

NIIT Technologies (NIITEC)

₹ 543

Expects Q2FY18 to be better...

- US\$ revenues declined 0.6% QoQ to \$109.9 million (including one-off gain of US\$ 4 million in Q4FY17) in line with our expectation of \$109.2 million. While excluding one-off gain, revenue grew 3.2% sequentially. In constant currency, revenues grew 1.4% sequentially on account of seasonality in GIS
- Rupee revenues declined 4.8% QoQ to ₹ 708.9 crore and were above our ₹ 703.7 crore estimate
- At 15.6%, EBITDA margins declined 230 bps QoQ on account of wage hike and adverse currency impact. It was below our 16% estimate (ex one-off gain in Q4)
- Reported profit of ₹ 51.3 crore was below our expectation of ₹ 63.1 crore estimate mainly on account of higher tax rate (effective tax rate at 34.7% vs. 23% in Q4)

GIS business seasonality offset by international business...

NTL's \$ revenues increased 3.2% QoQ (excluding one-off gain) to \$109.9 million above our expectation of 2.7% growth. Despite the seasonality in GIS business, revenue growth was on account of good momentum in international business and one month contribution from RuleTek acquisition. In CC terms, growth was broad-based among verticals with manufacturing, media & others leading growth followed by BFSI vertical. The management is witnessing increasing traction in manufacturing, media and others segment. Ramp down of a client in travel and transport in EMEA region in the quarter impacted revenues in Q1 and is anticipated to have the full impact in Q2FY18 (~\$2 million). The management expects Q2FY18 to be better in terms of revenue performance on the back of strong order book and full quarter consolidation impact of RuleTek acquisition. Overall, the management anticipates growth in FY18E to be better compared to FY17. Going ahead, we anticipate its dollar revenues to grow at a CAGR of ~8.2% to US\$488 million in FY17-19E.

Wage hike, currency impacts margins...

EBITDA margins fell 230 bps QoQ to 15.6% on account of wage hike and adverse currency impact. Margins were also impacted by higher SG&A expenses (up 8% QoQ). Margins in Q2FY18E are expected to witness some improvement with expectation of exiting the fiscal with 18% margins. Though management is comfortable in margin improvement in FY17E in CC terms, we build in lower EBITDA margin at 16.3%, 16.8% in FY18E, FY19E, respectively, due to adverse currency movement.

Executable order book increases 6.3% YoY...

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

Watchful on travel vertical, margin trajectory; maintain HOLD...

Sustainable order book, improved business momentum in GIS along with recent acquisition in RuleTek could pave a way for its growth. However, client specific issues in travel verticals and how margin trajectory pans out, going forward, should be watched. Hence, we now expect its rupee revenue, PAT to grow at a CAGR 7.3%, 9.8%, respectively, in FY17-19E. Consequently, we value NTL at ~11x its FY19E EPS of ₹ 52.3 to arrive at a revised target price of ₹ 575/share.

Rating matrix		
Rating	:	Hold
Target	:	₹ 575
Target Period	:	12 months
Potential Upside	:	6%

What's changed?	
Target	Changed from ₹ 520 to ₹ 575
EPS FY18E	Changed from ₹ 45.3 to ₹ 44.7
EPS FY19E	Changed from ₹ 52 to ₹ 52.3
Rating	Unchanged

Quarterly performance					
	Q1FY18	Q1FY17	YoY (%)	Q4FY17	QoQ (%)
Revenue	709	669	5.9	745	(4.8)
EBITDA	111	102	8.3	156	(29.1)
EBITDA (%)	15.6	15.3	34 bps	21.0	-536 bps
PAT	51	31	63.9	109	(52.9)

Key financials				
₹ Crore	FY16	FY17P	FY18E	FY19E
Net Sales	2,682	2,797	2,896	3,219
EBITDA	473	488	471	539
Net Profit	280	265	273	320
EPS (₹)	45.8	43.5	44.7	52.3

Valuation summary				
	FY16	FY17P	FY18E	FY19E
P/E	11.8	11.4	12.1	10.4
Target P/E	12.5	12.1	12.9	11.0
EV / EBITDA	3.3	2.9	2.6	2.0
P/BV	2.1	1.7	1.7	1.5
RoNW (%)	17.6	15.0	13.9	14.5
RoCE (%)	30.5	30.0	27.8	30.1

Stock data	
Particular	Amount
Market Capitalization (₹ Crore)	1,945.5
Total Debt (₹ Crore)	6.4
Cash and Investments (₹ Crore)	410.2
EV (₹ Crore)	1,541.7
52 week H/L	601 / 370
Equity capital	61.2
Face value	10.0

Price performance				
	1M	3M	6M	12M
TechMahindra	(0.0)	(4.8)	(19.3)	(21.2)
MindTree	(1.2)	16.3	4.6	(16.4)
KPIIT Tech	4.6	2.4	(8.1)	(6.8)
NIIT Tech	(3.9)	31.2	30.2	17.2

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Variance analysis

	Q1FY18	Q1FY18E	Q1FY17	YoY (%)	Q4FY17	QoQ (%)	Comments
Revenue	708.9	703.6	669.2	5.9	744.7	-4.8	Excluding one-off gain, revenue grew 3.2% sequentially above our estimate of 2.7%
Employee expenses	457.7	457.4	433.3	5.6	458.7	-0.2	
Gross Margin	251.2	246.3	235.9	6.5	286.0	-12.2	
Gross margin (%)	35.4	35.0	35.3	18 bps	38.4	-297 bps	
SG&A expenses	140.4	133.7	133.6	5.1	129.7	8.2	
EBITDA	110.8	112.6	102.3	8.3	156.3	-29.1	
EBITDA Margin (%)	15.6	16.0	15.3	34 bps	21.0	-536 bps	EBITDA margin was below our estimate on account of wage hike and adverse currency impact
Depreciation & amortisation	31.6	26.4	29.1	8.6	27.9	13.3	
EBIT	79.2	86.2	73.2	8.2	128.4	-38.3	
EBIT Margin (%)	11.2	12.2	10.9	23 bps	17.2	-607 bps	
Other income (less interest)	5.8	5.1	7.1	-18.3	4.4	31.8	
Exceptional items	0.0	0.0	36.1	NM	-14.0	NM	
PBT	85.0	91.3	80.3	5.9	146.8	-42.1	
Tax paid	29.5	21.0	8.3	255.4	30.6	-3.6	
PAT	51.3	63.1	31.3	63.9	109.0	-52.9	PAT was below our estimates on account of higher tax rate

Key Metrics

Closing employees	8,963	8,850	9,022	-0.7	8,853	1.2	Sequentially, the headcount increased by 110
Attrition (%)	12.1	13.0	13.4	-128 bps	12.7	-58 bps	Attrition declined 60 bps QoQ
Overall utilisation (%)	81.2	80.0	79.8	140 bps	81.0	20 bps	
Average \$/₹	64.5	64.5	66.4	-2.8	67.4	-4.3	

Source: Company, ICICIdirect.com Research

Change in estimates

₹ Crore)	FY18E			FY19E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	2,893	2,896	0.1	3,226	3,219	-0.2	
EBITDA	483	471	-2.6	547	539	-1.4	
EBITDA Margin (%)	16.7	16.3	-48 bps	17.0	16.8	-28 bps	
PAT	277	273	-1.4	318	320	0.6	
EPS (₹)	45.3	44.7	-1.3	52.0	52.3	0.7	Revised our estimates owing to margin estimate revision

Source: Company, ICICIdirect.com Research

Assumptions

	Current			Earlier			Comments
	FY15	FY16	FY17P	FY18E	FY18E	FY19E	
Closing employees	8,494	9,476	8,853	9,246	9,202	10,044	10,005
Attrition (%)	15.7	13.6	12.9	12.5	13.0	13.0	13.0
Overall utilisation (%)	78.6	79.2	80.5	81.0	81.0	81.0	81.0
Average \$/₹	61.2	65.3	67.3	64.5	65.0	66.0	66.0

Source: Company, ICICIdirect.com Research

Conference call highlights

- **Outlook** - The management expects Q2FY18 to be a better quarter in terms of revenue performance and margins. There was a ramp down in travel and transport client in EMEA region in the quarter which impacted revenue in Q1 and is anticipated to have full impact in Q2FY18
- **Margin trajectory**- Margins in the quarter were impacted by wage hike and currency headwind. Margins in Q2FY18E are expected to witness some improvement with anticipation of exiting the fiscal with 18% margins
- **RuleTek acquisition** - NIIT Technologies subsidiary Incessant Technologies has signed a definitive agreement to acquire a 55% stake in US-based business process management firm RuleTek LLC. This acquisition could help Incessant expand its footprint in North America and strengthen its digital integration capabilities. RuleTek has 65 employees and reported revenues of \$6.47 million for FY17
- **New CEO on board** - Sudhir Singh was appointed on May 29, 2017 as the new CEO designate taking over from Arvind Thakur. Sudhir would be based out of the US and will report to Arvind Thakur, who would transition his current CEO related responsibilities over the course of the year
- **Digital business**- Contributed 21% to revenue registering growth of ~28% YoY to ₹ 23.1 crore. In digital business, the management is focusing across four segments of digital experience, analytics, cloud migration and digital orchestration
- **GIS business**- GIS seasonality in the first quarter of the year has led to revenue decline of ₹ 23 crore in GIS business. Along with quarter seasonality, there were certain other factors that led to the weakness in GIS business
- **Employee update**- As on Q1FY18, NTL has 8963 employees vs. 8853 in Q4FY17. Attrition rate declined 10 bps QoQ to 12.1% in Q1 while utilisation improved 20 bps to 81.2% sequentially
- **Cash position**- Cash and cash equivalents declined to ₹ 616.2 crore (vs. ₹ 732 crore) on account of acquisition of majority stake in RuleTek and additional stake in Incessant

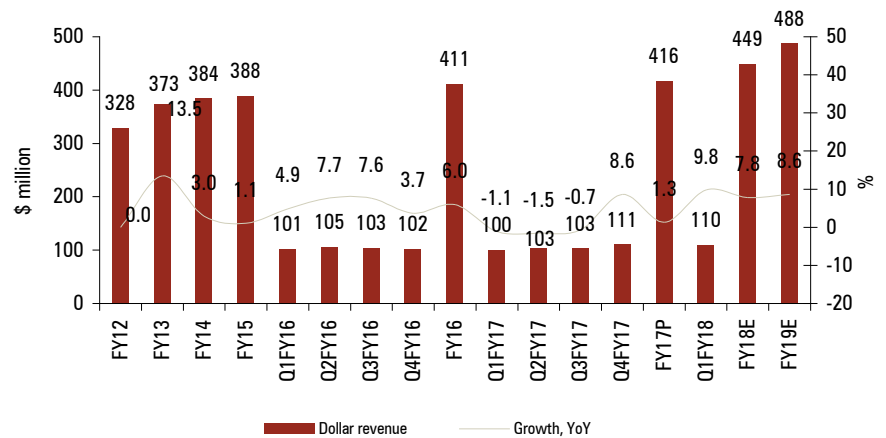
Company Analysis

Foresee good traction in insurance vertical...

Going ahead, the company expects good traction in BFSI mainly in insurance on account of growth in key accounts and improvement in NITL business. Also, as RuleTek acquisition in US comes into play, we could see good momentum in BFSI, going ahead. NITL business grew 7% sequentially to ₹ 357 million @ 18% margin. GIS is witnessing Q1 seasonality along with other factors leading to a decline of 43% QoQ to ₹ 357 million.

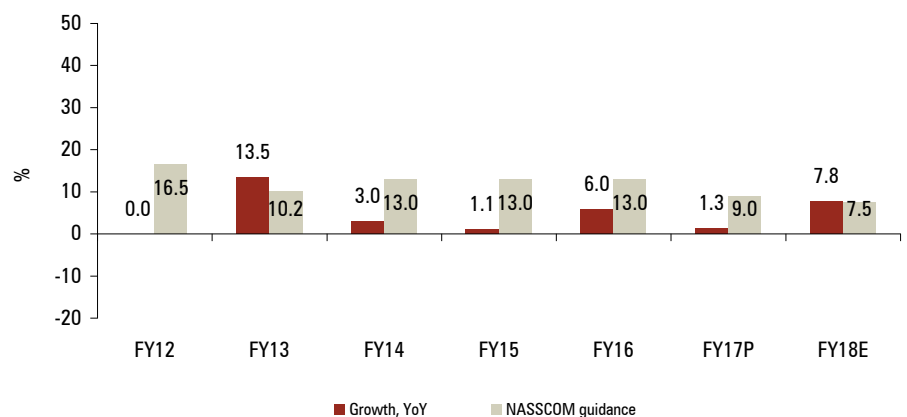
Despite the seasonality in GIS business, revenue growth was on account of good momentum in international business and one month contribution from RuleTek. The management expects softness in travel & transportation business in the next quarter due to client ramp down. Going ahead, we expect its \$ revenues to grow at a CAGR of ~8.2% to US\$488 million in FY17-19E.

Exhibit 1: Dollar revenues may grow at ~8.2% CAGR during FY17-19E



Source: Company, ICICIdirect.com Research

Exhibit 2: NTL growth vs Nasscom guidance



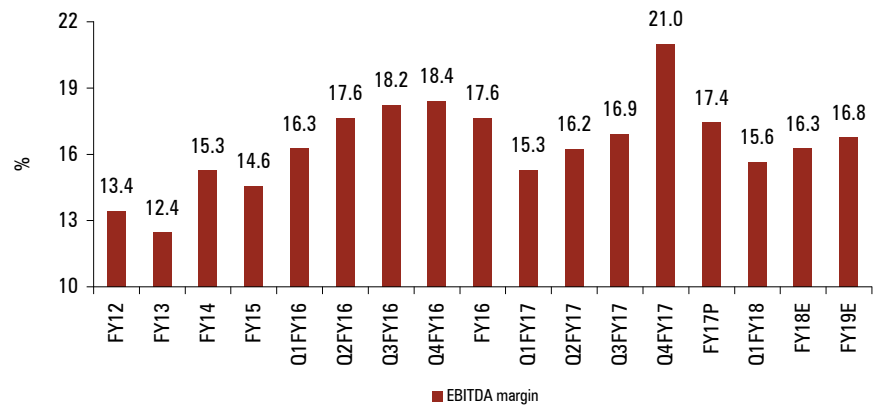
Source: Company, ICICIdirect.com Research

Margins miss estimates...

EBITDA margins declined 230 bps QoQ to 15.6% on account of wage hike and adverse currency impact. Margins were also impacted on account of higher SG&A expenses (up 8% QoQ). Margins in Q2FY18E are expected to witness some improvement with anticipation to exit the fiscal with 18%

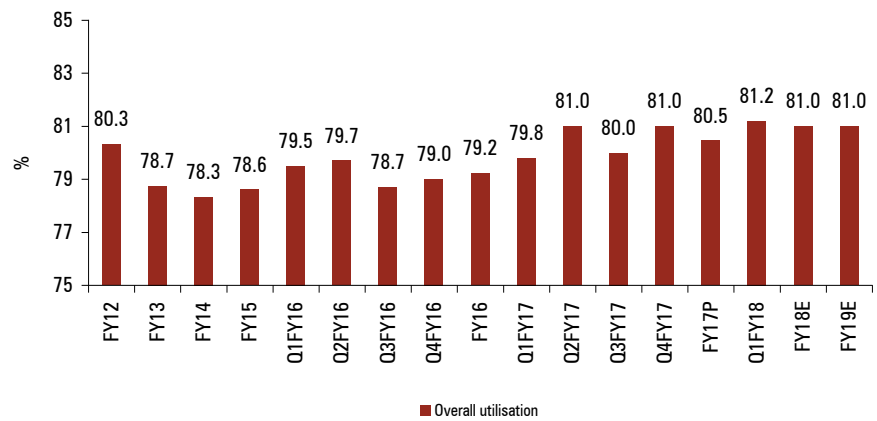
margins. Overall, we have built in NTL's EBITDA margin to be at 16.3%, 16.8% in FY18E and FY19E.

Exhibit 3: EBITDA declines QoQ due to wage hike and currency impact



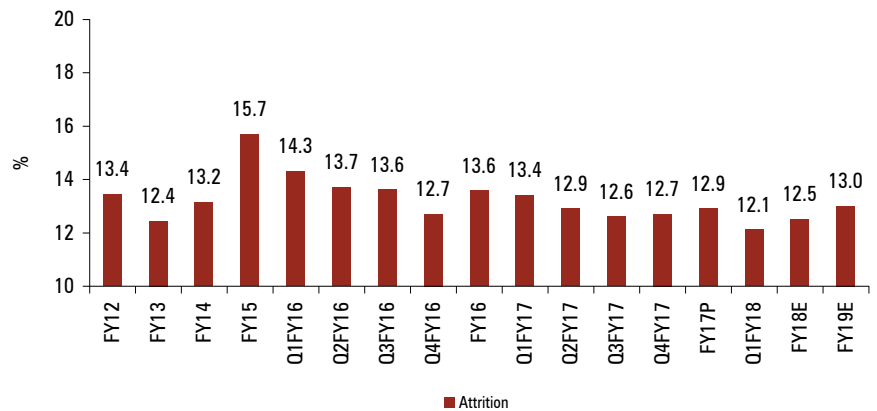
Source: Company, ICICIdirect.com Research

Exhibit 4: Utilisation increases 20 bps QoQ



Source: Company, ICICIdirect.com Research

Exhibit 5: Attrition declines 60 bps QoQ



Source: Company, ICICIdirect.com Research

Executable order book up 4.2% YoY to US\$320 million...

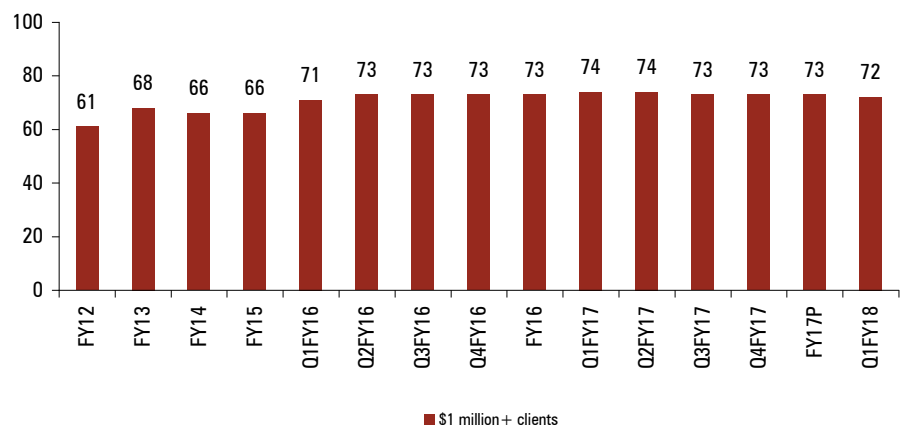
From a bookings perspective, NTL secured new orders worth \$110 million vs. \$101 million in Q1FY17 keeping the LTM backlog flat sequentially to \$320 million to be executable in the next 12 months. In terms of break-up, order intake was led by US (\$60 million) followed by ROW (\$27 million) and EMEA (\$23 million). Total nine customers were added with five in US, three in RoW and one in EMEA. Five out of nine added customers were from recently acquired US based RuleTek. Fresh order intake maintained its quarterly run rate of greater than US\$100 million for nine consecutive quarters with executable order book up by 4.2% YoY to US\$320 million.

Operating highlights...

Top five customer revenues (33% of revenues) declined 3.5% QoQ after its past four consecutive quarter growth trajectory. Also, top 10 customer (45% of revenues) witnessed sequential decline of 2.7% on top of 12.5% strong growth in Q4FY17. In terms of client metrics, client size reduced by one QoQ to 72 with reduction of two clients in >10 million category and three in \$1-5 million category while four clients transitioned to \$5-10 million revenue bucket.

Geography-wise, in reported terms every division of geography reported muted show compared to the previous quarter. America (49% of revenue) grew 1.5% while Europe (32% of revenues) and Rest of world (19% of revenue) declined 3.6% and 0.6% respectively. Among verticals also, performance was muted on all fronts except for insurance vertical. Insurance (25% of revenue) grew 3.6% on top of 7.6% in the prior quarter. BFS (17% of revenue), Travel & Transportation (29% of revenue) and Manufacturing and media (27% of revenue) declined 6.1%, 7% and 0.6%, respectively. Decline in GIS business was owing to Q1 seasonality while management is witnessing traction in manufacturing, media and others. In service mix, SI & PI, which was leading growth for the past two consecutive quarters, declined sharply by 24.5% QoQ.

Exhibit 6: Clients contributing \$1 million+ revenues declined by 1 QoQ



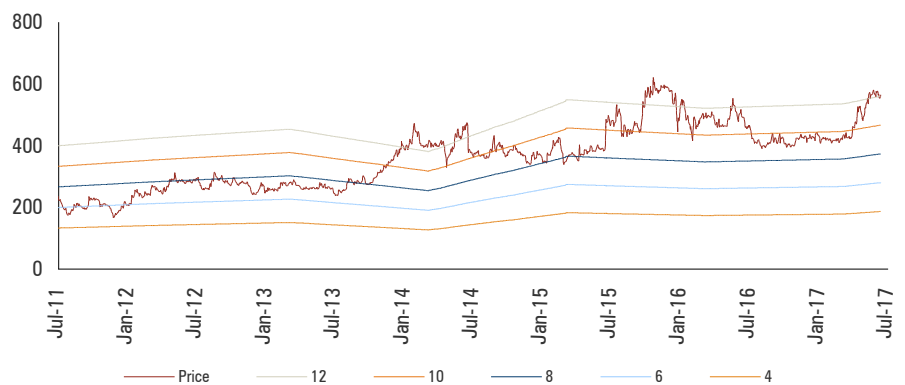
Source: Company, ICICIdirect.com Research

Outlook and Valuation

NIIT Tech reported Q1FY18 results where dollar revenues were in line with our estimates while PAT was below our estimates on account of higher tax rate. Among verticals, BFSI grew 1.7% sequentially while manufacturing, media & others grew 4.3% QoQ (in CC terms).

Sustainable order book, improved business momentum in GIS along with recent acquisition in RuleTek could pave a way for its growth. However, client specific issues in various verticals and how margin trajectory pans out going forward is to be watched out for. Hence, we now anticipate its rupee revenue, PAT will grow at a CAGR 7.3%, 9.8%, respectively, over FY17-19E. Consequently, we value NTL at ~11x its FY19E EPS of ₹ 52.3 to arrive at a revised target price of ₹ 575/share.

Exhibit 7: One year forward rolling PE



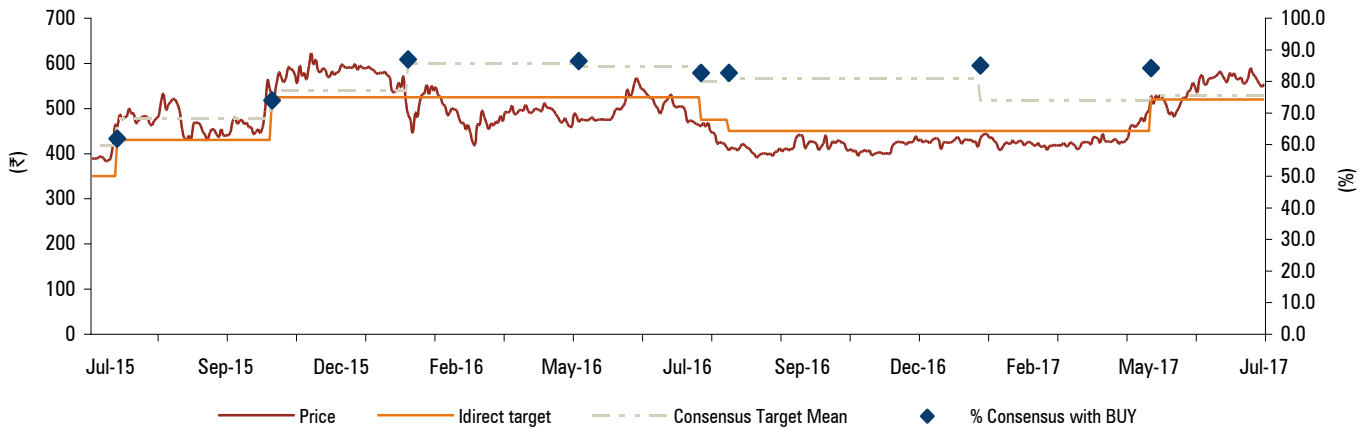
Source: Company, ICICIdirect.com Research

Exhibit 8: Valuations

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY16	2,682	13.1	45.8	44.2	11.8	3.3	17.6	30.5
FY17P	2,797	4.3	43.5	(5.1)	11.4	2.9	15.0	30.0
FY18E	2,896	3.5	44.7	2.8	12.1	2.6	13.9	27.8
FY19E	3,219	11.2	52.3	17.1	10.4	2.0	14.5	30.1

Source: Company, ICICIdirect.com Research

Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

Date	Event
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. NIIT 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
Mar-16	Secures best service provider award from ICT subsidiary of German railways
May-17	Partners with an artificial intelligence and autonomous automation firm 'Arago'. NIIT would integrate Arago's general AI technology HIRO into its automation offering, TRON Smart Automation. This partnership could enable company to deliver a superior automation experience by bringing in cutting-edge machine reasoning technology optimised by machine learning
Jun-17	NIIT Technologies subsidiary Incessant Technologies signs a definitive agreement to acquire a 55% stake in US-based business process management firm RuleTek LLC. This acquisition could help Incessant expand its footprint in North America and strengthen its digital integration capabilities. RuleTek has 65 employees and reported revenues of \$6.47 million for 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-Mar-17	23.6%	14.5	0.0
2	Fidelity Management & Research Company	31-Dec-15	9.5%	5.8	0.0
3	HDFC Asset Management Co., Ltd.	31-Mar-17	9.0%	5.5	0.8
4	Brandes Investment Partners, L.P.	31-Mar-17	6.7%	4.1	0.5
5	DSP BlackRock Investment Managers Pvt. Ltd.	31-Mar-17	4.0%	2.5	-0.1
6	GSPL Advisory Services & Investment Pvt. Ltd.	31-Mar-17	3.5%	2.2	0.0
7	PIPL Business Advisors & Investment Pvt. Ltd.	31-Mar-17	3.5%	2.2	0.0
8	UTI Asset Management Co. Ltd.	31-Mar-17	3.1%	1.9	1.0
9	Franklin Templeton Asset Management (India) Pvt. Ltd.	31-Mar-17	1.8%	1.1	0.4
10	AKM Systems Pvt. Ltd.	31-Mar-17	1.7%	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
UTI Asset Management Co. Ltd.	6.9m	1.0m	Birla Sun Life Asset Management Company Ltd.	-2.1m	-0.2m
HDFC Asset Management Co., Ltd.	5.5m	0.8m	ICICI Prudential Asset Management Co. Ltd.	-1.0m	-0.1m
Brandes Investment Partners, L.P.	3.6m	0.5m	DSP BlackRock Investment Managers Pvt. Ltd.	-0.5m	-0.1m
Franklin Templeton Asset Management (India) Pvt. Ltd.	2.8m	0.4m	UTI International (Singapore) Pvt. Ltd.	-0.2m	-0.0m
ABN AMRO Investment Solutions (AAIS)	1.0m	0.2m	Chavali (Bhaskar)	-0.2m	-0.0m

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement		₹ Crore			
	FY16	FY17P	FY18E	FY19E	
Total operating Income	2,682	2,797	2,896	3,219	
Growth (%)	13	4	4	11	
COGS (employee expenses)	1,690	1,782	1,875	2,068	
S,G&A expenses	519	528	550	612	
Total Operating Expenditure	2,209	2,310	2,425	2,680	
EBITDA	473	488	471	539	
Growth (%)	37	3	(4)	15	
Depreciation	110	115	123	137	
Other Income	21	19	32	39	
PBT	382	391	380	441	
Total Tax	83	82	84	97	
Adjusted 'PAT	280	265	273	320	
Growth (%)	44	(5)	3	17	
Adjusted EPS (₹)	45.8	43.5	44.7	52.3	
Exceptional loss	1	22	-	-	
Reported PAT	279	243	273	320	
Reported EPS (₹)	45.8	43.5	44.7	52.3	
Growth (%)	44.2	(5.1)	2.8	17.1	

Source: Company, ICICIdirect.com Research

Cash flow statement		₹ Crore			
	FY16	FY17P	FY18E	FY19E	
Profit before Tax	382	391	380	441	
Add: Depreciation	110	115	123	137	
(Inc)/dec in Current Assets	35	(37)	(32)	(105)	
Inc/(dec) in CL and Provisions	12	45	19	63	
Taxes paid	(99)	(82)	(84)	(97)	
CF from operating activities	387	413	374	401	
(Inc)/dec in Investments	(15)	-	-	-	
(Inc)/dec in Fixed Assets	(161)	(168)	(174)	(193)	
Others	6	19	32	39	
CF from investing activities	(304)	(149)	(141)	(154)	
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	173	152	166	
Exchange difference	16	2	2	2	
Opening Cash	269	336	488	642	
Other balances	23	-	-	-	
Closing Cash	336	488	642	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	1,705	1,900	2,141	
Total Shareholders funds	1,591	1,767	1,961	2,202	
Total Debt	6	6	6	6	
Provisions	85	85	85	85	
Minority Interest / Others	65	87	110	134	
Total Liabilities	1,746	1,944	2,162	2,427	
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	637	708	
Loans and advances	180	188	195	217	
Other Current Assets	96	101	104	116	
Cash	336	488	642	810	
Current Investments	74	74	74	74	
Total Current Assets	1,277	1,466	1,653	1,925	
Trade payables	165	196	203	225	
Other current liabilities	203	212	219	244	
Short term provisions	134	140	145	161	
Total Current Liabilities	503	548	567	630	
Net Current Assets	775	919	1,086	1,295	
Application of Funds	1,746	1,944	2,162	2,427	

Source: Company, ICICIdirect.com Research

Key ratios		₹ Crore			
(Year-end March)	FY16	FY17P	FY18E	FY19E	
Per share data (₹)					
Adjusted EPS (Diluted)	45.8	43.5	44.7	52.3	
DPS	10.0	12.5	11.0	11.0	
Cash per Share	55.3	87.3	105.1	132.6	
BV per share (Diluted)	261.5	316.1	320.9	360.3	
Operating Ratios (%)					
EBITDA Margin	17.6	17.4	16.3	16.8	
PBT Margin	14.2	14.0	13.1	13.7	
PAT Margin	10.4	9.5	9.4	9.9	
Debtor days	80	80	80	80	
Creditor days	23	26	26	26	
Return Ratios (%)					
RoE	17.6	15.0	13.9	14.5	
RoCE	30.5	30.0	27.8	30.1	
RoIC	30.6	30.3	26.9	28.9	
Valuation Ratios (x)					
P/E (Adjusted)	11.8	11.4	12.1	10.4	
EV / EBITDA	3.3	2.9	2.6	2.0	
EV / Net Sales	0.6	0.5	0.4	0.3	
Market Cap / Sales	0.7	0.7	0.7	0.6	
Price to Book Value	2.1	1.7	1.7	1.5	
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)	510	545	Hold	5,742	29.0	30.5	35.2	17.6	16.7	14.5	12.1	10.2	8.0	20.3	19.7	20.7	17.8	16.2	16.8
Eclerx (ECLSER)	1,290	1,145	Sell	5,318	87.9	88.4	79.5	14.7	14.6	16.2	9.8	9.9	10.2	42.6	35.4	31.2	33.5	29.5	23.9
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)	850	930	Buy	119,994	52.1	60.0	59.6	16.3	14.2	14.3	12.6	10.3	9.7	31.2	30.3	30.6	26.9	26.6	25.1
Infosys (INFTEC)	972	1,040	Hold	222,164	59.0	62.8	64.7	16.5	15.5	15.0	11.0	10.4	10.6	30.2	28.8	31.2	21.8	20.8	22.4
KPIT Tech (KPISYS)	130	140	Hold	2,587	14.1	10.6	9.9	9.2	12.2	13.1	5.5	7.1	7.3	23.7	16.3	14.9	20.4	15.4	11.7
Mindtree (MINCON)	507	470	Hold	8,514	32.9	24.9	26.9	15.4	20.4	18.8	9.9	11.0	11.5	29.1	21.2	24.2	22.9	16.2	18.8
NIIT Technologies (NIITEC)	543	575	Hold	1,946	45.8	43.5	44.7	11.8	11.4	12.1	3.3	2.9	2.6	30.5	30.0	27.8	17.6	15.0	13.9
Persistent (PSYS)	580	700	Buy	4,639	37.2	37.6	40.7	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)	2,399	2,400	Hold	469,892	122.9	133.4	133.1	19.5	18.0	18.0	14.4	13.1	13.1	42.2	38.0	37.6	33.1	29.8	29.5
Tech Mahindra (TECMAH)	429	490	Buy	42,158	31.7	31.8	33.9	13.5	13.5	12.7	8.8	8.7	7.8	25.5	21.9	20.6	21.7	17.2	16.2
Wipro (WIPRO)	269	285	Hold	66,257	22.6	17.5	18.1	11.9	15.4	14.8	4.3	3.9	4.8	19.6	16.8	17.3	19.1	16.3	17.0

Source: Company, ICICIdirect.com Research

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