

Firstsource Solutions

Refer to important disclosures at the end of this report

Broad-based revenue acceleration

- Revenue grew 15.6% QoQ to USD184.8mn (14.6% QoQ/23.8% YoY in CC), driven by a broad-based recovery and continued momentum in mortgage. EBITM expanded 20bps QoQ to 11.6% on the back of acceleration in revenue and operating leverage.
- BFS grew 15.9% QoQ on continued traction in the mortgage business (up ~2x YoY) and recovery in UK BFS. CMT recovered sharply in Q3 (26.1% QoQ) due to a solid volume recovery at the top client. Healthcare revenue rose 8% QoQ due to the contribution from PatientMatters acquisition and gradual recovery organically (4.7% QoQ).
- FSOL upped its FY21 revenue growth guidance again to 16-17% YoY CC (earlier 9-12%), implying 1-4% QoQ growth in Q4. PatientMatters is expected to augment recovery in healthcare from Q4FY21. It expects 11.25-11.5% EBITM for FY21 (earlier 11-11.5%).
- We revised EPS estimates by up to 3.4% for FY21-23, factoring in Q3 performance beat and higher ETR. We maintain Buy with a revised TP of Rs125 (earlier Rs120) at 15x FY23E EPS, considering strong operating performance and robust cash generation (~8% FCF yield).

What we liked? Broad-based revenue growth; revenue acceleration in top client; robust cash generation (Rs2.3bn/Rs6.2bn FCF in Q3/9MFY21).

What we did not like? 40bps QoQ decline in EBITDAM; slow recovery in healthcare.

Broad-based revenue growth; guidance raised to 16-17%: FSOL raised its FY21 revenue growth guidance to 16-17% YoY CC (earlier 9-12%), implying 1-4% QoQ growth in Q4. Management remained confident of sustaining revenue growth momentum on the back of 1) strong traction in BFS led by mortgage business (up ~2x YoY) and recovery in UK BFS, 2) anticipated recovery in Healthcare, 3) robust deal intake (including a 5-year deal with TCV of USD22mn), and 4) traction in media and born-digital clients (small size currently, however expect meaningful contribution from these segments by Q4FY22). Revenues from the top customer returned to YoY growth trajectory (12.1% in Q3) on the back of volume recovery and traction in the streaming/OTT business. It added 18 new clients in Q3 (43 in 9MFY21).

EBIT margin expands: EBITM expanded 20bps QoQ to 11.6% in Q3. However, EBITDAM was under pressure and declined 40bps QoQ due to 1) the required investment (hiring and training) to meet the anticipated strong volume growth in the mortgage business and 2) softness in the provider business as revenue is outcome based while costs remain fixed. The company anticipates recovery in the provider business from Q4FY21, which should aid steady EBITDAM expansion. FSOL has guided for EBITM to be in the range of 11.25-11.5% for FY21 (earlier 11-11.5%) and expects gradual expansion in EBITM in coming years.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Information Technology \(page 10\)](#)

Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	38,263	40,986	50,015	56,455	62,045
EBITDA	5,355	6,289	7,795	8,809	9,727
EBITDA Margin (%)	14.0	15.3	15.6	15.6	15.7
APAT	3,778	3,397	4,384	5,030	5,711
EPS (Rs)	5.5	4.9	6.3	7.2	8.2
EPS (% chg)	14.9	(10.4)	28.7	14.8	13.5
ROE (%)	14.9	12.4	15.2	16.0	16.4
P/E (x)	18.0	20.1	15.6	13.6	12.0
EV/EBITDA (x)	13.4	11.9	9.5	8.1	7.0
P/BV (x)	2.5	2.5	2.3	2.1	1.9

Source: Company, Emkay Research

CMP	Target Price
Rs 98 as of (February 10, 2021)	Rs 125 (▲) 12 months
Rating	Upside
BUY (■)	27.1 %

Change in Estimates

EPS Chg FY21E/FY22E (%)	3.4/0.5
Target Price change (%)	4.2
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

	EPS Estimates	
	FY21E	FY22E
Emkay	6.3	7.2
Consensus	6.1	7.0
Mean Consensus TP (12M)	Rs 126	

Stock Details

Bloomberg Code	FSOL IN
Face Value (Rs)	10
Shares outstanding (mn)	696
52 Week H/L	115 / 20
M Cap (Rs bn/USD bn)	68 / 0.94
Daily Avg Volume (nos.)	4,505,607
Daily Avg Turnover (US\$ mn)	5.6

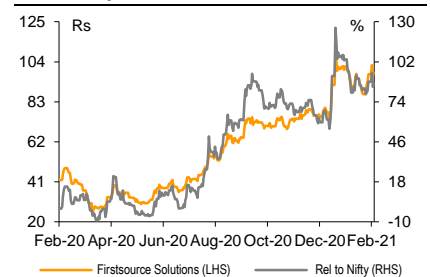
Shareholding Pattern Dec '20

Promoters	53.8%
FIIIs	7.2%
DIIIs	15.8%
Public and Others	23.2%

Price Performance

(%)	1M	3M	6M	12M
Absolute	(3)	35	85	135
Rel. to Nifty	(8)	13	38	87

Relative price chart



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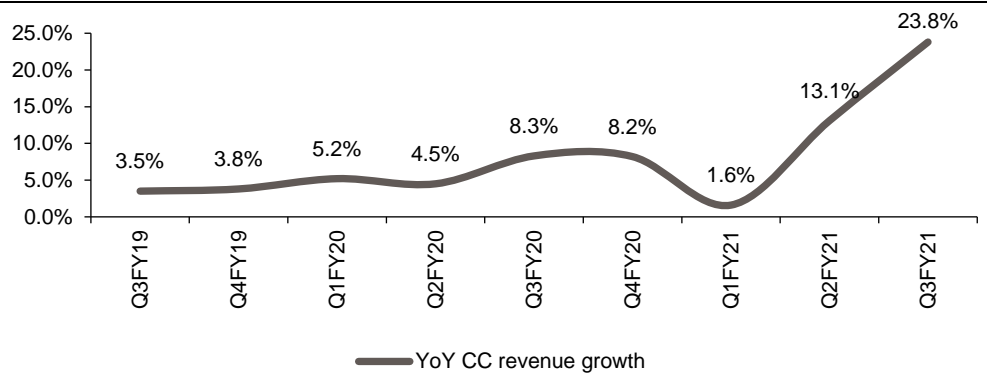
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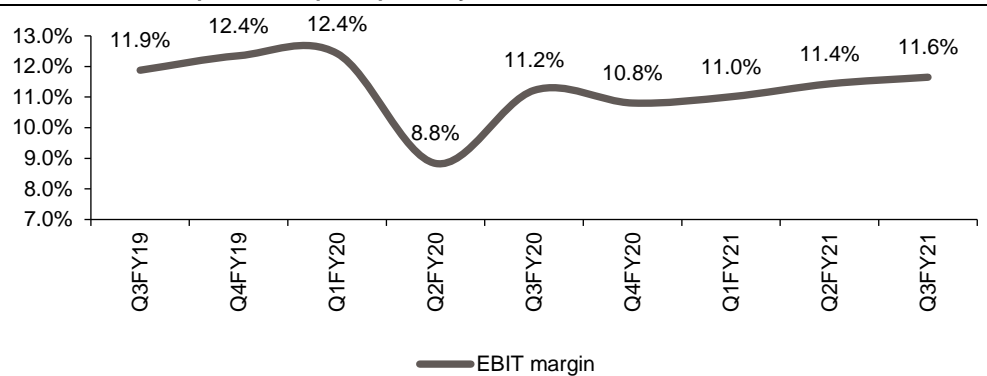
Story in charts

Exhibit 1: YoY CC growth further accelerated in Q3FY21



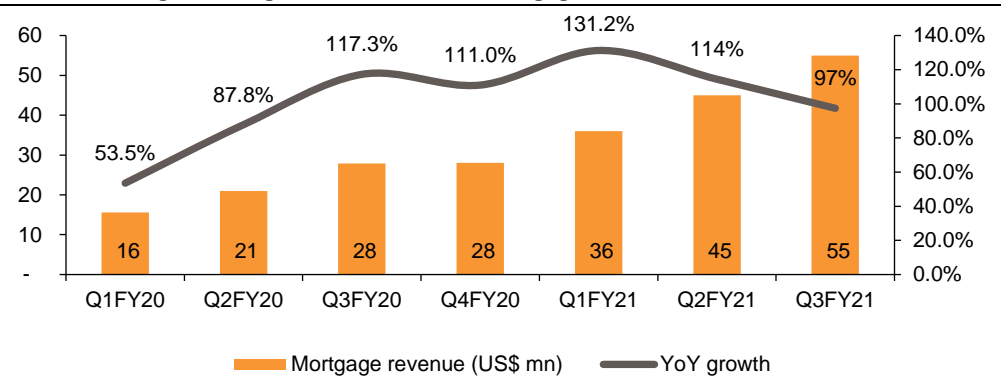
Source: Company, Emkay Research

Exhibit 2: EBITM expanded 20bps sequentially



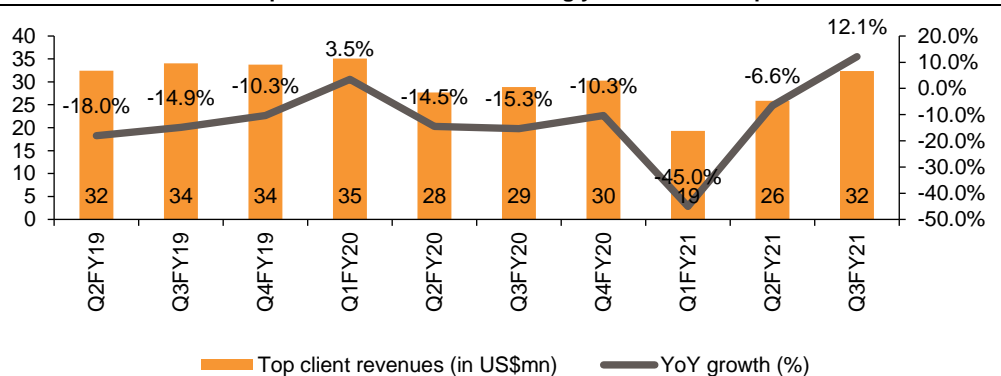
Source: Company, Emkay Research

Exhibit 3: Strong revenue growth momentum in Mortgage business continues



Source: Company, Emkay Research

Exhibit 4: Revenue from top client has rebounded strongly in the last two quarters



Source: Company, Emkay Research

Other Key takeaways:

- **Q3FY21 performance:** Revenue rose 15.6% QoQ and 24.9% YoY to USD184.8mn. In CC terms, revenue grew 14.6% QoQ and 23.8% YoY. Organic revenue increased by 13.8%/22.9% QoQ/YoY in CC. Revenue growth was driven by strong momentum in the mortgage business, recovery in UK BFS and revenue acceleration in the top account. EBIT margin expanded 20bps QoQ to 11.6%. Sales momentum remained strong during the quarter with FSOL adding 18 new clients, taking the tally to 43 new clients in FY21YTD.
- **Verticals:** Growth was led by CMT (26.1% QoQ) on the back of volume recovery and revenue acceleration in the top client, and BFS (15.9%) driven by the uptick in the mortgage business. Revenue from the mortgage business stood at USD55mn for the quarter (~22% QoQ). Healthcare revenue grew 8% QoQ on the back of contribution from PatientMatters acquisition and gradual recovery organically (4.7% QoQ). Healthcare grew sequentially but still down 2.4% YoY as recovery remains slow. Healthcare provider revenue declined over 10% YoY in Q3 due to volume compression with delayed elective treatments and declining hospital visits and claims volume. FSOL expects acceleration in revenue growth in the provider business from Q4FY21. FSOL is seeing good growth in refinance mortgages and new purchase mortgages on account of lower interest rates. Top client saw robust growth in Q3 due to the volume recovery and sustained market share gains. Outside the top client, the company is focusing on digital media and Technology (born digital companies) segment in the CMT vertical. All geographies posted positive sequential growth.
- **FY21 outlook:** FSOL upped its FY21 revenue growth guidance again to 16-17% YoY CC (earlier 9- 12%), implying 1-4% QoQ growth in Q4. It expects 11.25-11.5% EBITM for FY21 (earlier 11-11.5%).
- **PatientMatters acquisition:** FSOL acquired PatientMatters for a cash consideration of USD13mn in Q3. PatientMatters is a leading Revenue Cycle Management solutions provider with focus on US Healthcare Providers and provides Patient Advocacy services and Front-end RCM SaaS platform to address the Patient Responsibility and Self-Pay segment in the US. The acquisition complements Firstsource's Provider Business on two dimensions - 1) strengthening presence in large markets like Texas and New York, 2) adding new capabilities of pre-authorization and patient bill estimation at the front-end of the RCM cycle. Consolidated revenue for PatientMatters for the last 3 fiscal years were: CY18: USD19.8mn, CY19: USD17.7mn and CY20E: USD17.1mn.

Others:

- Expected ETR for FY21 to be 16-18% and 18-20% for FY22/FY23.
- Added 9 new fintech clients in the last 9 months.
- Announced an interim dividend of Rs3 per share.

Exhibit 5: Actual vs Estimates (Q3FY21)

(in Rs mn)	Actual	Estimates		% variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Revenues (in USD mn)	185	170	170	8.9%	8.6%	USD revenues were ahead of our expectations on back of strong recovery in top client and UK BFS
Sales	13,652	12,519	12,554	9.1%	8.7%	
EBIT	1,590	1,438	1,432	10.6%	11.1%	
EBIT, margin %	11.6%	11.5%	11.4%	20 bps	20 bps	Margins were slightly better-than-expected
PAT	1,210	1,107	1,094	9.4%	10.7%	Better operating performance led to better PAT

Source: Company, Emkay Research

Exhibit 6: Quarterly Snapshot

Rs mn	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	QoQ	YoY	FY21TD	FY20 TD	YoY
Revenues(US\$ mn)	148	149	141	160	185	15.6	24.9	485	429	13.2
Revenue	10,535	10,804	10,622	11,877	13,652	14.9	29.6	36,151	30,182	19.8
Operating Expenditure	8,868	9,163	8,954	10,001	11,549	15.5	30.2	30,504	25,534	19.5
Employee Expenses	7,053	7,350	7,128	7,985	9,503	19.0	34.7	24,616	20,386	20.8
as % of sales	66.9	68.0	67.1	67.2	69.6			68.1	67.5	
Other Expenses	1,816	1,813	1,826	2,016	2,046	1.5	12.7	5,888	5,149	14.4
as % of sales	17.2	16.8	17.2	17.0	15.0			16.3	17.1	
EBITDA	1,666	1,641	1,668	1,876	2,103			5,648	4,648	21.5
Depreciation	484	474	498	519	513			1,530	1,378	
EBIT	1,182	1,168	1,170	1,358	1,590	17.1	34.6	4,118	3,269	26.0
Net interest	-159	-142	-134	-124	-127			(385)	(441)	
Other Income	12	6	-1	21	13			32	82	
PBT	1,036	1,031	1,035	1,254	1,476	17.7	42.5	3,765	2,911	29.3
Total Tax	140	115	148	202	265			615	430	
Adjusted PAT	895	916	887	1,053	1,210	15.0	35.2	3,150	2,481	27.0
APAT after MI	895	916	887	1,053	1,210	15.0	35.2	3,150	2,481	27.0
Reported PAT	895	916	887	1,053	1,210	15.0	35.2	3,150	2,481	27.0
Reported EPS (Rs)	1.3	1.3	1.3	1.5	1.7	14.9	34.8	5	4	26.7

Margins (%)						(bps)	(bps)			(bps)
EBIDTA	15.8	15.2	15.7	15.8	15.4	(39)	(41)	15.6	15.4	22
EBIT	11.2	10.8	11.0	11.4	11.6	22	43	11.4	10.8	56
PBT	9.8	9.5	9.7	10.6	10.8	25	98	10.4	9.6	77
PAT	8.5	8.5	8.3	8.9	8.9	0	37	8.7	8.2	49
Effective Tax rate	13.6	11.2	14.3	16.1	18.0	190	443	16.3	14.8	156

Source: Company, Emkay Research

Exhibit 7: Revenue by industry

As a % of revenue	Q3FY21	Q2FY21	Q3FY20	QoQ (%)	YoY (%)
BFS	52.0%	51.9%	42.9%	15.9%	51.4%
Communications, Media & Tech	20.5%	18.8%	21.9%	26.1%	17.0%
Healthcare	25.3%	27.1%	32.4%	8.0%	-2.4%
Diverse Industries	2.2%	2.2%	2.8%	15.6%	-1.8%
Total	100%	100%	100%	15.6%	24.9%

Source: Company, Emkay Research

Exhibit 8: Revenue by geography

As a % of revenue	Q3FY21	Q2FY21	Q3FY20	QoQ (%)	YoY (%)
US (including Canada)	67.1%	68.1%	63.3%	13.9%	32.4%
UK	31.5%	30.6%	35.3%	19.0%	11.5%
Rest of World	1.4%	1.3%	1.4%	24.5%	24.9%
Total	100%	100%	100%	15.6%	24.9%

Source: Company, Emkay Research

Exhibit 9: Revenue by delivery location

As a % of revenue	Q3FY21	Q2FY21	Q3FY20	QoQ (%)	YoY (%)
Offshore	29.8%	27.0%	25.2%	27.6%	47.8%
Onshore	70.2%	73.0%	74.8%	11.2%	17.3%
Total	100%	100%	100%	15.6%	24.9%

Source: Company, Emkay Research

Exhibit 10: Client concentration

As a % of revenue	Q3FY21	Q2FY21	Q3FY20	QoQ (%)	YoY (%)
Top-1	17.5%	16.2%	19.5%	24.9%	12.1%
Top-5	41.4%	40.4%	42.1%	18.5%	22.9%

Source: Company, Emkay Research

Exhibit 11: Revenue by service line

As a % of revenue	Q3FY21	Q2FY21	Q3FY20	QoQ (%)	YoY (%)
Digitally Empowered Contact Center	48.9%	49.1%	49.8%	15.2%	22.7%
Intelligent Back Office	44.8%	42.9%	45.0%	20.8%	24.4%
Platforms, Automation & Analytics	6.3%	8.0%	5.2%	-8.9%	51.4%
Total	100%	100%	100%	15.6%	24.9%

Source: Company, Emkay Research

Exhibit 12: Changes in estimates

Rs mn	FY21E			FY22E			FY23E		
	Old	New	Change	Old	New	Change	Old	New	Change
Revenues (in USD mn)	651	674	3.6%	724	753	3.9%	786	816	3.9%
US\$ revenues, YoY growth %	12.6%	16.6%		11.3%	11.7%		8.4%	8.5%	
Revenues	48,287	50,015	3.6%	54,335	56,455	3.9%	59,704	62,045	3.9%
Revenues, YoY growth %	17.8%	22.0%		12.5%	12.9%		9.9%	9.9%	
EBIT	5,494	5,747	4.6%	6,293	6,589	4.7%	7,069	7,308	3.4%
EBIT margin %	11.4%	11.5%		11.6%	11.7%		11.8%	11.8%	
PAT	4,236	4,384	3.5%	4,998	5,030	0.6%	5,541	5,711	3.1%
EPS (Rs/share)	6.1	6.3	3.4%	7.2	7.2	0.5%	8.0	8.2	3.0%

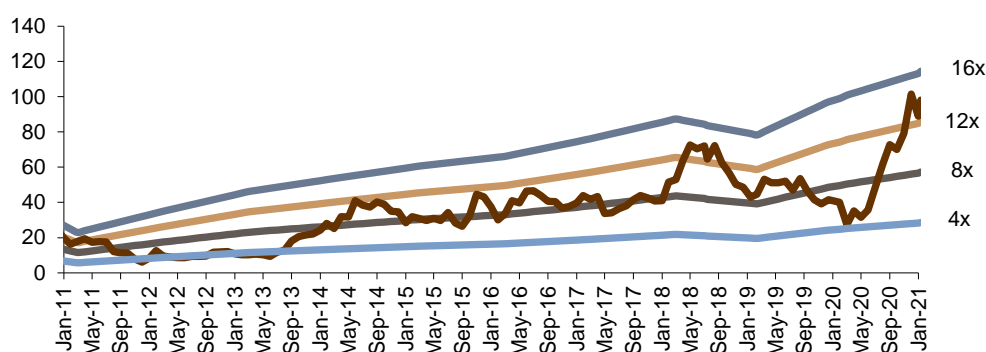
Source: Company, Emkay Research

Exhibit 13: Key Assumptions

Key Assumptions	FY20A	FY21E	FY22E	FY23E
USD revenue growth (%)	5.6	16.6	11.7	8.5
USD/INR	70.9	74.2	75.0	76.0
INR revenue growth (%)	7.1	22.0	12.9	9.9
EBIT margin (%)	10.8	11.5	11.7	11.8
EPS growth (%)	-10.4	28.7	14.8	13.5

Source: Company, Emkay Research

Exhibit 14: FSOL 1 year Forward P/E band



Source: Company, Emkay Research

Exhibit 15: Valuation Summary

Co Name	CMP	Reco.	Target Price	US\$ revenue growth (%)			EPS			P/E			EV/EBIT		
				FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
TCS	3,213	HOLD	3,150	0.4	15.0	11.0	87.2	106.6	121.0	36.9	30.1	26.6	28.4	23.5	20.5
Infosys	1,297	BUY	1,550	6.2	17.0	12.5	45.5	54.9	61.8	28.5	23.6	21.0	21.0	17.4	15.3
Wipro	439	HOLD	420	-1.6	10.0	8.0	19.7	21.5	23.1	22.2	20.4	19.0	17.4	15.4	14.2
HCL Tech	960	BUY	1,130	2.4	12.0	9.5	49.4	51.5	56.6	19.4	18.6	17.0	15.3	13.6	12.2
Tech Mahindra	975	BUY	1,170	-1.0	10.0	9.0	52.1	58.3	65.2	18.7	16.7	15.0	14.6	11.9	10.4
L&T Infotech	4,000	SELL	3,430	9.1	16.0	14.5	107.3	125.2	142.9	37.3	31.9	28.0	28.9	24.8	21.7
Mphasis	1,639	HOLD	1,570	6.0	12.8	10.0	65.8	77.3	87.3	24.9	21.2	18.8	18.1	15.4	13.5
Mindtree	1,727	SELL	1,580	-1.7	13.0	11.0	68.8	74.8	79.0	25.1	23.1	21.8	18.7	16.6	15.6
Persistent Systems	1,773	BUY	1,800	12.2	14.0	13.0	57.1	69.3	82.2	31.0	25.6	21.6	24.2	19.5	16.0
Birlasoft	253	HOLD	290	3.6	14.0	13.0	10.7	14.4	17.7	23.6	17.6	14.3	14.2	11.0	8.7
Coforge	2,606	HOLD	2,740	5.1	16.0	13.0	75.5	101.5	119.3	34.5	25.7	21.8	24.9	19.4	16.1
Firstsource Solutions	98	BUY	125	16.6	11.7	8.5	6.3	7.2	8.2	15.6	13.6	12.0	12.8	10.8	9.3

Source: Company, Emkay Research

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	38,263	40,986	50,015	56,455	62,045
Expenditure	32,908	34,697	42,220	47,645	52,317
EBITDA	5,355	6,289	7,795	8,809	9,727
Depreciation	744	1,852	2,048	2,221	2,419
EBIT	4,610	4,437	5,747	6,589	7,308
Other Income	39	88	36	26	66
Interest expenses	290	583	514	480	410
PBT	4,359	3,942	5,269	6,135	6,964
Tax	581	545	886	1,104	1,254
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
Reported Net Income	3,778	3,397	4,384	5,030	5,711
Adjusted PAT	3,778	3,397	4,384	5,030	5,711

Balance Sheet

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	6,911	6,938	6,956	6,956	6,956
Reserves & surplus	20,297	20,716	23,013	25,956	29,580
Net worth	27,207	27,654	29,968	32,912	36,536
Minority Interest	6	6	6	6	6
Loan Funds	5,459	8,369	6,000	4,500	2,500
Net deferred tax liability	461	735	735	735	735
Total Liabilities	33,133	36,764	36,709	38,153	39,777
Net block	22,227	28,709	30,262	30,081	29,702
Investment	1,339	122	122	922	2,122
Current Assets	13,171	17,040	16,343	17,782	19,022
Cash & bank balance	474	1,907	547	849	1,092
Other Current Assets	8,153	8,778	9,203	9,521	9,806
Current liabilities & Provision	3,624	9,107	10,018	10,633	11,070
Net current assets	9,547	7,933	6,325	7,149	7,952
Misc. exp	0	0	0	0	0
Total Assets	33,133	36,764	36,709	38,153	39,777

Cash Flow

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
PBT (Ex-Other income) (NI+Dep)	4,359	3,942	4,766	5,624	6,242
Other Non-Cash items	(316)	(413)	(36)	(26)	(66)
Chg in working cap	(647)	(1,354)	324	(523)	(560)
Operating Cashflow	3,851	4,104	6,720	6,702	7,504
Capital expenditure	(1,081)	(946)	(1,801)	(1,040)	(1,040)
Free Cash Flow	2,770	3,158	4,919	5,662	6,464
Investments	(960)	1,277	0	(800)	(1,200)
Other Investing Cash Flow	0	(184)	0	0	0
Investing Cashflow	(2,035)	158	(1,765)	(1,814)	(2,174)
Equity Capital Raised	136	77	17	0	0
Loans Taken / (Repaid)	(1,190)	2,527	(2,445)	(1,500)	(2,000)
Dividend paid (incl tax)	(1,242)	(3,762)	(2,087)	(2,087)	(2,087)
Other Financing Cash Flow	0	(1,025)	(1,800)	(1,000)	(1,000)
Financing Cashflow	(2,576)	(2,768)	(6,315)	(4,587)	(5,087)
Net chg in cash	(761)	1,495	(1,360)	302	243
Opening cash position	1,230	474	1,907	547	849
Closing cash position	474	1,907	547	849	1,092

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY19	FY20	FY21E	FY22E	FY23E
EBITDA Margin	14.0	15.3	15.6	15.6	15.7
EBIT Margin	12.0	10.8	11.5	11.7	11.8
Effective Tax Rate	13.3	13.8	16.8	18.0	18.0
Net Margin	9.9	8.3	8.8	8.9	9.2
ROCE	15.4	12.9	15.7	17.7	18.9
ROE	14.9	12.4	15.2	16.0	16.4
RoIC	16.1	13.4	16.2	18.2	20.0

Per Share Data (Rs)	FY19	FY20	FY21E	FY22E	FY23E
EPS	5.5	4.9	6.3	7.2	8.2
CEPS	6.5	7.6	9.2	10.4	11.7
BVPS	39.4	39.9	43.1	47.3	52.5
DPS	2.0	2.5	3.0	3.0	3.0

Valuations (x)	FY19	FY20	FY21E	FY22E	FY23E
PER	18.0	20.1	15.6	13.6	12.0
P/CEPS	14.8	12.8	10.5	9.3	8.3
P/BV	2.5	2.5	2.3	2.1	1.9
EV / Sales	1.9	1.8	1.5	1.3	1.1
EV / EBITDA	13.4	11.9	9.5	8.1	7.0
Dividend Yield (%)	2.0	2.5	3.1	3.1	3.1

Gearing Ratio (x)	FY19	FY20	FY21E	FY22E	FY23E
Net Debt/ Equity	0.1	0.2	0.2	0.1	0.0
Net Debt/EBIDTA	0.7	1.0	0.7	0.3	(0.1)
Working Cap Cycle (days)	86.6	53.7	42.2	40.7	40.4

Growth (%)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	8.2	7.1	22.0	12.9	9.9
EBITDA	16.7	17.4	23.9	13.0	10.4
EBIT	17.3	(3.8)	29.5	14.6	10.9
PAT	15.7	(10.1)	29.0	14.8	13.5

Quarterly (Rs mn)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
Revenue	10,535	10,804	10,622	11,877	13,652
EBITDA	1,666	1,641	1,668	1,876	2,103
EBITDA Margin (%)	15.8	15.2	15.7	15.8	15.4
PAT	895	916	887	1,053	1,210
EPS (Rs)	1.3	1.3	1.3	1.5	1.7

Source: Company, Emkay Research

Shareholding Pattern (%)	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Promoters	53.9	53.9	53.9	53.8	53.8
FIs	9.0	9.0	7.6	6.6	7.2
DIs	11.6	12.4	12.7	14.0	15.8
Public and Others	25.5	24.7	25.8	25.7	23.2

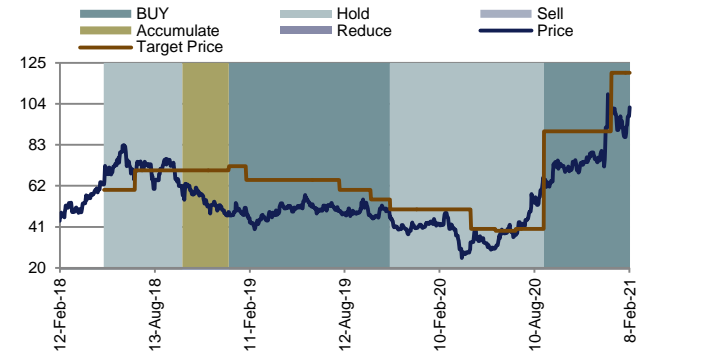
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
4-Jan-21	101	120	12m	Buy	Dipeshkumar Mehta
18-Dec-20	77	90	12m	Buy	Dipeshkumar Mehta
29-Oct-20	71	90	12m	Buy	Dipeshkumar Mehta
28-Aug-20	65	90	12m	Buy	Manik Taneja
5-Jul-20	37	40	12m	Hold	Manik Taneja
25-Jun-20	39	39	12m	Hold	Manik Taneja
27-May-20	31	39	12m	Hold	Manik Taneja
10-Apr-20	33	40	12m	Hold	Manik Taneja
4-Feb-20	43	50	12m	Hold	Manik Taneja
1-Jan-20	41	50	12m	Hold	Manik Taneja
21-Nov-19	40	50	12m	Hold	Manik Taneja
7-Nov-19	46	50	12m	Hold	Manik Taneja
1-Oct-19	46	55	12m	Buy	Manik Taneja
2-Aug-19	49	60	12m	Buy	Manik Taneja
3-Jul-19	52	65	12m	Buy	Manik Taneja
6-May-19	51	65	12m	Buy	Rahul Jain
4-Apr-19	47	65	12m	Buy	Rahul Jain
4-Feb-19	49	65	12m	Buy	Rahul Jain
2-Jan-19	48	72	12m	Buy	Rahul Jain
1-Nov-18	60	70	12m	Accumulate	Rahul Jain
5-Oct-18	57	70	12m	Accumulate	Rahul Jain
6-Aug-18	69	70	12m	Hold	Rahul Jain
6-Jul-18	70	70	12m	Hold	Rahul Jain
7-May-18	63	60	12m	Hold	Rahul Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Information Technology



Analyst: Dipesh Mehta

Contact Details

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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	13.00	12.75	-2%	-26	100.00
BirlaSoft*	0.00	0.08	NA	8	0.59
Coforge	0.00	0.00	NA	0	0.00
eClerx Services*	0.00	0.00	NA	0	0.00
Firstsource Solutions	0.00	0.00	NA	0	0.00
HCL Tech	1.24	1.36	10%	12	10.45
Infosys	5.70	5.91	4%	21	45.42
Intellect Design*	0.00	0.00	NA	0	0.00
L&T Infotech*	0.20	0.00	-100%	-20	0.00
Majesco*	0.00	0.00	NA	0	0.00
Mindtree	0.09	0.00	-100%	-9	0.00
Mphasis	0.16	0.18	13%	2	1.39
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	0.58	NA	58	4.43
Ramco Systems*	0.00	0.00	NA	0	0.00
TCS	4.03	3.21	-20%	-82	24.71
Tech Mahindra	0.72	0.74	3%	2	5.72
Wipro	0.77	0.69	-10%	-8	5.32
Cash	0.00	0.26	NA	26	1.97

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	11-Feb-20	11-Aug-20	10-Nov-20	8-Jan-21	9-Feb-21
EAP - Information Technology	100.0	104.9	122.8	143.3	173.6	173.0
BSE200 Neutral Weighted Portfolio (ETF)	100.0	103.8	117.1	136.4	164.7	163.9

*Performance measurement base date 1st April 2019

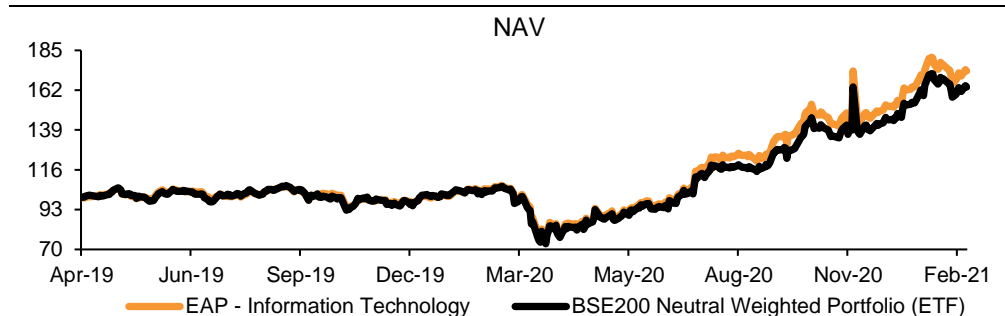
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Information Technology	-0.3%	20.8%	40.9%	65.0%
BSE200 Neutral Weighted Portfolio (ETF)	-0.5%	20.2%	40.0%	58.0%

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: 10 Feb 2021 22:26:38 (SGT)

Dissemination Date: 10 Feb 2021 22:27:38 (SGT)

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