

**SEASONAL WEAKNESS** Dollar-denominated revenue and profit growth is, however, seen tepid at 1-2%, according to average estimate of 6 brokerages and ETIG

# IT's Big 5 Expected to Report Better Numbers in Re Terms

## EARNINGS PREVIEW

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**ET Intelligence Group:** Top five software exporters are expected to show better sequential revenue and profit growth in rupee terms for the March 2016 quarter than the previous quarter's growth. This will be largely due to 2.4% depreciation in the currency against the dollar.

The rupee-denominated revenues of the sample under study are expected to grow by 4.1% quarter-on-quarter and net profit by 1.8%, according to the average of estimates of six brokerages and ETIG's forecast.

In the December 2015 quarter, revenues had grown at a slower pace of 1.6% and net profit had inched up 1.4%. The sample includes Tata Consultancy Services (TCS), Infosys, Wipro, HCL

Technologies, and Tech Mahindra.

The sequential growth in the dollar-denominated revenues is expected to be tepid at 1-2% considering the seasonal weakness in the demand as clients of these companies finalise IT budgets for the year, and unfavourable cross currency movements.

**Analysts expect Infosys to guide for 10-12% revenue growth in the dollar terms for FY17**

The pound fell 5.5% on average against the dollar in the March 2016 quarter on a sequential basis. When IT players translate revenue in pounds into dollars for reporting purpose, they take a hit in realisation due to pound's weakness.

The operating margin is expected to stay more or less stable at 23.1% compared to 23.3% in the December quarter.

Gartner, a technology research firm, last week reduced the growth forecast for IT services to 2.1% from its earlier

## Mixed Bag

Top IT March '16 quarterly estimates

	Sales		Net profit	
	₹ Crore	QoQ % chg	₹ Crore	QoQ % chg
TCS	28409.6	3.8	6241.1	2.2
Infosys	16584.4	4.3	3488.3	0.7
Wipro	13526.8	5.2	2319.6	3.4
HCL Tech	10812.8	4.6	1969.0	2.6
Tech Mahindra	6866.3	2.5	746.0	-1.7
Total	76199.8	4.1	14764.0	1.8

Source: Estimates by brokerages and ETIG



estimate of 3.1% increase for 2016. Against the backdrop, the management commentary of IT exporters during the results will be critical.

Analysts expect Infosys to guide for 10-12% revenue growth in the dollar

terms for FY17. TCS has been reporting lower than expected growth for the past few quarters. Its outlook on employee addition and momentum in signing new large contracts will help in shaping up the future growth expectations.