

Our analyses of the latest quarterly results of 24 global companies indicate no material improvement in the demand environment, as macro uncertainties prevail. Overall commentary remains broadly in-line with Indian IT companies. For IT services companies, weak discretionary spending, slower decision making, and revenue conversion amid uncertain macro environment, are leading to revenue softness in this quarter as well, with an uncertain recovery timeline. While select companies did highlight the emergence of green shoots in a few areas, the overall near-term environment remains soft. This implies that a muted growth scenario is likely to persist in the near term. Companies are hopeful of recovery throughout CY24, likely leading to H2 being better than H1. AI has also gradually transitioned from POC to deployment, though it remains a work in progress. Nifty IT has marginally underperformed the broader markets in the last one month due to a likely delay in US rate cuts and hopes of demand recovery shifting to H2CY24. We believe valuations for large caps are relatively less demanding, while mid-cap valuations are rich. Our pecking order remains as INFO, HCLT, TECHM, LTIM, TCS, and WPRO, among Tier-1 companies, and CYL and Zomato in mid-sized companies.

Demand remains subdued

Discretionary spending remains soft heading into 2024, resulting in continued leakage of revenues, despite strong deal intake in the previous few quarters. Deals were predominantly in the areas of cost takeout and efficiency programs, with focus on vendor consolidation. BFSI vertical remains the weak link in the current environment, with communications being the other laggard. Among geographies, Europe remains more resilient as compared to North America. Capgemini has alluded to a soft landing scenario in 2024, setting them up for a strong 2025. Even for FY24, it expects a trough in Q1CY24 followed by gradual improvement from Q2 onwards, and an attractive exit growth rate in Q4. Cognizant has highlighted that transformational work will return as uncertainty subsides and companies currently continue to focus on reducing costs, consolidating vendors, modernizing data and processes, and increasing productivity. For hyperscalers, cost-optimization pressures have receded though not completely over, with all major players indicating the same.

AI progress steady

Gen AI continues to remain a dominant theme across all companies' discussions with demand gathering pace. It is on the path to becoming mainstream and contributing increasingly towards revenues. According to Forrester, Gen AI will have a 36% CAGR through 2030, and is likely to capture 55% of the AI software market; indicating rapid growth in overall adoption. IT services companies continue to train their employees to be better prepared for this adoption. Gen AI is also poised to drive transformational changes in operating models of companies, thus having long-term implications for them.

Read through for Indian IT companies

Commentary on demand from global IT companies has largely remained unchanged over the last couple of quarters, and is in-sync with Indian companies. Guidance from the upcoming calendar year by Accenture, Capgemini, and Cognizant also reflects weakness in the near term. Most companies have highlighted that growth will gradually improve over the year as macro environment uncertainty recedes. Slower-than-expected recovery can pose a risk to the high single-digit growth estimates that consensus/we are building-in for FY25. Given the anticipated slower recovery, Nifty IT has underperformed the broader market by 1% over the last one month. We continue to prefer large caps, given the relatively better valuations comfort.

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Exhibit 1: Global technology companies' recent quarter management commentary

Microsoft Azure	
Guidance	For Intelligent Cloud, the company expects a revenue of USD26-USD26.3bn or growth between 18% and 19%. Revenue will continue to be driven by Azure which can have quarterly variability, primarily from the per-user business and in-period revenue recognition, depending on the mix of contracts. In Azure, Company expects Q3 revenue growth in constant currency to remain flattish, compared with its stronger-than-expected Q2 result. Growth will be driven by the Azure consumption business, with continued strong contribution from AI.
Outlook/Deal Intake/Decision Making	The company is seeing larger and more strategic Azure deals, with an increase in the number of billion-dollar-plus Azure commitments.
Commentary on AI	The company's Copilot AI tool is being used by over 10,000 organizations. It has been using AI to transform supply chain functions. Company has 53,000 Azure AI customers, over one-third are new to Azure over the past 12 months.
Google Cloud	
Outlook/Deal Intake/Decision Making	The Cloud team's acute focus is on bringing the benefits of Gemini, its industry-leading AI technology, to enterprises and governments globally.
Commentary on AI	The strong demand that the company is seeing for its vertically-integrated AI portfolio is creating new opportunities for Google Cloud across every product area. AI is definitely something which is driving interest and early adoption.
AWS	
Outlook/Deal Intake/Decision Making	Customers are continuing to shift their focus towards driving innovation and bringing new workloads to the cloud. The company continues to see the diminishing impact of cost optimizations. Players are turning their attention to newer initiatives and re-accelerating existing migrations.
Commentary on AI	It's still relatively early days for AI, but the revenues are accelerating rapidly across all three layers, and the approach to democratizing AI is resonating well with customers.
Meta Mcap: USD1,250bn	
Guidance	Company expects first quarter 2024 total revenue to be in the range of USD34.5bn to USD37bn. Full-year 2024 total expenses are to be in the range of USD94bn to USD99bn, unchanged from its prior outlook. The company expects higher infrastructure-related costs this year. For Reality Labs, Meta expects operating losses to increase meaningfully year-over-year due to its ongoing product development efforts in AR/VR and our investments to further scale our ecosystem. The updated outlook reflects the company's evolving understanding of its AI capacity demands.
Outlook/Deal Intake/Decision Making	Meta is seeing strong momentum across its product priorities and is encouraged by the engagement trends.
Commentary on AI	With generative AI, the company fully rolled out its Meta AI assistant and other AI chat experiences in the U.S. at the end of the year. It began testing more than 20 gen-AI features across its Family of Apps. The big areas of focus in 2024 will be working towards the launch of Llama 3, expanding the usefulness of the Meta AI assistant, and progressing on the AI studio roadmap to make it easier for anyone to create an AI. Long-term AI research and product development efforts will require growing infrastructure investments beyond this year.
Salesforce Mcap: USD298bn	
Guidance	Company expects FY25 revenue to grow 9% YoY to \$37.7bn-\$38.0bn (11% YoY in FY24), which includes the impact of measured buying environment and subdued professional services business.
Outlook/Deal Intake/Decision Making	8 of the top 10 deals included 6 or more pilots, and Data Cloud was part of more than half of its top-100 wins. RPO at the end of Q4 were at \$56.9bn, up 17% YoY. CRPO was ~\$27.6bn, up 12% YoY (13% CC), driven primarily by strong early renewal performance as well as new business performance and timing of license revenue.
Vertical/Geography-Specific Commentary	In FY24, company closed 86,000 multi-cloud deals and deals greater than \$10mn grew 78% YoY. Geographically, America's revenue grew 19% CC YoY, EMEA grew 11%, and APAC grew 19%. It witnessed strong new business growth in LatAm, India, and Canada, while parts of EMEA were more constrained. Vertical-wise, public sector and TTH performed well, while high tech, and retail and consumer goods continued to be more measured.
Commentary on AI	In FY24, company signed 9 deals, as more customers are leveraging generative and predictive AI capabilities. Management stated that AI starts with data and is witnessing strong momentum in Data Cloud. In Q4, more than half of the top 25 plans were related to Data Cloud.
SAP Mcap: EUR212bn	
Guidance	Company has guided for EUR17bn-EUR17.3bn in cloud revenue for 2024, with an implied growth rate of 25.5% at the mid-point.
Outlook/ Deal Intake/ Decision Making	Demand continues to be strong, underpinned by more large customers looking at additional multi-cloud solutions in cross-selling.
Commentary on AI	Generative AI is the greatest opportunity since the rise of the cloud, especially for SAP. SAP will completely embed AI in its solutions. Over the next two years, the company will invest ~EUR1bn to develop powerful AI use cases for its customers.

Source: Company, Emkay Research

Global technology companies' recent quarter management commentary (contd...)

Oracle Mcap: USD307bn	
Guidance	Total revenues, including Cerner, are expected to grow from 6% to 8% in the next quarter. Excluding Cerner, revenues are expected to grow from 8% to 10% and total cloud revenue, excluding Cerner, is expected to grow from 26% to 28%.
Outlook/Deal Intake/Decision Making	The demand for Oracle's cloud infrastructure is consistently increasing quarter after quarter. Cloud infrastructure demand is huge and growing at an unprecedented rate. The demand for cloud infrastructure services and new Oracle Cloud data centers is broad-based, driven not only by Generative AI customers, but also by nation states buying sovereign Oracle Cloud data centers, plus large banks, telecommunications companies, and industrial companies buying dedicated cloud data centers and dedicated Oracle Cloud data centers.
Commentary on AI	The demand for Gen AI is consistently increasing each quarter.
Cognizant Mcap: USD39bn	
Guidance	For the full year, the company expects revenue to be in the range of USD19bn-USD19.8bn, which is a decline of 1.8% to the growth of 2.2% YoY, or a decline of 2% to growth of 2% in constant currency.
Outlook/Deal Intake/Decision Making	Company continues to see good traction on cost takeout, vendor consolidation, and AI-led productivity deals, which are the large deals the company is winning. There is still uncertainty with respect to discretionary spending going into 2024.
Vertical/Geography-Specific Commentary	Demand environment remains challenging in Financial Services. Healthcare industry continues to undergo major transformation.
Commentary on AI	Company aims to infuse AI not only into its core offerings but into everything it does, including using generative AI to create industry and functional services. Two key areas where Gen AI has seen more confidence is employee productivity and customer service. The company currently has over 250 early engagements that incorporate the use of generative AI. As highlighted earlier, it expects to invest approximately USD1bn in generative AI capabilities over the next three years, spanning people, platforms, partnerships, and M&A.
Capgemini Mcap: USD38bn	
Guidance	For the upcoming full year, the company expects revenue in constant currency growth of 0% to 3%. In terms of revenue growth, it sees a trough in Q1, driven by a seasonal decline in revenue versus Q4. Starting Q2, it expects gradual improvement towards an attractive exit growth rate in Q4, setting up for a rebound of growth for 2025.
Outlook/Deal Intake/Decision Making	Company expects a gradual improvement in demand. There has been some positive sentiment around the decision cycle.
Vertical/Geography-Specific Commentary	Company expects Financial Services to rebound over the course of the year. North America is also expected to recover a bit faster due to the nature of decision making. Energy and Utilities continue to remain resilient.
Commentary on AI	The company has delivered/is delivering 300 projects of Gen AI and has hundred others in the pipeline as well. There is clearly a strong demand for Generative AI and more broadly for AI services. The company is starting to see more clients going from proof-of-concept to deployment.
Snowflake Mcap: USD62bn	
Guidance	For FY25 (Y/E January), expect product revenues of USD3.25bn, representing 22% YoY growth (38% YoY in FY24). Q1 product revenue is expected to be USD745-750mn (26-27% YoY). Guidance is based on the observed patterns and assumes continued stability of consumption.
Outlook/Deal Intake/Decision Making	Company started witnessing a change in demand environment in second half of the year, as there are larger multi-year commitments now as compared to wait-and-watch mode of clients earlier. Consumption trends have improved since the beginning of last year, but have not returned to pre-FY24 patterns.
Vertical/Geography-Specific Commentary	Financial Services and Retail led the revenue growth, and it sees emerging momentum from EMEA and technology vertical. Customer optimizations returned to normal levels, with 8 of the top 10 accounts growing sequentially. International territories returned to meaningful growth, outperforming management's expectations for the first time in a year.
Commentary on AI	Gen AI continues to remain at the forefront of customer conversations, which in turn, drives renewed emphasis on data strategy in preparation of these new technologies.
Servicenow Mcap: USD158bn	
Guidance	The company has raised its subscription revenue outlook by USD165mn, at the midpoint of a range of USD10.555bn to USD10.575bn, representing 21.5% to 22% YoY growth or 21.5% on a constant-currency basis. It has also raised its full-year operating margin target from 28% to 29%, driven by continued OpEx efficiencies.
Outlook/Deal Intake/Decision Making	Demand environment continues to remain tough, with overall environment in Q4, similar with that of Q3.
Commentary on AI	Demand for generative AI varies by industry. Gen-AI products drove the largest net-new ACV contribution in the first-full quarter of any of the company's new product family releases ever, including original Pro SKU.
IBM Mcap: USD169bn	
Guidance	The company expects CC revenue growth of mid-single digit and free cash flow of about USD12bn for CY24.

Source: Company, Emkay Research

Global technology companies' recent quarter management commentary (contd...)

Outlook/Deal Intake/Decision Making	Revenue-growth expectations in CY24 are underpinned by solid growth in both Software and Technology. Company expects many macro trends in 2024 to be similar to that in 2023. Technology demand will continue to be strong and serve as a major driving force behind global economic and business growth. Every client is asking about how to boost productivity with AI and how to manage their technology stack, much of which is deployed across a hybrid environment, public, private, and on-premises. These trends continue to fuel demand for both hybrid cloud and AI. In Software, given the pipeline of business, investment in innovation, and contribution of acquisitions, the company expects revenue growth slightly above the high-end of its mid-single-digit model. In Consulting, solid signings and book-to-bill ratio support revenue growth in the range of 6% to 8%, with acceleration throughout the year. In Infrastructure, it expects revenue to decline in CY24. This should drive over a 1-point impact to IBM's overall revenue growth.
Commentary on AI	Company believes AI will be multimodal, with clients leveraging a combination of models: IBM's, open-source, their own proprietary models, and those of other companies. As clients build out their AI strategies and focus on driving ROI and productivity, the importance of optimizing IT spend and consumption is magnified.
Workday Mcap: USD77bn	
Guidance	The company expects FY25 (Y/E January) subscription revenue to grow 17-18% YoY to USD7.725-7.775bn (19% YoY in FY24). It expects Q1FY25 subscription revenue to grow 18% YoY to USD1.81bn.
Outlook/Deal Intake/Decision Making	The net-new business is driven by a balanced mix of new customer wins and expansions within its installed base, which speaks to the significant opportunity ahead. Deal scrutiny continues to remain high.
Commentary on AI	AI is going to be important across all applications, especially on the talent management side – both through talent optimization and Skills Cloud products, announced with the acquisition of HiredScore. It's a natural area for AI to showcase.
EPAM Mcap: USD17bn	
Guidance	Revenue growth will be in the range of 1% to 4% (on both reported and CC basis) with a nominal contribution from inorganic revenue for 2024.
Outlook/Deal Intake/Decision Making	The level of new customer revenue generated is still not enough to offset the impact from existing project ramp-downs and reduced spending from the top-20 clients. Although there are encouraging signs, demand remains somewhat uncertain, which will persist at least into H12024. Company is witnessing some improvement of demand, but the visibility for the year is still limited.
Vertical/Geography-Specific Commentary	It is beginning to see a degree of demand stability in North America and is expecting an impact from planned ramp-downs at several European clients. Travel and consumers declined due to a dip in consumer goods, partially offset by solid growth in travel and hospitality. Financial Services declined, driven by dips in banking, partially offset by growth in asset management. Business information and media was impacted by a reduction in spend at a number of large clients, based on uncertainty in their end-markets, particularly in the mortgage data space. Life sciences and Healthcare were impacted by the ramp-down of a large transformational program. It expects to return to positive YoY growth next quarter.
Commentary on AI	Conversations with clients are evolving, as it is generally understood that fundamental capabilities and readiness in cloud engineering and data are necessary prerequisites for success. Still, the level of interest continues to indicate the demand for AI-related services will build momentum in 2024 and beyond.
Globant Mcap: USD9bn	
Guidance	Expects CY24 revenue of at least USD2.435bn, implying at least 16.2% YoY growth (17.7% YoY in CY23).
Outlook/Deal Intake/Decision Making	From cloud migration to data management strategy, digital branding projects to AI initiatives, companies are resuming investments to stay ahead of the innovation curve, which is reflected in the pipeline. Clients are requesting a wider scope of transformation projects that require more sophisticated and dynamic solutions. The growth outlook considers a demand environment which, while showing signs of a recovery relative to 2023, is still below a normalized level of demand.
Vertical/Geography-Specific Commentary	Media and entertainment, energized by digital consumption trends at its biggest client, and efforts in the sports and entertainment segment, saw a positive quarterly revenue expansion. Travel and hospitality grew strongly relative to Q3, supported by innovative partnerships and a resurgence in global mobility. Consumer, retail, and manufacturing also showed strong sequential growth as companies continue to invest in their digital transformation efforts in the space. Technology, after a period of moderation has stabilized, reflecting the essential nature of its services in an increasingly digital world.
Commentary on AI	Company has witnessed a higher demand for projects with AI components. The AI-related business is outpacing the total growth of its service offering. According to Forrester, Gen AI will have a 36% CAGR through 2030 to finally capture 55% of the AI software market. Gartner estimates that by 2027, 90% of service providers will use Gen AI for software development services, including code compiling and optimization, automated debugging, and automated quality assurance testing. Globant has completed over 500 AI-centric projects in nearly every field of AI, including predictive analytics, NLP, computer vision, and custom-made neural networks, among others.

Source: Company, Emkay Research

Global technology companies' recent quarter management commentary (contd...)

Pega Mcap: USD5bn	
Guidance	Company expects revenue to be ~USD1.5bn and ACV to grow 11% YoY in CY24.
Outlook/Deal Intake/Decision Making	Revenue growth is expected to be slower than that of ACV due to slightly lower mix of multi-year term license renewals. It expects an uptick in cloud-based bookings as clients continue to buy Pega Cloud as the primary offering. Revenue growth in CY23 was driven by: a) larger number of term renewals in 2023 compared with 2022, and b) few clients choosing to renew term license contracts for longer durations than expected. Company expects ACV growth to once again be back-end loaded in 2024. It expects significant portion of net-new ACV getting added in the last quarter due to focus on GTM motion on cross-selling and up-selling into the existing clients. It expects total term license revenue to decrease YoY in 2024 as existing clients and new clients choose Pega Cloud.
Commentary on AI	AI is still central to almost every client conversation, as they continue to try to understand and explore where and how to leverage AI effectively and safely in their organizations.
Nvidia Mcap: USD1,977bn	
Guidance	Revenue for Q1FY25 (Y/E January) is expected to be USD24bn (plus or minus 2%). Sequential growth is expected to be driven by Data Center, partially offset by the seasonal decline in gaming.
Vertical/Geography-Specific Commentary	Data center growth was driven by both training and inference of Gen AI and LLMs across a broad set of industries, use cases, and regions. Growth was strong across all regions, except in China, where data center revenue declined significantly following the US government export control regulations imposed in October. Building and deploying AI solutions has reached virtually every industry. Many companies across industries are training and operating their AI models and services at scale, through cloud providers, including hyperscalers, GPU specialized and private clouds, or on-premise. Consumer internet companies are investing in Gen AI to support content creators, advertisers, and customers through automation tools for content and ad creation, online product descriptions and AI shopping assistance. Enterprise software companies are applying Gen AI to help customers realize productivity gains. There is a significant adoption of AI by enterprises across industry verticals such as automotive, healthcare, and financial services.
Commentary on AI	
WNS Mcap: USD2.7bn	
Guidance	Revenue-less repair payments are expected to grow 9%-11% CC YoY to USD1.27-1.292bn for FY24 (Y/E March), compared with the prior guidance of USD1.254-1.3bn.
Outlook/Deal Intake/Decision Making	There were no major changes or surprises in the demand environment during Q3. Travel volumes reduced during the quarter, particularly for domestic online travel. While some of this is a function of normal seasonality, we also saw volume reductions in our high-end business-to-business customer experience portfolio. Company remains optimistic about the growing pipeline for core automation as well as cost reduction-based services; reducing headwinds has set the company up for accelerated growth in 2025.
Vertical/Geography-Specific Commentary	The sequential revenue reduction was driven by the offshore delivery transition of large internet accounts, volume reductions with certain clients, primarily in OTA travel and weakness in discretionary project-based revenues, which was partially offset by strong client demand for cost-reduction focused initiatives. The pipeline of Gen AI use cases continues to expand across our verticals as well as service offerings, and we are making steady progress moving these initiatives forward with our clients. Company has secured clients' commitments for Gen AI implementations, which spanned verticals including insurance, retail, CPG, travel, shipping and logistics, as well as BFS, and represent horizontals such as procurement, operations, and customer experience.
Commentary on AI	
Genpact Mcap: USD6bn	
Guidance	Total revenue to be ~USD4.57-4.61bn, 2%-3% YoY (2.1%-3.1% CC) for CY24 (up 3% CC in CY23)
Outlook/Deal Intake/Decision Making	Company signed a record 14 new large deals, each with TCV greater than USD50mn. Inflows remain healthy, resulting in a high-quality pipeline that reached near-record levels. Given the bookings mix and timing associated with the deal ramp-ups, the company expects H2 to be better than H1 - in line with the historical patterns.
Vertical/Geography-Specific Commentary	Financial Services revenue increased 4% YoY, largely due to large deal ramps, partly offset by continued pressure around client discretionary tech spend. Consumer and Healthcare increased 2% YoY, largely due to ramping of finance and accounting and supply chain engagements, partially offset by pressure in discretionary tech spending, as well as the impact of the recent divestiture of business classified as held for sale last year. High tech and manufacturing increased 6% YoY, primarily driven by a ramp of new logos within finance and accounting engagements, partly offset by the impact of reduction in scope from a high-tech client in early 2023.
Commentary on AI	In CY23, company had more than 3,000 client conversations related to Gen AI. More than 80,000 employees enrolled in AI training programs. It launched the first AI innovation center in London, and more than 50 Gen AI use cases and testing and 30 Gen AI solutions in production environments with clients, either deployed or going live.

Source: Company, Emkay Research

Global technology companies' recent quarter management commentary (contd...)

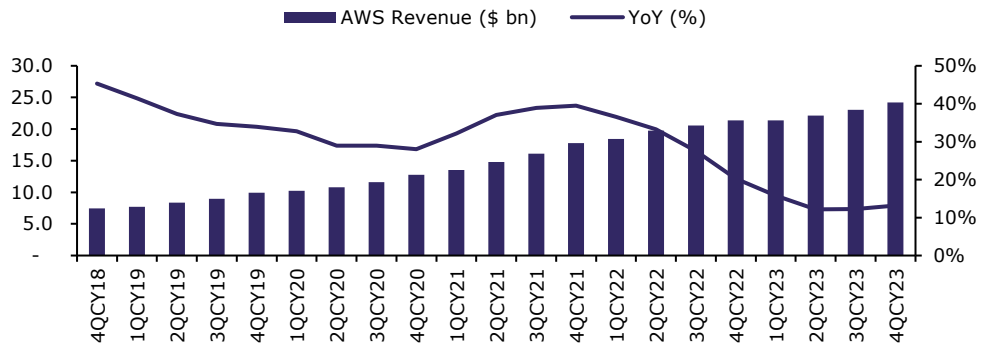
EXL Mcap: USD5.2bn	
Guidance	Guiding for revenue for CY24 of USD1.78-1.82bn, 9-12% CC YoY (15.6% CC YoY in CY23).
Outlook/Deal Intake/Decision Making	Company believes the macroeconomic environment will remain unpredictable at least through the first half of the year, as inflation remains sticky and the Fed maintains interest rates at or near current levels. But, its business momentum is robust, driven by a strong pipeline, larger contracts, and increasing competitive win rates.
Vertical/Geography-Specific Commentary	Growth in insurance, emerging segment, and healthcare was driven by the expansion of existing client relationships and new-client wins. Growth in Analytics was driven by higher volumes in payment revenue from digital and operations solutions business, partially offset by the decline in BFS Marketing Analytics reflecting trends highlighted in previous quarters.
Commentary on AI	Company has established an AI CoE with 1,500 specialists. More than two-thirds of the employees have already taken advantage of AI training and development tools to help them expand their knowledge and skills. It has developed several Gen AI applications for enterprise use in areas such as employee self-service, recruiting, and finance.
Endava Mcap: USD2.2bn	
Guidance	Guiding for revenue of GBP722-735mn, decline of 5-7% CC YoY for FY24 (Y/E Jun) from the earlier guidance of GBP791-805mn, growth of 1-2.5% CC YoY.
Outlook/Deal Intake/Decision Making	Guidance cut is due to delay in projects ramp-ups and slower decision making. Company has numerous projects where discovery work has been done, but clients are hesitating on when to commit the sizable spend needed to build production-ready systems. While the large-deals pipeline has continued to grow in number and value, they have been slow to progress and get converted into deals TCW. Company is seeing client budgets and IT budgets up, but just not seeing them spending it yet. It gives management the confidence about an upturn later in the year, as there is budget allocation and backlog of work. Revenue conversion will gain momentum once hesitancy to spend recedes with macro clarity.
Vertical/Geography-Specific Commentary	Deals that company has won largely remain in the discovery phase and are proving slow to ramp-up into the production phase, given the uncertain macro environment which is creating hesitancy among clients. This behavior is experienced across industries, but most pronounced in payments and in banking and capital markets. In payments, companies are taking a very cautious view on the micro environment. In banking and capital markets, it is seeing regulatory work take precedence over large transformation work.
Commentary on AI	Company is building pods for AI, cloud, intelligent automation, cyber security, quantum, sustainability, embedded, and physical computing. It believes this is the right time to invest in GTM technology and sales arenas, and these efforts will lay an even stronger foundation on which to scale, as markets return. Company continues to see a significant increase in client interest in exploring the potential of Gen AI. These conversations are becoming more focused as clients want to investigate specific applications for their business.
Taskus Mcap: USD1.2bn	
Guidance	Guiding for revenue of USD900-950mn, growth of 0.1% at the mid-point of the range for CY24 (declined 3.8% YoY in CY23).
Outlook/Deal Intake/Decision Making	Macro environment continues to remain challenging. 2023 was characterized by slower decision-making and a sharper focus on cost reduction as compared to prior years. It believes that the material revenue headwinds created by 2022 and 2023's onshore-to-offshore shifts are largely done.
Vertical/Geography-Specific Commentary	Revenue from top-20 clients declined 10% YoY, as a result of certain clients' cost optimization and offshore migration efforts, including those by its largest client. This was partially offset by growth from new and existing clients that moved into top 20 for CY23. In Q4, the company saw strong signings activity from existing DCX clients in the technology and on-demand travel and transportation spaces, as well as with non-crypto fintech and enterprise financial services clients.
Commentary on AI	The number of clients using its AI services grew by double-digit percentage YoY in CY23. It is witnessing growing demand for AI services from LLMs and multi model Gen AI providers.
Appian Mcap: USD2.6bn	
Guidance	Cloud subscription revenue is expected to be USD364-366mn, 20% YoY for CY24 (up 29% in CY23). Total revenue is expected to be USD615-617mn, 13% YoY for CY24 (up 17% in CY23).
Outlook/Deal Intake/Decision Making	Company won some of its largest seven-figure deals this quarter. The TCW of top 10 net-new software deals increased 70% YoY in Q4 2023. Management is witnessing some macro disruption, but not elevated to a recession yet.
Vertical/Geography-Specific Commentary	Company expects professional services revenue to continue to decline as a percentage of total revenue.
Commentary on AI	Last year was the year of AI talk. Now, the conversation will shift to more tangible things: shipped features, successful deployments, and practical value.
Temenos Mcap: CHF4.9bn	
Guidance	Company expects ARR growth of about 15% (16% in CY23; beating the raised guidance), and total software licensing revenue growth of 7-10% for CY24 (10% in CY23).
Outlook/Deal Intake/Decision Making	In Q4, SaaS ACV was driven by some incremental signing with new clients, particularly in Europe, and some additional volume consumption from existing clients. Company continued to see positive development in its pipeline and closed a number of important deals in the quarter.
Vertical/Geography-Specific Commentary	The sales environment remains stable through the quarter with a strong performance in Europe, and the Americas in particular. Management is witnessing good market momentum (on-prem and SaaS) in Europe, which improved through the year.

Source: Company, Emkay Research

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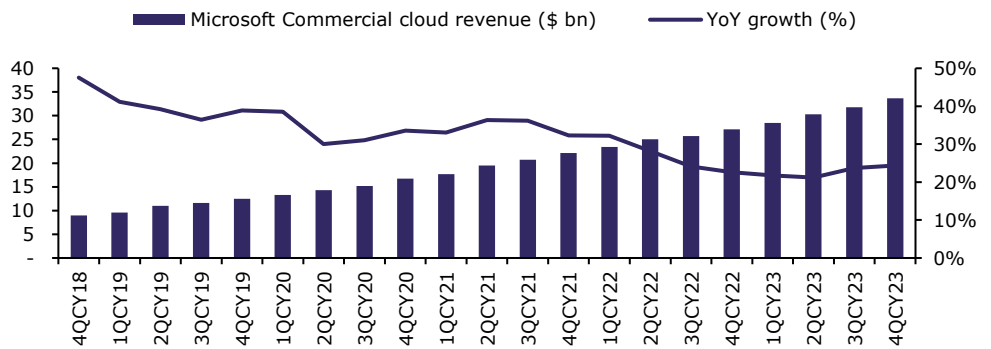
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Exhibit 2: AWS' revenue growth momentum inched up to 13% YoY



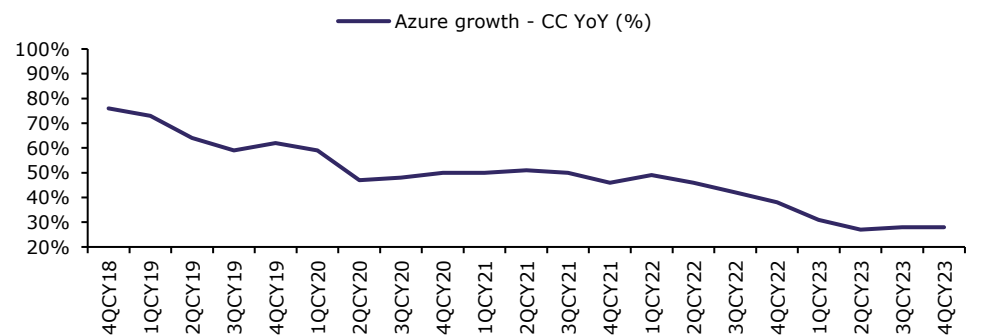
Source: Company, Emkay Research

Exhibit 3: Microsoft Commercial Cloud revenue grew 24% YoY



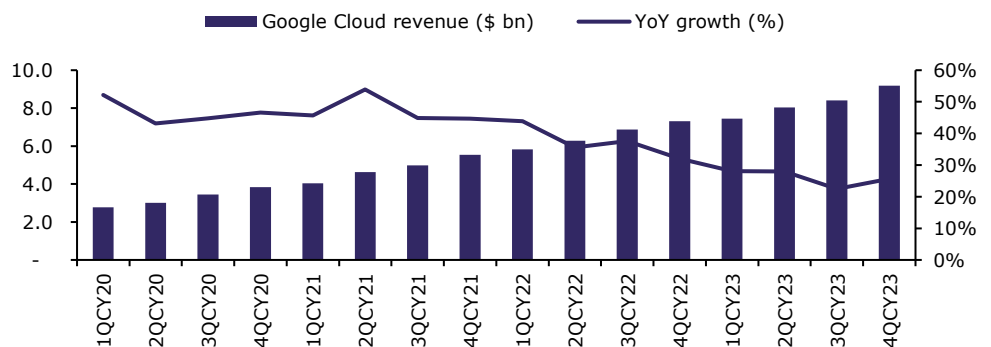
Source: Company, Emkay Research

Exhibit 4: Azure grew 28% CC YoY



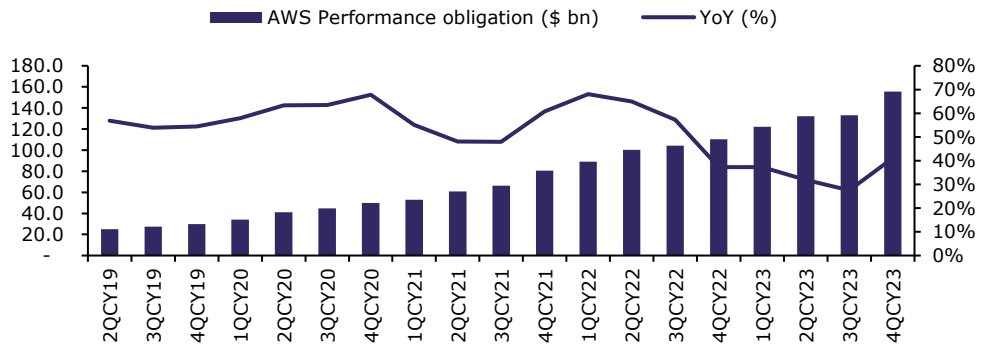
Source: Company, Emkay Research

Exhibit 5: Google Cloud revenue grew 26% YoY



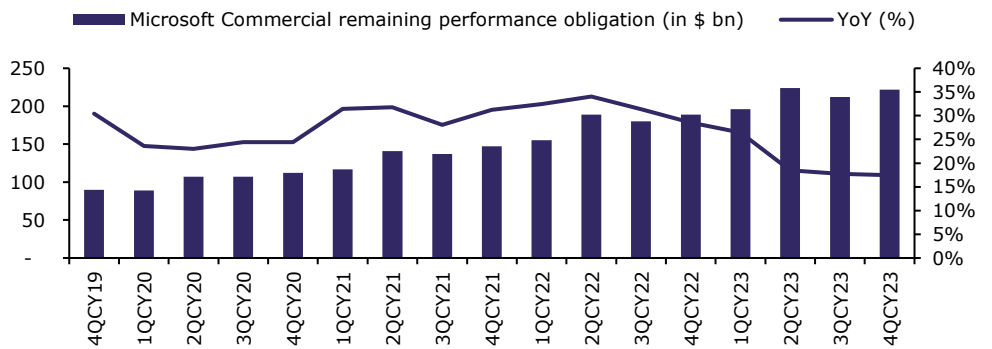
Source: Company, Emkay Research

Exhibit 6: AWS performance-obligation growth inched up to 41% YoY



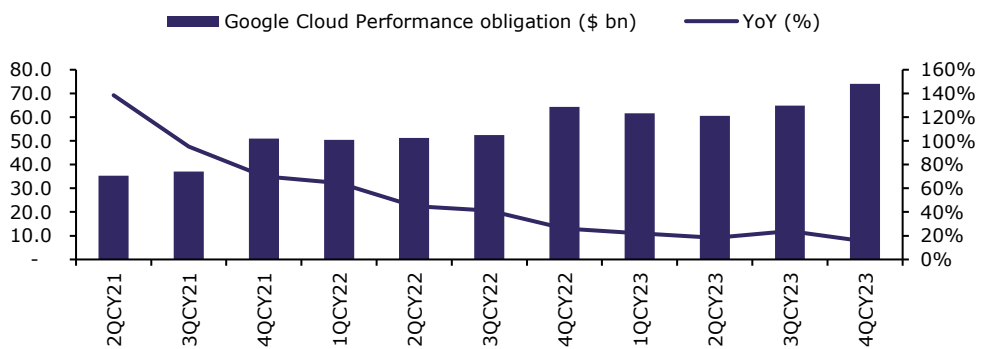
Source: Company, Emkay Research

Exhibit 7: Microsoft Commercial RPO growth moderated to 17% (16% CC)



Source: Company, Emkay Research

Exhibit 8: Google RPO grew ~15% YoY vs ~24% in Q3CY23



Source: Company, Emkay Research

Exhibit 9: CY24/FY24 guidance by IT companies indicates softness in near-term demand

Company	Y/E	FY24/CY24 revenue guidance (latest)	FY24/CY23 revenue guidance (earlier)
Infosys	Mar	1.5-2.0% CC for FY24	1-2.5% CC for FY24
HCLT	Mar	5-5.5% CC for FY24; 1.6-3.5% growth in Services business	5-6% CC for FY24; 4.5-5.5% growth in Services organic business
Cyient	Mar	DET revenue growth of 13-13.5% CC YoY for FY24	DET revenue growth of 15-20% CC YoY for FY24
LTTS	Mar	17.5-18.5% YoY revenue growth for FY24	17.5-18.5% YoY revenue growth for FY24
Coforge	Mar	13-16% CC for FY24	13-16% CC for FY24
Firstsource	Mar	0.5-1.5% CC for FY24	0-2% CC for FY24
Accenture	Aug	2-5% in LC in FY24 (organic less than 3%)	2-5% in LC in FY24 (organic 0-3%)
Cognizant	Dec	-2 to 2% in CC for CY24, includes ~100bps from acquisitions	Declined 0.3% CC in CY23, within the guided range
DXC	Mar	-4.5 to -4.3% for FY24	-4 to -3% for FY24
ServiceNow	Dec	Subscription revenue growth 21.5% CC for CY24	Subscription revenue growth of 25.5% CC in CY23
Capgemini	Dec	CC growth of 0%-3% (organic: 0-2%) for CY24	4.4% CC YoY growth in CY23
Globant	Dec	At least 16.2% YoY growth for CY24	At least 17.6% YoY growth for CY23
EPAM	Dec	1-4% YoY revenue growth for CY24 (includes minimal contribution from inorganic revenues)	Revenue declined 2.8% YoY in CY23
WNS	Mar	Revenue-less repair payments is expected to be \$1.27-1.292bn for FY24	Revenue-less repair payments is expected to be \$1.254-1.3bn for FY24
Genpact	Dec	Total revenue to be \$4.57-\$4.61bn, 2-3% YoY (2.1-3.1% CC) for CY24	Total revenue was \$4.48bn, up 2% YoY (3% CC)
EXL	Dec	Revenue of \$1.78-1.82bn, 9-12% YoY	15.6% CC YoY in CY23
Salesforce	Jan	~9% YoY growth to \$37.7bn-\$38.0bn for FY25	11% YoY growth for FY24
Snowflake	Jan	Product revenue growth of 22% YoY for FY25 to \$3.25bn	Product revenue growth of 38% YoY in FY24
Endava	Jun	-5% to -7% for FY24	1-2.5% for FY24

Source: Company, Emkay Research

Exhibit 10: Valuation summary

Company	CMP (Rs)	Mkt Cap (USD bn)	Promoter Holding (%)	ADTV 6M (USD mn)	Target (Rs)	Rating	P/E (x)				EV/EBITDA (x)				ROE (%)			
							FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E
TCS	4,094	179.4	72.4	91.1	3,900	REDUCE	35.5	32.5	28.4	25.5	24.6	23.1	19.8	17.7	45.9	51.9	56.1	50.8
INFO	1,655	83.2	14.8	104.9	1,850	BUY	28.5	27.7	24.4	21.7	18.6	17.4	15.5	13.7	31.8	30.8	31.2	31.3
HCLT	1,644	54.2	60.8	44.4	1,700	BUY	30.0	28.1	24.6	21.9	18.9	17.4	15.5	13.8	23.3	23.7	25.5	26.8
WPRO	519	32.7	72.9	40.8	500	ADD	25.1	24.4	21.6	19.0	14.9	14.6	12.9	11.3	15.8	14.9	17.1	17.8
TECHM	1,272	15.0	35.1	33.3	1,450	ADD	23.2	44.8	21.1	16.2	13.2	20.6	11.9	9.4	18.5	9.4	18.2	21.9
LTIM	5,271	18.9	68.6	28.4	5,900	REDUCE	35.4	33.3	28.4	23.8	25.1	23.2	20.1	16.9	26.6	26.1	26.2	26.7
MPHL	2,617	5.9	55.5	16.2	2,700	REDUCE	30.1	31.6	27.9	24.1	19.3	19.9	17.1	14.8	22.0	19.0	19.9	21.1
COFORGE	6,505	4.8	-	28.1	6,300	REDUCE	58.5	46.6	35.5	29.8	31.0	26.0	21.0	17.9	25.7	26.8	30.1	30.7
PSYS	8,599	8.0	31.1	34.4	7,450	REDUCE	71.3	60.6	46.5	37.3	42.5	37.8	29.6	23.9	25.9	24.9	27.0	28.1
LTTS	5,287	6.8	73.8	10.5	5,050	REDUCE	47.7	42.9	35.9	30.4	31.3	27.7	23.3	19.6	25.6	24.3	25.0	25.4
CYL	2,036	2.7	23.2	10.8	2,700	BUY	39.0	30.2	25.0	20.7	22.6	17.6	15.0	12.6	17.5	20.6	22.4	24.1
BSOFT	775	2.6	41.0	18.0	760	REDUCE	65.2	36.1	31.0	25.9	38.9	23.7	19.8	16.3	13.2	22.6	22.4	22.8
FSOL	205	1.7	53.7	7.0	220	ADD	27.9	27.8	21.9	17.7	17.8	15.5	12.5	10.4	16.1	14.7	17.2	19.2
ECLX	2,499	1.5	53.6	3.6	2,750	REDUCE	25.1	23.6	20.5	17.8	16.4	14.2	12.2	10.5	29.8	26.4	25.0	26.2
ROUTE	1,594	1.2	58.2	2.9	1,750	ADD	30.4	27.6	23.1	19.3	20.7	18.6	14.6	12.2	18.7	18.5	19.3	20.2
ZOMATO	167	17.8	NA	100.9	170	BUY	NA	436.0	121.4	68.5	NM	NM	90.3	48.0	NA	1.8	6.1	10.0

Source: Company, Bloomberg, Emkay Research

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