

May 10, 2017

₹ 496

NIIT Technologies (NIITEC)

Strong quarterly show...

- NIIT Tech reported better-than-expected Q4FY17 results. US\$ revenues increased 7.4% QoQ to \$110.3 million above our expectation of \$107.7 million
- In rupee term, revenues increased 7.4% QoQ to ₹ 743.1 crore, above our 4.0% QoQ increase and ₹ 720.2 crore estimate. During the quarter, the company received exceptional part payment against settlement of a government contract, which was put on hold resulting in revenue recognition of ₹ 27.1 crore for services contracted. Barring this, revenues grew 3.4% QoQ to ₹ 716 crore
- At 20.8%, EBITDA margins rose 320 bps QoQ, above our 17.2% estimate. Adjusting for exceptional items, EBITDA margin was 17.9%
- Reported profit of ₹ 107.4 crore was above our expectation of ₹ 87.5 crore estimate on account of revenue and margin beat

Strong quarter; expect Q1FY18 revenue better than Q4FY17...

NITL's US\$ revenues increased 7.4% QoQ to \$110.3 million above our expectation of \$107.7 million owing to robust growth in US and GIS business. Growth was broad-based driven by insurance and BFS verticals while among geography, Rest of world and US led. The management expects good traction in BFSI, going ahead, while it anticipates softness in travel & transportation business owing to certain client specific issues. Defying the weak seasonality of the GIS business in Q1, the management sounded optimistic on revenue in Q1FY18E to be better vs. Q4FY17 on the back of a strong order-book and growth momentum developed in Q4. Overall, the management anticipates growth in FY18E to be better compared to FY17. Going ahead, we expect its \$ revenues to grow at a CAGR of ~8.4% to US\$489 million in FY17-19E.

Margins beat estimates, guides for better margins in Q1FY18 YoY...

At 20.8%, EBITDA margins increased 390 bps QoQ, above our 17.2% estimate. Adjusting for exceptional items on the revenue front, EBITDA margins were at 17.9%. Margin expansion was primarily on account of a better-than-expected performance on the revenue front and supported by a decline in SG&A expenses (down 2.8% QoQ). Going forward, the management anticipates margins in Q1FY18E to be better compared to Q1FY17 on account of operational efficiencies offsetting a moderate wage hike. Overall, we have built in EBITDA margins at 16.7% and 16.95% in FY18E and FY19E, respectively.

Executable order book increases 6.3% YoY...

NITL secured new orders worth \$112 million vs. \$101 million in Q3 taking the LTM backlog to \$320 million executable in the next 12 months. In terms of break-up, the order intake was highest in EMEA followed by US and ROW. Total five customers were added with three in Europe and one each in the US and India. Fresh order intake maintained its quarterly run-rate of greater than US\$100 million for eight consecutive quarters with the executable order book up 6.3% YoY to US\$320 million.

Maintain HOLD with revised target price of ₹ 520...

A healthy deal pipeline and momentum developed in Q4 could pave the way for revenue growth, going forward. However, sustenance of an improving margin trajectory is to be watched out for. Hence, we now expect its rupee revenue, PAT to grow at a CAGR of 7.4%, 9.9% respectively, in FY17-19E. We roll over valuation to FY19E and value NITL at ₹520/share (at 10x its FY19E EPS).

Rating matrix		
Rating	:	Hold
Target	:	₹ 520
Target Period	:	12 months
Potential Upside	:	5%

What's changed?		
Target	Changed from ₹ 450 to ₹ 520	
EPS FY18E	Changed from ₹ 45.6 to ₹ 45.3	
EPS FY19E	Introduced at ₹ 52	
Rating	Unchanged	

Quarterly performance					
	Q4FY17	Q4FY16	YoY (%)	Q3FY17	QoQ (%)
Revenue	743	685	8.5	692	7.4
EBITDA	155	126	22.7	117	32.4
EBITDA (%)	20.8	18.4	240 bps	16.9	394 bps
PAT	107	79	35.9	65	64.2

Key financials				
₹ Crore	FY16	FY17P	FY18E	FY19E
Net Sales	2,682	2,796	2,893	3,226
EBITDA	473	486	483	547
Net Profit	280	264	277	318
EPS (₹)	45.8	43.2	45.3	52.0

Valuation summary				
	FY16	FY17P	FY18E	FY19E
P/E	10.8	10.5	11.0	9.5
Target P/E	11.3	11.0	11.5	10.0
EV / EBITDA	2.9	2.5	2.2	1.6
P/BV	1.9	1.6	1.5	1.4
RoNW (%)	17.6	14.9	14.1	14.4
RoCE (%)	30.5	29.9	28.1	30.0

Stock data	
Particular	Amount
Market Capitalization (₹ Crore)	1,777.1
Total Debt (₹ Crore)	6.4
Cash and Investments (₹ Crore)	410.2
EV (₹ Crore)	1,373.3
52 week H/L	588 / 370
Equity capital	61.2
Face value	10.0

Price performance				
	1M	3M	6M	12M
TechMahindra	(5.9)	(6.5)	(2.1)	(11.2)
MindTree	12.5	9.8	16.4	(24.0)
KPIT Tech	(1.5)	(1.8)	(3.5)	(19.2)
NIIT Tech	16.0	20.3	21.2	6.7

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Variance analysis

	Q4FY17	Q4FY17E	Q4FY16	YoY (%)	Q3FY17	QoQ (%)	Comments
Revenue	743.1	720.2	684.7	8.5	692.2	7.4	Barring exceptional item, rupee revenues grew 3.4% QoQ to ₹ 716 crore
Employee expenses	458.7	458.0	430.4	6.6	441.9	3.8	
Gross Margin	284.4	262.2	254.3	11.8	250.3	13.6	
Gross margin (%)	38.3	36.4	37.1	113 bps	36.2	211 bps	
SG&A expenses	129.7	138.3	128.2	1.2	133.5	-2.8	
EBITDA	154.7	123.9	126.1	22.7	116.8	32.4	
EBITDA Margin (%)	20.8	17.2	18.4	240 bps	16.9	394 bps	Adjusting for exceptional items, EBITDA margins were at 17.8%
Depreciation & amortisation	27.9	30.2	28.7	-2.8	28.8	-3.1	
EBIT	126.8	93.6	97.4	30.2	88.0	44.1	
EBIT Margin (%)	17.1	13.0	14.2	284 bps	12.7	435 bps	
Other income (less interest)	4.4	4.5	3.9	12.8	4.5	-2.2	
Exceptional items	-14.0	-13.2	0.0	NM	0.0	NM	
PBT	145.2	111.3	101.3	43.3	92.5	57.0	
Tax paid	30.6	23.7	18.4	66.3	22.4	36.6	
PAT	107.4	82.7	79.0	35.9	65.4	64.2	PAT was above our estimates on account of revenue and margin beat

Key Metrics

Closing employees	8,853	8,850	9,476	-6.6	8,809	0.5	Sequentially, the headcount increased by 44
Attrition (%)	12.7	13.0	12.7	0 bps	12.6	10 bps	Attrition increased 10 bps QoQ
Overall utilisation (%)	81.0	80.0	79.0	200 bps	80.0	100 bps	
Average \$/₹	67.4	66.9	67.3	0.1	67.5	-0.1	

Source: Company, ICICIdirect.com Research

Change in estimates

(₹ Crore)	Old	FY18E New	% Change	FY19E Introduced	Comments
Revenue	2,940	2,893	-1.6	3,226	
EBITDA	494	483	-2.2	547	
EBITDA Margin (%)	16.8	16.7	-13 bps	17.0	
PAT	276	277	0.1	318	
EPS (₹)	45.2	45.3	0.1	52.0	Revised our estimates owing to margin estimate revision

Source: Company, ICICIdirect.com Research

Assumptions

	FY15	FY16	FY17E	Current FY18E	Earlier FY18E	Introduced FY19E	
Closing employees	8,494	9,476	8,853	9,202	9,281	10,005	
Attrition (%)	15.7	13.6	12.9	13.0	14.5	13.0	
Overall utilisation (%)	78.6	79.2	80.5	81.0	81.0	81.0	
Average \$/₹	61.2	65.3	67.3	65.0	67.5	66.0	Tweaked \$/₹ estimates due to recent rupee appreciation

Source: Company, ICICIdirect.com Research

Conference call highlights

- **Outlook-** The management expects revenues in Q1FY18E to be better compared to Q4FY17 in constant currency (CC) terms (excluding the impact of settlement) on the back of a strong order book and growth momentum developed in Q4. We anticipate growth in FY18E to be better compared to FY17
- **Margin trajectory-** The management expects margins in Q1FY18E to be better compared to Q1FY17 margins on account of better performance at revenue level offset by moderate wage hike
- **Digital business-** Contributed 21% to revenue registering growth of ~19% QoQ to ₹ 23.2 crore. In the digital business, the management is focusing across four segments of digital experience, analytics, cloud migration and digital orchestration
- **GIS business-** With traction coming in smart cities, NTL expects good growth in its GIS business. At present, NTL is engaged with 17 out of 100 cities, which have to be developed as smart cities for the GIS platform
- **Employee update-** As on Q4FY17, NTL has 8853 employees vs. 8809 in Q3FY17. The attrition rate increased 10 bps to 12.7% in Q4 while utilisation improved to 81% vs. 80% QoQ leading to support in increasing margins
- **US local hiring-** In order to mitigate concerns associated with US immigration policies, the management is hiring locally in US but would step up the hiring process in FY19E. Also, to mitigate hiring cost pressure on margins it would hire freshers compared to experienced people
- **Cash position-** DSO days improved to 64 days vs. 80 days in Q4FY16 leading to cash & cash equivalents of ₹ 732 crore, up 73% YoY

Analyst Meet highlights...

We attended NIIT Technologies' analyst meet wherein the management shared its growth blueprint along with the transformational journey towards digital and automation. The company highlighted the evolution from a services mindset to 'Services with a Product mindset'.

- **Corporate agenda for growth-** In the analyst meet, the company cited its agenda for growth, going ahead. The agenda revolved around three fragments of Smart IT, superior experience and scale digital. Smart IT is all about digital and automation. The company is leveraging advanced technology and integrating with it own with the help of 'Tron' platform. Superior experience is to enable a culture of innovation within the organisation. Scale digital focuses on expanding digital technologies and emphasis on digital experience, analytics, cloud and digital integration
- **Digital to propel growth-** The company focus on expanding digital could be perceived from the fact that digital now contributes 21% to revenue registering growth of 19% QoQ to ₹ 23.2 crore in Q4FY17
- **Incessant 'Pega & Appian' to benefit-** Acquired in FY16, Incessant Technologies is a leader in digital integration and agile delivery of BPM solutions with strong alliance partnerships with leading platform providers like Pega and Appian. Incessant grew at a CAGR of 46% to ₹ 211.3 crore in FY15-17 with 29% margins. Pega related services contributed 88% to Incessant revenues. The management expects its two platforms to augment growth, going ahead
- **NITL expansion into geographies** –At present, NITL caters to the insurance business in the UK upholding 8% of global addressable markets with 23% market share. The company intends to enter the US and expand into European markets in the coming years with 'Advanced Platforms' creating an opportunity to be a growth driver for the company

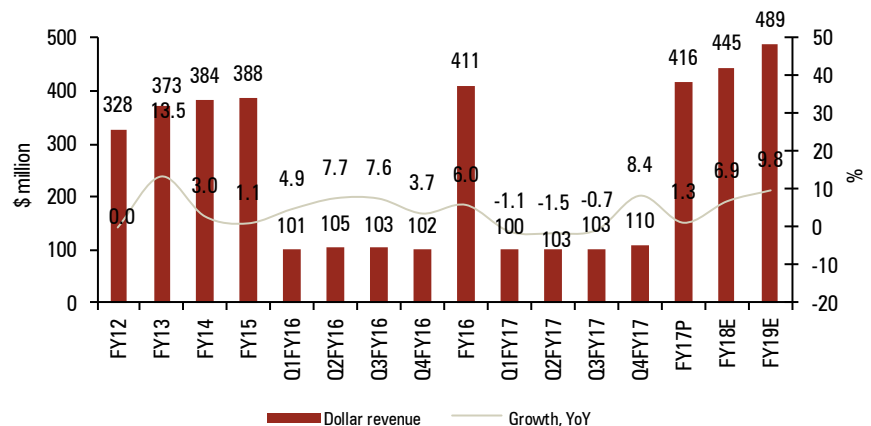
Company Analysis

Foresee good traction in BFSI...

Going ahead, the company expects good traction in BFSI on account of growth in key accounts, recent acquisitions in Europe coming into play and revenue growth in BFS driven by Incessant. NITL's business is now at ₹ 33.4 crore @ 18% margin vs. ₹ 34.8 crore @ 20% margin in Q3FY17. However, it is expected to witness traction from hereon primarily due to new client acquisition and appointment of new leader.

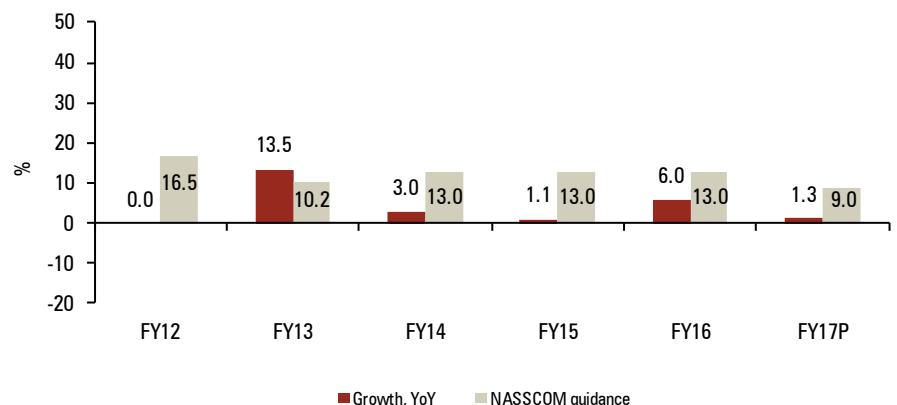
Defying the weak seasonality of GIS business in Q1, the management sounded optimistic on revenue growth in Q1FY18E being better vs. Q4FY17 on the back of a strong order-book and growth momentum developed in Q4. Strong growth of 33% QoQ in GIS business (vs. 22% growth in Q3) was attributed to strong demand for smart cities in India. The management expects softness in travel & transportation business due to client specific issues. Going ahead, we expect its dollar revenues to grow at a CAGR of ~8.4% to US\$489 in FY17-19E.

Exhibit 1: Dollar revenues may grow at ~8.4% CAGR during FY17-19E



Source: Company, ICICIdirect.com Research

Exhibit 2: NTL growth much below Nasscom guidance



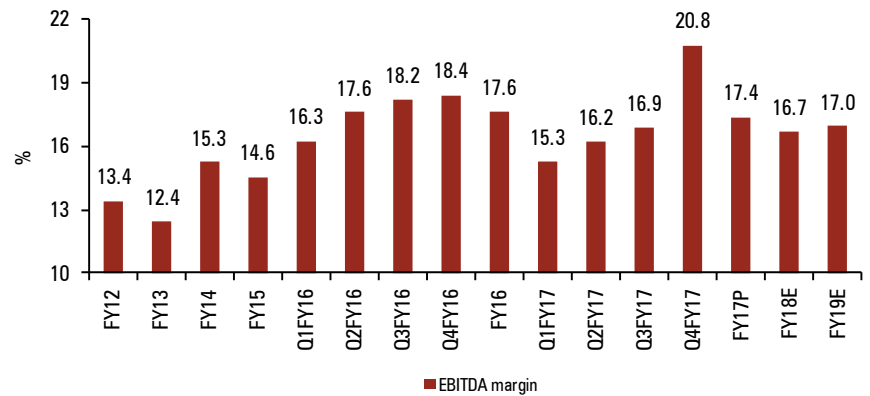
Source: Company, ICICIdirect.com Research

Margins better than expectations...

At 20.8%, EBITDA margins increased 390 bps QoQ, above our 17.2% estimate. Adjusting for exceptional items on the revenue front, EBITDA margin was at 17.9%. Going forward, the management expects margins in Q1FY18E to be better compared to Q1FY17 margins on account of a

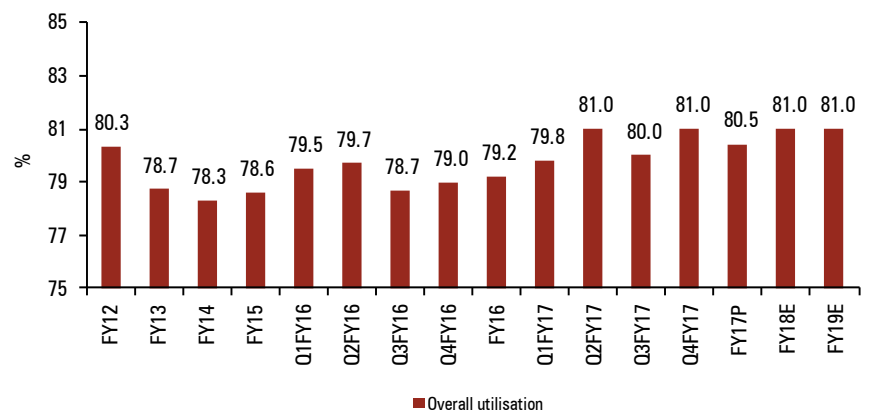
better performance at the revenue level offset by a moderate wage hike. Overall, we have built in EBITDA margin at 16.7% and 16.95% in FY18E and FY19E, respectively.

Exhibit 3: EBITDA expands 90 bps QoQ to 17.9% barring exceptional item



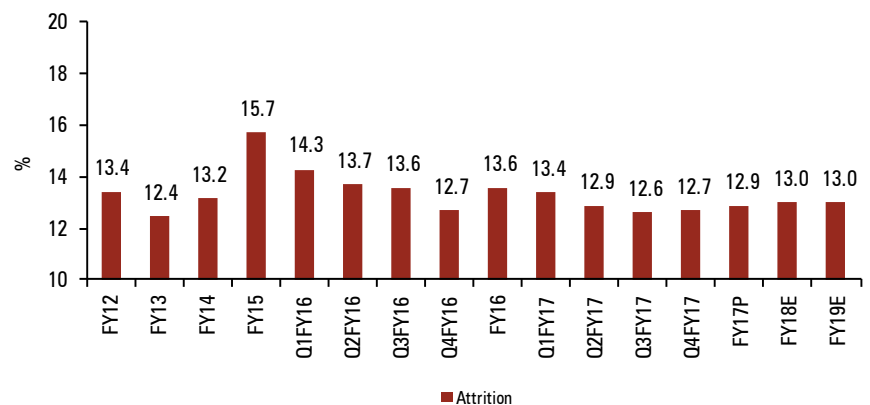
Source: Company, ICICIdirect.com Research

Exhibit 4: Utilisation increases 100 bps QoQ



Source: Company, ICICIdirect.com Research

Exhibit 5: Attrition increases 10 bps QoQ



Source: Company, ICICIdirect.com Research

EMEA leads order intake...

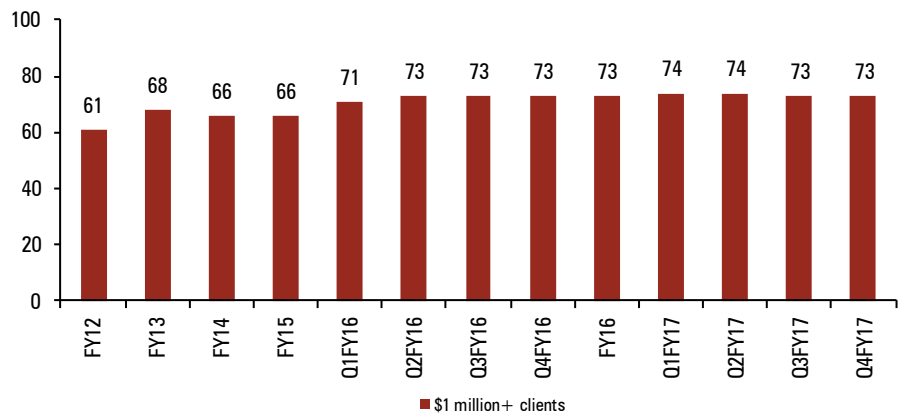
From a bookings perspective, NTL secured new orders worth \$112 million vs. \$101 million in Q3 taking the LTM backlog to \$320 million vs. \$311 million in Q3FY17 to be executable in the next 12 months. In terms of break-up, the order intake was highest in EMEA (\$47 million) followed by US (\$40 million) and RoW (\$25 million). Five customers were added with three in Europe and one each in US and India. Fresh order intake maintained its quarterly run-rate of greater than US\$100 million for eight consecutive quarters with the executable order book up 6.3% YoY to US\$320 million.

Broad based growth among clients, geographies and verticals...

Top five customer revenues grew 10.6% QoQ vs. 2.7% QoQ in Q3 while top 10 customer revenues grew 12.3% QoQ on top of 4.8% decline in Q3. Client metrics stayed flat QoQ to 73 with unchanged client matrix in each revenue bucket.

Geography-wise, Rest of world (19% of revenue) led the growth with 13.3% QoQ growth followed by US (48% of revenue) and Europe (33% of revenues), which grew 7.4% and 4.2%, respectively. Among verticals, growth was led by insurance (24% of revenue) and BFS (18% of revenue) which each grew 7.4% QoQ followed by travel & transportation (31% of revenue) and manufacturing and media (25% of revenue), which grew 4% and 3.2%, respectively. Growth in GIS business led the growth in RoW and manufacturing, medical & others while growth in key accounts drive the growth for US and BFSI. In the service mix, SI & PI led with a strong growth of 61.1% QoQ on top of 32.8% growth in Q3.

Exhibit 6: Clients contributing \$1 million+ revenues remain unchanged QoQ



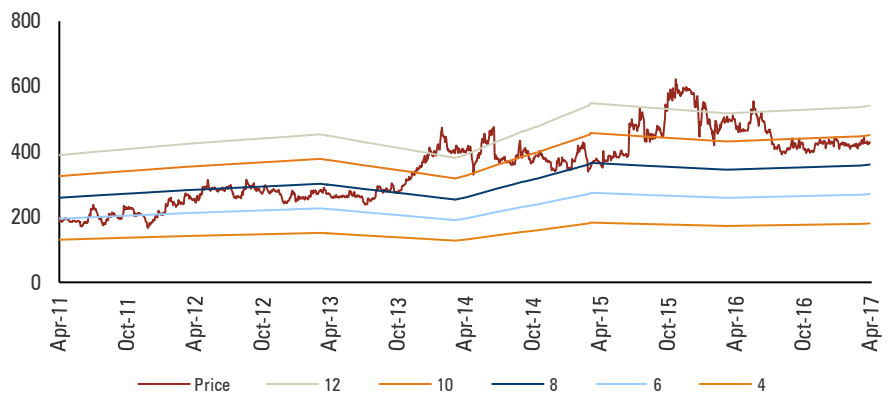
Source: Company, ICICIdirect.com Research

Outlook and Valuation

NIIT Tech reported better-than-expected Q4FY17 results. In Q4FY17, the company received exceptional part payment against settlement of a government contract, which was put on hold resulting in revenue recognition of ₹ 27.1 crore for services contracted and reversed provisions amounting to ₹ 13.2 crore provided in Q1FY17. Adjusting for these exceptional items, NIIT Tech's net profit was still healthy at ₹ 81.0 crore vs. ₹ 65.4 crore in Q3FY17.

A healthy deal pipeline and momentum developed in Q4 could pave the way for revenue growth, going forward. However, sustenance of an improving margin trajectory is to be watched out for. Hence, we now expect its rupee revenue, PAT to grow at a CAGR of 7.4%, 9.9% respectively, in FY17-19E. We roll over valuation to FY19E and value NTL at ₹520/share (at 10x its FY19E EPS).

Exhibit 7: One year forward rolling PE



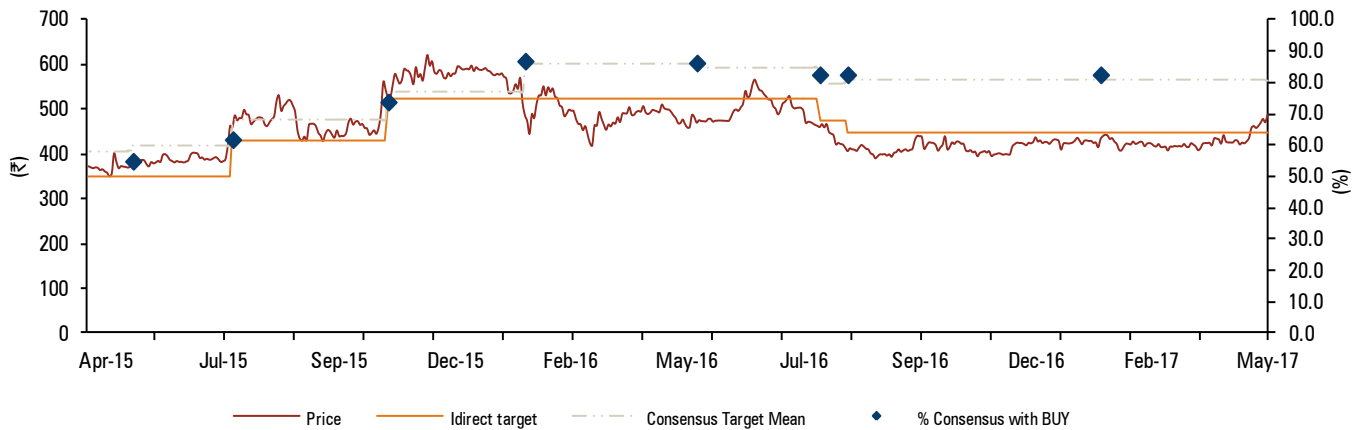
Source: Company, ICICIdirect.com Research

Exhibit 8: Valuations

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY16	2,682	13.1	45.8	44.2	10.8	2.9	17.6	30.5
FY17P	2,796	4.2	43.2	(5.6)	10.5	2.5	14.9	29.9
FY18E	2,893	3.5	45.3	4.8	11.0	2.2	14.1	28.1
FY19E	3,226	11.5	52.0	14.9	9.5	1.6	14.4	30.0

Source: Company, ICICIdirect.com Research

Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

Date	Event
Feb-12	Secures engagements with cumulative value of ₹ 300 crore to implement CCTNS program, a Gol initiative, in three states
Aug-12	Secures another CCTNS implementation project for Odisha worth ₹ 43 crore. Though revenues would improve, CCTNS projects yield poor margins
Apr-13	Signs multi-year contract with the Airports Authority of India (AAI), in partnership with SITA
Oct-13	Reports a soft Q2FY14, led by rampdowns in domestic hardware revenues, in line with management strategy and indicated H2 to be better than H1
Apr-14	Reports another soft quarterly performance led by client rampdown. Next 12 month executable order backlog grew 15% YoY to \$290 million
Oct-14	Develops online platform and five new regional websites for Air Tahiti Nui
Apr-15	Acquires 51% stake in Incessant Technologies for ~\$17 million. The company could generate \$17 million revenues with 20%+ margins in FY15E.
Jul-15	Reports healthy revenue growth in services segment led by Incessant and international business partially offset by decline in domestic revenues (PFR)
Oct-15	Reports Q2FY16 earnings with 3.5% QoQ growth, in line with estimates, led by BFSI, transportation and manufacturing, while at 17.6%, margins were better
Feb-16	NIIT Tech launches intelligent automation for business operations, by partnering with a software company UiPath, specialized in Robotic process Automation
Mar-16	Secures best service provider award from ICT subsidiary of German railways
Jan-17	According to media article, NIIT Technologies appoints Joel Lindsey as global head of digital services. NITL also appoints Adrian morgan as head of NIIT Insurance Technologies
Apr-17	Implements settlement agreement with the government and receives part payment of ₹ 41.9 crore, with revenue recognition of ₹ 27.1 crore for services contracted and reversal of provisions of ₹ 13.15 crore to be accounted in FY17

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Scantech Evaluation Services, Ltd.	31-Dec-16	23.6%	14.5	0.0
2	HDFC Asset Management Co., Ltd.	31-Dec-16	9.1%	5.6	0.9
3	Brandes Investment Partners, L.P.	31-Dec-16	5.8%	3.6	1.7
4	DSP BlackRock Investment Managers Pvt. Ltd.	31-Dec-16	4.1%	2.5	1.6
5	GSPL Advisory Services & Investment Pvt. Ltd.	31-Dec-16	3.6%	2.2	0.0
6	PIPL Business Advisors & Investment Pvt. Ltd.	31-Dec-16	3.6%	2.2	0.0
7	Fidelity Management & Research Company	31-Jan-17	3.0%	1.8	-4.0
8	Dimensional Fund Advisors, L.P.	31-Dec-16	2.8%	1.7	1.1
9	Franklin Templeton Asset Management (India) Pvt. Ltd.	31-Dec-16	1.8%	1.1	0.4
10	AKM Systems Pvt. Ltd.	31-Dec-16	1.8%	1.1	0.0

Source: Reuters, ICICIdirect.com Research

Shareholding Pattern

(in %)	Sep-16	Dec-16	Mar-17
Promoter	30.72	30.79	30.72
Public	69.28	69.21	69.28
Others	0.00	0.00	0.00
Total	100.00	100.00	100.00

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Brandes Investment Partners, L.P.	10.3m	1.7m	Fidelity Management & Research Company	-24.3m	-4.0m
DSP BlackRock Investment Managers Pvt. Ltd.	9.7m	1.6m	Axis Asset Management Company Limited	-3.1m	-0.5m
Dimensional Fund Advisors, L.P.	6.7m	1.1m	Birla Sun Life Asset Management Company Ltd.	-1.8m	-0.3m
HDFC Asset Management Co., Ltd.	5.5m	0.9m	Polaris Capital Management, LLC	-1.3m	-0.2m
Franklin Templeton Asset Management (India) Pvt. Ltd.	2.6m	0.4m	L&T Investment Management Limited	-0.9m	-0.1m

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement					₹ Crore				
	FY16	FY17P	FY18E	FY19E					
Total operating Income	2,682	2,796	2,893	3,226					
Growth (%)	13	4	3	12					
COGS (employee expenses)	1,690	1,782	1,875	2,082					
S,G&A expenses	519	528	535	597					
Total Operating Expenditure	2,209	2,310	2,410	2,679					
EBITDA	473	486	483	547					
Growth (%)	37	3	(1)	13					
Depreciation	110	115	123	137					
Other Income	21	19	24	29					
PBT	382	390	385	439					
Total Tax	83	82	85	97					
Adjusted 'PAT	280	264	277	318					
Growth (%)	44	(6)	5	15					
Adjusted EPS (₹)	45.8	43.2	45.3	52.0					
Exceptional loss	1	22	-	-					
Reported PAT	279	242	277	318					
Reported EPS (₹)	45.8	43.2	45.3	52.0					
Growth (%)	44.2	(5.6)	4.8	14.9					

Source: Company, ICICIdirect.com Research

Cash flow statement					₹ Crore				
	FY16	FY17P	FY18E	FY19E					
Profit before Tax	382	390	385	439					
Add: Depreciation	110	115	123	137					
(Inc)/dec in Current Assets	35	(37)	(31)	(108)					
Inc/(dec) in CL and Provisions	12	45	19	65					
Taxes paid	(99)	(82)	(85)	(97)					
CF from operating activities	387	412	386	408					
(Inc)/dec in Investments	(15)	-	-	-					
(Inc)/dec in Fixed Assets	(161)	(168)	(174)	(194)					
Others	6	19	24	29					
CF from investing activities	(304)	(149)	(149)	(164)					
Issue/(Buy back) of Equity	1	-	-	-					
Inc/(dec) in loan funds	2	(2)	(2)	(2)					
Dividend paid & dividend tax	(73)	(89)	(79)	(79)					
CF from financing activities	(73)	(91)	(81)	(81)					
Net Cash flow	9	171	156	163					
Exchange difference	16	2	2	2					
Opening Cash	269	336	487	645					
Other balances	23	-	-	-					
Closing Cash	336	487	645	810					

Source: Company, ICICIdirect.com Research

Balance sheet					₹ Crore				
(Year-end March)	FY16	FY17P	FY18E	FY19E					
Liabilities									
Equity Capital	61	61	61	61					
Reserve and Surplus	1,530	1,704	1,902	2,141					
Total Shareholders funds	1,591	1,765	1,963	2,203					
Total Debt	6	6	6	6					
Provisions	85	85	85	85					
Minority Interest / Others	65	87	110	134					
Total Liabilities	1,746	1,943	2,164	2,428					
Assets									
Net Block	820	873	924	980					
Capital WIP	17	17	17	17					
Total Fixed Assets	837	890	941	997					
Deferred tax assets	26	26	26	26					
Debtors	590	615	636	710					
Loans and advances	180	188	195	217					
Other Current Assets	96	101	104	116					
Cash	336	487	645	810					
Current Investments	74	74	74	74					
Total Current Assets	1,277	1,465	1,654	1,927					
Trade payables	165	196	203	226					
Other current liabilities	203	212	219	244					
Short term provisions	134	140	145	161					
Total Current Liabilities	503	547	566	631					
Net Current Assets	775	917	1,088	1,295					
Application of Funds	1,746	1,943	2,164	2,428					

Source: Company, ICICIdirect.com Research

Key ratios									
(Year-end March)	FY16	FY17P	FY18E	FY19E					
Per share data (₹)									
Adjusted EPS (Diluted)	45.8	43.2	45.3	52.0					
DPS	10.0	12.5	11.0	11.0					
Cash per Share	55.3	87.1	105.5	132.5					
BV per share (Diluted)	261.5	315.9	321.2	360.4					
Operating Ratios (%)									
EBITDA Margin	17.6	17.4	16.7	17.0					
PBT Margin	14.2	13.9	13.3	13.6					
PAT Margin	10.4	9.4	9.6	9.9					
Debtor days	80	80	80	80					
Creditor days	23	26	26	26					
Return Ratios (%)									
RoE	17.6	14.9	14.1	14.4					
RoCE	30.5	29.9	28.1	30.0					
RoIC	30.6	30.2	27.9	29.4					
Valuation Ratios (x)									
P/E (Adjusted)	10.8	10.5	11.0	9.5					
EV / EBITDA	2.9	2.5	2.2	1.6					
EV / Net Sales	0.5	0.4	0.4	0.3					
Market Cap / Sales	0.7	0.6	0.6	0.6					
Price to Book Value	1.9	1.6	1.5	1.4					
Solvency Ratios									
Debt/EBITDA	0.0	0.0	0.0	0.0					
Debt / Equity	0.0	0.0	0.0	0.0					
Current Ratio	1.7	1.7	1.7	1.7					
Quick Ratio	1.7	1.7	1.7	1.7					

Source: Company, ICICIdirect.com Research

ICICIdirect.com coverage universe (IT)

Sector / Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE(%)		
	(₹)	TP(₹)	Rating		FY16	FY17P	FY18E	FY16	FY17P	FY18E	FY16	FY17P	FY18E	FY16	FY17P	FY18E	FY16	FY17P	FY18E
Cyient (INFENT)	537	580	Hold	6,046	29.0	30.5	35.9	18.5	17.6	15.0	12.7	10.6	9.4	20.3	20.0	20.3	17.1	16.3	17.1
Eclerx (ECLSER)	1,379	1,300	Sell	5,685	87.9	86.1	92.6	15.7	16.0	14.9	10.6	10.7	9.6	42.6	34.8	34.2	33.5	28.5	26.7
Firstsource (FIRSOU)	39	45	Buy	2,582	3.8	4.1	4.4	10.2	9.4	8.9	7.7	6.7	6.0	11.7	12.1	12.1	12.9	11.5	11.0
HCL Tech (HCLTEC)	831	950	Buy	117,312	40.0	58.1	64.6	16.6	10.2	8.8	3.5	2.3	2.0	35.9	51.5	54.3	23.5	30.3	32.5
Infosys (INFTEC)	930	1,060	Buy	212,554	59.0	62.8	64.6	15.8	14.8	14.4	10.4	9.3	9.6	30.2	28.8	31.0	21.8	20.8	22.3
KPIT Tech (KPISYS)	128	140	Hold	2,547	14.1	10.6	11.0	9.1	12.0	11.6	5.4	7.0	6.6	23.7	16.3	16.3	20.4	15.4	12.8
Mindtree (MINCON)	442	485	Hold	7,422	35.9	24.9	29.1	12.3	17.7	15.2	8.4	9.1	8.2	31.1	21.1	23.9	25.2	16.0	18.0
NIIT Technologies (NIITEC)	496	520	Hold	1,777	45.8	43.2	45.3	10.8	10.5	11.0	2.9	2.5	2.2	30.5	29.9	28.1	17.6	14.9	14.1
Persistent (PSYS)	580	700	Buy	4,639	37.2	37.6	40.1	15.6	15.4	14.5	9.7	8.5	7.1	23.8	21.3	20.4	18.1	16.2	15.4
TCS (TCS)	2,290	2,400	Hold	448,542	122.9	133.4	135.0	18.6	17.2	16.9	13.7	12.6	12.4	42.2	38.0	40.9	33.1	29.7	32.2
Tech Mahindra (TECMAH)	438	525	Buy	43,042	31.7	33.6	40.4	13.8	13.0	10.8	9.0	9.1	7.5	25.5	23.6	25.3	21.7	18.6	19.8
Wipro (WIPRO)	494	500	Hold	121,676	36.1	35.2	34.1	13.7	14.0	14.5	9.9	8.7	8.7	19.6	17.3	15.9	19.1	15.7	14.1

Source: Company, ICICIdirect.com Research

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