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## **IGate Global Solutions Ltd—Buy—360—INR**

Sector — Software  
Regd.Off. — EPIP Phase II Whitefield, Bangalore, Karnataka- 560066  
Listed — NSE, BSE.

### **Company Overview—**

iGate Global Solutions Ltd was incorporated in the year 1993 at banglore as Mascot Systems Private Limited. Company started its operations to provide offshore software delivery services from its offshore development center located at Bangalore. Company has set up two more offshore development centers at Chennai and Pune. Company originally incorporated as a private limited company was converted into a public limited company in Jan 2000 and name of the company was changed to 'iGATE Global Solutions Limited' during the year 2003. The company has taken both organic and inorganic path for growth. The company acquired 100% equity capital of Mastech Malaysia Sdn. Bhd, a software service company in Malaysia. In 2003 company acquired eJiva Inc, which has strong expertise in Enterprise Application Services, Data Management etc. In 2003 the company acquired the Contact Center & Facility Management Businesses of IT&T Ltd and also IT&T Technology Services Ltd. Company acquired the information technology solution and services business of IdeaSpace Solutions Ltd. Company entered into a JV agreement with CIBER Inc, USA to form an India-based Joint Venture company 'CIBER India Pvt Ltd'. The company has set up a subsidiary company in Wuxi, China. It has also incorporated Mascot Global Process Outsourcing Ltd as its Wholly Owned Subsidiary. Company also opened a branch in Sydney, Australia to enhance its presence in Asia-Pacific. During 2005 the company completed its 2nd Phase project of Developement Center in Whitefield, Bangalore, adding 2,00,000 Sq.foot area to the existing facility. Also the company has extended its Nodia Centre, which has voice and data facility upto 75,000 sq.ft. Company also opened a Developement Center in Chennai with 35,000 sq.ft. Recently, iGate Global Solutions has signed a key technology services agreement with Radian Group, the provider of innovative credit solutions to the global financial and capital markets. As per the agreement, the company will be a strategic partner for managing Radian's application portfolio needs.

### **Products & Services—**

Company is a fully integrated technology and operations company, it provides Process Consulting - Enterprise Process Optimization, Strategic Location of services, Contact Center Consulting, Data Analytics, IT Services - Technology Architecture, Enterprise Systems, Enterprise Application Integration, Data Services, Custom Application Development and Maintenance, Business Process Outsourcing - for mortgage banking, Insurance and capital market industries, Finance & Accounting services and Contact Center Solutions across verticals, Business Services Provisioning - which includes the complete solutions delivery models, methodologies, work-group products, processes, systems, tools, people and knowledge management for distributed delivery management. The company provides its services in a systematic context with full metrics support for both business unit and business support functions.

## Financials—

Operating revenues for the quarter ended Dec. 31, 2006 were 4% higher than the previous sequential quarter. Appreciation in the Rupee has affected the revenue growth in Rupee terms. However, the company's hedging strategy has shielded the margins from any negative impact. Revenue for the third quarter FY07 grew 27.6% to Rs 21073.0 Lakhs compared to Rs 16515.0 Lakhs in the corresponding quarter previous year. Billing rates computed as USD an hour have depicted a rise of 19.6% in the quarter, compared with 19.3% in the corresponding quarter of last year, in case of offshore segment. Billing rates in onsite segment grew by a whopping 62.1% in Dec. 2006 quarter.

01-oct-2006 to 31-dec-2006 (Third Quarter)

Financial Results	(Rs.lakhs)
Net Sales / Income from Operations	21073.00
Increase/Decrease in Stock	0.00
Consumption of Raw Materials	14493.00
Total Expenditure	0.00
Gross Profit	6580.00
General Administration Expenses	3912.00
Operating Profit before Interest and depreciation	2668.00
Interest	72.00
Depreciation	1022.00
Operating Profit after Interest and depreciation	1574.00
Other Income	-14.00
Profit Before Tax	1560.00
Provision for Taxation	100.00
Other Provisions	-135.00
Net Profit	1595.00
Non Recurring Expenses	0.00
Adjusted Net Profit	1595.00
Face Value of Share (in Rs.)	4.00
Paid-up Equity Share Capital	1255.00
Basic EPS (in Rs.)	5.09
Diluted EPS (in Rs.)	4.85

## Valuation—

Billing rates have shown a significant improvement and both onsite and offshore rates have increased by 1.5-2% in last 2 quarters. Utilization rates were stable for the current quarter at 68% for offshore and 92% for onsite. The company has added 5 new clients in Q3FY07, including

2 Fortune 1000 customers. The number of million dollar clients has increased from 26 to 29 in Q3FY07. At CMP, Stock is trading at 16.5 X multiple of its FY2008 Estimated earnings. We recommend investors to "BUY" "Igate Global Solutions Limited" with medium to long-term investment horizon.

**We invite Readers to send Valuable feedback, stock and subscription queries at E-mail Id- [investment\\_guru1@yahoo.com](mailto:investment_guru1@yahoo.com)**

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