

Mindtree

Refer to important disclosures at the end of this report

Revenue growth momentum continues

- MTCL's Mar'21 quarter operating performance was broadly in line with our expectations. Revenue grew 5.2% QoQ to USD288.2mn. EBITDAM declined ~120bps QoQ to 21.9% due to salary hike, higher subcontracting costs and adverse currency movement.
- Mindtree continued to focus on growing the annuity business and cross-selling and up-selling to strategic clients to accelerate revenue growth. It is confident of delivering double-digit revenue growth in FY22 and sustaining EBITDAM above 20%.
- Deal wins remained healthy in Q4 at USD375mn, taking the total FY21 deal intake to USD1.4bn (12.3% YoY growth). Management indicated that the deal pipeline is closer to an all-time high, with a good mix of annuity deals offering good revenue visibility.
- We raise our FY22/23E EPS by 2%/3%, factoring in FY21 performance and benefits accruing from flattening the employee pyramid. Considering rich valuations, dependency on top client and anticipated pressure on margins over the medium term, we maintain Sell with a revised TP of Rs1,650 at 20x FY23E EPS (earlier Rs1,580).

What we liked? Broad-based revenue growth, healthy deal intake

What we did not like? Continued weakness in BFSI

Broad-based revenue growth in Q4; confident to deliver double-digit growth in FY22: Revenue grew 5.2% QoQ to USD288.2mn (5.0% CC) in Q4 on the back of improving demand environment, steady ramp-up of past deal wins, and healthy deal intake (USD375mn in Q4; USD1.4bn in FY21) and deal pipeline. Revenue growth was broad based, led by TTH (17% QoQ), Retail, CPG & Manufacturing (9%) and CMT verticals (4.1%). BFSI fell 1.3% QoQ due to delays in certain deal closures. Management expects BFSI to return to the growth path in coming quarters. Top client grew 3.3% QoQ. Management reiterated their confidence on growing the top account and widening the growth base by expanding relationship with other strategic accounts. Management remains confident of delivering double-digit revenue growth in FY22 on the back of broad-based demand, healthy deal intake and deal pipeline.

Expect FY22 EBITDAM to sustain above 20%: Q4FY21 EBITDAM declined ~120bps QoQ due to the impact of wage hikes wef Jan'21 (-240 bps) and adverse currency movement (-50bps), partly negated by revenue growth acceleration and operating efficiencies (170bps). Investments in front-end sales teams, domain capabilities, normalization of travel costs and planned skill-based wage hike would act as margin headwinds in FY22. However, considering revenue acceleration, traditional margin levers (like offshoring, utilization) and flattening employee pyramid, management is confident of sustaining EBITDAM above 20% in FY22.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Information Technology \(Page 12\)](#)

Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21	FY22E	FY23E
Revenue	70,215	77,643	79,678	92,644	105,783
EBITDA	10,645	10,898	16,567	19,077	20,090
EBITDA Margin (%)	15.2	14.0	20.8	20.6	19.0
APAT	7,541	6,309	11,105	12,769	13,662
EPS (Rs)	45.9	38.3	67.4	77.5	82.9
EPS (% chg)	32.0	(16.5)	75.7	15.0	7.0
ROE (%)	24.9	19.5	29.7	27.5	25.8
P/E (x)	45.1	54.0	30.7	26.7	25.0
EV/EBITDA (x)	30.9	30.5	19.2	16.4	15.3
P/BV (x)	10.3	10.8	7.9	6.9	6.0

Source: Company, Emkay Research

CMP	Target Price
Rs 2,070 as of (April 16, 2021)	Rs 1,650 (▲) 12 months
Rating	Upside
SELL (■)	(20.3) %

Change in Estimates

EPS Chg FY22E/FY23E (%)	2/3
Target Price change (%)	4.4
Target Period (Months)	12
Previous Reco	SELL

Emkay vs Consensus

	EPS Estimates	
	FY22E	FY23E
Emkay	77.5	82.9
Consensus	78.1	88.0
Mean Consensus TP (12M)	Rs 1,907	

Stock Details

Bloomberg Code	MTCL IN
Face Value (Rs)	10
Shares outstanding (mn)	165
52 Week H/L	2,276 / 721
M Cap (Rs bn/USD bn)	341 / 4.58
Daily Avg Volume (nos.)	1,217,866
Daily Avg Turnover (US\$ mn)	30.7

Shareholding Pattern Dec '20

Promoters	61.0%
FII's	13.3%
DII's	10.6%
Public and Others	15.1%

Price Performance

(%)	1M	3M	6M	12M
Absolute	2	22	56	166
Rel. to Nifty	4	20	25	64

Relative price chart



Source: Bloomberg

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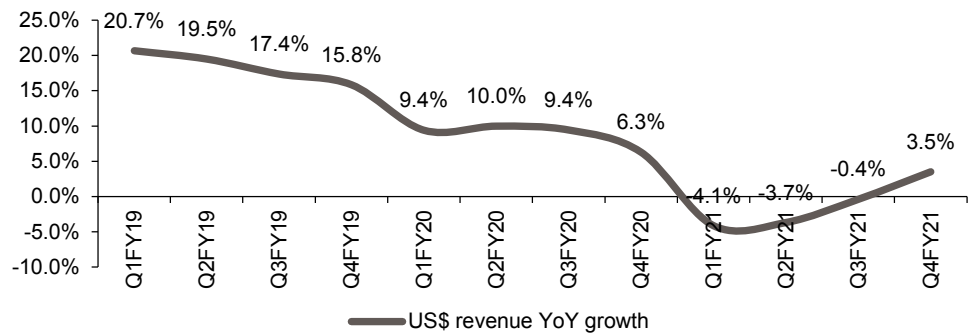
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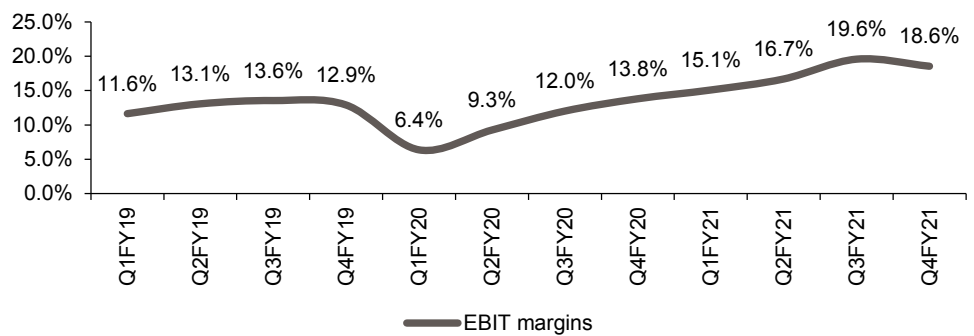
Story in Charts

Exhibit 1: USD revenue growth returned to positive territory in Q4



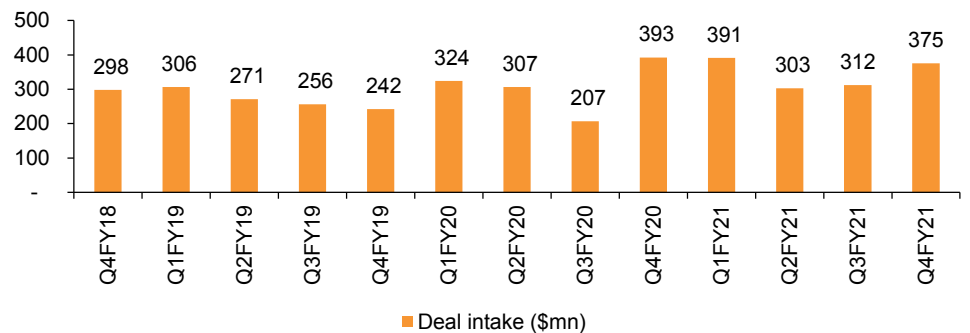
Source: Company, Emkay Research

Exhibit 2: EBITM declined by ~100bps due to wage hike pressure



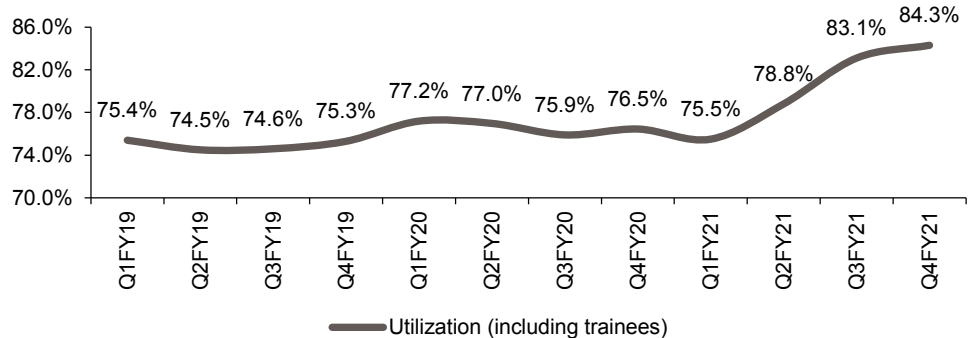
Source: Company, Emkay Research

Exhibit 3: Deal intake was healthy in Q4FY21



Source: Company, Emkay Research

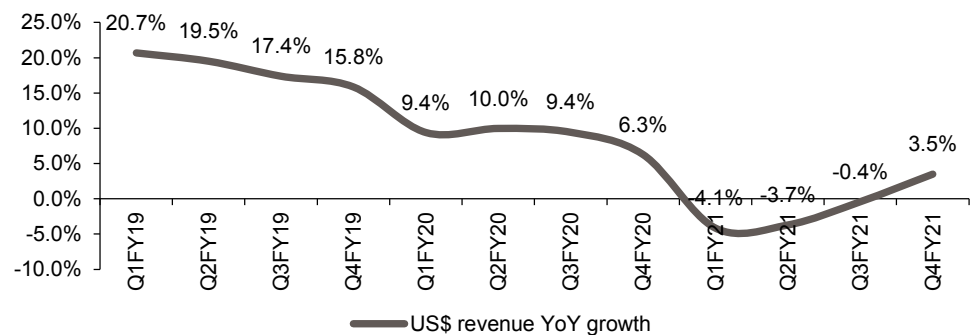
Exhibit 4: Utilization inched up further during the quarter



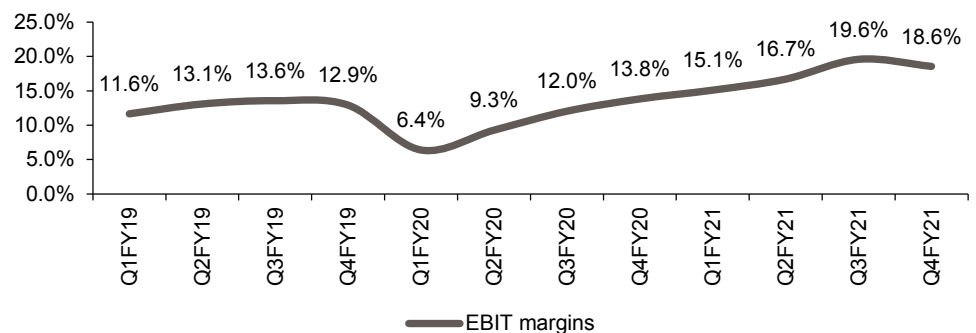
Source: Company, Emkay Research

Revenue growth momentum healthy; confident of delivering double-digit growth in FY22:

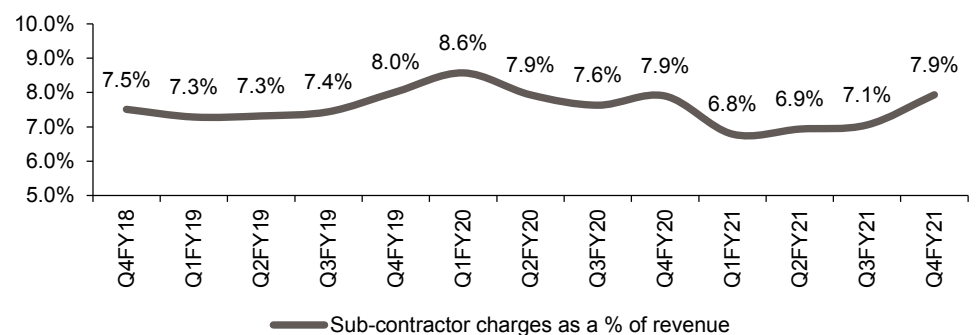
MTCL's 4*4*4 strategy continued to deliver desired results with revenue growing 5.2% sequentially on back of strong demand for cloud, data and analytics capabilities. Growth was led by TTH (17% QoQ), Retail, CPG & Manufacturing (9% QoQ) and CMT verticals (4.1%). BFSI disappointed yet again with revenues declining 1.3% QoQ. However, management indicated that the softness in BFSI was on account of delays in deal closure and expects growth to return from Q1FY22. The company is seeing early signs of green shoot in TTH; however, it prefers to wait to comment on the pace of growth recovery. Data & Intelligence service lines recorded a robust 12.9% QoQ growth rate followed by Customer Success (6.5%) and Cloud (6.2%). Enterprise IT declined 1.7% sequentially in Q4. All geographies posted sequential growth, led by UK & Ireland (15.9%), Asia Pacific (6.5%), North America (4.3%) and Continental Europe (0.9%). MTCL continues to focus on growing the top client account along with other strategic accounts. MTCL continued its rationalization of tail accounts, with active clients declining by six in Q4 (down 37 in FY21). MTCL signed deals worth TCV of USD375mn in Q4, taking the FY21 deal intake to USD1.4bn (12.3% YoY growth). Management indicated that the deal pipeline is at its highest levels, with a good mix of annuity deals offering good revenue growth visibility. It is confident of delivering double-digit revenue growth in FY22 and sustaining EBITDAM above 20%.

Exhibit 5: USD revenue growth returned to positive territory in Q4

Source: Company, Emkay Research

Exhibit 6: EBITM declined by ~100bps due to wage hike pressure

Source: Company, Emkay Research

Exhibit 7: Subcontracting costs inched up 80bps QoQ in Q4

Source: Company, Emkay Research

Other Takeaways

- **Q4FY21 performance:** Revenue grew 5.2%/3.5% QoQ/YoY to USD288.2mn. EBITDAM declined by 120bps on account of wage hike and adverse currency movement. The company added 1,619 employees to cater to strong demand. The attrition rate on the LTM basis came down to 12.1% vs. 12.5% in Q3. The offshore mix remained stable at 82.9%, while utilization inched up further by 120bps to 84.3%.
- **Outlook:** The company expects to deliver double-digit revenue growth in FY22 on the back of solid deal wins, robust deal pipeline, and uptick in demand across verticals. BFSI is likely to return to growth from Q1FY22. The company is seeing green shoots in TTH. It has not lost any client in TTH due to the pandemic and is regularly engaging with the clients. However, MTCL expects the recovery to pre-pandemic levels is some time away. It expects to deliver EBITDA margin of above 20% in FY22.

Others:

- The company announced a final dividend of Rs17.5 per share.
- Contractual pricing remains stable.
- MTCL expects to accelerate freshers hiring in FY22.
- Deal tenures of the deals signed are growing on account of focus on annuity deals.
- The company plans to report healthcare as a separate segment from Q1FY22.

Exhibit 8: Actual vs Estimates (Q4FY21)

(in Rs mn)	Actual	Estimates (Emkay)	Consensus estimates	% variation		Comment
				Emkay	Consensus	
Revenues (in USD mn)	288.2	287.8	288.0	0.1%	0.1%	
Sales	21,093	20,981	20,996	0.5%	0.5%	Revenues were in line with our estimates
EBIT	3,913	3,896	3,807	0.4%	2.8%	
EBIT, margin	18.6%	18.6%	18.1%	0 bps	40 bps	EBIT margins were in line with our estimates but 40bps higher than consensus
PAT	3,173	3,059	3,005	3.7%	5.6%	Lower ETR led the beat on PAT

Source: Company, Emkay Research

Exhibit 9:

Rs mn	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	YoY (%)	QoQ (%)	FY20	FY21	YoY (%)
Revenues (in USD mn)	278.4	253.2	261.0	274.1	288.2	3.5	5.1	1,089	1,077	(1.1)
Revenue	20,505	19,088	19,260	20,237	21,093	2.9	4.2	77,643	79,678	2.6
Operating Expenditure	16,993	15,610	15,476	15,558	16,467	(3.1)	5.8	66,745	63,111	(5.4)
Cost of revenues	12,933	12,776	12,623	12,610	13,123	1.5	4.1	50,647	51,132	1.0
as % of sales	63.1	66.9	65.5	62.3	62.2			65.2	64.2	
SG&A expenses	4,060	2,834	2,853	2,948	3,344	(17.6)	13.4	16,098	11,979	(25.6)
as % of sales	19.8	14.8	14.8	14.6	15.9			20.7	15.0	
EBITDA	3,512	3,478	3,784	4,679	4,626	31.7	(1.1)	10,898	16,567	52.0
Depreciation	679	597	569	717	713	5.0	(0.6)	2,754	2,596	(5.7)
EBIT	2,833	2,881	3,215	3,962	3,913	38.1	(1.2)	8,144	13,971	71.5
Other Income	(220)	17	232	489	275			144	1,013	603.5
PBT	2,613	2,898	3,447	4,451	4,188	60.3	(5.9)	8,288	14,984	80.8
Total Tax	551	768	910	1,186	1,015	84.2	(14.4)	1,979	3,879	96.0
Adjusted PAT	2,062	2,130	2,537	3,265	3,173	53.9	(2.8)	6,309	11,105	76.0
(Profit)/loss from JV's/Ass/MI	0	0	0	0	0					
APAT after MI	2,062	2,130	2,537	3,265	3,173	53.9	(2.8)	6,309	11,105	76.0
Reported PAT	2,062	2,130	2,537	3,265	3,173	53.9	(2.8)	6,309	11,105	76.0
Reported EPS (Rs)	12.5	12.9	15.4	19.8	19.3	53.6	(2.8)	38	67	75.8
Margins (%)						(bps)	(bps)			(bps)
EBIDTA	17.1	18.2	19.6	23.1	21.9	480	(119)	14.0	20.8	676
EBIT	13.8	15.1	16.7	19.6	18.6	474	(103)	10.5	17.5	705
EBT	12.7	15.2	17.9	22.0	19.9	711	(214)	10.7	18.8	813
PAT	10.1	11.2	13.2	16.1	15.0	499	(109)	8.1	13.9	581
Effective Tax rate	21.1	26.5	26.4	26.6	24.2	315	(241)	23.9	25.9	201

Source: Company, Emkay Research

Exhibit 10: Revenues by service offerings

As a % of revenues	Q4FY21	Q3FY21	Q4FY20	QoQ (%)	YoY (%)
Customer Success	38.6%	38.1%	40.50%	6.5%	-1.3%
Data & Intelligence	16.0%	14.9%	15.00%	12.9%	10.4%
Cloud	19.4%	19.2%	16.50%	6.2%	21.7%
Enterprise IT	26.0%	27.8%	28.00%	-1.7%	-3.9%
Total	100%	100%	100.0%	5.1%	3.5%

Source: Company, Emkay Research

Exhibit 11: Revenues by geographies

As a % of revenues	Q4FY21	Q3FY21	Q4FY20	QoQ (%)	YoY (%)
North America	76.6%	77.2%	76.7%	4.3%	3.4%
Continental Europe	7.1%	7.4%	7.6%	0.9%	-3.3%
UK and Ireland	8.6%	7.8%	7.8%	15.9%	14.1%
Asia Pacific	7.7%	7.6%	7.9%	6.5%	0.9%
Total	100%	100%	100%	5.1%	3.5%

Source: Company, Emkay Research

Exhibit 12: Revenues by industry

As a % of revenues	Q4FY21	Q3FY21	Q4FY20	QoQ (%)	YoY (%)
Communications, Media & Technology	49.4%	49.9%	43.1%	4.1%	18.7%
BFSI	18.4%	19.6%	20.4%	-1.3%	-6.7%
Retail, CPG & Manufacturing	22.4%	21.6%	20.3%	9.0%	14.4%
Travel & Hospitality	9.8%	8.9%	16.2%	15.8%	-37.5%
Total	100%	100%	100%	5.1%	3.5%

Source: Company, Emkay Research

Exhibit 13: Client contribution to revenue

As a % of revenues	Q4FY21	Q3FY21	Q4FY20	QoQ (%)	YoY (%)
Top customer	28.0%	28.5%	24.8%	3.3%	17.1%
Top-5 customers	38.6%	39.8%	37.9%	2.0%	5.3%
Top-10 customers	47.3%	49.0%	47.4%	1.5%	3.3%

Source: Company, Emkay Research

Exhibit 14: Segmental performance

Revenues (Rs mn)	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Retail, CPG & Mfg	4,076	4,077	4,150	4,048	4,164	3,927	4,139	4,381	4,719
BFSI	4,015	3,953	4,136	4,195	4,195	3,879	3,922	3,956	3,875
Hi-tech	7,290	7,226	7,612	8,139	8,816	9,737	9,597	10,089	10,412
Travel, Transport & Hospitality	3,013	3,086	3,245	3,271	3,330	1,545	1,602	1,811	2,087
Total	18,394	18,342	19,143	19,653	20,505	19,088	19,260	20,237	21,093

YoY Growth (%)	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Retail, CPG & Mfg	18.6%	7.8%	8.7%	1.6%	2.2%	-3.7%	-0.3%	8.2%	13.3%
BFSI	21.0%	8.2%	5.4%	8.2%	4.5%	-1.9%	-5.2%	-5.7%	-7.6%
Hi-tech	31.2%	13.4%	10.4%	15.7%	20.9%	34.7%	26.1%	24.0%	18.1%
Travel, Transport & Hospitality	29.4%	19.2%	11.1%	9.9%	10.5%	-49.9%	-50.6%	-44.6%	-37.3%
Total	25.6%	11.9%	9.1%	10.0%	11.5%	4.1%	0.6%	3.0%	2.9%

Segment margin (%)	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Retail, CPG & Mfg	16.5%	14.1%	16.0%	18.3%	20.8%	19.9%	22.4%	24.0%	19.6%
BFSI	4.6%	4.8%	11.3%	14.9%	17.1%	20.2%	21.2%	23.2%	20.1%
Hi-tech	21.4%	12.3%	13.3%	16.2%	17.3%	21.7%	19.9%	23.7%	23.7%
Travel, Transport & Hospitality	12.8%	6.0%	10.3%	11.6%	12.1%	-13.2%	7.3%	17.5%	21.7%
Total	15.2%	10.0%	13.0%	15.6%	17.1%	18.2%	19.6%	23.1%	21.9%

Source: Company, Emkay Research

Exhibit 15: Changes in estimates

Rs mn	FY22E			FY23E		
	Old	New	% change	Old	New	% change
Overall Revenues(in USD mn)	1,234	1,243	0.8%	1,370	1,392	1.6%
YoY growth, %	14.6%	15.5%		11.0%	12.0%	
Revenues	91,934	92,644	0.8%	104,088	105,783	1.6%
EBIT	16,069	16,309	1.5%	16,639	17,127	2.9%
EBIT margins, %	17.5	17.6		16.0	16.2	
Net profits	12,486	12,769	2.3%	13,211	13,662	3.4%
EPS (Rs)	75.8	77.5	2.2%	80.2	82.9	3.3%

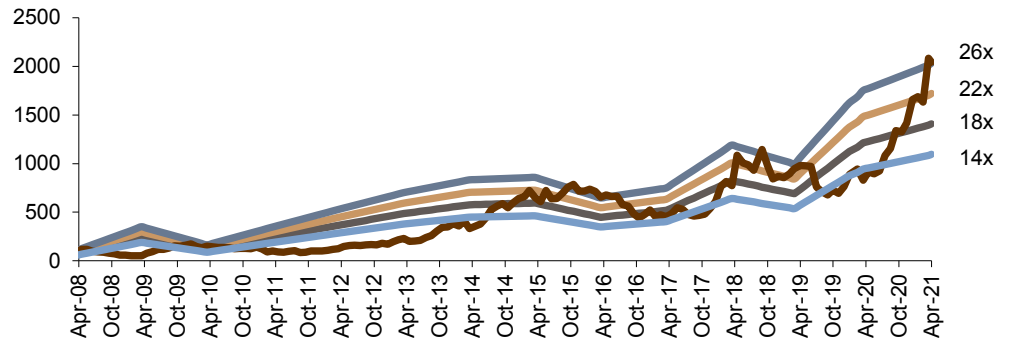
Source: Company, Emkay Research

Exhibit 16: Key Assumptions

	FY21	FY22E	FY23E
USD revenues growth (%)	-1.1%	15.5%	12.0%
USD/INR	74.0	74.5	76.0
INR revenues Growth (%)	2.6%	16.3%	14.2%
EBIT margin (%)	17.5%	17.6%	16.2%
EPS Growth (%)	75.7%	15.0%	7.0%

Source: Company, Emkay Research

Exhibit 17: MTCL 1-year forward P/E band



Source: Company, Emkay Research

Exhibit 18: Valuation Summary

Co Name	CMP	Reco.	Target Price	USD revenue growth (%)			EPS			P/E			EV/EBIT		
				FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
TCS	3,195	Hold	3,150	0.6	15.8	11.0	87.7	107.2	121.3	36.4	29.8	26.3	27.9	22.8	20.1
Infosys	1,353	Buy	1,550	6.1	17.6	12.4	45.5	54.9	61.8	29.7	24.7	21.9	21.8	18.2	15.9
Wipro	469	Hold	450	-1.4	18.8	10.0	19.7	20.5	22.6	23.8	22.9	20.8	18.7	17.7	15.6
HCL Tech	1,013	Buy	1,130	2.6	12.7	9.5	47.9	52.7	57.0	21.2	19.2	17.8	16.7	14.2	12.8
Tech Mahindra	1,010	Buy	1,190	-1.0	10.4	9.0	52.3	58.5	65.9	19.3	17.3	15.3	15.1	12.4	10.8
L&T Infotech	4,090	Sell	3,490	9.4	16.5	15.3	107.7	124.6	145.4	38.0	32.8	28.1	29.5	25.5	21.8
Mphasis	1,708	Hold	1,570	6.3	13.5	9.8	65.7	77.4	87.8	26.0	22.1	19.4	18.9	16.1	14.0
Mindtree	2,070	Sell	1,650	-1.1	15.5	12.0	67.4	77.5	82.9	30.7	26.7	25.0	22.8	19.2	18.0
Persistent Systems	1,962	Buy	2,200	12.6	17.0	15.0	56.5	76.1	91.1	34.7	25.8	21.5	27.4	20.0	15.9
Birlasoft	253	Hold	290	3.4	14.0	13.0	11.0	14.3	17.7	23.1	17.7	14.3	14.1	11.0	8.7
Coforge	3,172	Hold	2,740	5.2	16.4	13.0	75.3	101.1	119.3	42.1	31.4	26.6	30.7	24.1	20.0
Firstsource Solutions	117	Buy	125	17.2	12.0	8.5	6.3	7.2	8.3	18.5	16.1	14.0	15.0	12.7	10.9

Source: Company, Emkay Research

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
Revenue	70,215	77,643	79,678	92,644	105,783
Expenditure	59,570	66,745	63,111	73,567	85,693
EBITDA	10,645	10,898	16,567	19,077	20,090
Depreciation	1,641	2,754	2,596	2,768	2,963
EBIT	9,004	8,144	13,971	16,309	17,127
Other Income	864	144	1,013	1,063	1,461
Interest expenses	0	0	0	0	0
PBT	9,868	8,288	14,984	17,372	18,588
Tax	2,327	1,979	3,879	4,604	4,926
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
Reported Net Income	7,541	6,309	11,105	12,769	13,662
Adjusted PAT	7,541	6,309	11,105	12,769	13,662

Balance Sheet

Y/E Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
Equity share capital	1,642	1,646	1,647	1,648	1,648
Reserves & surplus	31,419	29,922	41,543	47,883	54,787
Net worth	33,061	31,568	43,190	49,532	56,436
Minority Interest	0	0	0	0	0
Loan Funds	5	5,663	5,377	5,500	5,500
Net deferred tax liability	(388)	(1,835)	(351)	(351)	(351)
Total Liabilities	32,678	35,396	48,216	54,681	61,585
Net block	9,669	14,092	12,758	12,560	12,427
Investment	8,036	9,709	20,468	14,161	14,161
Current Assets	23,396	25,794	29,813	44,482	52,744
Cash & bank balance	2,559	3,909	7,597	19,223	24,713
Other Current Assets	7,481	7,496	9,474	9,522	10,062
Current liabilities & Provision	8,720	14,335	15,047	16,623	17,847
Net current assets	14,676	11,459	14,766	27,859	34,897
Misc. exp	0	0	0	0	0
Total Assets	32,678	35,396	48,216	54,681	61,585

Cash Flow

Y/E Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
PBT (Ex-Other income) (NI+Dep)	9,868	8,144	13,971	16,309	17,127
Other Non-Cash items	(589)	390	(544)	(891)	(1,290)
Chg in working cap	(2,360)	(1,541)	5,882	(1,467)	(1,548)
Operating Cashflow	6,305	8,251	19,960	13,178	13,788
Capital expenditure	(1,708)	(1,220)	(619)	(2,323)	(2,830)
Free Cash Flow	4,597	7,031	19,341	10,855	10,958
Investments	(301)	858	(11,382)	6,307	0
Other Investing Cash Flow	0	0	0	0	0
Investing Cashflow	(1,933)	(229)	(11,833)	5,395	(980)
Equity Capital Raised	3	4	1	1	0
Loans Taken / (Repaid)	(3,004)	(495)	(842)	0	0
Dividend paid (incl tax)	(2,180)	(5,940)	(2,880)	(6,428)	(6,758)
Other Financing Cash Flow	133	288	(214)	0	0
Financing Cashflow	(5,088)	(6,672)	(4,439)	(6,947)	(7,318)
Net chg in cash	(716)	1,350	3,688	11,626	5,490
Opening cash position	3,275	2,559	3,909	7,597	19,223
Closing cash position	2,559	3,909	7,597	19,223	24,713

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY19	FY20	FY21	FY22E	FY23E
EBITDA Margin	15.2	14.0	20.8	20.6	19.0
EBIT Margin	12.8	10.5	17.5	17.6	16.2
Effective Tax Rate	23.6	23.9	25.9	26.5	26.5
Net Margin	10.7	8.1	13.9	13.8	12.9
ROCE	31.4	24.3	35.8	33.8	32.0
ROE	24.9	19.5	29.7	27.5	25.8
RoIC	43.6	37.5	67.2	79.3	78.2

Per Share Data (Rs)	FY19	FY20	FY21	FY22E	FY23E
EPS	45.9	38.3	67.4	77.5	82.9
CEPS	55.9	55.1	83.1	94.3	100.9
BVPS	201.3	191.8	262.0	300.5	342.4
DPS	11.0	30.0	17.5	39.0	41.0

Valuations (x)	FY19	FY20	FY21	FY22E	FY23E
PER	45.1	54.0	30.7	26.7	25.0
P/CEPS	37.0	37.6	24.9	22.0	20.5
P/BV	10.3	10.8	7.9	6.9	6.0
EV / Sales	4.7	4.3	4.0	3.4	2.9
EV / EBITDA	30.9	30.5	19.2	16.4	15.3
Dividend Yield (%)	0.5	1.4	0.8	1.9	2.0

Gearing Ratio (x)	FY19	FY20	FY21	FY22E	FY23E
Net Debt/ Equity	(0.3)	(0.3)	(0.5)	(0.6)	(0.6)
Net Debt/EBIDTA	(1.0)	(0.7)	(1.4)	(1.5)	(1.7)
Working Cap Cycle (days)	63.0	35.5	32.8	34.0	35.1

Growth (%)	FY19	FY20	FY21	FY22E	FY23E
Revenue	28.5	10.6	2.6	16.3	14.2
EBITDA	43.8	2.4	52.0	15.2	5.3
EBIT	58.2	(9.6)	71.5	16.7	5.0
PAT	32.3	(16.3)	76.0	15.0	7.0

Quarterly (Rs mn)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Revenue	20,505	19,088	19,260	20,237	21,093
EBITDA	3,512	3,478	3,784	4,679	4,626
EBITDA Margin (%)	17.1	18.2	19.6	23.1	21.9
PAT	2,062	2,130	2,537	3,265	3,173
EPS (Rs)	12.5	12.9	15.4	19.8	19.3

Source: Company, Emkay Research

Shareholding Pattern (%)	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Promoters	73.6	74.1	73.5	67.6	61.0
FIs	10.5	11.9	10.4	12.0	13.3
DIs	6.2	5.8	7.9	12.0	10.6
Public and Others	9.7	8.3	8.2	8.4	15.1

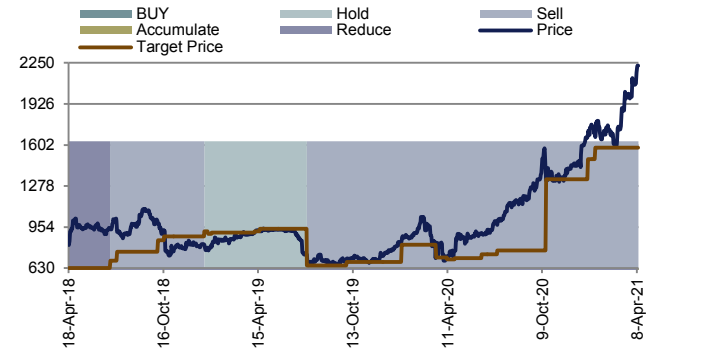
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
5-Apr-21	2,088	1,580	12m	Sell	Dipeshkumar Mehta
18-Mar-21	1,970	1,580	12m	Sell	Dipeshkumar Mehta
18-Jan-21	1,664	1,580	12m	Sell	Dipeshkumar Mehta
4-Jan-21	1,689	1,490	12m	Sell	Dipeshkumar Mehta
18-Dec-20	1,476	1,330	12m	Sell	Dipeshkumar Mehta
4-Dec-20	1,438	1,330	12m	Sell	Dipeshkumar Mehta
16-Oct-20	1,322	1,330	12m	Sell	Dipeshkumar Mehta
15-Jul-20	970	770	12m	Sell	Manik Taneja
5-Jul-20	930	740	12m	Sell	Manik Taneja
25-Jun-20	902	740	12m	Sell	Manik Taneja
15-Jun-20	908	740	12m	Sell	Manik Taneja
25-Apr-20	768	710	12m	Sell	Manik Taneja
10-Apr-20	722	700	12m	Sell	Manik Taneja
20-Mar-20	829	715	12m	Sell	Manik Taneja
14-Feb-20	945	815	12m	Sell	Manik Taneja
14-Jan-20	851	815	12m	Sell	Manik Taneja
1-Jan-20	799	680	12m	Sell	Manik Taneja
21-Nov-19	699	680	12m	Sell	Manik Taneja
16-Oct-19	729	680	12m	Sell	Manik Taneja
1-Oct-19	706	680	12m	Sell	Manik Taneja
26-Aug-19	692	650	12m	Sell	Manik Taneja
17-Jul-19	736	650	12m	Sell	Manik Taneja
3-Jul-19	863	940	12m	Hold	Manik Taneja
18-Apr-19	921	940	12m	Hold	Rahul Jain
8-Apr-19	910	920	12m	Hold	Rahul Jain
19-Mar-19	897	910	12m	Hold	Rahul Jain
16-Jan-19	797	910	12m	Hold	Rahul Jain
9-Jan-19	780	900	12m	Hold	Rahul Jain
2-Jan-19	815	920	12m	Hold	Rahul Jain
17-Oct-18	923	880	12m	Sell	Rahul Jain
5-Oct-18	982	850	12m	Sell	Rahul Jain
4-Sep-18	1,055	760	12m	Sell	Rahul Jain
19-Jul-18	917	760	12m	Sell	Rahul Jain
10-Jul-18	978	690	12m	Sell	Rahul Jain
6-Jul-18	935	690	12m	Sell	Rahul Jain
18-Apr-18	813	630	12m	Reduce	Rahul Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Information Technology



Analyst: Dipesh Mehta

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Sector

IT Services, ITeS and Software

Analyst bio

Dipesh is a seasoned Equities professional who has covered Technology sector for over 15 years. Dipesh has completed his B.E. in Information Technology from Sardar Patel University and MMS in Finance from Mumbai University.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
Information Technology	13.49	13.22	-2%	-27	100.00
BirlaSoft*	0.00	0.07	NA	7	0.48
Coforge	0.00	0.00	NA	0	0.00
eClerx Services*	0.00	0.00	NA	0	0.00
Firstsource Solutions	0.00	0.07	NA	7	0.49
HCL Tech	1.31	1.39	6%	8	10.32
Infosys	6.06	6.16	2%	10	45.67
Intellect Design*	0.00	0.00	NA	0	0.00
L&T Infotech*	0.21	0.00	-100%	-21	0.00
Majesco*	0.00	0.00	NA	0	0.00
Mindtree	0.11	0.00	-100%	-11	0.00
Mphasis	0.17	0.13	-22%	-4	0.98
MPS*	0.00	0.00	NA	0	0.00
NIIT*	0.00	0.00	NA	0	0.00
Nucleus Software*	0.00	0.00	NA	0	0.00
Oracle Financial Services*	0.09	0.00	-100%	-9	0.00
Persistent Systems	0.00	0.47	NA	47	3.52
Ramco Systems*	0.00	0.00	NA	0	0.00
TCS	4.05	3.44	-15%	-61	25.51
Tech Mahindra	0.75	0.77	3%	3	5.73
Wipro	0.75	0.71	-4%	-3	5.30
Cash	0.00	0.27	NA	27	2.01

Source: Emkay Research

* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

Sector portfolio NAV

	Base					Latest
	1-Apr-19	15-Apr-20	15-Oct-20	14-Jan-21	15-Mar-21	15-Apr-21
EAP - Information Technology	100.0	84.9	147.3	180.6	176.9	179.0
BSE200 Neutral Weighted Portfolio (ETF)	100.0	82.8	139.9	171.4	166.9	168.6

*Performance measurement base date 1st April 2019

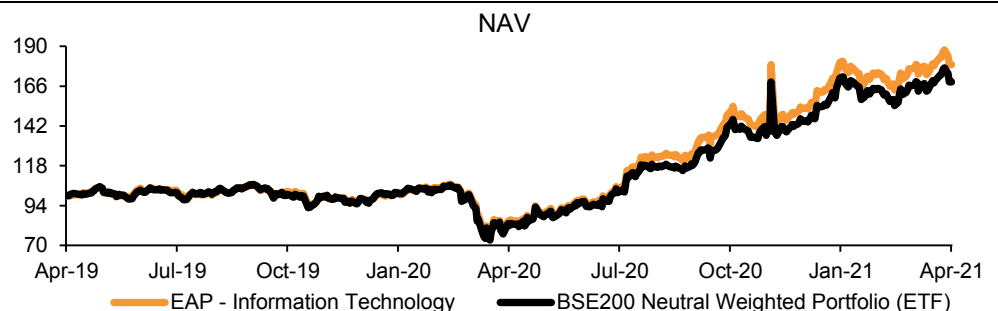
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Information Technology	1.2%	-0.8%	21.5%	110.9%
BSE200 Neutral Weighted Portfolio (ETF)	1.0%	-1.6%	20.6%	103.6%

Source: Emkay Research

NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 17 Apr 2021 03:27:59 (SGT)

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