)	18.0%	20.6%	-255 bps	13.9%	409 bps	
EBIT margin (%)	14%	16%	-191 bps	10%	417 bps	
Adjusted net profit	819	987	-17.0%	695	17.9%	
EPS	3.7	4.5	-17.1%	3.2	15.2%	
Coforge (Not Announced)						
Revenues (US\$ mn)	167	161	4.0%	155	8.0%	We expect revenue growth of 3.5% QoQ CC. Revenue growth momentum will be sustained strong performance in BFS and continued strong recovery in deeply impacted Travel & Transport vertical. Deal win momentum to sustain. Coforge is poised to show strong momentum in FY22 and could outpace peers by wide margin. In 4Q as well Coforge will pay one-time performance based bonus to select talent to drive retention and they will rollout broad-based salary hike effective 1st April 2021
Revenues	12,192	11,906	2.4%	11,093	9.9%	
EBITDA	2,012	2,009	0.1%	1,971	2.1%	
EBITDA margin (%)	16.5%	16.9%	-37 bps	17.8%	-127 bps	
EBIT margin (%)	13.0%	13.0%	1 bps	13.9%	-86 bps	
Adjusted net profit	1,328	1,220	8.8%	1,136	16.9%	
EPS	21.9	20.1	8.8%	18.2	20.5%	
LTTS (Not Announced)						
Revenues (US\$ mn)	198	190	4.0%	195	1.2%	We expect LTTS to post a strong revenue growth of 3.5% QoQ CC which will be led by transportation & telecom & hi-tech vertical. US & Europe will continue to post robust growth.
Revenues	14,413	14,007	2.9%	14,466	-0.4%	
EBITDA	2,854	2,756	3.5%	2,683	6.4%	
EBITDA margin (%)	19.8%	19.7%	12 bps	18.5%	125 bps	
EBIT margin (%)	16.0%	15.2%	78 bps	15.2%	81 bps	Management expects margins to further improve to pre-covid levels in Q4 led by margin levers (utilization, offshore mix, pyramid, attrition) and higher growth in Telecom & HiTech segment.
Adjusted net profit	1,872	1,869	0.2%	1,869	0.2%	
EPS	17.7	17.6	0.4%	19.4	-8.8%	

Company	Q4FY21	Q3FY21	QoQ gr.	Q4FY20	YoY gr.	Comments
Cyient (Not Announced)						
Revenues (US\$ mn)	146	141	3.0%	149	-2.4%	
Revenues	10,618	10,443	1.7%	10,736	-1.1%	
EBITDA	1,720	1,650	4.2%	1,382	24.5%	We expect strong growth in DLM business & strong come back in services business
EBITDA margin (%)	16.2%	15.8%	40 bps	12.9%	333 bps	
EBIT margin (%)	11.7%	11.2%	54 bps	8.4%	328 bps	Margins to expand on account of tailwinds from revenue growth.
Adjusted net profit	1,069	954	12.1%	451	137.1%	
EPS	9.7	8.7	12.1%	4.0	143.2%	
Persistent (Not Announced)						
Revenues (US\$ mn)	151	146	3.5%	127	19.0%	
Revenues	11,022	10,754	2.5%	9,264	19.0%	
EBITDA	1,841	1,825	0.9%	1,277	44.2%	Revenue growth is led by strong traction in TSU.
EBITDA margin (%)	16.7%	17.0%	-27 bps	13.8%	292 bps	Margin to be impacted by wage hike and hiring momentum
EBIT margin (%)	12.3%	12.7%	-38 bps	9.2%	305 bps	
Adjusted net profit	1,383	1,209	14.3%	838	64.9%	
EPS	17.3	15.1	14.3%	10.5	64.9%	
LTI (Not Announced)						
Revenues (US\$ mn)	448	428	4.8%	410	9.4%	Performance evenly spread across BFSI and Manufacturing sectors
Revenues	32,684	31,528	3.7%	30,119	8.5%	
EBITDA	6,766	7,320	-7.6%	5,781	17.0%	TCV is likely to accelerate from 3Q to cover up for the weak 1H performance
EBITDA margin (%)	20.7	23.2	-252 bps	19.2	151 bps	
EBIT margin (%)	18.7	20.6	-192 bps	16.7	199 bps	
Adjusted net profit	4,674	5,192	-10.0%	4,274	9.4%	Utilization to trend lower on hiring, Wage hikes to impact margins (gross impact 170bps) during the quarter
EPS	26.4	29.5	-10.7%	24.1	9.4%	
Sonata Soft. (Not Announced)						
IT services Revenues (USD mn)	42.64	41	4.0%	44.4	-4.0%	
Domestic Products (USD mn)	98	150	-34.6%	83	18.4%	
Revenues (US\$ mn)	141	191	-26.3%	127	10.6%	We expect International IT Services to grow at 4% QoQ
Revenues (INR mn)	10,255	14,003	-26.8%	9,287	10.4%	
EBITDA	993	1,112	-10.7%	830	19.5%	Domestic Products business is cyclical
EBITDA margin (%)	9.7	7.9	174 bps	8.9	74 bps	
Adjusted net profit	668	540	23.6%	618	8.0%	
EPS	6.4	5.2	23.6%	6.0	8.0%	
TeamLease (Not Announced)						
Revenues (Rs)	13,583	12,754	6.5%	13,303	2.1%	We expect Teamlease to post a strong quarter with +7.0% QoQ growth in revenue, led by strong growth in core staffing. The growth is led by a gradual opening up of the economy and a strong recovery in NETAP additions (Manufacturing).
EBITDA	272	248	9.5%	199	36.2%	
EBITDA margin (%)	2.0	1.9	55 bps	1.5	50 bps	
Adjusted net profit	261	235	11.0%	(294)	-2 bps	The EBITDA margin will improve by 9bps QoQ to 2.5%, led by higher productivity, improving business mix (high-margin specialised staffing) and cost control initiatives.
EPS	15.0	13.5	11.1%	(17.2)	NA	

Source: Company, PL

Exhibit 11: Key Financials

	USD Revenues growth			EBIT Margin			EPS		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Infosys	6.4%	15.9%	10.6%	24.4%	24.0%	23.3%	45.8	55.7	61.0
TCS	0.6%	15.3%	11.5%	26.1%	26.4%	26.3%	88.6	107.4	120.7
Wipro	-1.6%	17.8%	9.9%	19.2%	16.8%	17.8%	18.0	20.2	23.8
HCL Tech	2.6%	13.0%	9.6%	21.5%	21.0%	20.2%	50.8	54.7	58.4
Tech M	-1.4%	9.4%	9.3%	14.0%	15.1%	15.0%	54.0	62.8	67.2
Mindtree	-1.2%	16.8%	13.1%	17.4%	18.9%	19.0%	67.1	86.5	101.1
Coforge	5.0%	17.6%	20.0%	13.7%	14.5%	14.7%	83.3	106.5	131.3
LTTS	-6.3%	17.0%	16.7%	14.3%	16.4%	16.1%	63.0	82.3	100.2
LTI	9.6%	18.7%	15.0%	19.2%	18.2%	18.0%	105.4	125.8	146.5
Mphasis	5.6%	13.6%	12.6%	16.3%	17.1%	16.5%	66.9	81.1	89.0
Persistent	12.5%	19.0%	13.9%	11.9%	13.1%	13.5%	56.4	80.0	91.7
Cyient	-11.6%	11.7%	13.5%	11.5%	11.5%	11.5%	43.5	43.5	43.5
Zensar	-14.3%	4.7%	19.0%	14.7%	13.5%	13.8%	19.4	16.9	20.7

Source: Company, PL



Exhibit 12: Valuation Summary

Company Names	Rating	CMP (Rs)	TP (Rs)	Mcap (Rs bn)	Sales (Rs bn)				EBITDA (Rs bn)				PAT (Rs bn)				EPS (Rs)				RoE (%)				PE (x)			
					FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E
Coforge	BUY	2,924	3,020	180.7	42.1	46.2	55.0	66.9	7.4	8.1	9.6	11.9	4.8	5.1	6.5	8.1	77.1	83.3	106.5	131.3	21.5	20.4	22.9	24.4	37.9	35.1	27.5	22.3
Cyient	BUY	666	683	73.2	44.3	41.0	46.3	53.3	6.0	5.9	7.3	8.0	3.7	3.7	4.5	5.1	33.0	33.0	40.5	45.6	14.5	13.9	15.6	16.1	20.1	20.2	16.4	14.6
HCL Technologies	BUY	1,001	1,168	2,715.3	706.8	755.5	863.9	959.1	167.0	201.1	218.2	234.8	110.6	137.7	148.4	158.5	40.8	50.8	54.7	58.4	23.7	23.9	21.5	19.7	24.5	19.7	18.3	17.1
Infosys	BUY	1,386	1,646	5,879.7	907.9	1,011.6	1,197.3	1,342.0	222.7	279.1	320.6	342.1	166.4	194.4	236.3	258.6	39.1	45.8	55.7	61.0	25.4	27.6	28.7	28.3	35.5	30.2	24.9	22.7
L&T Infotech	BUY	4,121	4,394	717.1	108.7	123.8	148.8	173.5	20.2	26.9	30.1	34.7	15.1	18.7	22.3	26.0	85.1	105.4	125.8	146.5	29.3	31.2	30.8	29.8	48.4	39.1	32.8	28.1
L&T Tech. Serv.	BUY	2,721	3,006	283.0	56.2	54.5	65.5	77.5	11.1	10.0	12.9	15.1	8.2	6.6	8.6	10.5	78.8	63.0	82.3	100.2	30.0	20.7	23.6	25.0	34.5	43.2	33.1	27.2
Mphasis	BUY	1,749	1,869	325.7	88.4	97.0	112.1	127.7	16.5	18.2	21.7	23.6	11.8	12.5	15.1	16.6	63.6	66.9	81.1	89.0	21.4	21.0	22.9	21.3	27.5	26.1	21.6	19.6
Mindtree	BUY	2,068	2,326	340.3	77.6	81.1	95.1	103.2	10.6	16.9	19.9	22.3	6.3	11.0	14.2	16.6	38.3	67.1	86.5	101.1	19.5	30.5	30.7	28.5	53.9	30.8	23.9	20.4
Persistent Systems	BUY	1,954	2,017	149.3	35.7	41.8	50.4	58.1	4.9	6.8	8.8	10.2	3.4	4.5	6.4	7.3	42.5	56.4	80.0	91.7	14.4	17.7	21.9	21.5	45.9	34.6	24.4	21.3
Redington (India)	BUY	184	189	71.4	514.7	579.7	699.3	760.8	10.2	11.8	14.4	15.9	5.4	5.8	8.2	9.2	13.9	14.9	21.1	23.6	13.2	12.8	16.3	16.2	13.2	12.3	8.7	7.8
Sonata Software	BUY	522	537	54.2	37.4	41.8	49.2	58.3	3.7	3.8	4.7	5.4	2.8	2.3	3.2	3.7	27.0	22.3	31.0	35.8	34.6	25.5	31.5	32.1	19.4	23.4	16.9	14.6
Tata Cons. Serv.	BUY	3,167	3,620	12,002.1	1,569.5	1,641.2	1,917.4	2,166.3	423.2	464.0	536.2	603.6	323.4	335.6	406.9	457.3	85.3	88.6	107.4	120.7	36.8	36.2	37.2	34.6	37.1	35.8	29.5	26.2
TeamLease Services	BUY	3,774	4,002	64.5	52.0	49.0	60.1	72.6	1.0	1.0	1.6	2.1	0.3	0.9	1.3	1.7	18.4	52.0	74.8	100.9	5.7	14.4	17.6	19.7	204.8	72.6	50.5	37.4
Tech Mahindra	BUY	990	1,143	864.3	368.7	379.1	419.1	464.1	57.3	68.3	80.2	88.2	42.6	47.1	54.9	58.8	48.8	54.0	62.8	67.2	19.7	19.6	20.1	18.4	20.3	18.3	15.8	14.7
Wipro	BUY	417	476	2,473.7	610.2	616.0	731.3	814.4	122.3	147.0	172.0	201.1	97.2	106.9	115.0	135.4	16.2	18.0	20.2	23.8	17.3	19.2	19.1	19.1	25.8	23.1	20.6	17.5
Zensar Technologies	BUY	276	290	62.1	41.8	38.2	39.7	47.8	5.1	7.2	6.9	8.5	2.7	4.4	3.8	4.7	11.8	19.3	16.8	20.6	13.3	19.4	14.8	16.1	23.3	14.3	16.4	13.4

Source: Company, PL

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Coforge	BUY	3,051	2,420
2	Cyient	BUY	681	508
3	HCL Technologies	BUY	1,160	990
4	Infosys	BUY	1,611	1,387
5	L&T Technology Services	BUY	3,057	2,658
6	Larsen & Toubro Infotech	BUY	4,364	4,091
7	Mindtree	BUY	2,170	2,021
8	Mphasis	BUY	1,902	1,590
9	Persistent Systems	BUY	1,727	1,524
10	Redington (India)	BUY	138	133
11	Sonata Software	BUY	503	406
12	Tata Consultancy Services	BUY	3,358	2,928
13	TeamLease Services	BUY	2,931	2,666
14	Tech Mahindra	BUY	1,138	961
15	Wipro	BUY	474	439
16	Zensar Technologies	BUY	257	243

PL's Recommendation Nomenclature

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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