TECHNOLOGY

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Strong deal pipeline and continued traction from digital to accelerate revenue in FY20

Companies Name	Rating
TCS	Neutral
INFOSYS	Buy
HCLTECH	Buy
WIPRO	Accumulate
TECHM	Accumulate
LTI	Neutral
MPHASIS	Buy
MINDTREE	Buy
TATA ELXSI	Buy
NIIT TECH	Accumulate
CYIENT	Accumulate
PERSISTENT	Buy
ZENSAR TECH	Neutral

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3QFY19 Result Summary

- Almost all the major Tier 1 and Tier 2, IT companies came out with their 3QFY19 results mainly in line with the estimates. Revenue growth ranged between 1% to 6.5% QoQ in cc term for all the companies mainly driven by strong TCV and digital share. With continued net new TCV wins, growth for the year was better (19%YoY) than that of last year (4%YoY).
- Top tier 1 companies have posted a moderate growth, TCS, Infosys, Wipro and TECHM's revenue grew by 1.8%, 2.2%, 2.4%, 4.3%QoQ in cc terms while HCLTECH topped among Tier1 companies by growing 5.6%QoQ cc term growth.
- Even the tier 2 companies' portrayed a strong revenue growth despite seasonality. Mindtree grew 2.4%QoQ in cc term, Mphasis grew3.1% , NIITECH grew 4.2%QoQ cc, LTI showed a growt of 6.1%QoQ cc and ZENSARTECH grew 4.5%QoQ cc terms .
- Robust TCV wins resulted in growth despite seasonality whereas macro challenges (higher attrition, higher subcontracting cost, supply constraint) hampered the margins. Margin during the quarter declined between 30bps to 200 bps for most of the Tier 1 companies barring Wipro which expanded 140 bps). However companies posted a moderate PAT growth in 3QFY19 led by revenue growth but offset by some margin miss and lowers other income.

Digital: Continued in the journey to became major disruptor

- Digital continued as a major growth driver, growing 30% to 50% YoY for most of the Tier 1 companies. TCS digital revenue during the quarter grew 52.7%YoY and now contributes 1/3 of the overall revenue (30.1%), Infosys digital business grew 33.1%YoY and now contributes 31.5% of the revenue, Wipro contributes 33.1% of the revenue (grew 35.4%YoY) and HCLTECH digital revenue(29%) growth came in at 28.8%YoY in 3QFY19.
- For the Tier 2 companies, the growth in digital is faster as compared to Tier 1companies. Digital now contributes nearly half (49.5%) of the revenue of Mindtree, ZENSARTECH has 44.5% of digital revenue coming in, LTI (contribution 37%of the revenue) and NIITECH is having 28% of digital penetration.
- As stated by the HCLTECH management, "digital is critical for the client to evolve their business and thus client are not going to cut down on digital spend in spite of some pressure in their business". Thus we expect better traction to continue going ahead .

Demand environment intact

While global cues remain uncertain, most of the IT company's management is optimistic of positive demand scenario for FY20 (as suggested by their commentary in Q3FY19 concall) led by strong deal wins and digital share (as digital transformation journey is becoming the major driver for the growth). Strong TCV wins were seen during the quarter (TCS TCV wins during the quarter was at USD5.9b , for INFOSYS it stood at USD1.5b, TECHM TCV win was USD550m and HCLTECH has YTD 40% new booking as compared to last year). Even the companies are seeing digital deal sizes increasing every quarter.

Macro challenges persist, attrition becoming major concern

However with strong demand environment, companies are continuing to see supply constraint. In order to meet the skill to aggressively capture the demand, companies are moving towards subcontractor to fulfill their needs .Thus resulting in margin contraction due to higher cost involved(3QFY19 margin declined 30 bps to 220bps for most of TIER 1 companies barring Wipro which expanded 140bps).
Most of the companies see it as major challenge as the talent required to meet the demand is not up to the mark. Thus the companies like TCS, Wipro, Mindtree, Hexaware are investing heavily on addition of workforce. But Companies like INFOSY which has foresight, is now reaping fruits by early investment on them.

Attrition is also inching up for most of the companies, (TCS/Infosys/HCLTECH/TECH attrition stood at 11.2/17.8/17.8/21)as the shortage of talent are giving the skilled employees the higher advantage across the market. Though management is continuously working to improve the attrition however seeing the macro constraints, it will continue to be overhang for the companies going ahead.

VIEW AND VALUATION

3QFY19 performance for major IT companies came in line with the estimates (3QFY19 revenue ranged between 1%QoQ to 6.5% QoQ in cc term). Some companies showed strong growth like HCLTECH, LTI in their revenue numbers whereas others saw a furlough impact. Robust Order booking continued during the quarter for top companies (TCS TCV now stand for USD5.9mn, Infosys USD1.57mn and HCLTECH 40% growth of TCV as compared to last year) and Digital continued as a major growth driver for the 3QFY19 (digital contribution: TCS /Infosys/ wipro,30.1%/33.1%/33.2%).EBITDA margin remained impacted by furlough and higher subcontracting cost.

Management commentaries for most of the IT companies remained bullish on demand environment whereas supply constraints to remain challenge to the margins. Different views was seen in BFSI vertical where some were positive whereas other saw a tight spent by client. Investment to continue to impact the margins for the most of the companies however some companies like Infosys to get early investment advantage going ahead.

In our view, positive triggers of FY20 will be 1) continued growth in FS revenue in North America; 2); large deals participation; (3) capex visibility owing to 5G roll-out; and (4) strategic M&A activities to build capabilities could lend support to FY2020E revenue acceleration. In order of preference, Our top pick are INFOSYS, HCL Tech and Tech Mahindra.

3QFY19 RESULT SNAPSHOT

Companies names	Sales	QoQ growth	QoQ growth CC	YoY growth	EBITDA	EBITDA margin	PAT	PAT margin
Hi cap								
TCS	37,338	1.3	1.8	20.8	10,083	27.0	8,121	21.75
INFOSYS	21,400	3.8	2.7	20.3	4,959	23.2	3,610	16.87
HCLTECH	15,699	5.6	5.6	22.6	3,632	23.1	2,605	16.59
WIPRO	15,060	3.4	2.4	10.2	3,293	21.9	2,544	16.89
TECHM	8,944	3.6	4.3	15.0	1,723	19.3	1,207	13.50
Mid cap								
LTI	2,473	6.1	6.1	31.3	509	20.6	376	15.18
MPHASIS	1,971	2.9	2.6	18.7	331	16.8	278	14.11
MINDTREE	1,787	1.8	2.1	29.7	283	15.9	191	10.70
TATA ELXSI	407	1.0	2.0	17.8	103	25.4	66	16.22
NIIT TECH	972	7.1	3.1	28.4	181	18.7	100	10.31
CYIENT	1,188	0.1	-2.2	20.8	174	14.7	92	7.78
PERSISTENT	864	3.4	2.2	9.1	146	16.9	92	10.62
ZENSAR TECH	1,036	6.9	4.5	30.5	110	10.7	57	5.50

Valuation

			ROE			EPS			P/E		
Companies names	Rating	Target price	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
TCS	Neutral	2013	30.2	36.4	34.5	67.6	85.3	94.7	21.1	22.2	20.0
INFOSYS	Buy	856	24.7	22.6	24.7	36.7	36.3	42.9	15.5	18.8	15.9
HCLTECH	Buy	1252	31.8	33.7	34.0	62.6	74.9	87.0	15.5	13.2	11.4
WIPRO	Accumulate	382	16.1	17.1	15.8	17.7	19.7	21.2	15.9	17.1	15.9
TECHM	Accumulate	841	21.5	21.4	20.3	38.7	44.4	48.7	16.5	16.9	15.4
LTI	Neutral	1948	31.8	34.5	30.3	31.8	34.5	30.3	20.7	20.5	18.5
MPHASIS	Buy	1325	15.3	21.2	20.6	43.3	58.5	65.6	19.5	15.7	14.0
MINDTREE	Buy	1020	21.0	23.4	22.9	34.0	47.4	56.7	22.0	17.7	14.9
TATA ELXSI	BUY	1312	37.0	34.0	30.7	38.5	46.5	54.7	25.6	20.8	17.7
NIIT TECH	Accumulate	1369	15.7	14.4	18.2	50.2	68.3	85.5	17.2	18.0	14.3
CYIENT	Accumulate	718	18.2	17.5	18.1	36.1	38.6	44.9	19.1	16.3	14.0
PERSISTENT	BUY	24%	16.1	15.9	15.9	40.4	44.8	50.2	18.0	12.6	11.2
ZENSAR TECH	Neutral	243	15.7	18.0	17.5	11.0	14.4	16.2	16.4	15.4	13.7

TCS

Performance	3QFY18	2QFY19	3QFY19	YOY%	QOQ%
SALES	30904	36854	37338	20.8%	1.3%
EBITDA	8287	10280	10083	21.7%	-1.9%
EBIT	7781	9773	9564	22.9%	-2.1%
PAT	6545	7929	8121	24.1%	2.4%
EBIT Margin	25.2%	26.5%	25.6%	0.4%	-0.9%
PAT Margin	21.2%	21.5%	21.7%	0.6%	0.2%

Company posted mixed set of numbers in 3QFY19 where the revenue grew 1.8% QoQ in cc term to Rs37338 crore led by growth in digital and segment like Life Sciences & Healthcare, Energy & Utilities and Retail .However currency headwind of 50bps impacted the revenue growth in INR term (growth of 1.3%QoQ). Digital revenue grew 52.7% YoY growth in CC in 3QFY19.Thus contributing 30.1% of the overall revenue .EBIT for the quarter stood at Rs9564(decline of 2.1% QoQ). Margin missed our estimates and decline 90 bps led by higher employee cost, currency headwind and increase in the cost of the business. Despite decline in margins overall PAT grew2.4%QoQ supported by higher other income. The company posted the highest ever order book of $5.9bn during the quarter. Out of total TCV, $2bn came from BFSI and $800mn came from Retail.

INFOSYS

Performance	3QFY18	2QFY19	3QFY19	YOY%	QOQ%
SALES	30904	36854	37338	20.8%	1.3%
EBITDA	8287	10280	10083	21.7%	-1.9%
EBIT	7781	9773	9564	22.9%	-2.1%
PAT	6545	7929	8121	24.1%	2.4%
EBIT Margin	25.2%	26.5%	25.6%	0.4%	-0.9%
PAT Margin	21.2%	21.5%	21.7%	0.6%	0.2%

Company's 3QFY19 revenue grew 3.8% to Rs21400 crore led by strong order book (TCV of $1.57billion in 3QFY19) and continued growth in digital business. In constant currency terms revenue grew 2.7%QoQ.EBIT for the quarter stood at Rs4379, a decline of 10.5%QoQ. Margin declined 330bps to 20.5% led by onetime expenses related skava and panaya (40bps), drop in utilization & higher onsite (80bps), subcontracting cost (20bps), and continued investment (30bps).However some portion was offset by rupee depreciation and revenue hedge (50bps).PAT stood at Rs3610 a decline of12.2% QoQ due of onetime expenses. Strong order book and continued growth in digital led to revision in management revenue guidance. Management expects revenue growth of 8 % to 9.5% in cc term however maintained its margin guidance (22 % to 24%).

HCLTECH

Performance	3QFY18	2QFY19	3QFY19	YOY%	QOQ%
SALES	12809	14860	15699	22.6%	5.6%
EBITDA	2789	3463	3632	30.2%	4.9%
EBIT	2358	2952	3091	31.1%	4.7%
PAT	2075	2534	2605	25.5%	2.8%
EBIT Margin	18.4%	19.9%	19.7%	1.3%	-0.2%
PAT Margin	16.2%	17.1%	16.6%	0.4%	-0.5%

Company's 3QFY19 performance reported a mixed set of numbers where revenue grew 4.9%QoQ in USD terms (above our estimates of 2.1%QoQ) whereas PAT stood at Rs2605 crore (mainly in line with our estimate of 2622 crore) primarily led by lower tax. EBIT during the quarter stood at Rs 3091, a growth of 4.7%QoQ. Margin slightly missed the estimates and declined 30bps to 19.7% mainly impacted by wage hike (55bps) which completely offset the operational efficiency and currency tailwind of 15 bps. From a Mode 1-2-3 perspective, Mode 1 growth 3.9%QoQ, Mode 2 grew by whopping 13.1%QoQ and Mode 3 grew 6.2% during the quarter. Mode 2 business crossed the milestone of USD 1.5 billion run rate. The company continued its strong deal momentum and signed 17 new transformational deals this quarter (Financial Services, Technology and Manufacturing).

WIPRO

Performance	3QFY18	2QFY19	3QFY19	YOY%	QOQ%
SALES	13669	14541	15060	10.2%	3.6%
EBITDA	2487	2377	3293	32.4%	38.5%
EBIT	1959	1940	2776	41.7%	43.1%
PAT	1929	1886	2544	31.9%	34.9%
EBIT Margin	15.3%	13.1%	17.7%	2.4%	4.6%
PAT Margin	15.1%	12.7%	16.2%	1.1%	3.5%

Company's 3QFY19 performance was in line with the estimates where revenue grew 2.4%QoQ in constant currency(cc) terms led by strong growth in BFSI and Consumer Business Unit.PAT grew at 11.3% to Rs 2544 crore. EBIT for the quarter stood at Rs2776 crore to 18.4%QoQ (highest in last12 quarter). Margins expanded 140 bps to 18.4% in 3QFY19 on account of higher IT service margin which stood at 19.8%.For 4QFY19, The management has guided of 0% to 2% growth which is lower than the 3QFY19 guidance considering the macro uncertainties in US and UK, lower enrolment compared to the base last year and continued challenges in some segments(healthcare).

TECHM

Performance	3QFY18	2QFY19	3QFY19	YOY%	QOQ%
SALES	7776	8630	8944	15.0%	3.6%
EBITDA	1265	1619	1723	36.2%	6.4%
EBIT	990	1324	1439	45.4%	8.7%
PAT	924	1056	1207	30.6%	14.3%
EBIT Margin	12.7%	15.3%	16.1%	3.4%	0.7%
PAT Margin	11.9%	12.2%	13.5%	1.6%	1.3%

TECHM posted strong performance in its 3QFY19 result where revenue grew 3.5%QoQ to USD1261 million (above our estimates of USD1248 million) and EBITDA margin continued its growth momentum for the second consecutive quarter and expanded 50bps to 19.3%(in line with estimates of 19.2%). EBITDA during the quarter grew 6.4%QoQ mainly led by improvement in operational expenses on the SG&A side and supported by utilization improvement (40bps).However some headwinds like investment made on deal ramp up, change in business mix offset some portion of the margins. PAT stood at Rs1207 crore, a growth of 14.3% led by tax reversal benefit of 7.5%QoQ and strong revenue beat.

LTI

Performance	3QFY18	2QFY19	3QFY19	YOY%	QOQ%
SALES	1884	2331	2473	31.3%	6.1%
EBITDA	322	479	509	58.1%	6.3%
EBIT	281	442	473	68.3%	7.0%
PAT	283	400	376	32.9%	-6.0%
EBIT Margin	14.9%	19.0%	19.1%	4.2%	0.2%
PAT Margin	15.0%	17.2%	15.2%	0.2%	-2.0%

Company reported in line revenue performance where revenue grew Rs2473 crore (vs. our expectation of Rs2720), a growth of 6.1% led by strong growth across segment like BFS, retail ,energy & utilities .In USD term revenue grew 5.6%QoQ and stood at USD346.9 million. However PAT for the quarter stood at Rs376 crore, declined 6.2%QoQ due to lower other income.EBIT for the quarter stood at Rs473 crore, a growth 7%QoQ. Despite the headwinds due to lower working days in 3QFY19, the operating margin stood at 19.1% up 10 bps led by operational efficiencies like higher utilization and lower SG&A cost. Management believes FY19 to post top quartile growth of the company however due to tightness in spend, delay in project renewal and continued investment in workforce is expected to impact the growth in FY20.

MPHASIS

Performance	3QFY18	2QFY19	3QFY19	YOY%	QOQ%
SALES	1661	1915	1971	18.7%	2.9%
EBITDA	274	333	331	20.8%	-0.6%
EBIT	257	315	311	21.0%	-1.3%
PAT	215	271	278	29.3%	2.6%
EBIT Margin	15.5%	16.4%	15.8%	0.3%	-0.7%
PAT Margin	12.9%	14.2%	14.1%	1.2%	0.0%

Company's 3QFY19 revenue were below our estimates (grew 3.1% QoQ in constant currency term and 2.6%QoQ in USD term) whereas margin remained in line (16.8% vs. our estimates of 16.8%) led by better performance in G&A and pyramid optimization despite wage hike. Direct international business won new deal of TCV USD122 million during the quarter, out of which 81% came from new gen services. Total YTD now stands for USD484 million (12%groth YoY). Management stated that one should not expect more than 20% YoY growth in FY20 after growing20% is seeing the two year of consistent growth however expect to be at power or market above growth for FY20.

MINDTREE

Performance	3QFY18	2QFY19	3QFY19	YOY%	QOQ%
SALES	1378	403	407	-70.5%	1.0%
EBITDA	207	107	103	-50.2%	-3.7%
EBIT	166	101	97	-41.6%	-4.0%
PAT	142	82	66	-53.5%	-19.5%
EBIT Margin	12.0%	25.1%	23.8%	11.8%	-1.2%
PAT Margin	10.3%	20.3%	16.2%	5.9%	-4.1%

Companies 3QFY19 performance was a mixed set of number where revenue was in line with the estimates (USD251.5mn vs. USD251.4mn) whereas PAT declined 7.5%QoQ in USD terms (below estimates) due to lower than expected other income. Digital (highest contribution among its peers) where the company now nearly contributes half of the revenue (~49.5%) has continued to post growth in 3QFY19 too. It grew 5.1%QoQ and 32.4%YoY.The management continues to see strong demand environment and healthy pipeline for 4QFY19 and FY20. BFSI expected to be soft for the next quarter whereas other verticals continued to be strong going forward. Management expects 4QFY19 revenue to slightly better than 3QFY19 however margins to be stable at current level due to continued investment for FY19.

TATAELXSI

Performance	3QFY18	2QFY19	3QFY19	YOY%	QOQ%
SALES	346	403	407	17.6%	1.0%
EBITDA	93	107	103	10.8%	-3.7%
EBIT	87	101	97	11.5%	-4.0%
PAT	63	82	66	4.8%	-19.5%
EBIT Margin	25.1%	25.1%	23.8%	-1.3%	-1.2%
PAT Margin	18.2%	20.3%	16.2%	-2.0%	-4.1%

Company 3QFY19 performance was in line with the expectation. Revenue grew 1%QoQ and 17.8%YoY slower than expected in Embedded Product Design (part of Software Development & Services segment).EBITDA for the quarter declined by 3.2% QoQ however on YoY bases it rose by 10.5 % to Rs.103.32 crore as against Rs. 93.48 crore in the corresponding quarter last year. Margin for the quarter stood at 25.4% (contraction of 110bps) as per expectation. Employee expenses grew 1.7%QoQ in 3QFY19. The Company maintains its outlook for 20% prevailing currency growth of the year. Also the company wants to maintain 25% margin despite expansion and investment plan.

NIITTECH

Performance	3QFY18	2QFY19	3QFY19	YOY%	QOQ%
SALES	757	907	972	28.4%	7.2%
EBITDA	125	164	181	44.8%	10.4%
EBIT	94	132	150	59.6%	13.6%
PAT	76	112	100	31.6%	-10.7%
EBIT Margin	12.4%	14.6%	15.4%	3.0%	0.9%
PAT Margin	10.0%	12.3%	10.3%	0.2%	-2.1%

Company posted a mixed set of numbers in 3QFY19 where revenue stood at Rs972 (vs. our estimates of 967 crore), a growth of 7.1%QoQ led by broad based growth across all segments. However PAT declined 10.7% sequentially on account of lower other income and increased effective tax rate during the quarter. EBITDA for the quarter stood at Rs181 crore, a growth of 10.5%QoQ.Margin expanded 60 bps to 18.6 %(vs. our estimates of 34 bps) driven by growth across almost all verticals, continued and intense focus on operations and SG&A cost containment. For 4QFY19, the management expects growth to continue and margins to be maintained (18% new threshold) given the strong deal pipeline.

CYIENT

Performance	3QFY18	2QFY19	3QFY19	YOY%	QOQ%
SALES	983	1187	1188	20.9%	0.1%
EBITDA	141	161	174	23.4%	8.1%
EBIT	113	133	146	29.2%	9.8%
PAT	87	127	92	5.7%	-27.6%
EBIT Margin	11.5%	11.2%	12.3%	0.8%	1.1%
PAT Margin	8.9%	10.7%	7.7%	-1.1%	-3.0%

Cyient's revenue stood at Rs1187 crore (flat growth of 0.1%QoQ) in line with the estimates. Revenue growth was majorly impacted by weakness in service business in areas like aerospace, communication and semiconductor .Ebitda for the quarter stood at Rs174crore, a growth of 7.9%QoQ.Margin improved 110 bps to 14.7% on account of improvement in service margins due to operational efficiency. PAT came at Rs92 crore (declined 27.3%QoQ).4QFY19 is expected to be strong after a tepid 3QFY19(4 to 8%cc growth)led by healthy pipeline and improved service business, However for FY19 service business guidance has been lowered to 8.5% to 9.5% in cc term as compared to double digit growth expectation in the beginning of the year .

ZENSARTECH

Performance	3QFY18	2QFY19	3QFY19	YOY%	QOQ%
SALES	794	969	1036	30.5%	6.9%
EBITDA	105	123	110	4.8%	-10.6%
EBIT	89	100	87	-2.2%	-13.0%
PAT	60	95	57	-5.0%	-40.0%
EBIT Margin	11.2%	10.3%	8.4%	-2.8%	-1.9%
PAT Margin	7.6%	9.8%	5.5%	-2.1%	-4.3%

Company's 3QFY19 revenue stood at USD 143.7 million , a growth of 4.5%QoQ in cc terms and 4% QoQ in USD term(above our estimates of USD 141.4million) whereas PAT decline 40.8%QoQ to Rs55.3 crore due to forex losses and miss in margins. EBITDA for the quarter stood at Rs110 crore, a decline of 10.1%QoQ.Margin contracted 202 bps to 10.7% adversely impacted by new deal execution and transition stage(93bps), normal 3Q furlough(50bps), lower utilization(43bps), drop in non core business margin(41bps) and impact by system integration tools(34bps).However some portion was offset by currency benefit(42bps).The Company expects the deal to move to steady face in end of 4QFY19 and beginning of 1Q, thus the transition cost will continue to impact the margin near term. However the management expects core Ebitda margin to get back to 15% in medium term.

Exhibit: Revenue trend

Revenue growth continued across IT companies driven by strong order intake and increase in digital share.

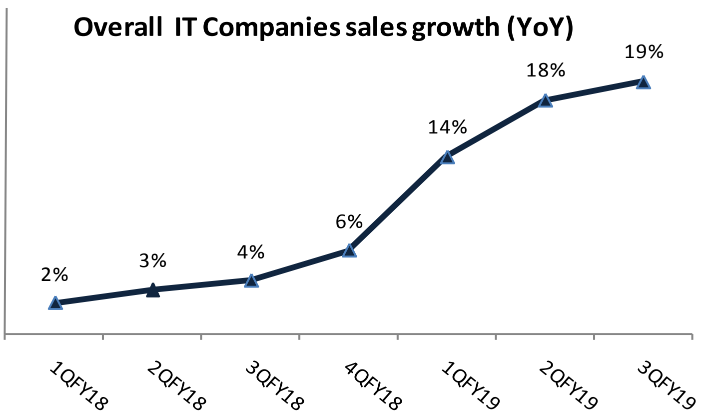

Exhibit: TCV wins

Demand environment all intact, resulting in robust net new TCV wins.

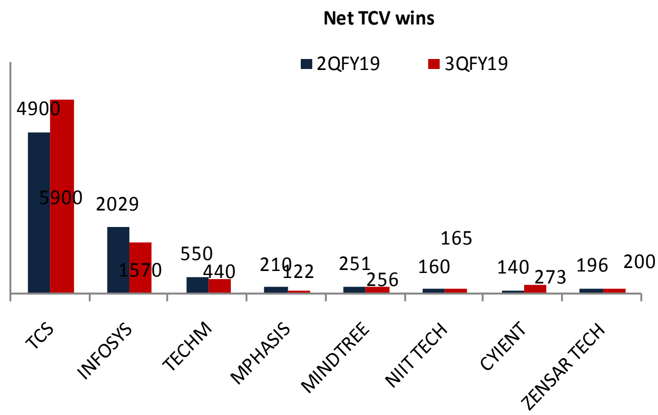

Exhibit: Digital Revenue

Continued momentum seen in digital business (Tier 1 companies growing at 30 %to 50%YoY).

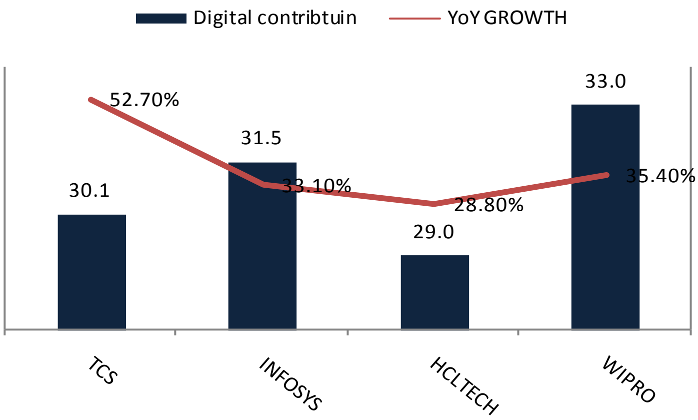

Exhibit: Headcount

Aggressive workforce addition continued during the quarter, Attrition becoming concern for IT companies.

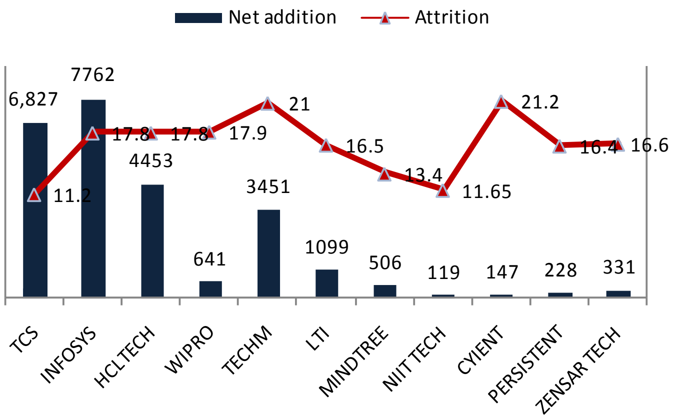

Exhibit: Subcontracting cost

Supply constraints pushing the companies towards higher subcontracting, thus hampering the margins.

Subcontracting	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
TCS	6.6%	6.9%	6.7%	7.1%	7.0%	7.0%	7.6%
INFOSYS	6.2%	6.2%	5.9%	6.1%	6.7%	7.4%	7.6%
HCLTECH	17.2%	16.9%	17.9%	16.3%	15.9%	16.1%	16.3%
WIPRO	14.8%	16.0%	15.8%	15.4%	15.8%	16.7%	16.0%
TECHM	12.4%	12.3%	12.6%	13.2%	11.7%	12.9%	12.2%

Management commentary

COMPANIES	DIGITAL	DEMAND ENVIROMENT	GUIDANCE
TCS	Digital revenue grew 52.7% YoY growth in CC in 3QFY19.Thus contributing 30.1% of the overall revenue.The mangement see newer technologies such as AI, IOT and Block-chain have started to gain traction. All of these saw healthy deal wins during the quarter. TCS continues to invest in employees by training 292K employees in digital and 318K employees in agile technologies.	While global cues remain uncertain, TCS will keep participating in upcoming demand. The management continues to expect double digit growth for FY20	Strong order book and deal pipeline will ensure double-digit growth in constant currency in FY19. However EBIT margin expected to be in the lower end of the guidance (26- 28%).
INFOSYS	Digital revenues had another good quarter with 5% sequential growth and 33.1% YoY growth in constant currency terms. The management continues to see the traction going forward.	The management cited that overall budgets for FY19 are expected to be flattish with higher allocation towards newer areas focused on sale the business segment.	The management has revised its guidance from 6 to 8% growth in cc term to 8 to 9.5 % in cc term for FY19 on the back of strong deal wins and continued growth in digital. However margin guidance remains changed for FY19 (22 %to 24%).
HCLTECH	N/A	The management stated that some customer are talking of some impact in their business due to slowdown in China however the management is confident of no cut down in the digital transformation spend, as it is no longer a discretionary spend for the client. Thus the management is not concerned about the macro issues as they strongly believe digital is critical for the client to evolve their business and thus client are not going to cut down on digital spend in spite of some pressure in their business	Revised guidance: The company after delivering strong growth in 3QFY19, expects to achieve higher end of the guidance (9.5% to 11.5% in cc term) for FY19 mainly coming from organic growth. Even seeing the strong order booking and robust pipeline the management is optimistic of continued acceleration in organic growth in FY20.
WIPRO	Digital revenue continues to grow strongly and increased 6.4% sequentially and 35.4% YoY in 3QFY19. It now contributes 33.2% of our overall revenues. Management believes with rise in digital's proportion, its volume growth could decelerate however it will eventually replace the entire legacy business.	The Company sees demand environment in the global markets is to be stable. The company does not see any immediate impact of the macro headwinds, but is continuing to remain quite watchful on how it is going to play going forward	Revenue from IT Services business is expected to be in the range of $2,047 million to $2,088 million. This translates to a sequential growth of 0.0% to 2.0% which is lower than the last quarter guidance of 1% to 3% ,the management is seeing no change in demand environment however the guidance involves the uncertainties of macro changes (brexit, uncertainty in US , risk of high level of pressure on talent and 10% lower enrolment compared to the base last year).
TECHM	The Company posted strong growth in digital business and grew 10%sequentially during the quarter. It now contributes 33% of overall revenue. The strategy (related to collaborating with several partners), investment made by the company and also putting together TECHM next platform is showing growth in digital revenue. TECHM NEXT platform is combination of established companies and companies like Altiostar where the management has either invested or collaborated to create a whole ecosystem). Even the management is seeing digital deal sizes increasing and becoming large	N/A	N/A

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A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com.

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