

NIIT Technologies

BSE SENSEX	S&P CNX
36,387	10,907
Bloomberg	NITEC IN
Equity Shares (m)	61
M.Cap.(INRb)/(USD\$b)	75.6 / 1.1
52-Week Range (INR)	1425 / 683
1, 6, 12 Rel. Per (%)	9/11/74
12M Avg Val (INR M)	1525
Free float (%)	69.4

CMP: INR1,227 TP: INR1,400 (+14%) Neutral

Healthy momentum; uptrend in deal wins continue

- Broad-based strength intact...:** 3QFY19 USD revenues grew 16% YoY to USD135m (in line), EBITDA grew 39% YoY to INR1,805m (estimate of 37% growth) and PAT grew 32% YoY to INR1,002m (estimate of 46% growth). Constant currency (CC) revenue growth was 4.2% QoQ (in line). EBITDA margin expanded 60bp QoQ to 18.3%, marginally above our estimate of 30bp. PAT miss was mainly due to higher impact from forex and higher tax rate emanating from dividend paid by a subsidiary. **NITEC's 9MFY19 CC revenue / EBITDA / PAT are up 15% / 32% / 53%.**
- ...led by Insurance vertical:** Growth was driven by Insurance (+10.8% QoQ) and Travel (+7.1% QoQ), and BFS was only relatively slower (+3.1% QoQ). Digital grew by 7% QoQ and 34% YoY, and now contributes 29% to total revenue.
- Uptrend in deal wins continue:** Order intake was at USD165m, taking the 12-month executable order book to USD375m. This was the sixth consecutive quarter of improvement in deal wins QoQ. In line with the recent trend, the US dominated deal wins during the quarter, with USD96m TCv. LTM book-to-bill inched up further to 1.21 from 1.19 in the previous quarter. Thus, revenue growth of mid-to-high teens appears doable, given the traction in deals. NITEC expects to sign at least two large deals every quarter.
- Valuation View:** Our FY19/20 USD revenue estimates have remained largely unchanged following a largely in-line 3Q. Marginal profitability uptick drives 3%+ earnings upgrade for FY20E/FY21E. NITEC trades at 15x FY20E earnings. Our price target of INR1,400 discounts forward earnings by 16x and implies 14% upside. While we remain **Neutral**, we would treat any correction as an entry opportunity.

Financials & Valuations (INR b)

Y/E Mar	2019E	2020E	2021E
Net Sales	37.2	43.9	49.3
EBITDA	6.8	8.1	9.0
PAT	4.3	5.1	5.7
EPS (INR)	69.5	82.2	93.1
Gr. (%)	52.6	18.1	13.3
BV/Sh (INR)	314.5	366.7	426.2
RoE (%)	23.1	24.1	23.5
RoCE (%)	21.6	23.7	22.7
P/E (x)	17.6	14.9	13.2
P/BV (x)	3.9	3.3	2.9

Estimate change 

TP change 

Rating change 

Quarterly Performance (IND-AS)

Y/E March (Consolidated)	FY18				FY19				FY18	FY19E	(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	3QFY19	Est.	Var.	
Rev. (USD m) Ex. forex & bought	110	115	117	122	124	131	135	141	464	531	135	-0.1
QoQ (%)	5.5	4.4	1.7	4.7	1.7	5.3	3.0	4.8	13.6	14.6	3.1	-12BQ
Revenue (INR m)	7,089	7,372	7,565	7,888	8,249	9,074	9,717	10,156	29,914	37,196	9,673	0.5
YoY (%)	5.7	6.4	9.0	9.9	16.4	23.1	28.4	28.8	7.8	24.3	27.9	59BQ
GPM (%)	35.4	35.0	36.4	36.6	34.1	35.0	35.4	36.6	35.9	35.3	35.6	-20BQ
SGA (%)	19.8	18.9	19.3	18.6	18.2	17.0	16.8	16.8	19.1	17.2	17.3	-45BQ
EBITDA (INRm)	1,108	1,190	1,296	1,418	1,307	1,634	1,805	2,013	5,012	6,759	1,772	1.9
EBITDA Margin (%)	15.6	16.1	17.1	18.0	15.8	18.0	18.6	19.8	16.8	18.2	18.3	1.4
EBIT Margin (%)	11.2	11.5	13.0	14.1	12.1	14.5	15.3	16.6	12.5	14.7	14.8	56BQ
Other income	58	87	5	148	209	215	5	97	298	526	106	-95.3
ETR (%)	34.7	21.8	16.5	22.8	24.9	23.7	29.7	23.5	23.5	25.4	23.7	25.4
Minority Interest	42.0	61.0	70.0	112.0	46.0	49.0	49.0	64.0	285.0	208.0	69.3	
PAT	513	671	757	861	858	1,118	1,002	1,299	2,802	4,277	1,103	-9.2
QoQ (%)	-30.6	30.8	12.8	13.7	-0.3	30.3	-10.4	29.6	25.2	52.6	-1.3	-903BQ
YoY (%)	80.0	13.7	21.3	16.5	67.3	66.6	32.4	50.9			45.7	-1333BQ
EPS (INR)	8.7	11.4	12.3	14.0	14.0	18.2	16.3	21.1	46.4	69.5	17.9	
Headcount	8,963	9,022	9,081	9,423	9,764	10,025	10,144	10,604	9,423	10,604	10,250	-1.0
Util excl. trainees (%)	81.2	79.5	79.0	79.5	80.1	80.4	79.0	81.0	79.8	80.1	81.0	-200BQ
Attrition (%)	12.1	11.4	11.4	10.5	10.1	10.8	11.7					
Offshore rev. (%)	40.0	39.0	39.0	39.0	36.0	36.0	35.0		39.2	35.9		
Fixed Price (%)	49.0	48.0	46.0	46.0	47.0	45.0	47.0					

E: MOSL Estimates

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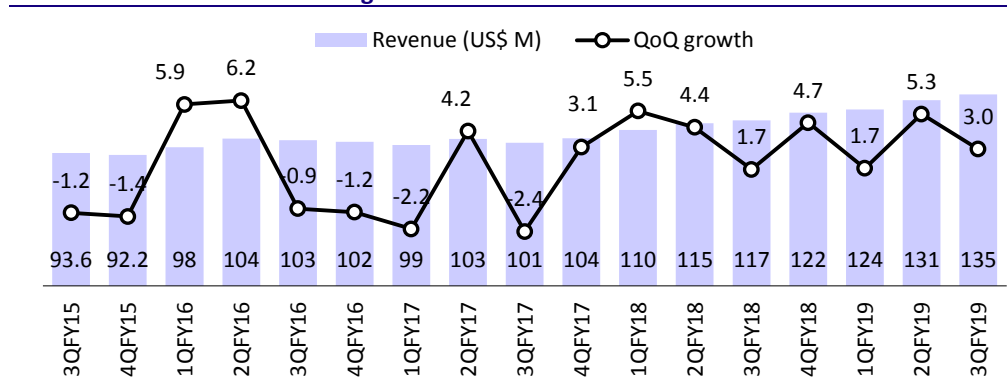
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Revenue in line, traction broad-based

- NITEC’s revenues grew 3.1% QoQ to USD135m, in line with our estimate of USD135m. On a constant currency basis, revenues grew 4.2% QoQ (v/s exp. of 4% QoQ CC).
- Traction in revenue was due to significant outperformance in insurance and seasonally strong quarter for GIS.

Exhibit 1: Continued traction in growth

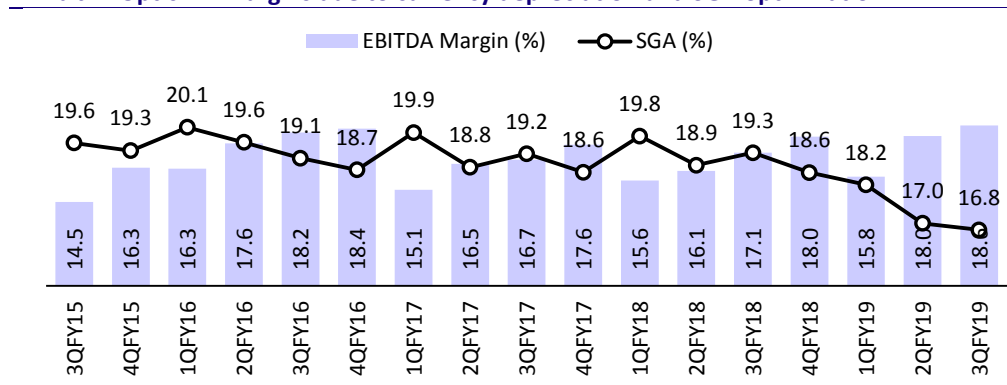


Source: MOSL, Company

Lower SGA drives expansion in margins

- Gross margin expanded 40bp QoQ to 35.4% (20bp miss) while SGA was down 20bp QoQ to 16.8% (50bp lower-than-estimate), and at the lowest level in recent history.
- EBITDA margin at 18.6% expanded by 60bp QoQ, marginally above our estimate of 18.3% (+30bp QoQ). This was despite headwinds of 100bp from onsite cost.

Exhibit 2: Uptick in margins due to currency depreciation and SGA optimization



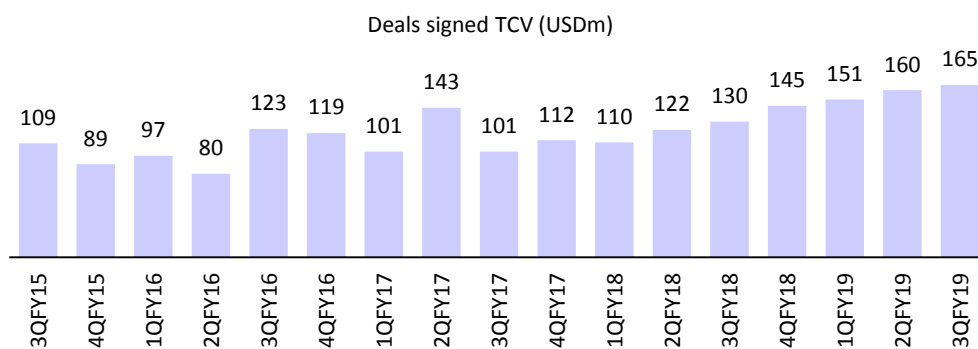
Source: MOSL, Company

- Other income was lower-than-expected (INR5m v/s our est. of INR106m) due to forex loss of INR166m in total, including the loss taken on the revenue line.
- ETR for the quarter stood at 29.7%—higher than our expectation of 23.7% – due to tax levied on dividend income of NITEC’s foreign subsidiary. Normalized tax rate stood at 24.2%, largely in line with our estimate.
- Consequently, PAT at INR1,002m declined 10.4% QoQ, below our estimate of INR1,103m (-1.3% QoQ).

Uptrend in deal TCVs continue

- Deal wins have been looking up since 1QFY18, and 3QFY19 was the sixth quarter of consecutive TCV increase, with NITEC clocking USD165m in 3QFY19.
- This can be broken down geographically — US (USD96m), EMEA (USD42m) and ROW (USD27m).
- On a rolling four quarter basis, cumulative deal wins are higher by 31% YoY.

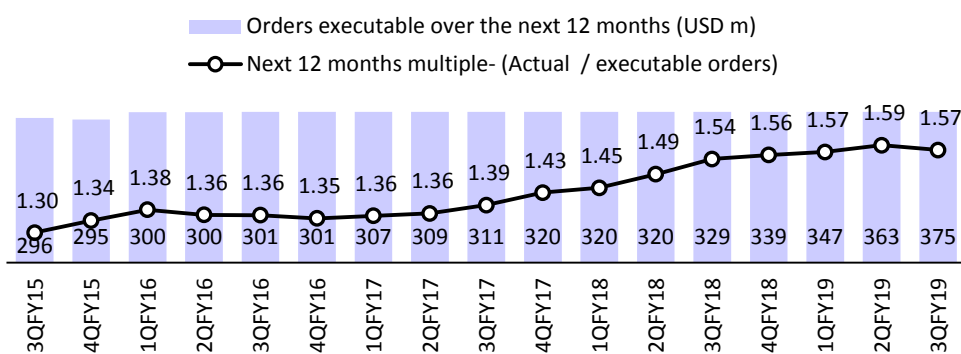
Exhibit 3: Significant pick-up in deal wins



Source: MOSL, Company

- Total executable contracts over 12 months stood at USD375m.

Exhibit 4: Executable order book consistently inching up



Source: MOSL, Company

Segmental color – Strength across verticals

Exhibit 5: Growth driven by Insurance (+10.8%) and other verticals (10.9%)

Verticals	Contr to Rev. (%)	Gr – QoQ (%)	Contr to incr. rev (%)	4 Qtr CQGR (%)
BFS	15.0	0.4	0.9	3.2
Insurance	30.0	10.8	44.1	10.3
Transportation	26.0	3.1	11.9	5.5
Others	29.0	10.9	43.1	8.4

Source: MOSL, Company

Exhibit 6: Growth was broad-based across practices

Practice	Contr to Rev. (%)	Gr - QoQ (%)	Contr to incr. rev (%)	4 Qtr CQGR (%)
ADM	68.0	7.1	68.0	7.7
IP Assets	6.0	7.1	6.0	2.4
Managed Services	18.0	7.1	18.0	5.0
SI & PI	4.0	7.1	4.0	0.7
BPO	4.0	7.1	4.0	6.5

Source: Company, MOSL

Exhibit 7: Strong growth across Americas and ROW

Geographies	Contr to Rev. (%)	Gr - QoQ (%)	Contr to incr. rev (%)	4 Qtr CQGR (%)
Americas	49.0	7.1	49.0	5.9
EMEA	33.0	3.9	18.9	9.0
RoW	18.0	13.4	32.1	3.7

Source: Company, MOSL

Change in estimates

Our FY19/20 USD revenue estimates have remained largely unchanged following a largely in-line 3Q. Marginal profitability uptick drives 3%+ earnings upgrade for FY20E/FY21E.

Exhibit 8: Change in estimates

	Revised			Earlier			Change		
	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E
INR/USD	70.4	73.4	72.0	70.6	73.4	72.0	-0.3%	0.0%	0.0%
USD Revenue - m	531	604	678	517	578	637	2.6%	4.6%	6.4%
YoY (%)	14.5%	13.9%	12.1%	13.3%	11.7%	10.2%	117bp	222bp	191bp
EBITDA Margin	17.9%	18.1%	17.9%	17.3%	17.7%	17.5%	53bp	41bp	37bp
EPS - INR	70.8	80.8	88.3	64.3	74.4	85.0	10.1%	8.6%	3.8%

Source: Company, MOSL

Takeaways from management commentary

- **Traction Continues:** NIIT Tech's momentum was largely driven by positive demand environment and increase in digital capabilities. Talks of macro concerns are being closely monitored, the impact from the same is not felt on the ground.
- **Verticals: BFS** grew only marginally this quarter due to high base. While asset management companies are seeing some headwinds in spending, it is only one of the four areas for NITEC within BFS, which overall continues to witness healthy momentum. **Insurance** is doing exceedingly well and management is confident on the growth trajectory in the near term. **Travel:** Digital has now become a core and essential spending area for the vertical and does not get bucketed under discretionary spending. Management continues to see high demand in the vertical.
- **Leadership:** NIIT Tech has invested substantially in revamping its top management in the recent quarters. to drive growth and operational efficiency. The company recently appointed Travel head for Europe and another leader from Capgemini to run its IMS business.
- **Outlook:** Growth trajectory is likely to continue sequentially while margins should stabilize at current levels. Going forward, growth should be driven by existing deal pipeline, new logo acquisitions and execution on large deals. Over the past few quarters, NIIT has built a new capability that is yet to reflect in revenue growth.

Valuation and view

- **Narrowing its focus areas:** NITEC's biggest thrust in FY16 / FY17 was on reducing its footprint in the Government business and expanding revenue share from International business. Business from Government segment was down to an insignificant 4% FY16 (and is now at less than 1%). It has also sharpened its focus on pivoting the verticals of BFS, Insurance and Travel. The exercise has borne fruit, evident from a pick-up in deal wins and the executable order book.
- **Attempting to change the quality profile of business:**
 - NITEC's EBITDA margin expanded 308bp in FY16 to 17.6%, thanks to lower government business and operational efficiencies. But lower growth momentum in FY17 dragged it back to 16.5%. Margins at 16.8% in FY18 didn't see any material improvement.
 - With growth momentum back, headwinds behind and a healthier business mix, margins have also picked up and are expected to sustain at ~18.5-19%.
 - Revenue contribution from Digital has been improving rapidly, at 29% - after the acquisition of Incessant (5% contribution to revenues) and then RuleTek. Organically too, the segment has been growing well above company average each quarter.
- **Revenue growth pick-up ensuing now that roadblocks are behind:** We see three areas that hold potential to drive revenue growth for NITEC:
 - Insurance segment with the acceptance of its new products around policy admin and risk aggregation (with one credible reference in place).
 - Strong deal pipeline and wins with Digital segment contributing post acquisitions of Incessant and RuleTek.
 - Strong growth in BFSI and Transportation, now that customer-specific issues are behind.

Morris put some pressure on the top-line performance in the near term. However, NITEC has overcome those bumps and is on its way to achieving double-digit growth in FY19E - an encouraging sign.
- **Valuations factoring a healthy FY19:** Marginal profitability uptick drives 3%+ earnings upgrade for FY20E/FY21E. NITEC trades at 15x FY20E earnings. Our price target of INR1,400 discounts forward earnings by 16x and implies a 14% upside. While we remain **Neutral**, we would treat any correction as an entry opportunity.

Key triggers

- Significant uptick in growth driven by Digital (28% of revenue)
- Sustained uptick in fresh order intake
- Profitability expansion

Key risks

- Customer-specific issues restricting broad-based performance
- Slowdown of IMS growth amid stiff competition and pricing pressure
- Difficulty in maintenance of margins

Exhibit 9: NITEC 1 year forward PE chart

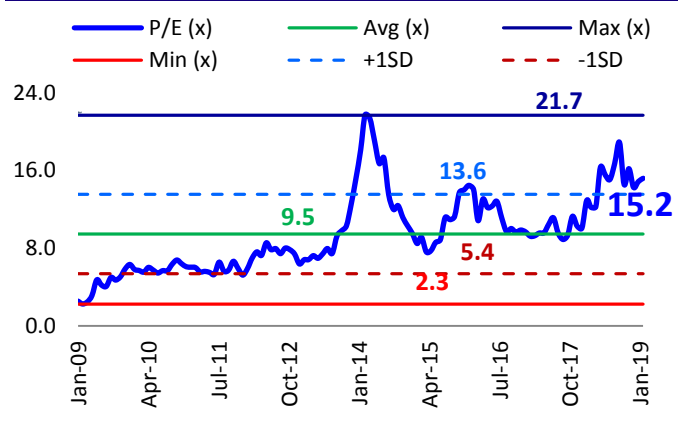
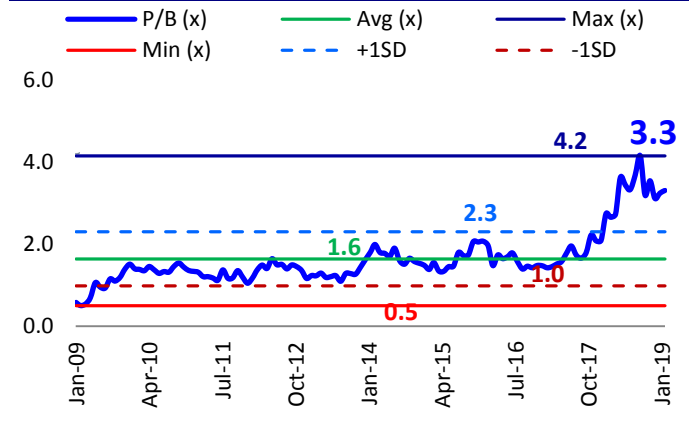
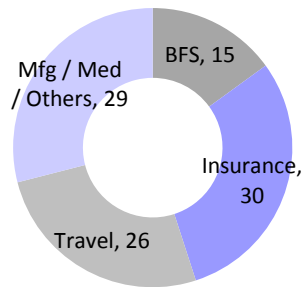


Exhibit 10: NITEC 1-year forward PB chart



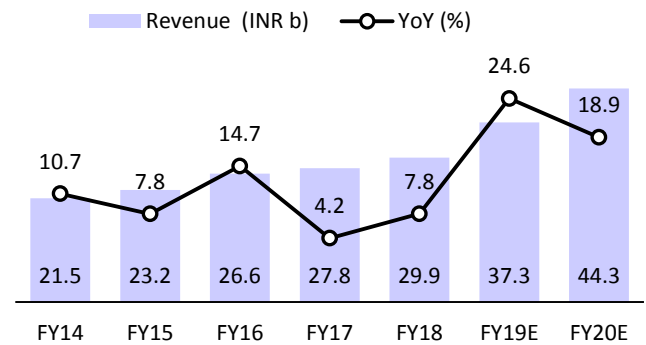
Story in charts

Exhibit 11: Focus on Insurance and Travel...



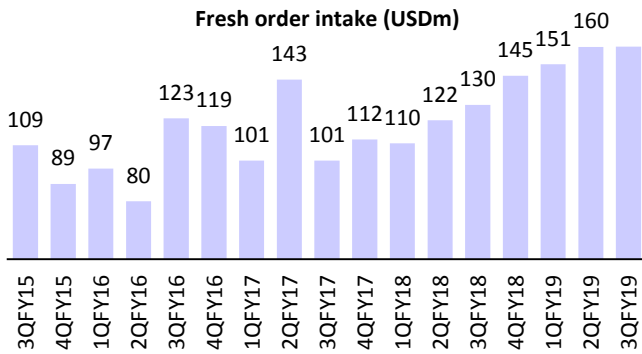
Source: Company, MOSL

Exhibit 12: ...New leadership has a stern growth focus



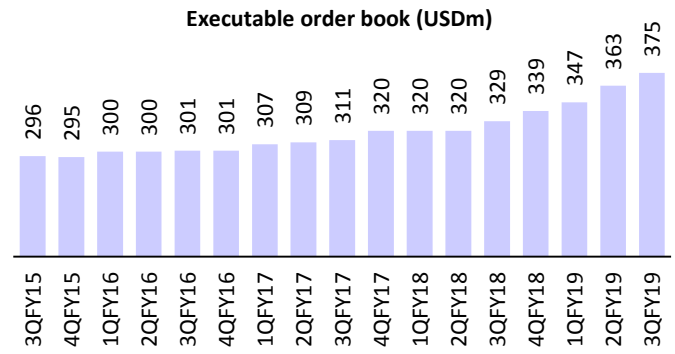
Source: Company, MOSL

Exhibit 13: Fresh order intake inching up



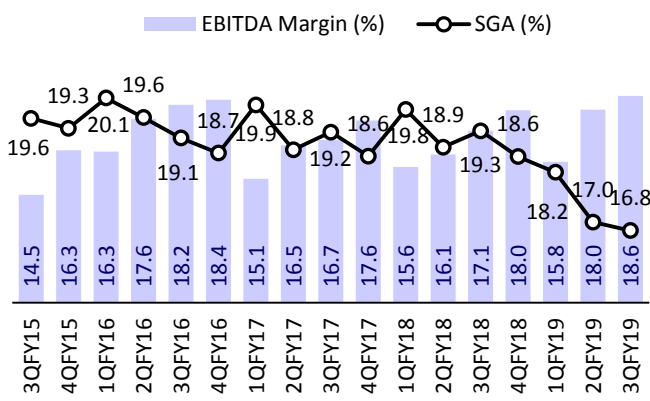
Source: Company, MOSL

Exhibit 14: Executable order book managed to break the range seen earlier



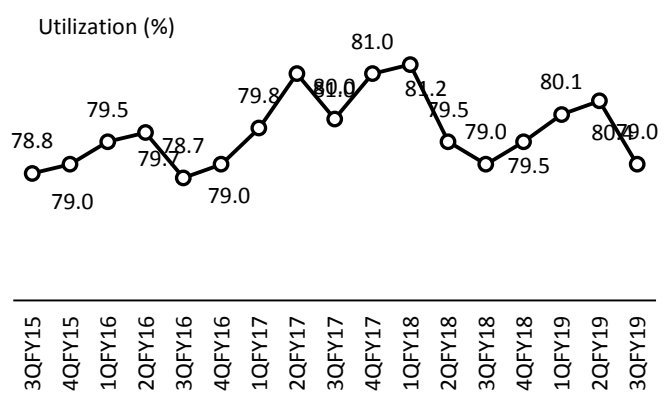
Source: Company, MOSL

Exhibit 15: EBITDA margins aided by lower SGA



Source: Company, MOSL

Exhibit 16: Utilization lever now normalizing



Source: Company, MOSL

Operating metrics

Exhibit 17: Operating metrics

Operating metrics	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
Revenue Mix Geo-wise (%)										
Americas	49	48	48	49	50	50	48	50	49	49
EMEA	34	34	33	32	29	30	32	32	34	33
RoW	18	18	19	19	21	20	20	18	17	18
Revenue mix Vertical-wise (%)										
BFS	19	18	18	17	17	17	16	17	16	15
Insurance	23	24	24	25	25	26	28	29	29	30
Transportation	33	32	31	29	27	27	26	27	27	26
Mfg / Med / Others	25	26	25	27	29	27	29	27	28	29
Practice Split (%)										
Application Development & Management	68	67	66	66	64	65	66	68	68	68
IP Assets	7	7	6	6	7	7	7	7	6	6
Managed Services	17	17	17	18	18	19	19	19	18	18
SI & PI**	3	4	6	5	6	5	4	3	4	4
Business Process Outsourcing	5	5	5	5	4	4	4	3	4	4
Non Linear BPO	-	-	-	-	-	-	-	-	-	-
Revenue Mix (%)										
Offshore	39	40	41	40	39	39	39	36	36	35
Onsite	61	60	59	60	61	61	61	64	64	65
Effort Mix (%)										
Offshore	76	77	77	76	75	75	76	75	74	74
Onsite	24	23	23	24	25	25	24	25	26	26
Top Clients contribution (%)										
Top - 5	32	33	34	33	31	30	29	27	28	28
Top -10	46	44	46	45	43	42	40	36	40	40
Fresh order Intake - USD m										
USA	85	38	40	60	64	82	43	69	86	96
EMEA	45	51	47	23	32	25	69	56	39	42
ROW	13	12	25	27	26	23	33	26	35	27
Deals signed - USD m	143	101	112	110	122	130	145	151	160	165
Executable Order Book (NTM) - USD m	309	311	320	320	320	329	339	347	363	375
Employee Metrics										
Billable Personnel	8,109	8,037	8,066	8,148	8,196	8,235	8,588	8,901	9,184	9,289
Sales and Marketing	217	221	214	222	220	232	230	221	217	208
Others	542	551	573	593	606	614	605	642	624	647
Total	8,868	8,809	8,853	8,963	9,022	9,081	9,423	9,764	10,025	10,144
Utilization	81.0	80.0	81.0	81.2	79.5	79.0	79.5	80.1	80.4	79.0
Attrition	12.9	12.9	12.7	12.1	11.4	11.4	10.5	10.1	10.8	11.7

Source: Company, MOSL

Exhibit 18: Operating metrics

QoQ Growth Rates	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	2QFY19
Revenue Mix Geo-wise (%)										
Americas	5.5	-1.9	3.4	0.8	6.1	2.6	0.1	8.9	7.8	7.1
EMEA	9.8	0.1	0.4	-4.2	-5.8	6.2	11.2	4.6	16.9	3.9
RoW	-7.0	0.1	9.2	-1.2	14.9	-2.3	4.3	-5.9	3.9	13.4
Revenue mix Vertical-wise (%)										
BFS	-1.9	-5.1	3.4	-6.7	4.0	2.6	-1.9	11.1	3.5	0.4
Insurance	8.0	4.5	3.4	2.9	4.0	6.7	12.3	8.3	10.0	10.8
Transportation	6.5	-2.9	0.2	-7.6	-3.2	2.6	0.4	8.6	10.0	3.1
Mfg / Med / Others	-0.7	4.1	-0.5	6.7	11.7	-4.5	12.0	-2.6	14.1	10.9
Practice Split (%)										
Application Development & Management	6.4	-1.3	1.9	-1.2	0.8	4.2	5.9	7.7	10.0	7.1
IP Assets	3.3	0.1	-11.3	-1.2	21.3	2.6	4.3	4.6	-5.7	7.1
Managed Services	-2.4	0.1	3.4	4.6	4.0	8.3	4.3	4.6	4.2	7.1
SI & PI**	3.3	33.5	55.1	-17.7	24.8	-14.5	-16.6	-21.6	46.7	7.1
Business Process Outsourcing	3.3	0.1	3.4	-1.2	-16.8	2.6	4.3	-21.6	46.7	7.1
Top Clients contribution (%)										
Top - 5	3.3	3.3	6.6	-4.1	-2.3	-0.7	0.8	-2.6	14.1	7.1
Top -10	5.6	-4.2	8.1	-3.4	-0.6	0.2	-0.7	-5.9	22.2	7.1
Top 6-10	11.3	-21.3	12.8	-1.2	4.0	2.6	-4.4	-14.4	46.7	7.1
Net Adds - Employees										
Onsite	12	-49	25	122	63	-20	66	141	154	44
Offshore	-166	-10	19	-12	-4	79	276	200	107	75
Total	-154	-59	44	110	59	59	342	341	261	119
Annualized Rev / employee - USD	46,683	45,859	47,060	47,810	49,225	50,733	51,538	50,997	52,237	53,173
Change in Productivity	6.0	-1.8	2.6	1.6	3.0	1.4	1.6	-1.0	2.6	1.8
Cash and Cash Equiv. (INR m)	4603	5686	7321	6162	6463	6906	8057	6849	7556	8260
Hedge amount (m)										
USD	65.5	65.3	61.7	65.3	65.3	65.3	65.3	60.2	64.2	66.1
GBP	13.1	13.1	13.1	13.1	13.1	13.1	13.1	13.1	13.1	13.1
EUR	4.5	4.5	4.5	4.5			4.5	4.5	4.2	4.5
Average rates										
USD	70.6	70.6	70.3	69.1	69.2	67.4	66.9	67.6	69.5	71.6
GBP	100.1	95.3	91.5	88.3	86.9	88.2	90.2	92.4	94.5	96.1
EUR							79.7	82.5	84.6	86.2

Source: Company, MOSL

Financials and Valuations

Key assumption

Y/E Mar	2014	2015	2016	2017	2018	2019E	2021E	2021E
INR/USD Rate	61.5	61.2	65.3	67.3	64.5	70.0	72.0	72.0
Revenues (USD m)	354	374	406	408	464	531	609	683
Offshore Revenue (%)	35.5	36.7	40.0	39.8	39.2	35.9	36.3	36.3
Total Headcount	8,290	8,494	9,476	8,853	9,423	10,604	12,009	13,409
Net Addition	132	204	982	-623	570	1,181	1,405	1,400
Blended Utilization (%)	78.3	78.6	79.2	80.4	79.8	80.1	81.0	81.0

Income Statement

(INR Million)

Y/E March	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	23,050	23,724	26,824	27,750	29,914	37,196	43,893	49,295
Change (%)	14.0	2.9	13.1	3.5	7.8	24.3	18.0	12.3
Software Develop. Exp.	19,534	20,268	22,091	23,168	24,902	30,437	35,794	40,292
EBITDA	3,516	3,456	4,733	4,582	5,012	6,759	8,099	9,003
% of Net Sales	15.3	14.6	17.6	16.5	16.8	18.2	18.5	18.3
Depreciation	619	916	1,101	1,276	1,273	1,274	1,417	1,590
Other Income	288	19	183	159	298	526	297	456
PBT	3,185	2,559	3,815	3,465	4,037	6,012	6,980	7,870
Tax	749	541	831	646	950	1,527	1,711	1,928
Rate (%)	23.5	21.1	21.8	18.6	23.5	25.4	24.5	24.5
Minority Interest	75	79	170	220	285	208	216	218
Adjusted PAT	2,361	1,939	2,814	2,599	2,802	4,277	5,053	5,723
Change (%)	10.7	-17.9	45.1	-7.6	7.8	52.6	18.1	13.3
Extraordinary Items	0	800	13	361	0	0	0	0
Reported PAT	2,361	1,139	2,801	2,238	2,802	4,277	5,053	5,723

Balance Sheet

(INR Million)

Y/E March	2014	2015	2016	2017	2018	2019E	2020E	2021E
Share Capital	607	610	612	614	614	616	616	616
Reserves	12,632	12,964	15,296	16,251	17,126	18,728	21,936	25,593
Net Worth	13,239	13,574	15,908	16,865	17,740	19,344	22,552	26,209
Minority Interest	189	189	645	237	222	172	156	152
Loans	89	84	102	113	224	155	155	155
Capital Employed	13,517	13,847	16,655	17,215	18,186	19,671	22,862	26,515
Gross Block	10,004	11,965	15,692	17,239	18,829	19,405	19,965	20,525
Less : Depreciation	5,470	6,386	7,487	8,763	10,036	11,309	12,726	14,316
Net Block	4,534	5,579	8,205	8,476	8,793	8,096	7,239	6,209
CWIP	1,286	1,203	167	0	7	12	12	12
Deferred tax assets	223	386	259	584	776	709	709	709
Curr. Assets	11,971	12,600	13,861	15,200	16,667	16,231	21,057	27,123
Debtors	5,643	6,060	5,901	4,903	5,911	7,791	8,855	9,891
Cash & Bank Balance	2,166	2,238	2,879	3,502	8,055	4,869	8,161	12,747
Loans & Advances	0	0	0	0	0	0	0	0
Other Current Assets	4,162	4,302	5,081	6,795	2,701	3,571	4,041	4,484
Current Liab. & Prov	4,497	5,921	5,837	7,046	8,058	5,354	6,131	7,537
Current Liabilities	4,497	5,921	5,837	7,046	8,058	5,354	6,131	7,537
Net Current Assets	7,474	6,679	8,024	8,154	8,609	10,877	14,925	19,586
Application of Funds	13,517	13,847	16,655	17,214	18,185	19,694	22,885	26,516

E: MOSL Estimates

Financials and Valuations

Ratios

Y/E March	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
Basic (INR)										
EPS	33.2	35.5	38.8	18.8	45.7	38.0	45.6	69.5	82.2	93.1
Cash EPS	39.3	44.9	49.0	33.9	63.7	59.7	66.3	90.3	105.2	118.9
Book Value	153.2	182.0	217.8	223.7	259.8	286.5	288.5	314.5	366.7	426.2
DPS	8.0	8.5	9.0	9.5	10.0	12.5	15.0	36.0	25.0	28.0
Payout % (excl.div.taxes)	24.1	24.0	23.2	50.6	21.9	32.9	32.9	51.8	30.4	30.1
Valuation (x)										
P/E	36.9	34.5	31.5	65.2	26.8	32.2	26.9	17.6	14.9	13.2
Cash P/E	31.1	27.2	25.0	36.1	19.2	20.5	18.5	13.6	11.6	10.3
EV/EBITDA	26.7	21.8	20.6	20.9	15.4	15.0	13.5	10.5	8.3	7.0
EV/Sales	4.5	3.6	3.1	3.0	2.7	2.5	2.3	1.9	1.5	1.3
Price/Book Value	8.0	6.7	5.6	5.5	4.7	4.3	4.2	3.9	3.3	2.9
Dividend Yield (%)	0.7	0.7	0.7	0.8	0.8	1.0	1.2	2.9	2.0	2.3
Profitability Ratios (%)										
RoE	23.8	21.3	19.5	8.5	19.0	13.7	16.2	23.1	24.1	23.5
RoCE	20.2	19.4	17.9	14.6	18.6	15.9	16.2	21.6	23.7	22.7
ROIC	21.7	22.1	19.5	17.3	20.6	19.6	28.2	27.6	34.3	40.7
Turnover Ratios										
Debtors (Days)	74	73	81	90	81	71	66	67	69	69
Fixed Asset Turnover (x)	5.1	4.7	5.2	4.7	3.9	3.3	3.5	4.4	5.7	7.3
Leverage Ratio (x)										
Debt/Equity Ratio(x)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Cash Flow Statement

(INR Million)

Y/E March	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
CF from Operations	2,443	2,828	2,849	2,440	4,182	3,782	3,585	5,090	6,186	6,865
Cash for Working Capital	-801	-479	-1,395	140	-581	941	4,098	-5,433	-771	-104
Net Operating CF	1,642	2,349	1,454	2,580	3,601	4,723	7,683	-343	5,415	6,761
Net Purchase of FA	-926	-918	-1,383	-1,867	-1,596	-855	-1,597	-577	-560	-560
Free Cash Flow	716	1,431	71	713	2,005	3,868	6,086	-919	4,855	6,201
Net Purchase of Invest.	60	-150	599	23	-637	-2,576	0	0	0	0
Net Cash from Invest.	-866	-1,068	-784	-1,844	-2,233	-3,431	-1,597	-577	-560	-560
Proceeds from Equity	54	88	0	0	0	0	0	0	0	0
Proceeds from LTB/STB	290	-435	-17	-32	-11	-1	409	457	297	456
Dividend Payments	-511	-566	-509	-632	-716	-668	-1,942	-2,723	-1,861	-2,070
Cash Flow from Fin.	-167	-913	-526	-664	-727	-669	-1,533	-2,266	-1,564	-1,614
Net Cash Flow	609	368	144	72	641	623	4,553	-3,186	3,291	4,587
Opening Cash Bal.	1,045	1,654	2,022	2,166	2,238	2,879	3,502	8,055	4,869	8,161
Add: Net Cash	609	368	144	72	641	623	4,553	-3,186	3,291	4,587
Closing Cash Bal.	1,654	2,022	2,166	2,238	2,879	3,502	8,055	4,869	8,161	12,747

E: MOSL Estimates

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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