

IT Services

TCS	Q4 FY23	Q4 FY22	Q3 FY23	YoY	QoQ	FY23	FY22	YoY
Revenue	59,162	50,591	58,229	17%	2%	2,25,458	1,91,754	18%
EBIT	14,495	12,648	14,266	15%	2%	54,335	48,514	12%
EBIT Margin (%)	25%	25%	25%			24%	25%	
PBT	15,391	13,364	14,644	15%	5%	56,907	51,687	10%
PBT Margin (%)	26%	26%	25%			25%	27%	
PAT	11,436	9,959	10,883	15%	5%	42,303	38,449	10%
PAT Margin(%)	19%	20%	19%			19%	20%	

Q4 revenue up 11.% YoY in CC and 7.4% in dollar terms. FY23 revenue up 13.7% YoY in CC and 13.7% in dollar terms. Growth in CC terms has tapered off from 15% range to 10% over the past few Q's, in USD terms at 7.5% from 12%

Latin America region revenue up 17% while UK up 14.6% in CC terms, bucking the overall trend of muted growth

Margin contraction of 120 bps in FY23 was due to wage increase impact of 160 bps, supply side challenges impact of 140 bps and travel expense impact of 30 bps. Was mitigated by improvement in realization ~50 bps & 110 bps from FX

TCV in Q4 FY23 was \$10 Bn from \$7.8 Bn in Q3 FY23, was \$34.1 Bn for FY23

LTM attrition lower at 20%, expected to steadily trend down over the coming quarters

Softness in Q4 is much higher than anticipated, situation worsened in US due to banking sector woes. Commentary in Q4 was much worse compared to the commentary in Q3. Clients halted ongoing discretionary projects and deferred non critical projects in light of the changed scenario in the US. No specific comments on Q1 and Q2 visibility

Demand in the UK & Europe better than US, decision making and sales cycles have improved. Large number of deal closures in Europe v/s the US in Q4, sequential improvement over Q3 was pronounced in the UK & Europe regions

Net Employee Addition was 821 in Q4 & 22,600 for the full year, total headcount at 6.15 lakh. Muted hiring points to caution by management on margins given the outlook for US region. Headcount steady since Q2 FY23 though 44K freshers were hired in FY23

USD 100Mn+ accounts higher by 2, USD 50 Mn count up by 13, USD 20 Mn up by 23 while USD 1 Mn count up by 59

BFSI exposure at 32% while Americas account for 54% of revenue

Silver lining is that pace or size of deal wins has not moderated, worry is more on the lines of order book to bill conversion through FY24.

Banking sector volatility in the US may prod larger banks to spend more on technology in FY25

Infosys	Q4 FY23	Q4 FY22	Q3 FY23	YoY	QoQ	FY23	FY22	YoY
Revenue	37,441	32,276	38,318	16%	-2%	1,46,767	1,21,641	21%
EBIT	7,863	6,972	8,238	13%	-5%	30,968	27,977	11%
EBIT Margin (%)	21%	22%	22%			21%	23%	
PBT	8,466	7,543	8,931	12%	-5%	33,322	30,110	11%
PBT Margin (%)	23%	23%	23%			23%	25%	
PAT	6,134	5,695	6,586	8%	-7%	24,108	22,146	9%
PAT Margin(%)	16%	18%	17%			16%	18%	

Guided for revenue growth of 4-7% in CC terms for FY24, operating margins to be in the range of 20-22%

In CC terms, reported a decline of 3.2% QoQ and a growth of 8.8% YoY in Q4 FY23

Sharp decline in revenue was caused by delayed decisions and volume ramp-downs from multiple clients, and a cancellation of project from a major account (US Telecom). Weakness in revenue was also led by continued softness in the Telecom, Retail, Hi-Tech, and sub-segments in BFS (Mortgage, Asset Management and IB)

EBIT margin at 21% declined by 50 bps QoQ, had tailwinds of 50 bps on cost optimization including reduction in sub-contractor cost and 60 bps benefit from reduction in post-sales client support. This was offset by headwinds of 70 bps from lower utilization and balance 90 bps was combination of one-time revenue impact and reduction in other savings

Revenue contribution by geography: North America 61%, Europe 27%, India 2.6% and Rest of the world (ROW) 9.4%.

Europe saw growth of 20.3%, North America 6% and ROW 3.4% while India saw a degrowth of 7.1% on a YoY basis in CC terms

1,872 active clients with gross addition of 115 clients during the quarter and net addition of 22

Net reduction of 3,611 employees during Q4, total headcount 3.43 lakh employees. Attrition (LTM) rate at 21% from 24% QoQ, 28% YoY.

Attrition expected to drop from here, fresher hiring target at ~50k for FY24, utilization around usual rate of 80%

TCV for FY23 was USD 9.8 Bn, 40% net new deals. Management says that deal pipeline is strong even if decision making is expected to slow down over the next couple of Q's

Business trades at 22x TTM PE, slightly higher than the 10 year average of 20

Wipro	Q4 FY23	Q4 FY22	Q3 FY23	YoY	QoQ	FY23	FY22	YoY
Revenue	23,190	20,861	23,229	11%	0%	90,488	79,312	14%
EBIT	3,780	3,546	3,786	7%	0%	14,207	14,038	1%
EBIT Margin(%)	16%	17%	16%			16%	18%	
PBT	4,018	3,732	3,975	8%	1%	15,141	14,766	3%
PBT Margin(%)	17%	18%	17%			17%	19%	
PAT	3,094	3,092	3,065	0%	1%	11,366	12,243	-7%
PAT Margin(%)	13%	15%	13%			13%	15%	

Revenue saw marginal de-growth of 0.6% QoQ in CC terms; this was due to macro-economic uncertainty and thus resulting slowdown in discretionary spending by clients

Flat operating margin QoQ basis despite macroeconomics headwinds due to prudent opex management

Revenue mix across Americas 1, Americas 2, Europe and APMEA (Asia Pacific/Middle East/Africa) - 29%, 31%, 29% and 11%

Total bookings of over \$4.1 billion in TCV terms higher by 29% YoY for the quarter. Large deal win at TCV of \$1.1 billion, up 155% YoY

Headcount reduced by 1,823, resulting in a total workforce of 2.56 lakh as of FY end. Voluntary attrition decreased by 330 bps from previous quarter to 14.1% on a quarterly annualized basis

Gross utilization and net utilization (excluding trainee) was 74% and 81.7%, respectively

22k freshers onboarded in FY23, company has given the option to join immediately at a pay cut to freshers. Management continues to focus on keeping pyramid structure optimal, margin management is the priority for FY24 given the outlook

Buyback of 12k Cr announced recently at price of 445 per share, CMP is 385

FY23 revenue grew 11.5% in CC terms, year saw strongest ever bookings in terms of TCV. Q3 and Q4 each saw TCV > USD 4 Bn

Guidance for Q1 is -3 to -1% in CC terms as customers grapple with uncertainty in the US, discretionary spends are being deferred. While order book is strong, there is muted visibility on this translating into revenue over the next 2 Q's

On the lines of other players, volume guidance is muted. There are no challenges on pricing so far

HCL Technologies	Q4 FY23	Q4 FY22	Q3 FY23	YoY	QoQ	FY23	FY22	YoY
Revenue	26,606	22,597	26,700	18%	-0.4%	1,01,456	85,651	18%
EBIT	4,816	4,045	4,833	19%	-0.4%	18,483	16,204	14%
EBIT Margin(%)	18%	18%	18%			18%	19%	
PBT	5,195	4,320	5,372	20%	-3.3%	19,488	16,951	15%
PBT Margin(%)	20%	19%	20%			19%	20%	
PAT	3,981	3,599	4,096	11%	-2.8%	14,835	13,523	10%
PAT Margin(%)	15%	16%	15%			15%	16%	

Q4 revenue rose 13.7% YoY in CC terms, business booking grew ~7% on TCV basis. Booking rose 19% YoY for FY23

Expects some slowdown going ahead. However the recovery would be faster driven by the technology and services segment

Revenue growth to be in the range of 6% to 8% and operating margins to be in the 18% to 19% range for FY'24

Q4 revenue declined 1.2% QoQ in CC terms, services revenue grew 1.6% QoQ while ER&D & Software fell 3.8% YoY & 14.6% QoQ

Revenue mix for Q4 - IT & Business services 73.8%, Engineering and R&D services 16.1% and remaining from HCL Software

Witnessed a decline in the discretionary spending, especially in the telecom and technology segment in Q4

EBIT margin declined 150 bps QoQ to 18.1% while IT services margin increased ~30 bps

Continued to win TCV in its aspired ranged of US\$ 2-2.5 Bn, in Q4 won TCV of US \$2.1 Bn, down 11.6% QoQ and 8.2% YoY

Geographical revenue mix for Q4 - Americas 63.8%, Europe 28.9% and ROW (rest of world) at 7.3%. The growth was led by Europe with a 14.6% improvement on a YoY basis in CC terms, followed by America with 10%

LTM attrition of the company declined 220 bps QoQ to 19.5% .

HCL added 3,674 net new employees taking the total employee count to 2.25 lakh, added 4,480 freshers in Q4, 26k for FY23

Cost optimization and vendor consolidation as themes continue to witness strong pipeline in terms of deal flow, discretionary spends have slowed down and seen deferrals. Tech segment was hit more than financial services in Q3 and Q4

LTI Mindtree	Q4 FY23	Q4 FY22	Q3 FY23	YoY	QoQ	FY23	FY22	YoY
Revenue	8,691	7,129	8,620	22%	1%	33,183	26,108	27%
EBIT	1,488	1,349	1,512	10%	-2%	5,376	4,647	16%
EBIT Margin(%)	17%	19%	18%			16%	18%	
PBT	1,444	1,311	1,481	10%	-2%	5,792	5,293	9%
PBT Margin(%)	17%	18%	17%			17%	20%	
PAT	1,114	1,001	1,109	11%	0%	4,410	3,950	12%
PAT Margin(%)	13%	14%	13%			13%	15%	

Revenue rose by 1% QoQ and 11.9% YoY in constant currency (CC) terms. Despite significant global uncertainties and macro-economic challenges, the company registered growth backed by merger integration

FY23 revenue rose 20% in CC terms and 17% in USD terms

EBIT margin stood at 16.4% as compared to 18.1% in Q4 FY22. As indicated in Q3 FY23, they were able to achieve the EBIT margin guidance (increase) of ~250 bps. Increase in employee cost and moderation in utilization were offset by currency benefit

TCV order inflow of \$1.35 Bn in Q4, the same stood at \$4.87 Bn for FY23

Revenue contribution across geographies - North America 71.9%, Europe 15.4% and APAC, Africa & Middle East 12.7%

They anticipate to execute wage hike by Q2 FY24 as per the market demand, company has kept fresher onboarding on hold as per news

Expects growth momentum in Travel, Transportation & Hospitality and BFSI business to sustain except for real estate portfolio which might get impacted due to interest rate hikes

Onsite and offshore effort mix stood at 14.9% and 85.1% resp. Q4 utilization excluding trainees was 81.7% compared to 83.2% YoY

Total employee count stood at 84,546 employees out of which 80,283 were software professionals and 4,263 were in sales & support. TTM attrition was 20%, lower from the high of 25% seen in FY22. Total clients at 728, 31 additions in Q4 FY23

Target is to work back towards the 18% operating margin range that was the norm before the merger

KPIT Technologies	Q4 FY23	Q4 FY22	Q3 FY23	YoY	QoQ	FY23	FY22	YoY
Revenue	1,017	652	917	56%	11%	3,365	2,432	38%
EBIT	152	90	129	69%	18%	489	318	54%
EBIT Margin(%)	15%	14%	14%			15%	13%	
PBT	136	97	139	40%	-2%	497	345	44%
PBT Margin(%)	13%	15%	15%			15%	14%	
PAT	112	81	104	38%	8%	387	276	40%
PAT Margin(%)	11%	12%	11%			12%	11%	

Revenue increased by 10.9% and net profit by 7.2% QoQ. Growth was driven by strategic accounts, middleware and architecture, autonomous and diagnostics & 12.1% growth in revenue on a QoQ basis in dollar terms

EBITDA margin expansion of 60 bps led by revenue growth and operational efficiencies

FY23 revenue rose 27% in USD terms

Revenue generated from different business verticals in Q4 - USD \$92 Mn from passenger cars, USD \$31 million from commercial vehicles.

Revenue from passenger cars vertical grew by 7.1% and by ~31% for commercial vehicles on a sequential basis

Revenue contribution from contract type basis - 54.6% from time & material basis and 45.4% from fixed price basis

Revenue by geography for Q4 FY23- US 36%, Europe 50% and RoW 14%

TCV of new collaborations during the quarter was \$423 million which included \$250 million for long term engagement with Honda

Total headcount at 11,013 employees, increase of 523 employees over Q3. Total active clients an on 31st March 2023 were 60

Revenue per development employee was \$48,092 from \$45,679 YoY

The company envisages CC revenue growth in the range of 27-30% and EBITDA margin to be at 19-20% in FY24

Net cash at 580 Cr post acquisition payouts, DSO at 64 days