

May 29, 2019

Q4FY19 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY20E	FY21E	FY20E	FY21E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	1,111		1,090	
Sales (Rs. m)	88,695	100,113	88,714	100,137
% Chng.	-	-	-	-
EBITDA (Rs. m)	15,984	17,916	16,163	18,118
% Chng.	(1.1)	(1.1)	-	-
EPS (Rs.)	64.7	74.0	62.9	71.8
% Chng.	2.9	3.1	-	-

Key Financials

	FY18	FY19	FY20E	FY21E
Sales (Rs. m)	65,458	77,310	88,695	100,113
EBITDA (Rs. m)	10,624	13,238	15,984	17,916
Margin (%)	16.2	17.1	18.0	17.9
PAT (Rs. m)	8,505	10,712	12,042	13,778
EPS (Rs.)	43.3	55.4	64.7	74.0
Gr. (%)	13.8	27.9	16.8	14.4
DPS (Rs.)	19.7	26.0	19.0	19.0
Yield (%)	2.1	2.7	2.0	2.0
RoE (%)	14.6	20.0	21.3	21.1
RoCE (%)	17.0	23.3	26.2	25.5
EV/Sales (x)	2.5	2.2	1.7	1.4
EV/EBITDA (x)	15.5	12.6	9.5	8.0
PE (x)	22.0	17.2	14.7	12.9
P/BV (x)	3.4	3.5	2.9	2.5

Key Data

MBFL.BO | MPHL IN

52-W High / Low	Rs.1,279 / Rs.855	
Sensex / Nifty	39,750 / 11,929	
Market Cap	Rs.177bn/ \$ 2,544m	
Shares Outstanding	186m	
3M Avg. Daily Value	Rs.419.88m	

Shareholding Pattern (%)

Promoter's	52.29
Foreign	28.93
Domestic Institution	8.21
Public & Others	10.56
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(0.8)	(0.4)	(10.2)
Relative	(2.5)	(10.5)	(20.6)

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Strong deal wins provides visibility

Mphasis posted inline revenue growth, good traction across HP channels & Direct channels & healthy deal wins led to our earnings estimate to increase by ~3% in FY20E/21E. HP channel has shown strong performance in FY18/FY19 & contribution of HP channel now accounts to 28.4% of the total revenues. Revenue growth has been improving & grew 13% in FY19. Deal wins have been going strong for MPHL with wins totaling USD616 mn in FY19, up 12% YoY. Good growth in the core business and growing revenue contribution from the Blackstone portfolio provide visibility on growth. We expect Mphasis to post 11.7/11.5% growth in revenues for FY20E/21E & our EBIT margin estimates stands at ~16.6% for FY20E/21E. We believe recovery in digital business will be gradual while direct core business will be the key growth driver. We value Mphasis at 15x FY21E earnings to arrive at revised target price of Rs1111. The stock currently trades at attractive valuation of 14.7/12.9x FY20E/FY21E earnings.

- **Inline Revenues; Miss on margins and PAT:** Cons revenues in dollar terms grew by 3.2% QoQ to \$291.7m inline with our estimates. In cc terms, revenue was inline growing at 2.9% QoQ. Gross margins declined by 90bps led by lower deal related costs. EBIT margins marginally increase by 4 bps sequentially to 15.8% and below our expectations (Ple: 16.6%), within their target band of 15%-17% due to headwind from SG&A expenses (120bps). PAT at Rs2662mn was 1.5% below our estimates led by miss on margins.
- **Growth mainly driven by Direct channel:** Direct International revenue grew 3.5% QoQ and 18.8% YoY on a reported basis in Q4 FY19 and 4.3% QoQ and 10.4% YoY in CC. Direct Core, which now accounts for 83% of Direct International revenues, continued strong growth momentum with 3.7% qoq revenue growth in c/c. DXC/HP revenue remain flat QoQ and 26.1% YoY on a reported basis; In CC terms, growth was 0.4% QoQ and 19.4% YoY. Digital risk revenues accounted to \$23.5 (~8% of revenues) for Q4FY19. Overall Direct International revenues were impacted by decline in Digital Risk. Focus on stabilizing this business and bringing back revenue to \$28-30 mn in coming quarters. Also cited that company has significant deals win from this business in the quarter. Management cited Direct channel to be primary driver for long term growth of the company.
- **Broad based growth across verticals:** Among verticals, growth was broad based across verticals except emerging. ICE (up 4.8% QoQ) Insurance (3.5% QoQ) remain strong. Banking vertical showed recovery by growing 2.8% QoQ compared to 1.6% QoQ dip in Q3FY19. Management cited that customers are investing for enhancing digital capabilities and as a result driving growth for the BFSI segment.
- **TCV continues to remain strong:** New deal TCV win for the quarter stood at \$146mn (vs \$122 mn in Q3FY19). We note that TCV in FY19 stood at \$616 vs \$552 mn in FY18, grew by 12% YoY. Management cited that 81% of deal wins in the focus area of New-Gen services. Company added 23 New clients in Q4 with 12 clients in banking vertical, 19 in direct channel. (include Stelligent clients as well).

Exhibit 1: Q4FY19: Quick view on results

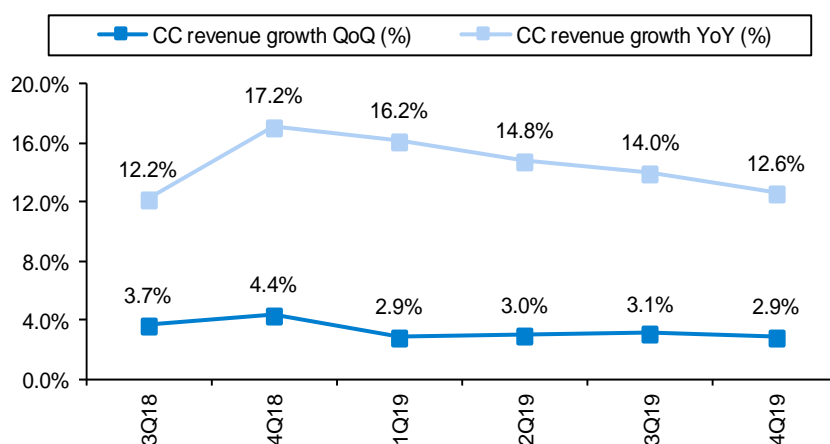
Y/e March	4Q19	3Q19	QoQ gr.	4Q18	YoY gr.	% var from est	Ple
Consolidated Sales - pre forex (US\$ m)	291.7	282.7	3.2%	264.1	10.4%	0.0%	291.7
Consolidated Sales - post forex (Rs m)	20,250	19,710	2.7%	17,445	16.1%	-1.1%	20,470
EBITDA	3404	3306	3.0%	3095	10.0%		
EBIT	3,204	3,110	3.0%	2,924	9.6%	-5.7%	3,398
EBIT margin	15.8%	15.8%	4 bps	16.8%	-94 bps	-78 bps	16.6%
PBT (Rs m)	3,477	3,581	-2.9%	3,303	5.3%	-5.5%	3,681
Tax (Rs m)	815	801	1.7%	796	2.4%	-16.6%	977
PAT (Rs m)	2,662	2,780	-4.2%	2,507	6.2%	-1.5%	2,704
EPS (Rs)	13.61	14.38	-5.4%	12.30	10.6%	-1.5%	13.82

Source: Company, PL

Cons revenues in dollar terms is \$291.7m, growth of 3.2% QoQ inline with our estimates. In cc terms, revenue was inline growing at 2.9% QoQ.

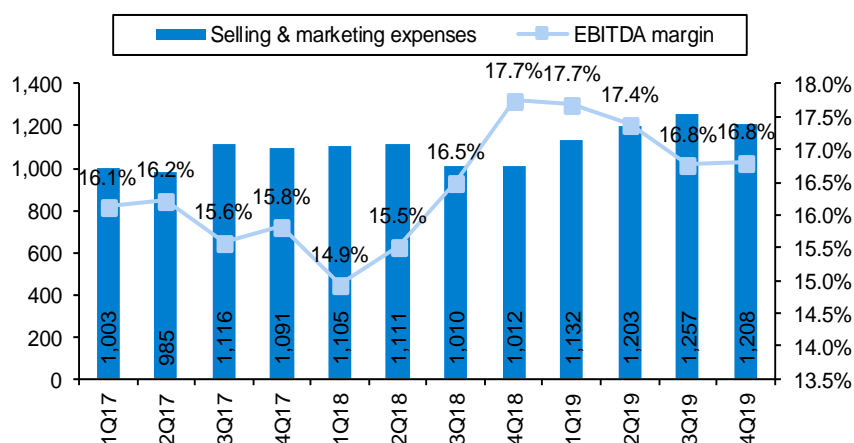
EBIT margins marginally increase by 4 bps sequentially to 15.8% and below our expectations (Ple: 16.6%), within their target band of 15%-17% due to headwind from SG&A expenses (120bps).

Exhibit 2: Revenue growth momentum continues



Source: Company, PL

Exhibit 3: SG&A expenses weighing on margins



Source: Company, PL

Key Highlights from Concall:

Macro trends & Strategy:

- Consumers are driving the real disruption with the changing demand from enterprises.
- Rapid development model to adopt functionality in quick time is the major requirement of clients
- Two-way strategy of Consistency and transformation (automation) has delivered growth for the company.

Future outlook & guidance:

- Continue to focus on current strategy and expects Direct channel to be primary growth driver with outperforming market growth and DXC/HP Channel to deliver inline market growth in FY20E.
- Management guided EBIT margin to be in range 15-17% in FY20E.
- Dividend recommended Rs27 per share for FY19 and Payout ratio stood at 58% for FY19 which is expected to be maintained going forward.

TCV:

- Won new deals with TCV of \$146mn in Q4 FY19. Management cited that 81% of deal wins in the focus area of New-Gen services. We note that company won new TCV of \$616mn in FY19 (grew by 11.8% YoY).
- TCV does not include renewal of deals and also guided that this deals on average accounted for revenues in 2-3 years.

Digital Risk business:

- Focus on stabilizing this business and bringing back revenue to \$28-30 mn in coming quarters. Also cited that company has significant deals win from this business in the quarter.
- Digital risk revenues accounted to \$23.5 (~8% of revenues) for Q4FY19. Management guided sequential growth for this segment to be in line with company's growth.

BFSI:

- Performance in BFSI was steady during the quarter.
- Customers are investing for enhancing digital capabilities and as a result driving growth for the segment.
- Particularly in IT services under BFSI grew strong than the growth of the company.

Margins:

- Margins in Q4 remain flat led by headwind from higher employee benefits and related expenses in execution of deals.
- Management maintained EBIT margin guidance in the 15-17% range for the full year.
- Focus on ways to optimize operational efficiency and will continue to make investments in building capabilities.
- Average hedge rate for FY20 is 71. MPHL has a 2-year layered hedge. So gains on the top-line from hedges will be higher in FY21.
- Gross margin declined by 108bps during the quarter. Management cited that this was driven by less deal related costs.
- G&A expenses: Well optimized at current levels and expects to see uptick in this going ahead. Guided to focus on other operational levers for margin expansion.

Direct Channel:

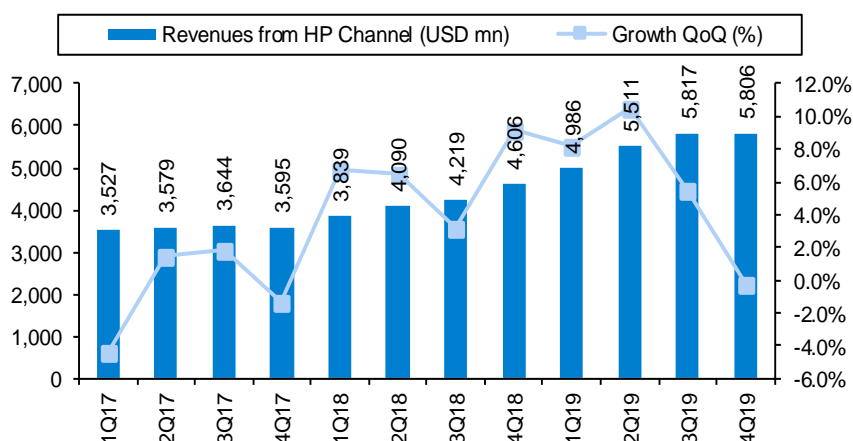
- Management cited this segment to be primary driver for long term growth of the company.
- Growth in this segment was mainly driven by three pillars- 1) Strategic customers 2) Blackstone portfolio 3) New client acquisition group.
- Demand environment for New Gen services is healthy

DXC/HP Channel:

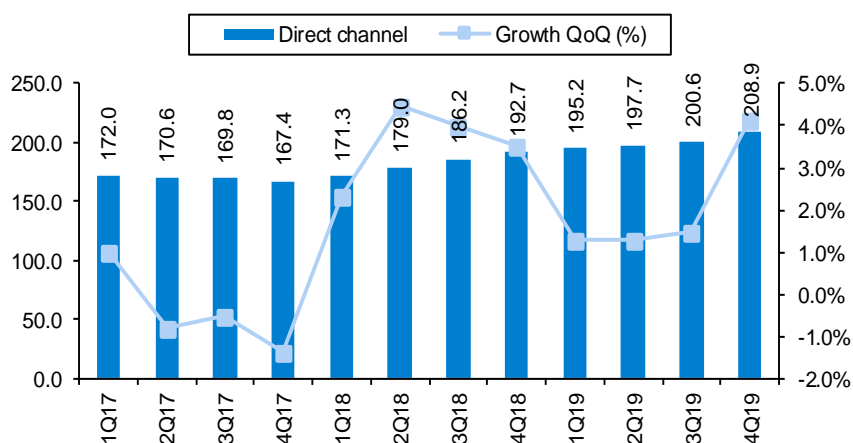
- Focus on continuous transformation of the relationship with huge opportunity in the segment which will be driving growth.
- Solution led approach yielded result in the segment.
- Three themes of transformation led to growth in segment: 1) Moved from traditional source of supply to strategic partner 2) Expand geographical footprint 3) Being a growth partner in DXC
- Focus on geographical expansion in this segment led to strong growth in RoW and currently generates 1/3rd of revenues from Non USA geography. Expects Geography expansion will be key growth driver for the segment.

Capital allocation

- The Board has proposed a dividend of Rs27/share for FY2019. Payout in FY2019 to shareholders (including dividend and buyback) is ~150% of net profit.

Exhibit 4: HP channel now accounts to 28% of total revenues


Source: Company, PL

Exhibit 5: Growth in quarter was mainly driven by Direct channel


Source: Company, PL

Exhibit 6: Revenue by service offerings

(Rs m)	4Q19	3Q19	QoQ gr.	4Q18	YoY gr.
Application Maintenance & Other Services	6,859	7,177	-4.4%	5,320	28.9%
Application Development	6,430	5,971	7.7%	4,456	44.3%
Customer Service	233	222	5.0%	228	2.2%
Service/Technical Help Desk	1,460	1,351	8.1%	1,267	15.2%
Transaction Processing Services	1,281	1,244	3.0%	1,167	9.8%
Infrastructure Management Services	2,599	2,534	2.6%	2,588	0.4%
Knowledge Process + LiC Fses	1,607	1,529	5.1%	2,007	-19.9%
% of Total					
Application Maintenance & Other Services	33.9%	36.4%	-254 bps	30.5%	338 bps
Application Development	31.8%	30.3%	146 bps	25.5%	621 bps
Customer Service	1.2%	1.1%	2 bps	1.3%	-16 bps
Service/Technical Help Desk	7.2%	6.9%	36 bps	7.3%	-5 bps
Transaction Processing Services	6.3%	6.3%	1 bps	6.7%	-36 bps
Infrastructure Management Services	12.8%	12.9%	-2 bps	14.8%	-200 bps
Knowledge Process + Lic fees	7.9%	7.8%	18 bps	11.5%	-357 bps

Source: Company, PL

Exhibit 7: Vertical-wise revenues

(Rs m)	4Q19	3Q19	QoQ gr.	4Q18	YoY gr.
Banking and Capital Market	9,074	8,825	2.8%	8,048	12.7%
Insurance	2,452	2,369	3.5%	1,984	23.6%
Information, Communication & Entertainment	3,531	3,370	4.8%	2,883	22.5%
Emerging Industries	5,411	5,464	-1.0%	4,117	31.4%
% of Total					
Banking and Capital Market	44.8%	44.8%	4 bps	46.1%	-132 bps
Insurance	12.1%	12.0%	9 bps	11.4%	74 bps
Information, Communication & Entertainment	17.4%	17.1%	34 bps	16.5%	91 bps
Emerging Industries	26.7%	27.7%	-100 bps	23.6%	312 bps
Gross Profit Margin					
Banking and Capital Market	24.6%	25.7%	-116 bps	25.2%	-67 bps
Insurance	28.7%	29.3%	-58 bps	27.3%	140 bps
IT, Communication & Entertainment	19.3%	25.9%	-662 bps	22.2%	-298 bps
Emerging Industries	34.4%	33.2%	127 bps	30.5%	392 bps

Source: Company, PL

Exhibit 8: Geography-wise revenues

(Rs m)	4Q19	3Q19	QoQ gr.	4Q18	YoY gr.
Americas	15,880	15,685	1.2%	13,471	17.9%
EMEA	2,341	2,251	4.0%	1,873	25.0%
India	1,055	1,117	-5.6%	1,084	-2.7%
RoW	1,193	975	22.4%	605	97.2%
Total	20,469	20,028	2.2%	17,033	20.2%
% of Total					
America	77.6%	78.3%	-73 bps	79.1%	-151 bps
EMEA	11.4%	11.2%	20 bps	11.0%	44 bps
India	5.2%	5.6%	-42 bps	6.4%	-121 bps
RoW	5.8%	4.9%	96 bps	3.6%	228 bps
Total	100.0%	100.0%		100.0%	

Source: Company, PL

Exhibit 9: Client Metrics

	4Q19	3Q19	QoQ gr.	4Q18	YoY gr.
>1mn	94	96	-2.1%	90	4.4%
>5mn	33	33	0.0%	37	-10.8%
>10mn	17	19	-10.5%	17	0.0%
>20mn	8	8	0.0%	8	0.0%
Top Customer	2,835	2,759	2.7%	2,268	25.0%
Top 5	9,518	9,067	5.0%	6,978	36.4%
Top 2-5	6,683	6,307	6.0%	4,710	41.9%
Top 6-10	5,468	5,322	2.7%	5,059	8.1%
Top 10	12,150	11,629	4.5%	9,769	24.4%
Non Top 10 customers	8,100	8,081	0.2%	7,676	5.5%
% of Revenue					
Top Customer	14.0%	14.0%	0 bps	13.0%	100 bps
Top 5	47.0%	46.0%	100 bps	40.0%	700 bps
Top 10	60.0%	59.0%	100 bps	56.0%	400 bps
Non Top 10 customers	40.0%	41.0%	-100 bps	44.0%	-400 bps

Source: Company, PL

Exhibit 10: Headcount Metrics

	4Q19	3Q19	QoQ gr.	4Q18	YoY gr.
Onsite - Applications	3,277	3,539	-7.4%	2,456	33.4%
Onsite - BPO	851	884	-3.7%	950	-10.4%
Onsite - ITO	1,293	1,210	6.9%	1,120	15.4%
Offshore - Applications	9,742	9,286	4.9%	8,281	17.6%
Offshore - BPO	5,384	5,236	2.8%	5,139	4.8%
Offshore - ITO	2,723	2,843	-4.2%	3,121	-12.8%
Total Headcount- Onsite	5,421	5,633	-3.8%	4,526	19.8%
Total Headcount- Offshore	17,849	17,365	2.8%	16,541	7.9%
Sales and Marketing	293	292	0.3%	278	5.4%
General and Administration	921	925	-0.4%	894	3.0%
Overall Headcount	24,484	24,215	1.1%	22,239	10.1%
Utilization (excluding Trainees)-Blended					
Application	87.0%	85.0%	200 bps	86.0%	100 bps
BPO	91.0%	93.0%	-200 bps	92.0%	-100 bps
ITO	93.0%	91.0%	200 bps	94.0%	-100 bps

Source: Company, PL

Exhibit 11: Project based revenue break-up

(Rs m)	4Q19	3Q19	QoQ gr.	4Q18	YoY gr.
Revenue from T&M	15,778	15,195	3.8%	12,551	25.7%
Revenue from FPP	4,691	4,833	-2.9%	4,482	4.7%
Onsite Revenue	11,912	11,444	4.1%	9,505	25.3%
Offshore Revenue	8,557	8,584	-0.3%	7,582	12.9%
% of Total					
Revenue from T&M	77.9%	77.1%	82 bps	71.9%	597 bps
Revenue from FPP	23.2%	24.5%	-136 bps	25.7%	-253 bps
Onsite Revenue	58.8%	58.1%	76 bps	54.5%	434 bps
Offshore Revenue	42.3%	43.6%	-129 bps	43.5%	-121 bps

Source: Company, PL

Exhibit 12: Billing Rates

(USD/hr)	4Q19	3Q19	QoQ gr.	4Q18	YoY gr.
Onsite - Applications	90	85	5.9%	85	5.9%
Onsite - ITO	86	81	6.2%	88	-2.3%
Offshore - Applications	23	23	0.0%	22	4.5%
Offshore- ITO	24	24	0.0%	22	9.1%
Offshore - BPO	11	10	10.0%	11	0.0%

Source: Company, PL

Exhibit 13: Segment-wise revenues

(Rs m)	4Q19	3Q19	QoQ gr.	4Q18	YoY gr.
Direct International	13,961	13,495	3.5%	11,752	18.8%
HP Channel	5,806	5,817	-0.2%	4,606	26.1%
Direct Others	702	716	-2.0%	675	4.0%
% of Total					
Direct International	68.9%	68.5%	48 bps	67.4%	158 bps
HP Channel	28.7%	29.5%	-84 bps	26.4%	227 bps
Direct Others	3.5%	3.6%	-17 bps	3.9%	-40 bps

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY18	FY19	FY20E	FY21E
Net Revenues	65,458	77,310	88,695	100,113
YoY gr. (%)	7.7	18.1	14.7	12.9
Employee Cost	47,309	55,755	62,547	70,709
Gross Profit	18,149	21,555	26,149	29,404
Margin (%)	27.7	27.9	29.5	29.4
SG&A Expenses	3,333	3,529	4,690	5,306
Other Expenses	(33)	-	-	-
EBITDA	10,624	13,238	15,984	17,916
YoY gr. (%)	9.7	24.6	20.7	12.1
Margin (%)	16.2	17.1	18.0	17.9
Depreciation and Amortization	709	759	1,221	1,254
EBIT	9,915	12,479	14,763	16,662
Margin (%)	15.1	16.1	16.6	16.6
Net Interest	-	-	-	-
Other Income	1,490	1,592	1,447	1,913
Profit Before Tax	11,405	14,071	16,210	18,575
Margin (%)	17.4	18.2	18.3	18.6
Total Tax	2,900	3,339	4,168	4,797
Effective tax rate (%)	25.4	23.7	25.7	25.8
Profit after tax	8,505	10,732	12,042	13,778
Minority interest	-	20	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	8,505	10,712	12,042	13,778
YoY gr. (%)	6.4	25.9	12.4	14.4
Margin (%)	13.0	13.9	13.6	13.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	8,505	10,712	12,042	13,778
YoY gr. (%)	6.4	25.9	12.4	14.4
Margin (%)	13.0	13.9	13.6	13.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	8,505	10,712	12,042	13,778
Equity Shares O/s (m)	196	193	186	186
EPS (Rs)	43.3	55.4	64.7	74.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY18	FY19	FY20E	FY21E
Non-Current Assets				
Gross Block	6,955	7,357	8,131	8,853
Tangibles	6,955	7,357	8,131	8,853
Intangibles	-	-	-	-
Acc: Dep / Amortization	-	-	-	-
Tangibles	-	-	-	-
Intangibles	-	-	-	-
Net fixed assets	6,955	7,357	8,131	8,853
Tangibles	6,955	7,357	8,131	8,853
Intangibles	-	-	-	-
Capital Work In Progress	-	-	-	-
Goodwill	17,015	19,585	19,585	19,585
Non-Current Investments	-	-	-	-
Net Deferred tax assets	1,057	814	814	814
Other Non-Current Assets	5,367	4,925	4,925	4,925
Current Assets				
Investments	-	-	-	-
Inventories	-	-	-	-
Trade receivables	8,116	9,554	8,505	9,600
Cash & Bank Balance	21,719	17,116	25,155	32,979
Other Current Assets	-	-	-	-
Total Assets	69,853	73,711	79,531	90,771
Equity				
Equity Share Capital	1,932	1,862	1,862	1,862
Other Equity	52,886	50,636	58,539	68,181
Total Network	54,818	52,498	60,402	70,043
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	1,016	1,275	1,275	1,275
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	14,020	19,937	17,854	19,453
Other current liabilities	-	-	-	-
Total Equity & Liabilities	69,853	73,711	79,531	90,771

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY18	FY19	FY20E	FY21E
PBT	11,405	14,071	16,208	18,575
Add. Depreciation	709	759	1,221	1,254
Add. Interest	130	155	80	80
Less Financial Other Income	1,490	1,592	1,447	1,913
Add. Other	-	-	-	-
Op. profit before WC changes	12,244	14,985	17,509	19,909
Net Changes-WC	4,766	446	909	(1,095)
Direct tax	(2,900)	(3,339)	(4,168)	(4,797)
Net cash from Op. activities	14,110	12,092	14,250	14,017
Capital expenditures	(8,365)	(3,731)	(1,994)	(1,976)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
Net Cash from Invt. activities	(8,365)	(3,731)	(1,994)	(1,976)
Issue of share cap. / premium	(173)	(69)	-	-
Debt changes	-	-	-	-
Dividend paid	(4,648)	(6,045)	(4,137)	(4,137)
Interest paid	(130)	(155)	(80)	(80)
Others	(7,921)	(6,694)	-	-
Net cash from Fin. activities	(12,871)	(12,964)	(4,217)	(4,217)
Net change in cash	(7,127)	(4,602)	8,039	7,824
Free Cash Flow	5,744	8,361	12,256	12,041

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY19	Q2FY19	Q3FY19	Q4FY19
Net Revenue	18,202	19,149	19,710	20,250
YoY gr. (%)	18.5	19.3	18.7	16.1
Raw Material Expenses	12,945	13,770	14,204	14,815
Gross Profit	5,257	5,379	5,506	5,435
Margin (%)	28.9	28.1	27.9	26.8
EBITDA	3,221	3,329	3,306	3,404
YoY gr. (%)	4.1	3.3	(0.7)	3.0
Margin (%)	17.7	17.4	16.8	16.8
Depreciation / Depletion	179	184	196	200
EBIT	3,042	3,145	3,110	3,204
Margin (%)	16.7	16.4	15.8	15.8
Net Interest	-	-	-	-
Other Income	407	441	471	273
Profit before Tax	3,449	3,586	3,581	3,477
Margin (%)	18.9	18.7	18.2	17.2
Total Tax	846	877	801	815
Effective tax rate (%)	24.5	24.5	22.4	23.4
Profit after Tax	2,603	2,709	2,780	2,662
Minority interest	20	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	2,583	2,709	2,780	2,662
YoY gr. (%)	38.0	37.0	29.3	6.2
Margin (%)	14.2	14.1	14.1	13.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,583	2,709	2,780	2,662
YoY gr. (%)	38.0	37.0	29.3	6.2
Margin (%)	14.2	14.1	14.1	13.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,583	2,709	2,780	2,662
Avg. Shares O/s (m)	193	193	193	193
EPS (Rs)	13.4	14.0	14.4	13.8

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY18	FY19	FY20E	FY21E
Per Share(Rs)				
EPS	43.3	55.4	64.7	74.0
CEPS	46.9	59.3	71.3	80.8
BVPS	279.2	271.5	324.6	376.4
FCF	29.3	43.2	65.9	64.7
DPS	19.7	26.0	19.0	19.0
Return Ratio(%)				
RoCE	17.0	23.3	26.2	25.5
ROIC	21.7	31.3	33.8	30.0
RoE	14.6	20.0	21.3	21.1
Balance Sheet				
Net Debt : Equity (x)	(0.4)	(0.3)	(0.4)	(0.5)
Debtor (Days)	45	45	35	35
Valuation(x)				
PER	22.0	17.2	14.7	12.9
P/B	3.4	3.5	2.9	2.5
P/CEPS	46.9	59.3	71.3	80.8
EV/EBITDA	15.5	12.6	9.5	8.0
EV/Sales	2.5	2.2	1.7	1.4
Dividend Yield (%)	2.1	2.7	2.0	2.0

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	10-Jul-18	Accumulate	1,150	1,100
2	8-Aug-18	Accumulate	1,250	1,150
3	5-Oct-18	Accumulate	1,250	1,148
4	21-Oct-18	Accumulate	1,220	1,068
5	7-Jan-19	Accumulate	1,220	925
6	25-Jan-19	Accumulate	1,260	921
7	5-Apr-19	Accumulate	1,090	975

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Cyient	Accumulate	621	579
2	HCL Technologies	BUY	1,186	1,087
3	Hexaware Technologies	Reduce	325	333
4	Infosys	Accumulate	782	748
5	L&T Technology Services	Accumulate	1,835	1,691
6	Larsen & Toubro Infotech	BUY	1,981	1,678
7	Mindtree	Reduce	873	972
8	Mphasis	Accumulate	1,090	975
9	NIIT Technologies	BUY	1,539	1,268
10	Persistent Systems	Hold	618	636
11	Redington (India)	BUY	114	99
12	Sonata Software	Accumulate	400	346
13	Tata Consultancy Services	BUY	2,312	2,013
14	TeamLease Services	Hold	3,203	3,031
15	Tech Mahindra	BUY	847	770
16	Wipro	Hold	247	281
17	Zensar Technologies	Accumulate	260	246

PL's Recommendation Nomenclature (Absolute Performance)

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

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