

July 30, 2018

## Q1FY19 Result Update

☑ Change in Estimates | ■ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY19E	FY20E	FY19E	FY20E
Rating	BUY		BUY	
Target Price	760		760	
Sales (Rs. m)	342,382	369,011	339,634	362,873
% Chng.			0.8	1.7
EBITDA (Rs. m)	58,564	63,691	57,772	62,632
% Chng.			1.4	1.7
EPS (Rs.)	46.3	50.7	45.9	50.2
% Chng.			0.8	1.0

### Key Financials

	FY17	FY18	FY19E	FY20E
Sales (Rs. bn)	291	308	342	369
EBITDA (Rs. bn)	42	47	59	64
Margin (%)	14.4	15.3	17.1	17.3
PAT (Rs. bn)	28	38	41	45
EPS (Rs.)	32.1	43.0	46.3	50.7
Gr. (%)	(10.5)	34.2	7.6	9.6
DPS (Rs.)	9.0	12.9	13.9	15.2
Yield (%)	1.4	2.0	2.1	2.3
RoE (%)	18.1	21.5	20.3	19.6
RoCE (Pre Tax)	19.3	19.0	21.6	21.1
EV/Sales (x)	1.8	1.7	1.5	1.3
EV/EBITDA (x)	14.1	12.4	9.5	8.3
PE (x)	20.4	15.2	14.2	12.9
P/BV (x)	3.5	3.1	2.7	2.4

### Key Data

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52-W High / Low	Rs.730 / Rs.379	
Sensex / Nifty	37,494 / 11,320	
Market Cap	Rs.643bn/ \$ 9,359m	
Shares Outstanding	981m	
3M Avg. Daily Value	Rs.4686.92m	

### Shareholding Pattern (%)

Promoter's	35.98
Foreign	38.10
Domestic Institution	13.39
Public & Others	12.53
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	-	8.7	71.9
Relative	(5.5)	4.5	48.1

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## Steady quarter , Enterprise vertical drives growth

- 1Q snapshot:** Tech M delivered a steady result for 1QFY19 with a beat on both revenues and margins. Revenues for 1QFY19 came at USD1224mn down 1.6% QoQ and above our estimates (USD1219mn). Constant Currency growth for the quarter stood at 0.3% QoQ and above our estimates (We estimated 1% decline in cc revenues). Communication vertical revenues were down 6.5% QoQ and accounted to 39.6% of total revenues. Seasonality in Comviva, cross currency headwinds weighed on reported USD revenues from the vertical. Management guided of steady deal wins in Communication vertical and expects growth to bounce back from 2QFY19 onwards. Tech M would need to deliver 4% CQGR over next three quarters to even reach flat YoY performance for the Communication vertical in USD. Enterprise vertical (60.4% of total revenues) grew by 1.7% QoQ in USD and 3.8% in constant currency. Traction in Manufacturing, BFSI and Healthcare verticals aided growth in the Enterprise vertical.
- Margins above estimates:** EBITDA margin for 1QFY19 came at 16.4% and beat our estimates (PLe: 16%).Headwinds from wage hikes (40bps), visa expenses(60bps) and Comviva seasonality (90bps) were negated by tailwinds from INR depreciation (+80bps) and other operating efficiencies. Company has given staggered wage hikes and hence wage hike will continue to be a margin headwind in 2QFY19 as well. PAT came at Rs8.9bn in-line with our estimates (PLe: Rs8.9bn). Headcount of company came at 113,552 with net addition of 745 QoQ. However, IT services headcount addition continued to remain tepid. 1QFY19 IT services headcount stood at 72,462 employees which represents a drop of 8% YoY.
- View:** Led by soft 1Q, we expect Tech M to deliver 6.6% USD revenue growth for FY19E (5.9% organic and rest owing to full impact of acquisitions). Owing to soft start, we model Communication vertical revenues to remain flat YoY in USD. We expect Enterprise vertical revenues to grow by 12% YoY in USD. Hence, FY19 could remain another soft year for Communication vertical despite modeling pick uptick from 2QFY19 onwards. We believe that 5G can be a potential trigger for Communication vertical only in FY20E.
- We model Tech M USD revenues to grow by 6.5/8.5% for FY19/FY20E (vs 6.6/8.8% modeled earlier). We reset currency estimates to 67/67 for FY19/FY20E (vs 66/66 earlier). We model EBITDA margin assumptions at 17.1/17.3% for FY19E/FY20E (vs 17/17.3% modeled earlier). We have already trimmed our earnings estimates modestly during 1Q preview. Our EPS estimates are retained at Rs46/50.5/sh for FY19/FY20E. Stock trades at 13x FY20E EPS which is cheap (HCL Tech /Wipro also trading at 12.4/12.9x FY20E EPS). Our TP is retained at Rs760/sh (15x FY20E EPS). Retain BUY. Communication vertical is likely to be tepid for the fourth consecutive year in a row and has also seen its proportion moderating as a % of Tech M's overall revenue. Communication vertical IT spends tend by cyclical led by Technology shifts and an upcycle led by 5G can lead to strong momentum. Hence, we see potential growth acceleration for Tech M in FY20E.

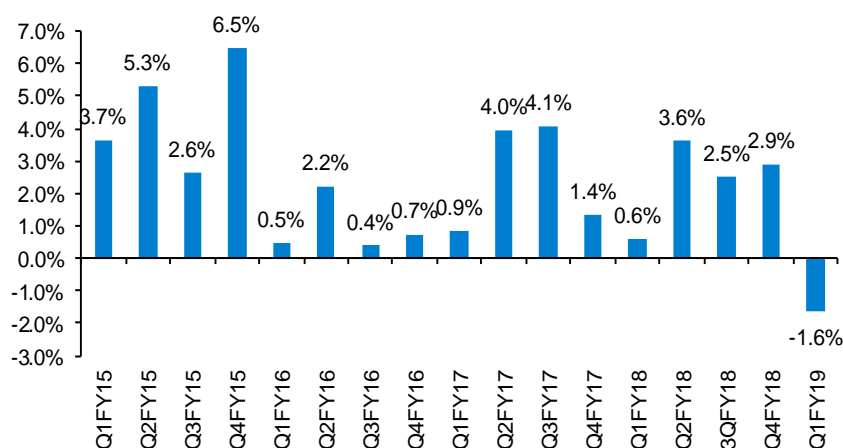
### Exhibit 1: Q1FY19: Consolidated P&L

(Rs mn)	Q1FY19	Q4FY18	QoQ	Q1FY18	YoY	PLe	Variance (Actual vs PLe)
Sales (US \$ mn)	1,224	1,244	-1.6%	1,138	7.6%	1,219	0.4%
Sales	82,763	80,545	2.8%	73,361	12.8%	82,407	0.4%
EBITDA	13,569	14,119	-3.9%	9,347	45.2%	13,185	2.9%
EBITDA Margins	16.4%	17.5%	-113 bps	12.7%	365 bps	16.0%	40 bps
Net Income	8,979	12,220	-26.5%	7,987	12.4%	8,919	0.7%
EPS	10.1	13.7	-26.6%	9.0	12.1%	10.0	0.6%

Source: Company, PL

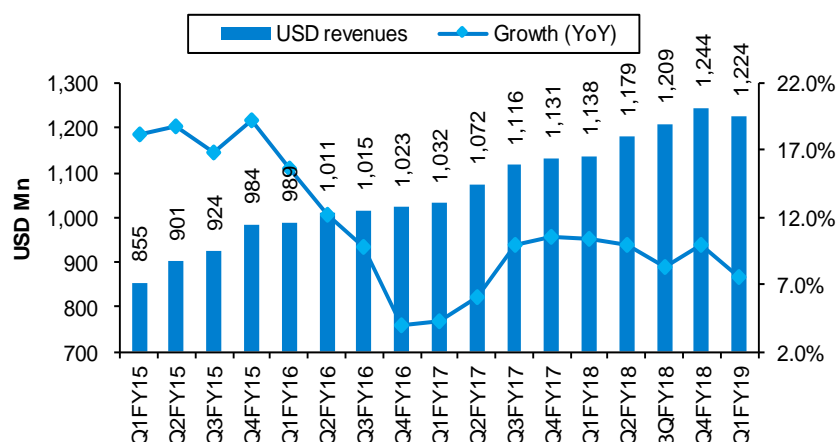
- Revenues beat estimates:** Revenues came at USD1224mn, down 1.6% QoQ and above our ests (PLe: USD1219mn). Onsite revenues accounted for 66.6% of total revenues in 1QFY19 (vs. 67.0% in 4QFY18). Revenues from Top 10 clients down by 2.2% QoQ and down 3.7% YoY. Constant currency revenues grew by 0.3% QOQ in 1QFY19.

### Exhibit 2: USD Revenue Growth (QoQ)



Source: Company, PL \*Growth includes acquisitions

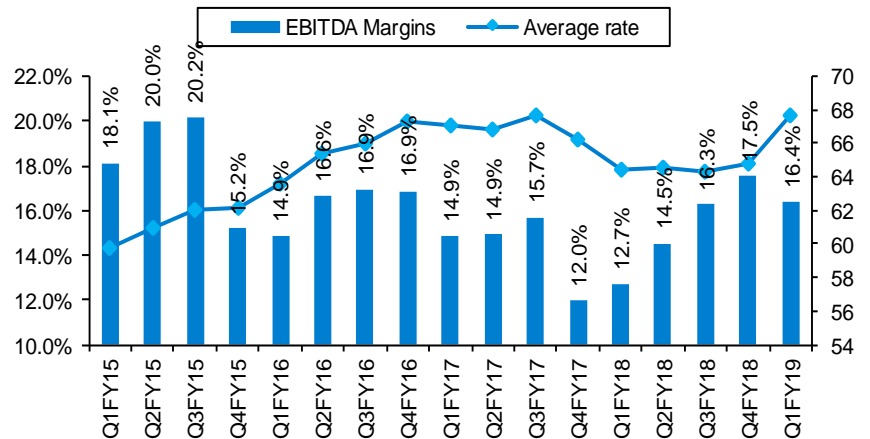
### Exhibit 3: USD Revenues and growth (YoY)



Source: Company, PL, acquisition have also aided in higher YoY USD revenue growth over FY15/FY16

- Margin drop modestly on a sequential basis:** EBITDA margin at 16.4% was down 110bps QoQ and beat our ests (PLe: 16.0%). EBIT margin at 13.0% down 80bps QoQ. Headwinds from wage hikes to a portion of employees (40bps), Comviva Seasonality (90bps), Visa Expenses (60bps), Headcount addition (50bps) were partially negated by tailwinds from rupee depreciation (90bps) and other operating efficiencies.

**Exhibit 4: EBITDA Margin vs. Average exchange Rate (USD vs. INR)**



Source: Company, PL

## Key Metrics:

### Exhibit 5: Revenue mix by Geography (%)

Geography Mix (%)	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19
Americas	48.9	47.8	46.8	49.0	48.3	46.7	45.1	46.8	45.3	46.9	47.4	48.2
Europe	29.3	28.9	28.5	28.3	29.7	29.4	29.6	29.8	30	29.8	29.6	30
ROW	21.9	23.2	24.7	22.8	22.0	23.9	25.3	23.4	24.7	23.3	23	21.9

Source: Company, PL

### Exhibit 6: Geography-wise revenues and Growth (QoQ & YoY)

Fig in USD Mn	Q1FY19	Q4FY18	QoQ	Q1FY18	YoY
Americas	590.0	589.8	0.0%	532.6	10.8%
Europe	367.2	368.3	-0.3%	339.1	8.3%
ROW	268.1	286.2	-6.3%	266.3	0.7%

Source: Company, Company, PL

### Exhibit 7: Revenue mix by Verticals (%)

Fig in %	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19
Telecom	52.9	51.3	50.9	49.2	48.4	47.3	46.3	45.2	43.7	42.8	41.6	39.6
Manufacturing	16.7	17.1	17.1	18.1	19.2	18.4	19.2	19.3	19	19.1	19.3	20.1
Technology ,media and Entertainment	8.2	7.4	7.5	7.5	7.2	6.4	6.2	6.0	5.9	6.5	7.3	7.2
BFSI	9.6	9.8	10.6	11.3	11.5	13.1	14.1	14.4	14.1	13.3	13	13.6
Retail, Transport and logistics	6	6.8	6.2	6.5	6.8	7.6	6.5	6.8	7.2	7.1	6.2	6.1
Others	6.6	7.6	7.7	7.3	6.8	7.1	7.7	8.3	9.9	11.3	12.6	13.4

Source: Company, PL

### Exhibit 8: Vertical-wise revenues (USD Mn) and growth (QoQ & YoY)

Fig in USD Mn	Q1FY19	Q4FY18	QoQ	Q1FY18	YoY
Telecom	484.7	517.6	-6.4%	514.4	-5.8%
Manufacturing	246.0	240.1	2.5%	219.6	12.0%
Technology ,media and Entertainment	88.1	90.8	-3.0%	68.3	29.1%
BFSI	166.5	161.8	2.9%	163.9	1.6%
Retail, Transport and logistics	74.7	77.1	-3.2%	77.4	-3.5%
Others	164.0	156.8	4.6%	94.5	73.7%

Source: Company, PL

### Exhibit 9: Revenue by Delivery (%)

Revenues by delivery	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19
Onsite	61.7	62.7	63.2	63.4	63.5	63.9	64.3	63.7	64.1	65.8	67.0	66.6
Offshore	38.3	37.3	36.8	36.6	36.5	36.1	35.7	36.3	35.9	34.2	33.0	33.4

Source: Company, PL

### Exhibit 10: Client Metrics

Revenues by client	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19
Top 5 client	32.0	28.0	27.9	28.8	28.5	27.8	26.6	25.9	24.8	23.2	23.2	21.9
Top 10 clients	43.0	40.0	39.0	40.0	39.9	38.4	37.6	36.3	35.1	33.2	32.7	32.5
Top 20	56.0	52.0	51.9	52.6	51.7	50.5	49.0	48.5	46.2	45.0	45.7	46.2
<b>Client Bucket</b>												
>1 m	298	326	319	317	341	356	354	377	390	389	392	396
> 5 m	102	105	112	120	120	128	134	139	147	154	156	154
> 10 m	62	63	63	64	66	65	71	74	81	83	85	86
>20 m	36	37	40	42	40	38	36	41	40	40	44	47
> 50 m	14	14	14	14	14	14	14	14	14	16	16	16

Source: Company, PL

### Exhibit 11: Headcount Details

	2QFY16	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19
Software Professionals	71657	71892	72125	73590	78404	80858	82403	78996	75587	73460	72437	72462
BPO	26513	28279	27254	27326	27669	29372	28414	30322	35287	35496	34190	34700
Sales and Support	7065	6966	6053	6300	6813	6865	6876	6662	6351	6285	6180	6390
<b>Total Employees</b>	<b>105235</b>	<b>107137</b>	<b>105432</b>	<b>107216</b>	<b>112886</b>	<b>117095</b>	<b>117693</b>	<b>115980</b>	<b>117225</b>	<b>115241</b>	<b>112807</b>	<b>113552</b>
Net addition	1562	1902	-1705	1784	5670	4209	598	-1713	1245	-1984	-2434	745
IT Attrition	20%	20%	21%	21%	19%	18%	17%	17%	16%	17%	18%	19%
IT Utilization	77%	77%	77%	78%	78%	77%	77%	77%	81%	83%	84%	81%
IT utilization (Excluding trainees)	79%	80%	80%	80%	82%	83%	81%	81%	81%	83%	84%	84%

Source: Company, PL

**Exhibit 12: Consolidated Model Sheet of Tech M**

	FY15	FY16	FY17	FY18	FY19E	FY20E
USD Revenues (USD mn)	3664	4038	4351	4771	5080	5508
Growth (%)	18.3%	10.2%	7.8%	9.6%	6.5%	8.4%
Organic Growth (%)	14.4%	1.5%	3.9%	5.7%	5.7%	8.4%
Average Rate ( USD vs INR)	61.20	65.60	66.97	64.50	67.40	67.00
Revenues (Rs mn)	226,213	264,942	291,408	307,730	342,382	369,011
Growth (%)	20.1%	17.1%	10.0%	5.6%	11.3%	7.8%
EBIDTA	41,529	43,184	41,844	47,161	58,564	63,691
EBIT	35,415	35,564	32,063	36,312	47,235	52,252
APAT	26,277	31,180	28,129	38,001	40,876	44,789
EBIDTA Margin(%)	18.4%	16.3%	14.4%	15.3%	17.1%	17.3%
EBIT Margin(%)	15.7%	13.4%	11.0%	11.8%	13.8%	14.2%
NPM(%)	11.6%	11.8%	9.7%	12.3%	11.9%	12.1%
Adjusted Diluted EPS(ex-Treasury)	30.58	35.08	31.63	42.7	46.0	50.4
Growth (%)	-2.0%	14.7%	-9.9%	35.1%	7.6%	9.6%
P/E(Ex - Treasury Share EPS)	21.5	18.7	20.7	15.4	14.3	13.0
EV/EBIDTA	15	14	14	12	9	8
ROE(%)	24.5%	23.4%	18.1%	21.5%	20.3%	19.6%
Consolidated Balance sheet ( Rs mn)						
Net Cash on Balance Sheet	24904	41407	41638	47632	75781	101711
Net Cash per Share on balance sheet	26.0	42.0	46.8	53.6	85.2	114.4
Net cash per share as a % of stock price	4.0%	6.4%	7.1%	8.2%	13.0%	17.4%
<b>Consolidated Cash Flows ( Rs mn)</b>						
Cash flow from Operating Activities	23974	32132	40714	35535	40691	43668
Capex+ Acquisitions	(24,873)	(9,046)	(19,658)	(21,045)	(8,000)	(8,000)
Free Cash Flow	(899)	23,086	21,056	14,490	32,691	35,668
FCF/EBIDTA	-2.2%	53.5%	50.3%	30.7%	55.8%	56.0%

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY17	FY18	FY19E	FY20E
<b>Net Revenues</b>	<b>291,408</b>	<b>307,730</b>	<b>342,382</b>	<b>369,011</b>
YoY gr. (%)	10.0	5.6	11.3	7.8
Employee Cost	190,651	215,299	235,617	254,618
Gross Profit	100,757	92,431	106,765	114,393
Margin (%)	34.6	30.0	31.2	31.0
SG&A Expenses	58,913	45,270	48,201	50,702
Other Expenses	-	-	-	-
<b>EBITDA</b>	<b>41,844</b>	<b>47,161</b>	<b>58,564</b>	<b>63,691</b>
YoY gr. (%)	(3.1)	12.7	24.2	8.8
Margin (%)	14.4	15.3	17.1	17.3
Depreciation and Amortization	9,781	10,849	11,329	11,439
<b>EBIT</b>	<b>32,063</b>	<b>36,312</b>	<b>47,235</b>	<b>52,252</b>
Margin (%)	11.0	11.8	13.8	14.2
Net Interest	1,286	1,624	905	800
Other Income	7,776	14,102	7,314	7,500
<b>Profit Before Tax</b>	<b>38,553</b>	<b>48,789</b>	<b>53,644</b>	<b>58,952</b>
Margin (%)	13.2	15.9	15.7	16.0
Total Tax	10,021	10,925	12,831	14,148
Effective tax rate (%)	26.0	22.4	23.9	24.0
<b>Profit after tax</b>	<b>28,532</b>	<b>37,864</b>	<b>40,812</b>	<b>44,803</b>
Minority interest	380	(137)	(64)	14
Share Profit from Associate	(23)	-	-	-
<b>Adjusted PAT</b>	<b>28,129</b>	<b>38,001</b>	<b>40,876</b>	<b>44,789</b>
YoY gr. (%)	(9.8)	35.1	7.6	9.6
Margin (%)	9.7	12.3	11.9	12.1
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>28,129</b>	<b>38,001</b>	<b>40,876</b>	<b>44,789</b>
YoY gr. (%)	(9.8)	35.1	7.6	9.6
Margin (%)	9.7	12.3	11.9	12.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	28,129	38,001	40,876	44,789
<b>Equity Shares O/s (m)</b>	<b>878</b>	<b>883</b>	<b>883</b>	<b>883</b>
<b>EPS (Rs)</b>	<b>32.1</b>	<b>43.0</b>	<b>46.3</b>	<b>50.7</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY17	FY18	FY19E	FY20E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>99,002</b>	<b>119,695</b>	<b>127,695</b>	<b>135,695</b>
Tangibles	84,361	91,313	99,313	107,313
Intangibles	14,641	28,382	28,382	28,382
<b>Acc: Dep / Amortization</b>	<b>60,680</b>	<b>71,198</b>	<b>82,527</b>	<b>93,967</b>
Tangibles	52,633	59,597	70,926	82,366
Intangibles	8,047	11,601	11,601	11,601
<b>Net fixed assets</b>	<b>38,322</b>	<b>48,497</b>	<b>45,167</b>	<b>41,728</b>
Tangibles	31,728	31,716	28,386	24,947
Intangibles	6,594	16,781	16,781	16,781
Capital Work In Progress	3,729	2,399	2,399	2,399
Goodwill	26,279	27,727	27,727	27,727
Non-Current Investments	6,802	15,117	15,417	15,717
Net Deferred tax assets	2,579	5,708	5,708	5,708
Other Non-Current Assets	19,594	23,798	23,798	23,798
<b>Current Assets</b>				
Investments	21,647	34,449	35,449	36,449
Inventories	611	659	659	659
Trade receivables	53,377	64,979	72,296	77,919
Cash & Bank Balance	32,186	30,443	58,291	83,922
Other Current Assets	21,571	19,623	19,623	19,623
<b>Total Assets</b>	<b>260,665</b>	<b>304,373</b>	<b>337,509</b>	<b>366,623</b>
<b>Equity</b>				
Equity Share Capital	4,388	4,417	4,417	4,417
Other Equity	159,984	184,011	210,172	238,837
<b>Total Network</b>	<b>164,372</b>	<b>188,428</b>	<b>214,589</b>	<b>243,254</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	3,853	7,711	8,411	9,111
Provisions	6,201	5,551	5,551	5,551
Other non current liabilities	305	333	333	333
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	8,342	9,549	9,549	9,549
Trade payables	23,117	20,368	29,079	31,341
Other current liabilities	44,774	61,554	59,054	56,555
<b>Total Equity &amp; Liabilities</b>	<b>260,665</b>	<b>304,373</b>	<b>337,508</b>	<b>366,622</b>

Source: Company Data, PL Research

### Cash Flow (Rs m)

Y/e Mar	FY17	FY18	FY19E	FY20E
PBT	38,530	48,788	53,644	58,952
Add. Depreciation	9,781	10,850	11,329	11,439
Add. Interest	1,286	1,624	905	800
Less Financial Other Income	7,776	14,102	7,314	7,500
Add. Other	(3,969)	(2,631)	(11,250)	(7,514)
Op. profit before WC changes	45,628	58,631	54,628	63,677
Net Changes-WC	5,881	(7,832)	(1,106)	(5,861)
Direct tax	(10,795)	(15,264)	(12,831)	(14,148)
<b>Net cash from Op. activities</b>	<b>40,714</b>	<b>35,535</b>	<b>40,691</b>	<b>43,668</b>
Capital expenditures	(19,579)	(18,781)	(8,000)	(8,000)
Interest / Dividend Income	5,513	2,645	11,314	7,500
Others	(14,829)	(17,461)	(2,300)	(2,300)
<b>Net Cash from Inv. activities</b>	<b>(28,895)</b>	<b>(33,597)</b>	<b>1,014</b>	<b>(2,800)</b>
Issue of share cap. / premium	345	857	64	(14)
Debt changes	(2,551)	7,486	700	700
Dividend paid	(12,392)	(9,438)	(14,715)	(16,124)
Interest paid	(1,111)	(1,599)	(905)	(800)
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>(15,709)</b>	<b>(2,694)</b>	<b>(14,856)</b>	<b>(16,238)</b>
<b>Net change in cash</b>	<b>(3,890)</b>	<b>(756)</b>	<b>26,848</b>	<b>24,629</b>
Free Cash Flow	21,056	14,490	32,691	35,668

Source: Company Data, PL Research

### Key Financial Metrics

Y/e Mar	FY17	FY18	FY19E	FY20E
<b>Per Share(Rs)</b>				
EPS	32.1	43.0	46.3	50.7
CEPS	43.2	55.3	59.1	63.7
BVPS	187.3	213.3	242.9	275.4
FCF	24.0	16.4	37.0	40.4
DPS	9.0	12.9	13.9	15.2
<b>Return Ratio(%)</b>				
RoCE (Pre Tax)	19.3	19.0	21.6	21.1
ROIC	19.3	20.0	25.9	28.1
RoE	18.1	21.5	20.3	19.6
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.3)	(0.3)	(0.4)	(0.4)
Debtor (Days)	67	77	77	77
<b>Valuation(x)</b>				
PER	20.4	15.2	14.2	12.9
P/B	3.5	3.1	2.7	2.4
P/CEPS	42.8	54.8	58.6	63.1
EV/EBITDA	14.1	12.4	9.5	8.3
EV/Sales	1.8	1.7	1.5	1.3
Dividend Yield (%)	1.4	2.0	2.1	2.3

Source: Company Data, PL Research

### Quarterly Financials (Rs m)

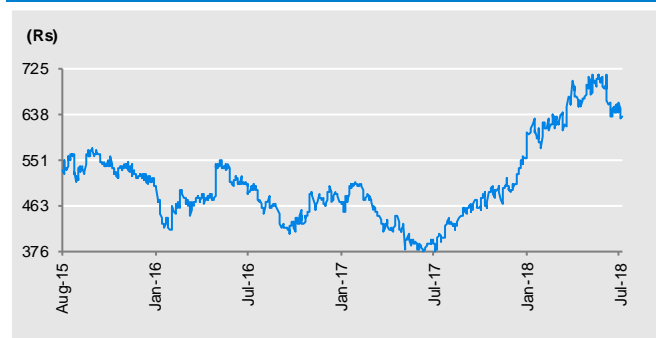
Y/e Mar	Q2FY18	Q3FY18	Q4FY18	Q1FY19
<b>Net Revenue</b>	<b>76,064</b>	<b>77,760</b>	<b>80,545</b>	<b>82,763</b>
YoY gr. (%)	6.1	2.9	7.5	12.8
Raw Material Expenses	53,789	53,807	54,885	57,340
Gross Profit	22,275	23,953	25,660	25,423
Margin (%)	29.3	30.8	31.9	30.7
SG&A Expenses	11218	11315	11541	11854
<b>EBITDA</b>	<b>11,057</b>	<b>12,638</b>	<b>14,119</b>	<b>13,569</b>
YoY gr. (%)	18.3	14.3	11.7	(3.9)
Margin (%)	14.5	16.3	17.5	16.4
Depreciation / Depletion	2,653	2,742	2,986	2,808
<b>EBIT</b>	<b>8,404</b>	<b>9,896</b>	<b>11,133</b>	<b>10,761</b>
Margin (%)	11.0	12.7	13.8	13.0
Net Interest	386	341	527	305
Other Income	3,222	2,260	4,513	1,114
<b>Profit before Tax</b>	<b>11,240</b>	<b>11,815</b>	<b>15,118</b>	<b>11,570</b>
Margin (%)	14.8	15.2	18.8	14.0
Total Tax	2,847	2,570	2,810	2,457
Effective tax rate (%)	25.3	21.8	18.6	21.2
<b>Profit after Tax</b>	<b>8,393</b>	<b>9,245</b>	<b>12,308</b>	<b>9,113</b>
Minority interest	31	(187)	88	16
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>8,362</b>	<b>9,432</b>	<b>12,220</b>	<b>9,097</b>
YoY gr. (%)	29.7	10.2	107.9	13.9
Margin (%)	11.0	12.1	15.2	11.0
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>8,362</b>	<b>9,432</b>	<b>12,220</b>	<b>9,097</b>
YoY gr. (%)	29.7	10.2	107.9	13.9
Margin (%)	11.0	12.1	15.2	11.0
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>8,362</b>	<b>9,432</b>	<b>12,220</b>	<b>9,097</b>
Avg. Shares O/s (m)	889	889	891	891
<b>EPS (Rs)</b>	<b>9.4</b>	<b>10.6</b>	<b>13.7</b>	<b>10.2</b>

Source: Company Data, PL Research

July 30, 2018

## Price Chart

## Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	31-Jul-17	BUY	500	385
2	9-Oct-17	BUY	500	455
3	1-Nov-17	BUY	535	489
4	10-Jan-18	BUY	570	531
5	30-Jan-18	BUY	675	605
6	13-Apr-18	BUY	680	669
7	26-May-18	BUY	760	702
8	10-Jul-18	BUY	760	661

## Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Cyient	BUY	860	742
2	HCL Technologies	BUY	1,100	963
3	Hexaware Technologies	BUY	460	496
4	Infosys	BUY	1,430	1,317
5	Mphasis	Accumulate	1,150	1,100
6	NIIT Technologies	BUY	1,300	1,120
7	Redington (India)	BUY	175	113
8	Sonata Software	BUY	350	300
9	Tata Consultancy Services	Accumulate	2,080	1,875
10	TeamLease Services	Hold	2,740	2,672
11	Tech Mahindra	BUY	760	661
12	Wipro	Hold	300	283
13	Zensar Technologies	BUY	1,280	1,276

## PL's Recommendation Nomenclature (Absolute Performance)

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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