

January 12, 2018

Tata Consultancy Services (TCS) ₹ 2756

BFSI weak; Digital going steady...

- US\$ revenues grew 1% QoQ to \$4,787 million, marginally below our 1.5% QoQ growth and \$4,811.4 million estimate. Constant currency revenues grew 1.3% QoQ led by volume growth (1.6% QoQ)
- Rupee revenues grew 1.2% QoQ to ₹ 30,904 crore, below our estimate of 1.9% growth to ₹ 31,135 crore
- At 25.2%, EBIT margins expanded 10 bps QoQ and were in line with our 25.2% estimate mainly on account of lower SG&A (16.7% as a percentage of revenues vs. our estimate of 17.1%)
- PAT of ₹ 6,531 crore was ahead of our ₹ 6,359 crore estimate led by higher other income (₹ 864 crore vs. our estimate of ₹ 522.2 crore). TCS proposed a dividend of ₹ 7 per share

BFSI yet to see recovery; expect retail to perform well in FY19E...

Constant currency (CC) revenues grew 1.3% QoQ, lower than our estimate of 1.5% led by the absence of any pick-up in the BFS segment. Looking at the overall portfolio, the company's largest vertical BFSI (32.1% of revenues) still needs to be watched on the back of uncertain demand environment in BFS mainly in North America while it sees insurance performing better than BFS. However, retail (12.5% of revenues) is seeing early signs of a recovery. The management expects it to see double digit growth in FY19. On the other hand, small pockets like energy & utilities and travel are showing good growth. Deals & partnerships done in Q3 are expected to materialise in coming quarters. Hence, we expect dollar revenue to grow at 8.9% CAGR in FY18E-20E.

Margins in-line with expectations...

EBIT margins expanded 10 bps QoQ to 25.2%, in line with our expectations. Cost optimisation on the SG&A front led to in-line margins wherein SG&A as a percentage of revenue was at 16.7% vs. our estimate of 17.1% and 16.9% in Q2FY18. Lower net headcount this quarter could also have contributed to maintaining the margins levels. The management continues to target its EBIT margin band of 26-28% (in CC terms) for FY18E. However, we have to watch taking into account increased local hiring and demand for investments in digital. We tweak our margin estimates marginally to 24.8%, 25.1% in FY18E, FY19E, respectively.

Signs first \$50 mn+ deal in Digital, contribution sees up-tick @22.1%...

TCS has signed its first US\$50 million+ deal in the digital space indicative of the traction company is seeing in digital deals. Digital run rate is at US\$2859 million in first nine months of the year compared to US\$2932 in FY17. Digital contribution to overall revenues is now at 22.1% to revenue vs. 19.7% in Q1FY18 and 16.8% in Q3FY17. It continues its growth trajectory with yearly growth above 20% for four consecutive quarters and grew at a healthy 43.5% YoY in Q3FY18 in reported terms.

BFS weakness persist; maintain HOLD...

TCS reported Q3 earnings, largely in line with our expectations. From a portfolio perspective, the retail vertical has started showing signs of a revival while digital is keeping pace with an annual run rate of ~\$4 billion in FY18E. However, BFSI is yet to see any recovery. With limited levers available for margin expansion, we would be watchful on the margin front. We roll our estimates to FY20E and expect rupee revenue, PAT to grow at a CAGR of 9.5%, 10.3% in FY18-20E. We maintain our **HOLD** rating on the stock with a revised target price of ₹ 2750.

Rating matrix		
Rating	:	Hold
Target	:	₹ 2750
Target Period	:	12 months
Potential Upside	:	0%

What's Changed?		
Target	Changed from ₹ 2540 to ₹ 2750	
EPS FY18E	Changed from ₹ 134.3 to ₹ 132.5	
EPS FY19E	Changed from ₹ 149.4 to ₹ 144.4	
EPS FY20E	Introduced at ₹ 161.3	
Rating	Unchanged	

Quarterly Performance					
	Q3FY18	Q3FY17	YoY (%)	Q2FY18	QoQ (%)
Revenue	30,904	29,735	3.9	30,541	1.2
EBIT	7,781	7,733	0.6	7,660	1.6
EBIT (%)	25.2	26.0	-83 bps	25.1	10 bps
PAT	6,531	6,778	(3.6)	6,446	1.3

Key Financials				
₹ Crore	FY17	FY18E	FY19E	FY20E
Net Sales	117,966	122,017	133,990	146,205
EBITDA	32,311	32,212	35,775	39,329
Net Profit	26,289	25,365	27,648	30,873
EPS (₹)	133.4	132.5	144.4	161.3

Valuation summary				
	FY17	FY18E	FY19E	FY20E
P/E	20.7	20.8	19.1	17.1
Target P/E	20.6	20.7	19.0	17.0
EV / EBITDA	15.3	15.4	13.4	11.7
P/BV	6.1	6.1	5.2	4.4
RoNW (%)	29.8	29.5	27.1	25.7
RoCE (%)	38.0	37.9	34.9	33.2

Stock data	
Particular	Amount
Market Capitalization (₹ Crore)	539,817.7
Total Debt (₹ Crore)	289.0
Cash and equivalents (₹ Crore)	28,826.7
EV (₹ Crore)	511,235.8
52 week H/L	2820 / 2154
Equity capital	197.0
Face value	₹ 1

Price performance (%)				
	1M	3M	6M	12M
TCS	6.7	10.0	14.9	20.6
Infosys	6.9	15.8	10.4	10.8
Wipro	13.5	11.1	23.6	36.9
HCL Tech	6.6	0.9	8.2	10.9

Research Analyst	
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Variance analysis

	Q3FY18	Q3FY18E	Q3FY17	YoY (%)	Q2FY18	QoQ (%)	Comments
Revenue	30,904	31,135	29,735	3.9	30,541	1.2	Constant currency revenues grew 1.3% QoQ led by volume growth (1.6%)
Employee expenses	17,461	17,467	16,514	5.7	17,218	1.4	
Gross Margin	13,443	13,668	13,221	1.7	13,323	0.9	
Gross margin (%)	43.5	43.9	44.5	-96 bps	43.6	-12 bps	
SG&A expenses	5,155	5,324	4,992	3.3	5,159	-0.1	
EBITDA	8,288	8,344	8,229	0.7	8,164	1.5	
EBITDA Margin (%)	26.8	26.8	27.7	-86 bps	26.7	9 bps	
Depreciation	507	514	496	2.2	504	0.6	
EBIT	7,781	7,830	7,733	0.6	7,660	1.6	
EBIT Margin (%)	25.2	25.2	26.0	-83 bps	25.1	10 bps	EBIT margins expanded 10 bps QoQ led by lower SG&A expenses
Other income (less interest)	864	522	1,185	-27.1	812	6.4	
PBT	8,645	8,353	8,918	-3.1	8,472	2.0	
Tax paid	2,100	1,980	2,104	-0.2	2,012	4.4	
PAT	6,531	6,359	6,778	-3.6	6,446	1.3	Reported PAT was above our expectation due to higher other income

Key Metrics

Closing employees	390,880	390,500	378,497	3.3	389,213	0.4	Net addition in last nine months was at 3,657 compared to 33,380 in FY17
Overall attrition (%)	11.1	11.5	11.3	-20 bps	11.3	-20 bps	Attrition declined 20 bps sequentially
Average \$/₹	64.6	64.7	67.8	-4.8	64.4	0.2	

Source: Company, ICICIdirect.com Research

Change in estimates

(₹ Crore)	FY18E			FY19E			FY20E	
	Old	New	% Change	Old	New	% Change	Introduced	Comments
Revenue	123,033	122,017	-0.8	137,087	133,990	-2.3	146,205	
EBIT	30,389	30,199	-0.6	34,477	33,564	-2.6	36,917	
EBIT Margin (%)	24.7	24.8	5 bps	25.2	25.1	-10 bps	25.3	Introducing margin estimates for FY20E
PAT	25,713	25,365	-1.4	28,604	27,648	-3.3	30,873	
EPS (₹)	134.3	132.5	-1.4	149.4	144.4	-3.3	161.3	

Source: Company, ICICIdirect.com Research

Assumptions

	FY16	FY17	Current FY18E	Earlier FY18E	Current FY19E	Earlier FY19E	Introduced FY20E	Comments
Closing employees	353,843	387,223	402,305	402,305	431,040	431,040	463,626	
Overall attrition (%)	17.5	12.9	11.6	11.6	11.5	11.5	11.0	
Average \$/₹	65.7	67.1	64.3	64.8	65.0	66.0	65.0	Tweaking FY18E and FY19E exchange rate

Source: Company, ICICIdirect.com Research

Company Analysis

Key highlights: Commentary from earnings call

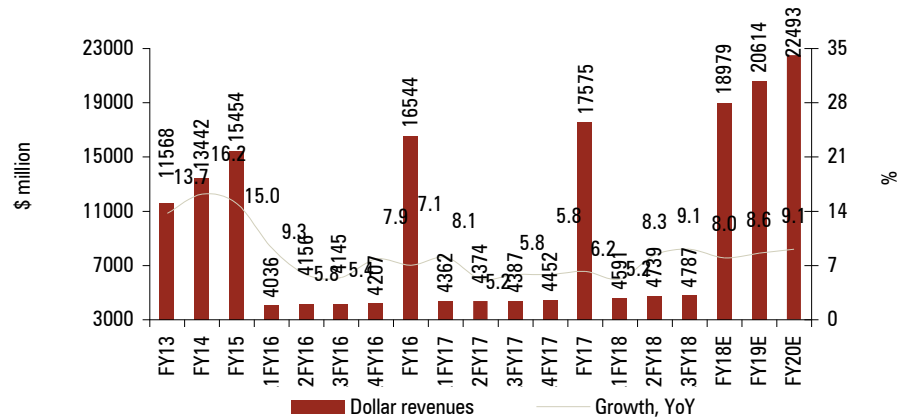
- **Margin band maintained-** The management continues to maintain its target margin band of 26-28% but will be watchful on increased local hiring and demand for investments in digital
- **BFSI-** BFSI (32.1% of revenue) declined 1.5% (CC) sequentially. The management remains watchful on BFSI mainly on the back of an uncertain demand environment in BFS in North America while it sees insurance performing better than BFS
- **Retail segment-** Retail (12.5% of revenue) witnessed good growth in the quarter with a 6.4% sequential up-tick. The management foresees the retail segment witnessing early signs of a recovery and expects it to witness double digit growth in FY19
- **Digital business-** In this quarter, digital business contributed 22.1% to revenue (16.8% in Q3FY17), up 13.9%, 39.6% QoQ, YoY, respectively in CC terms. The management indicated that it is seeing digital deals inching up and signed its first \$50 mn+ deal in the digital space. The substantial size of the digital deal signing is indicative of TCS pacing up in matching up with the transformation the industry is going through
- **Client Metrics-** On the client mining front, client count in \$100 million+ bucket was constant QoQ at 37. Three clients transitioned to US\$50 million+ and seven to the US\$20 million+ category
- **Employee update-** Attrition in IT services declined to 11.1% (LTM) vs. 11.3% QoQ while overall attrition also declined to 11.9% (LTM) vs. 12.1% QoQ. Net addition in the last nine months was at 3,657 compared to 33,380 in FY17. The management indicated that hiring would be in a controlled manner in the near future partly owing to automation. Gross additions in nine months was at 39,604 with 12,700 additions outside India implying a good rate from a local hiring perspective

Operating metric highlights...

US\$ revenues grew 1% QoQ to \$4,787 million, marginally below our 1.5% QoQ growth and \$4,811.4 million estimate. In terms of geography, Latin America (2.2% of revenue) grew 5.0% QoQ in CC terms followed by Continental Europe (13.5% of revenue) (2.6%) and North America (52% of revenues), which grew 1.5% sequentially. India (6.3% of revenue) was soft (0.5%). Softness in North America is on the back of a sustained softness in the BFSI segment and retail over the year.

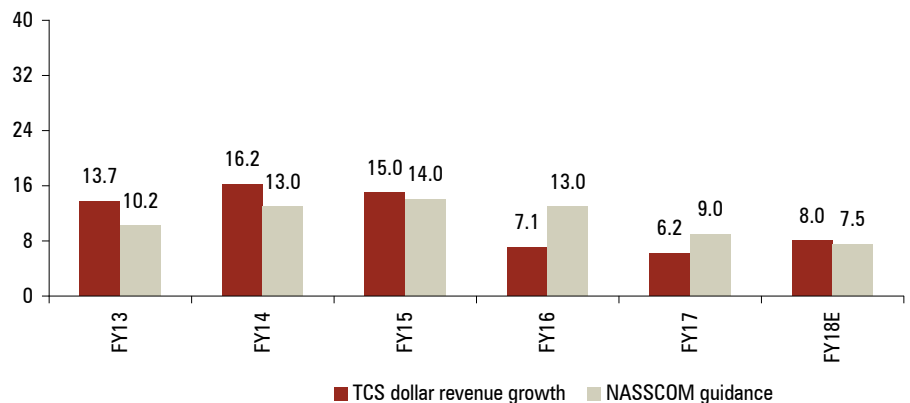
Performance wise, in CC terms, among verticals, energy & utilities (4.5% of revenue) and retail & CPG (12.5%) grew well with 8.5% and 6.4% sequential growth. Communication and media (7.4%), life-sciences & healthcare (7.3%), travel & hospitality (3.8%) posted growth of 2.2%, 2.5% and 2.9%, respectively. BFSI (32.1% of revenues) still witnessed weakness and declined 1.5% sequentially while weakness is on the back of seasonal weakness and a sustained softness in the BFSI industry.

Exhibit 1: Dollar revenues may grow at 8.9% CAGR in FY18-20E



Source: Company, ICICIdirect.com Research

Exhibit 2: TCS growth vs. Nasscom guidance



Source: Company, ICICIdirect.com Research

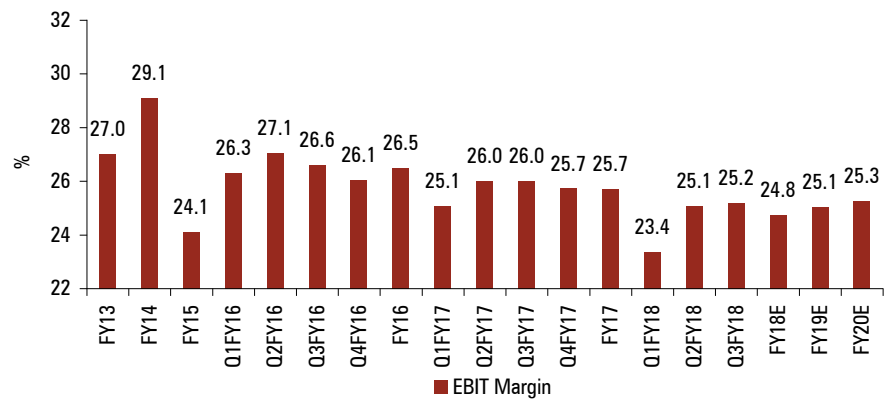
Deal wins continue momentum across verticals and geographies...

TCS had 11 key deal wins in Q3 across key verticals and geographies. Among verticals, TCS witnessed three wins in BFSI, two each in retail and energy & utilities followed by one each in communication & media, healthcare, manufacturing and technology. Geography wise, North America accounted for five of these 11 wins along with three deal wins in Europe, two in the UK and one in APAC. The management sounded positive about the deal pipeline with deal signings going through, giving way for visible growth, going ahead.

Lower SG&A lead margins in line with our expectations...

EBIT margins came in at 25.2%, in line with our expectations. A decline in SG&A as a percentage of revenue (16.7% as a percentage of revenues vs. our estimate of 17.1%) was a primary reason for in lines margins. The management continues to target its EBIT margin band of 26-28% (in CC terms) for FY18E. However, we have to be watchful on increased local hiring and demand for investments in digital. We tweak our margin estimates marginally to 24.8%, 25.1% in FY18E, FY19E, respectively.

Exhibit 3: Expect margin of 24.8%, 25.1% in FY18E, FY19E

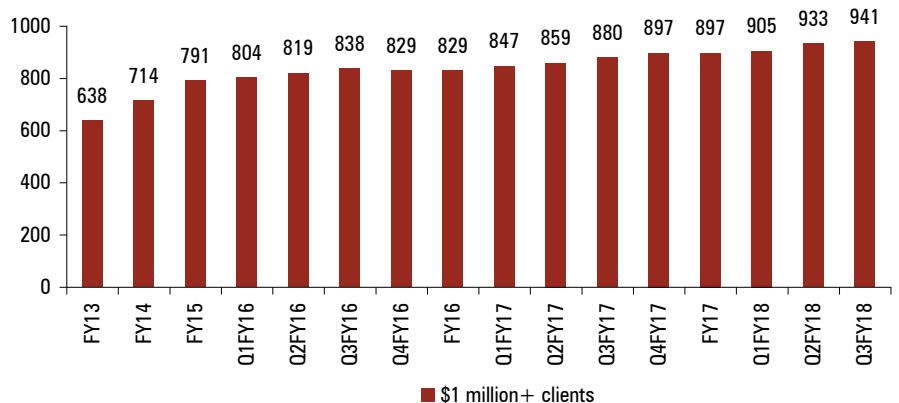


Source: Company, ICICIdirect.com Research

Client mining done well...

On the client mining front, client count in the \$100 million+ bucket was constant QoQ at 37. Three clients transitioned to the US\$50 million+, seven to US\$20 million+ and nine to the US\$10 million+ category. Eight clients were added QoQ in US\$1 million+ revenue bucket taking total to 941 (vs. 880 in Q3FY17).

Exhibit 4: \$1 million+ revenue customers increase by 8 QoQ and 61 YoY to 941 in Q3FY18

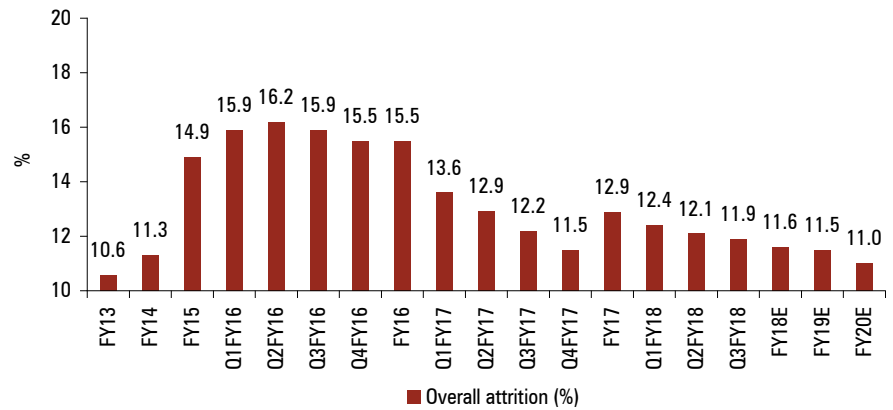


Source: Company, ICICIdirect.com Research

Attrition declines 20 bps to 11.1% sequentially...

Attrition in IT services declined to 11.1% (LTM) vs. 11.3% QoQ while overall attrition also declined 20 bps to 11.9% (LTM) QoQ. There was net addition of 1667 people taking the total employee headcount to 390,880. The management said it will continue its efforts to hire local talent in all major markets and continue making investments in building up people skills. The management reiterated that gross hiring would be lower, going ahead, owing to an increase in local hiring and increasing usage of automation & productivity enhancement.

Exhibit 5: Overall attrition declines 20 bps QoQ to 11.9%



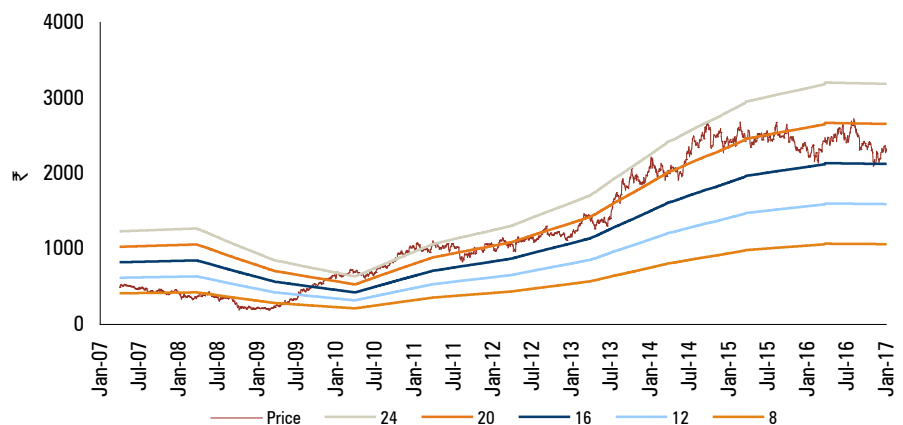
Source: Company, ICICIdirect.com Research

Outlook and valuation

Tata Consultancy Services (TCS) reported Q3FY18 earnings with dollar revenue marginally below our expectations while EBIT margin came in-line with our expectations on account of lower SG&A expenses. In terms of geography, Latin America (5.0% QoQ growth in CC terms), Continental Europe (2.6%) grew while India was soft (0.5%). Among verticals, energy & utilities (8.5% QoQ) and retail & CPG (6.4%) grew well while BFSI declined -1.5% sequentially. We also highlight that TCS signed its first \$50 million+ deal in digital with digital revenue now contributing 22.1% to revenues (vs. 19.7% in Q2FY18) and grew at a healthy 13.9% (in CC terms) sequentially.

TCS reported Q3 earnings largely in line with our expectations. From a portfolio perspective, the retail vertical has started showing signs of a revival with digital keeping pace with an annual run-rate of ~\$4 billion in FY18E. However, BFSI is yet to see any recovery. With limited levers available for margin expansion, we would be watchful on the margin front. We roll our estimates to FY20E and expect rupee revenue, PAT to grow at CAGR of 9.5%, 10.3%, respectively, in FY18-20E. We maintain our **HOLD** rating on the stock with a revised target price of ₹ 2750.

Exhibit 6: One year forward rolling PE



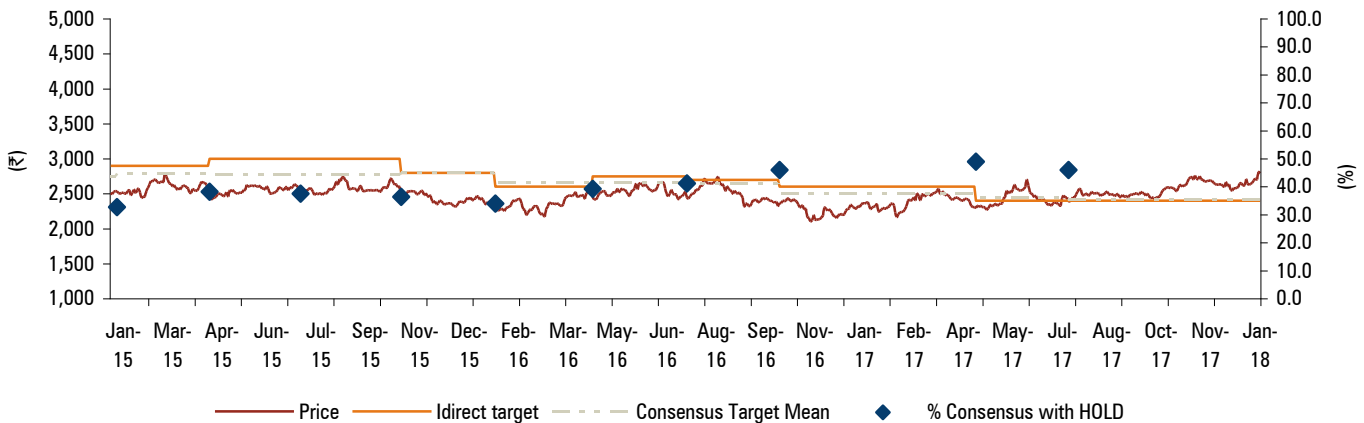
Source: Company, ICICIdirect.com Research

Exhibit 7: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY16	108,646	14.8	122.9	22.5	22.4	16.7	33.1	42.2
FY17	117,966	8.6	133.4	8.6	20.7	15.3	29.8	38.0
FY18E	122,017	3.4	132.5	(0.7)	20.8	15.4	29.5	37.9
FY19E	133,990	9.8	144.4	9.0	19.1	13.4	27.1	34.9
FY20E	146,205	9.1	161.3	11.7	17.1	11.7	25.7	33.2

Source: Company, ICICIdirect.com Research

Recommendation History vs. Consensus



Source: Company, ICICIdirect.com Research

Key events

Date	Event
May-17	TCS enters into partnership with semiconductor company Nexperia to transform its applications and infrastructure services. TCS selected to enhance its digital core through its end-to-end enterprise application stack hosted on the TCS Cloud
Jun-17	TCS plans to launch several businesses in emerging technology segments to earn about \$1 billion each from them over the next three to seven years. The company expects 16 such new segments and sub-segments around cyber security, internet of things (IoT), analytics and cloud application and infrastructure to be key drivers
Jun-17	TCS announces a new collaboration with Intel Corporation to build a "future-ready reference architecture" for enterprises. The collaboration will help firms adopt new-age technologies like Internet of Things (IoT), Cloud, network, 5G, artificial intelligence and data centre infrastructure management
Sep-17	TCS secures a 15-year partnership with Scottish Widows, Lloyds Banking Group's Life and Pensions unit to provide end-to-end policy administration services for its 4 million heritage customers. The partnership was won by TCS's UK subsidiary Diligenta, which provides outsourcing services to the insurance industry. According to media sources, TCS would take on 1000 insurance staff from client Lloyds Bank
Nov-17	Tata Consultancy Services (TCS) and Rolls Royce announce the expansion of their long-standing partnership in order to exploit future data innovation opportunities. As part of this agreement, TCS would provide IoT digital platform capability to help Rolls Royce accelerate its 'Digital First' vision. The deal is for five years
Dec-17	According to media sources, TCS has won a \$2.25 billion outsourcing contract from television ratings measurement company Nielsen. The deal marks the renewal of TCS' engagement with Nielsen, which was first awarded a \$1.2 billion, 10-year contract in 2007

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Tata Group of Companies	30-Sep-17	73.5%	1,407.9	0.5
2	Life Insurance Corporation of India	30-Sep-17	4.0%	77.1	2.8
3	Stewart Investors	31-Oct-17	1.2%	23.5	0.2
4	The Vanguard Group, Inc.	30-Nov-17	0.9%	16.5	0.1
5	BlackRock Institutional Trust Company, N.A.	31-Dec-17	0.8%	14.8	0.0
6	Lazard Asset Management, L.L.C.	31-Dec-17	0.8%	14.6	0.0
7	Aberdeen Asset Management (Asia) Ltd.	31-Oct-17	0.6%	11.9	0.0
8	JPMorgan Asset Management U.K. Limited	30-Nov-17	0.6%	11.3	0.0
9	OppenheimerFunds, Inc.	31-Dec-17	0.5%	10.4	0.0
10	SBI Funds Management Pvt. Ltd.	30-Nov-17	0.4%	6.8	1.9

Source: Reuters, ICICIdirect.com Research

Shareholding Pattern

(in %)	Mar-17	Jun-17	Dec-17
Promoter	73.31	73.57	73.57
Public	26.69	26.43	26.43
Others	--	--	--
Total	100.00	100.00	100.00

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Life Insurance Corporation of India	106.3m	2.8m	Capital World Investors	-246.8m	-6.8m
SBI Funds Management Pvt. Ltd.	79.5m	1.9m	Capital Research Global Investors	-73.8m	-2.0m
Tata Group of Companies	19.7m	0.5m	Genesis Investment Management, LLP	-44.4m	-1.1m
Grantham Mayo Van Otterloo & Co LLC	19.4m	0.5m	RBC Investment Management (Asia) Ltd.	-15.5m	-0.4m
Reliance Nippon Life Asset Management Limited	16.3m	0.4m	Aberdeen Asset Management Company Ltd. (Thailand)	-13.2m	-0.4m

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement					₹ Crore				
(Year-end March)	FY17	FY18E	FY19E	FY20E					
Total operating Income	117,966	122,017	133,990	146,205					
Growth (%)	8.6	3.4	9.8	9.1					
COGS (employee expenses)	64,900	68,207	74,364	80,998					
S,G&A expenses	20,755	21,597	23,850	25,878					
Total Operating Expenditure	85,655	89,805	98,215	106,876					
EBITDA	32,311	32,212	35,775	39,329					
Growth (%)	5.3	-0.3	11.1	9.9					
Depreciation	1,987	2,013	2,211	2,412					
Other Income less interest	4,189	3,331	2,984	3,894					
PBT	34,513	33,530	36,548	40,811					
Total Tax	8,156	8,114	8,845	9,876					
Minority Interest	68	51	56	62					
Exceptional Item	0	0	0	0					
PAT before exceptional item	26,289	25,365	27,648	30,873					
Growth (%)	8.6	-3.5	9.0	11.7					
EPS (₹)	133.4	132.5	144.4	161.3					
PAT after exceptional item	26,289	25,365	27,648	30,873					
EPS - Reported (₹)	133.4	132.5	144.4	161.3					

Source: Company, ICICIdirect.com Research

Cash flow statement					₹ Crore				
(Year-end March)	FY17	FY18E	FY19E	FY20E					
Profit before Tax	34,513	33,530	36,548	40,811					
Add: Depreciation	1,987	2,013	2,211	2,412					
(Inc)/dec in Current Assets	(896)	(934)	(1,865)	(2,341)					
Inc/(dec) in CL and Provisions	(210)	3,800	1,825	1,958					
Taxes paid	(7,946)	(8,114)	(8,845)	(9,876)					
CF from operating activities	26,992	27,875	26,845	29,024					
(Inc)/dec in Investments	(21,823)	(17,660)	(692)	0					
(Inc)/dec in Fixed Assets	(3,920)	(4,011)	(2,058)	0					
Others	0	2,421	2,421	0					
CF from investing activities	(18,521)	(330)	399	640					
Inc/(dec) in loan funds	14	87	0	0					
Dividend paid & dividend tax	(10,947)	(11,617)	(11,672)	(12,611)					
Others	(161)	(16,080)	(16,000)	0					
CF from financing activities	(11,006)	(27,617)	(11,672)	(12,611)					
Net Cash flow	(2,535)	(72)	15,572	17,053					
Exchange difference	(163)	0	0	0					
Opening Cash	6,347	4,028	3,955	19,527					
Closing Cash	4,027	3,955	19,527	36,580					

Source: Company, ICICIdirect.com Research

Balance sheet					₹ Crore				
(Year-end March)	FY17	FY18E	FY19E	FY20E					
Liabilities									
Equity Capital	197	191	191	191					
Reserve and Surplus	81,487	79,240	95,215	113,477					
Share Premium	6,631	6,631	6,631	6,631					
Total Shareholders funds	88,315	86,062	102,038	120,300					
Total debt	289	296	319	341					
Other liabilities & Provisions	1,170	1,205	1,236	1,268					
Deferred tax liability(net)	919	919	919	919					
Minority Interest / Others	366	417	473	535					
Total Liabilities	91,059	88,900	104,984	123,363					
Assets									
Net assets & CWIP	11,788	11,833	11,632	11,413					
Goodwill	3,721	3,721	3,721	3,721					
Other non current assets	9,318	10,010	10,630	11,736					
Debtors	22,684	23,463	24,118	24,855					
Loans and Advances	4,531	4,687	5,146	5,616					
Other Current Assets	7,648	7,647	8,397	9,533					
Current Investments	41,636	41,636	41,636	41,636					
Cash	4,027	3,955	19,527	36,580					
Trade Payable	6,279	9,761	10,719	11,696					
OCL & Provisions	8,015	8,290	9,104	10,030					
Application of Funds	91,059	88,900	104,984	123,363					

Source: Company, ICICIdirect.com Research

Key ratios									
(Year-end March)	FY17	FY18E	FY19E	FY20E					
Per share data (₹)									
Adjusted EPS (Diluted)	133.4	132.5	144.4	161.3					
BV per share	448.3	449.7	533.2	628.6					
DPS	47.0	50.4	50.6	54.7					
Cash Per Share	20.4	20.7	102.0	191.1					
Operating Ratios (%)									
EBIT margins	25.7	24.8	25.1	25.3					
PBT Margins	29.3	27.5	27.3	0.0					
PAT Margin	22.3	20.8	20.6	21.1					
Debtor days	70	70	66	62					
Creditor days	19	29	29	29					
Return Ratios (%)									
RoE	29.8	29.5	27.1	25.7					
RoCE	38.0	37.9	34.9	33.2					
RoIC	92.7	100.9	112.6	122.9					
Valuation Ratios (x)									
P/E	20.7	20.8	19.1	17.1					
EV / Net Sales	4.2	4.1	3.6	3.2					
Market Cap / Sales	4.6	4.4	4.0	3.7					
Solvency Ratios									
Debt / EBITDA	0.0	0.0	0.0	0.0					
Debt / Equity	0.0	0.0	0.0	0.0					
Current Ratio	2.4	2.0	1.9	1.8					
Quick Ratio	2.4	2.0	1.9	1.8					

Source: Company, ICICIdirect.com Research

ICICIdirect.com coverage universe (IT)

Sector / Company	CMP			M Cap	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE(%)		
	(₹)	TP(₹)	Rating		FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E
Cyient (INFENT)	582	545	Hold	6,553	30.5	35.7	41.4	19.1	16.3	14.1	11.9	9.4	8.0	19.7	21.0	21.4	16.2	17.0	17.6
Eclerx (ECLSER)	1,528	1,125	Sell	6,299	86.4	74.8	88.4	17.7	20.4	17.3	12.1	14.0	12.2	34.5	28.1	28.9	29.1	22.4	23.9
Firstsource (FIRSO)	46	47	Buy	3,034	4.1	4.3	4.7	11.1	10.7	9.7	8.6	7.8	6.6	11.7	11.9	12.7	13.8	12.5	12.2
HCL Tech (HCLTEC)	916	930	Hold	129,312	60.0	60.1	66.2	15.3	15.3	13.8	12.4	11.5	9.7	29.0	29.0	28.9	25.3	24.4	23.5
Infosys (INFTEC)	1,074	1,020	Hold	245,465	62.8	63.8	68.0	17.1	16.8	15.8	11.6	12.0	10.6	28.8	30.8	29.7	20.8	22.1	21.1
KPIT Tech (KPISYS)	204	160	Hold	4,059	10.6	11.7	T	19.2	17.5	14.3	11.2	10.9	8.7	14.5	15.3	17.1	15.1	13.2	14.2
Mindtree (MINCON)	627	495	Hold	10,521	24.9	26.4	32.9	25.2	23.8	19.0	13.9	14.8	11.0	21.2	21.9	24.5	16.2	17.0	19.0
NIIT Technologies (NIITEC)	702	660	Hold	2,515	40.8	43.4	50.9	15.7	16.2	13.8	3.7	3.3	2.4	29.8	31.3	36.3	14.8	14.2	14.8
Persistent (PSYS)	765	730	Buy	6,119	37.6	47.9	38.8	16.9	16.4	13.7	9.9	9.0	7.1	20.7	19.4	21.4	15.9	14.6	16.0
TCS (TCS)	2,756	2,750	Hold	539,818	133.4	132.5	144.4	20.7	20.8	19.1	15.3	15.4	13.4	38.0	37.9	34.9	29.8	29.5	27.1
Tech Mahindra (TECMAH)	552	505	Hold	54,245	31.7	37.5	39.3	17.4	14.7	14.0	12.0	10.8	8.5	19.4	19.8	18.8	17.1	17.7	16.4
Wipro (WIPRO)	319	350	Buy	157,490	17.5	19.1	20.7	18.3	16.7	15.4	11.9	12.7	10.8	16.8	18.1	17.2	16.3	17.8	16.5

Source: Company, ICICIdirect.com Research

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