

Information Technology

Contents

- 1) Editorial.....02
 - 2) Overview of Information Technology Industry.....03
 - 3) Growth drivers of IT & ITes.....04
 - 4) Key players in IT Industry.....05
 - 5) Investments in IT Industry.....06
 - 6) Conclusion.....10
- Sources & Reference
About NRUPS



News Flash

Microsoft ventures is planning to incubate 500 start-ups in India in the next five years with a vision to create a viable and profitable business out of the booming start-up sector in India

(Source: www.ibef.org)

Intel Corp plans to invest about US \$ 62 million in 16 technology companies, working on wearable, data analytics and the Internet of things (IoT)

(Source: www.ibef.org)

Nihilent Technologies, a Pune based global consulting and IT services solutions integrations company acquires ICRA Techno Analytics Ltd (ICTEAS) for Rs. 68.75 Cr.

(Source: www.Indiainfoline.com)

Sorting Hat Technologies Pvt. Ltd, which runs educational-technology platform Unacademy, has raised Rs 6.7 crore (\$1 million) from a clutch of investors including Flipkart co-founders Sachin Bansal and Binny Bansal and Paytm founder Vijay Shekhar Sharma.

(Source: www.vccircle.com)

Bangalore-based Food-Tech Start-Up Petoo raised \$500,000 in August from existing investors Infosys cofounders S D Shibulal and Kris Gopalakrishnan as well as a clutch of HNIs.

(www.vccircle.com)

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Editorial

Dear Friends,

Hello Everybody!

Information Technology industry or IT industry as it is called, in India has played a key role in putting the country on the global map. IT industry in India has been one of the most significant growth contributors for the Indian economy. This industry has played a significant role in transforming India's image from a slow moving bureaucratic economy to a land of innovative entrepreneurs and a global player in providing world class technology solutions and business services. The Industry has helped India to evolve from a rural and agri-based economy to a knowledge based economy. This is a big leap.

“Technology provides no benefits of its own; it is the application of technology to business opportunities that produces ROI.”

According to the research consultancy firm IDC, the global information technology (IT) industry encompassing hardware, software, services, and telecommunications, is expected to reach \$3.8 trillion in 2016, up from \$3.7 trillion in the previous year. Information Technology has made possible to access information at a gigabit speed. It has made tremendous impact on the lives of millions of people who are poor, marginalized and living in rural and far flung topographies. Internet has made revolutionary changes with possibilities of e-government measures like e-health, e-education, e-agriculture, etc. India's IT potential is on a steady march towards global competitiveness, improving defence capabilities and meeting up energy and environmental challenges amongst others.

After the economic reforms of 1991-92, major fiscal incentives provided by the Government of India and the State Governments, like, liberalization of external trade, elimination of duties on imports of information technology products, relaxation of controls on both inward and outward investments and foreign exchange, setting up of Export Oriented Units (EOU), Software Technology Parks (STP), and Special Economic Zones (SEZ), has enabled India to flourish and acquire a dominant position in world's IT scenario.

India's internet economy is expected to touch Rs. 10 trillion (US \$ 146.72 billion) by 2018, accounting for 5 per cent of the country's GDP. India's IT core competencies and strengths have attracted significant investments from major countries. In recent past, it has been observed that investments in IT and ITes will become the buzz in the industry. Flow of investment continued especially in e-commerce segment. Growing number of start-ups are the case in point. PE/VC investments and consolidation in this industry will revolutionize the economy in the coming decades. The progress and development of any country now depends on its preparedness to adopt technology in various fields. India is not an exception.

Good Luck!

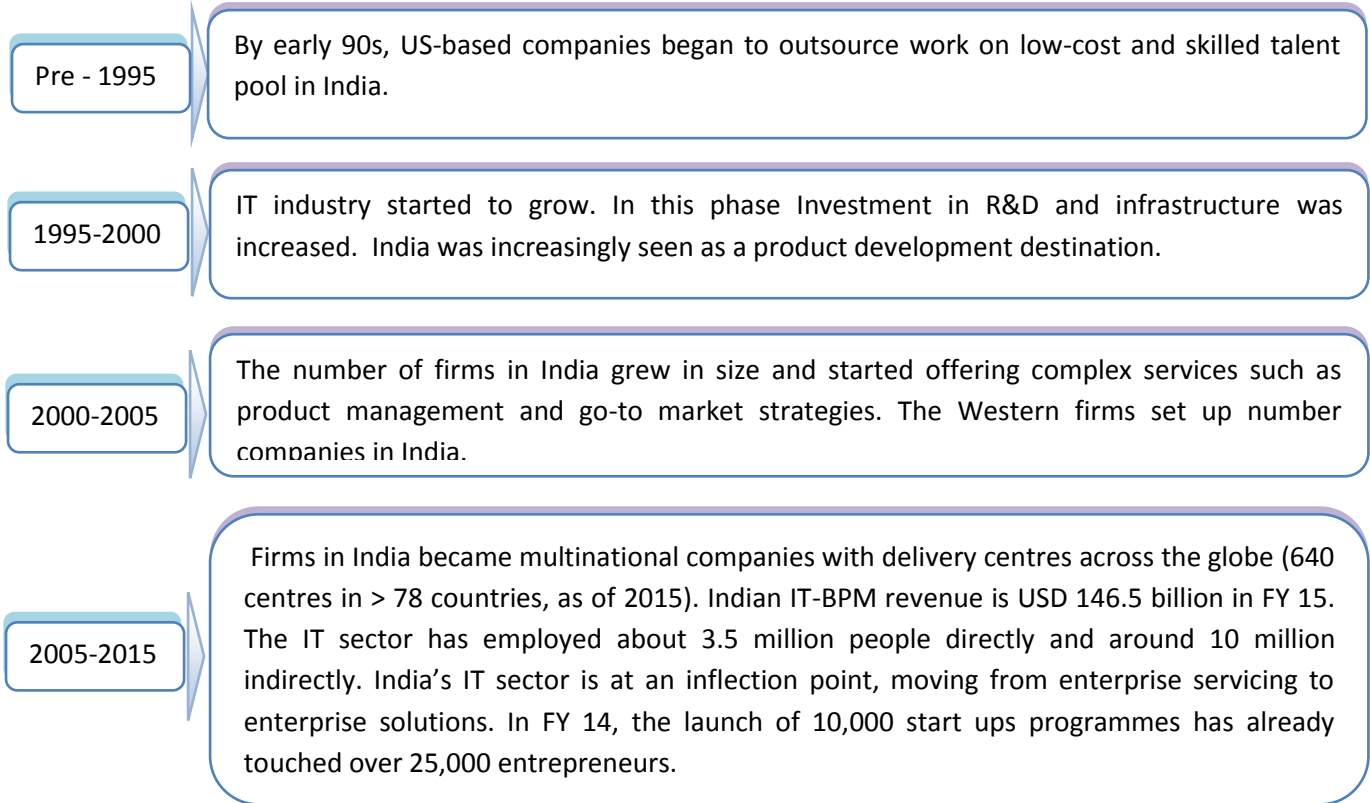
-Team Nrups



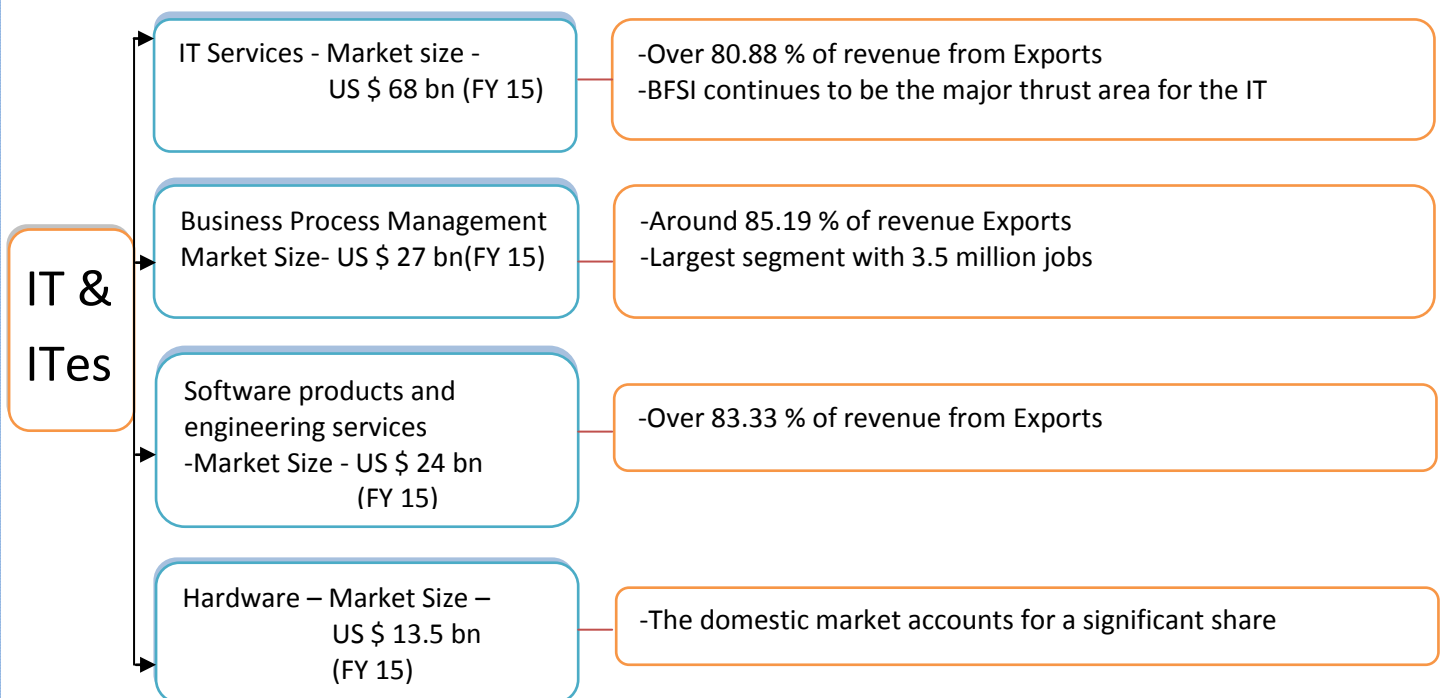
Overview of Information Technology

Information Technology sector has played a vital role in the progress and development of the Indian economy. It has revolutionized and changed the economic agenda of the country from manufacturing base to technology base economy.

Evolution of Indian IT sector:



INDIAN IT INDUSTRY SCENARIO – Major Forex Earner



Growth Drivers of IT & ITes

Global Demand

- Global BPM spending estimated to rise by 4.4% and reached US \$ 2.7 billion in 2015
- Global IT services spending is expected to have declined by at around 5.5% during 2015 and reached US \$ 3.5 trillion

Domestic Growth

- Computer penetration expected to increase
- Increasing adoption of technology and telecom by consumers and focused government initiatives leading to increased ICT adoption

Infrastructure

- Robust IT infrastructure across various cities in India such as Bengaluru
- Technology mission for services in villages and schools, training in IT skills and E-Kranti for government service delivery and governance scheme

Talent Pool

- 5.8 million graduates are estimated to have been added to India's talent pool in FY 15, 1.5 million from ready to hire pool
- Strong mix of young and experienced professionals.

Policy Support

- Tax Holidays for STPI and SEZs
- More liberal system for raising capital, seed money and ease of doing business
- A fund of around US \$ 16.5 million to promote new technology start-ups in the 2015-16 budget

KEY PLAYERS:

Revenue wise - FY 15

Name of the Companies	Revenue (US\$)
Tata Consultancy Services Ltd	15.4 bn
Cognizant	8.80* bn
Infosys Ltd	8.71 bn
Wipro Ltd	7.84 bn
HCL Technologies Ltd	4.41 bn
Tech Mahindra Ltd	3.75 bn



The Indian IT Industry is a fast growing industry in India and it has shown a phenomenal growth in the last few decades. The Indian IT Industry is contributing significantly to economic growth of the nation and is expanding swiftly with the passage of time. Information Technology is a vast and diverse field, but IT Services and Business Process Outsourcing are its major components. India has emerged as a hub of numerous IT companies and provides ideal conditions for their growth and expansion.

Top Companies-
Market-Cap wise

Sr No.	Name of the Company	M-Cap as on June 2016 (Rs. In Crore)
1	TCS Ltd	Rs. 5,02,610
2	Infosys Ltd	Rs. 2,68,804
3	Wipro Ltd	Rs. 1,37,940
4	HCL Tech Ltd	Rs. 1,03,062
5	Tech Mahindra Ltd	Rs. 49,147
6	Oracle	Rs. 29,777
7	Mphasis	Rs. 12,030
8	Mindtree	Rs. 10,490
9	*Vakrangee Ltd	Rs. 10,470
10	Persistent Systems Ltd	Rs. 5,564

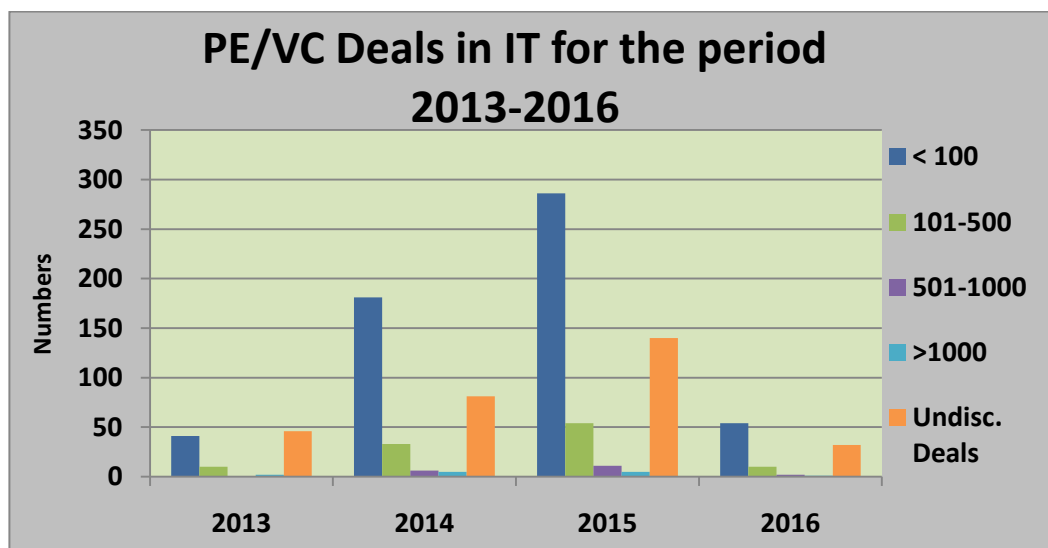
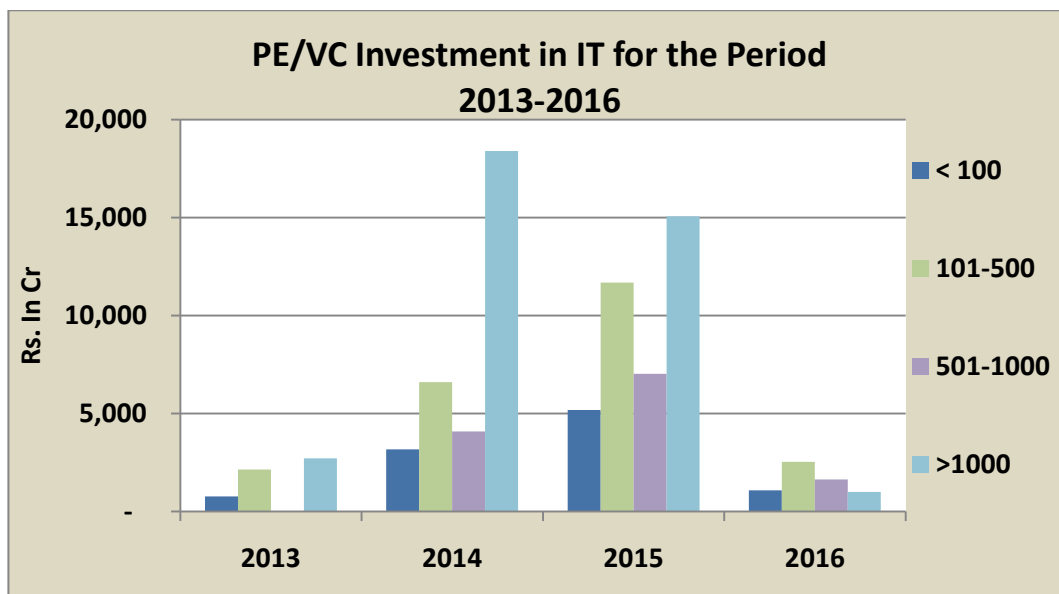
*As on March 2016

Investments in IT industry

The Indian IT sector is expected to grow at a rate of 12% -14% for FY2016-17 in constant currency terms. The sector is also expected to triple its current annual revenue to reach US\$ 350 billion by FY 2025. India ranks third among global start-up ecosystems with more than 4,200 start-ups.

Indian IT's core competencies and strengths have attracted significant investments from major countries. The computer software and hardware sector in India attracted cumulative Foreign Direct Investment (FDI) inflows worth US\$ 21.02 billion between April 2000 and March 2016, according to data released by the Department of Industrial Policy and Promotion (DIPP). Most large technology companies looking to expand have so far focused primarily on bigger enterprises, but a report from market research firm Zinnov highlighted that the small and medium businesses will present a lucrative opportunity which is expected to touch to US\$ 25.8 billion in 2020. Moreover, India has nearly 51 million such businesses of which 12 million have a high degree of technology influence and are looking to adopt newer IT products, as per the report.

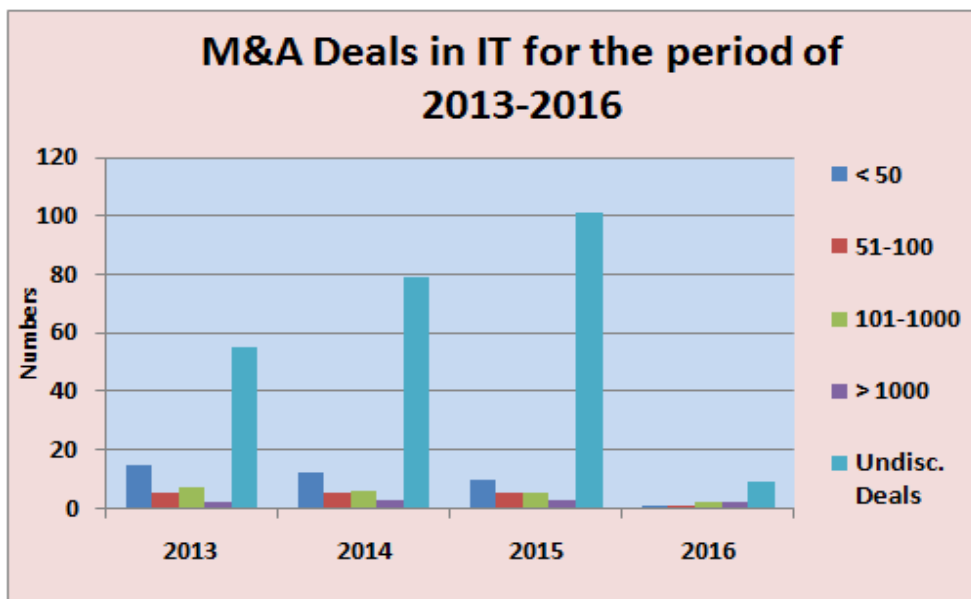
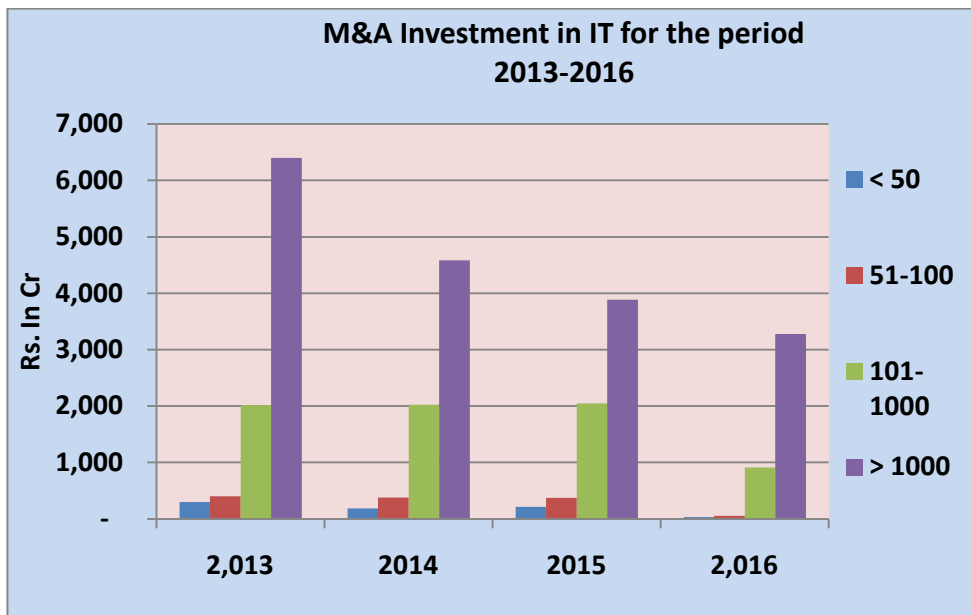
Following are the PE/VC Investments in IT Industry for the period of 2013-2016:



PE/VC Deals in Sub Sector of IT Industry

2013-2016				
Sub Sector	PE/VC Deal Amount (Rs. In Cr)	No of Deals	Other Deals (undisclosed Amt)	Total No of Deals
E-Commerce	60,551	271	117	388
Software Solutions	4,150	69	24	93
Payment Infrastructure	3,914	30	10	40
Software Products	2,906	101	43	144
Mobile VAS	2,324	54	33	87
Big Data (Data Analytics)	2,315	18	8	26
Digital Media	1,718	25	5	30
Subscription Model	976	32	10	42
Cloud Computing	623	5	4	9
Software Dev. And Systems Integration	615	11	3	14
IT Consulting	592	7	2	9
Technical Support	435	3	1	4
Gaming	250	7	5	12
Website	185	9	1	10
Server- centric Technology	151	2	0	2
Security Systems	133	3	1	4
Embedded Systems	127	-	2	2
SEO/Social Media Marketing	123	-	2	2
Devices	105	9	4	13
Electronics	95	6	2	8
E-Learning	86	5	3	8
Web Infrastructure	33	3	1	4
Hardware	19	3	1	4
Crowd sourcing platform	18	5	2	7
Others	710	16	22	38
Total	83,153	694	306	1000

M&A Deals in IT Sector for the period of 2013-2016



M&A Deals in Sub Sector of IT Industry for the period of 2013-2016

Sub Sector	Deal Amount (Rs. In Cr)	No of Deals	Other Deals (undisclosed Deals)	Total No of Deals
Software Products	8,050	15	38	53
E-Commerce	6,777	19	57	76
Software Dev and System Integration	3,738	10	12	22
Technical Support	1,808	1	2	3
Digital Media	1,369	6	11	17
IT Consulting	1,342	6	13	19
Software Services	881	4	17	21
Subscription Model	806	5	11	16
Other	1,044	2	30	32
Hardware	415	1	3	4
Mobile VAS	212	4	32	36
Payment Infrastructure	212	2	8	10
Big Data (Data Analytics)	128	4	4	8
Compact Disc maker	110	1	0	1
RFID	67	1	0	1
Embedded Systems	55	1	0	1
Devices	42	1	1	2
Gaming	25	1	5	6
Total	27,082	84	244	328

Conclusion:

Globalization has had a profound impact in shaping the Indian Information Technology industry. Of late, sectors like manufacturing, telecom, insurance, banking, finance and lately the retail, have emerged as the growth drivers for this industry. It is crystal clear that future growth of IT and IT enabled services will be fuelled by various segments like mobile applications, healthcare, energy efficiency, sustainable energy and climate change. Companies in the service sector internet and software areas that can meet consumer demand for Internet services and e-commerce support should continue to experience revenue growth. These companies stand to benefit from popularity of social media and mobile communications. Cloud Computing and Software as a Services (SaaS) not only enable companies to remain in the market with the latest technology, but also offer ways to reduce costs through lower capital expenditure, improved hardware utilization, and less required support for IT infrastructure. Big-Data is also an important growth sector, delivering real-time analytics that help a customer better understand his or her business. M&A activities has also been stimulated in this industry by more matured technology companies in the hardware and semiconductor businesses looking to use consolidation as a way to deliver growth to shareholders.

Source & Reference:

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About NRUPS

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- Venture Capital / Seed Funding
- JV/SPV
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 - Term Loan
 - Non fund based facilities
 - External Commercial borrowings
- Debt Restructuring
 - Debt restructuring and debt swapping for better leverage and to optimize cost of funding

Lending Solutions:

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- Loan Syndication
- Mezzanine funding
- NBFC

Corporate Advisory Services:

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