

Robust growth in revenues continues...

Larsen & Toubro Infotech (LTI) reported a healthy set of Q4FY21 numbers Constant currency (CC) dollar revenues increased 4.4% QoQ (vs. our estimate of 4.5% QoQ). However, margins declined 133 bps QoQ to 21.9% (vs. our estimate of 21.5%). Digital (~46% of revenues) grew 7.5% QoQ, 22.3% YoY. The company has also won two large deals with net new TCV of US\$66 million. LTI declared a dividend of ₹ 25/share.

Strong deal wins, digital prowess to drive growth

Despite healthy growth in the previous two quarters, the company saw robust 4.4% QoQ growth in Q4FY21. LTI registered industry leading growth in FY21 despite headwinds. This was mainly led by the company's ability to deliver end-to-end solutions right from cloud migration, core modernisation, data analytics and customer experience. Going forward, we expect LTI to be a key beneficiary of recent trends of multi-year technology transformation phase. In addition, the company's ability to win large deals, effectively mine clients, adding Fortune 500 clients (added two this quarter) and acquire new clients will enable LTI to deliver industry leading revenue growth in coming years. With this, coupled with ramp up of deals won, vendor consolidation opportunity and digital acceleration, we expect LTI to register 16.1% CAGR in FY21-23E.

Expect margins to remain stable

The company registered a 133 bps decline in EBITDA margins mainly led by wage hikes partially offset by operating efficiencies. LTI plans to give wage hike in Q1FY22E, which will impact its margins. In the long term, the company expects to invest in SG&A to drive growth, invest in Nordics for geographic expansion and in new data products to drive growth that may impact margins. However, considering operating levers available to LTI due to revenue growth we expect margins to broadly remain flat at 22% in FY21E-23E.

Valuation & Outlook

LTI's ability to deliver end-to-end solutions right from cloud migration, core modernisation, data analytics and customer experience have enabled it to register industry leading growth. In addition, with the company's ability to win large deals, presence in niche verticals, effectively mine clients, adding Fortune 500 clients, and digital prowess bode well for long term revenue growth. This, coupled with healthy margins and recent correction in the stock prompt us to upgrade the stock from HOLD to **BUY**. We maintain our target price of ₹ 4580 (30x PE on FY23E EPS).



Particulars

| Particular | Amount |
|---------------------|---------------|
| Market Cap | ₹ 68695 crore |
| Total Debt | ₹ 41 crore |
| Cash and Investment | ₹ 4388 crore |
| EV | ₹ 64349 crore |
| 52 week H/L | 4500 / 1515 |
| Equity Capital | ₹ 18 crore |
| Face Value | ₹ 1 |

Key Risk

- We expect LTI to register healthy growth based on its digital prowess and ability to win large deals. However, inability to win large deals and deceleration in digital will impact the company's financial adversely
- We expect revenue growth and operational efficiencies to offset key margin headwinds. However, inability of the company to realise expected cost savings may impact margins

Research Analyst

Devang Bhatt
devang.bhatt@icicisecurities.com

Key Financial Summary

| (₹ Crore) | FY19 | FY20 | FY21 | FY22E | FY23E | CAGR (FY21-23E) |
|--------------------|---------|----------|----------|----------|----------|-----------------|
| Net Sales | 9,445.8 | 10,878.6 | 12,369.8 | 14,645.0 | 17,109.7 | 17.6% |
| EBITDA | 1,883.4 | 2,029.4 | 2,725.1 | 3,221.6 | 3,786.1 | 17.9% |
| EBITDA Margins (%) | 19.9 | 18.7 | 22.0 | 22.0 | 22.1 | |
| Net Profit | 1,515.5 | 1,520.5 | 1,938.2 | 2,293.9 | 2,664.9 | 17.3% |
| EPS (₹) | 87.3 | 86.6 | 110.3 | 130.5 | 151.6 | |
| P/E (x) | 44.8 | 45.2 | 35.5 | 30.0 | 25.8 | |
| RoE (%) | 31.0 | 28.1 | 26.5 | 26.6 | 26.2 | |
| RoCE (%) | 40.4 | 30.7 | 31.9 | 32.1 | 31.7 | |

Source: Company, ICICI Direct Research

Exhibit 1: Variance Analysis

| | Q4FY21 | Q4FY21E | Q4FY20 | YoY (%) | Q3FY21 | QoQ (%) | Comments |
|----------------------|---------|---------|---------|---------|---------|----------|--|
| Revenue | 3,269.4 | 3,274.6 | 3,011.9 | 8.5 | 3,152.8 | 3.7 | Constant currency (CC) revenues increased 4.4% QoQ mainly led by banking financial services (up 5.0% QoQ), manufacturing (5.0% QoQ), high-tech, media & entertainment (up 15.8% QoQ), and others (up 8.0% QoQ) |
| Employee expenses | 2,223.3 | 2,197.3 | 2,025.1 | 9.8 | 2,050.7 | 8.4 | |
| Gross Margin | 1,046.1 | 1,077.3 | 986.9 | 6.0 | 1,102.1 | -5.1 | |
| Gross margin (%) | 32.0 | 32.9 | 32.8 | -77 bps | 35.0 | -296 bps | |
| Other expenses | 330.6 | 373.3 | 408.7 | -19.1 | 370.1 | -10.7 | |
| EBITDA | 715.5 | 704.0 | 578.2 | 23.8 | 732.0 | -2.3 | |
| EBITDA Margin (%) | 21.9 | 21.5 | 19.2 | 269 bps | 23.2 | -133 bps | EBITDA margin declined 133 bps due to wage hike and dip in utilisation partially offset by rationalisation of SG&A expenses |
| Depreciation & amort | 82.6 | 81.9 | 74.7 | 10.6 | 81.9 | 0.9 | |
| EBIT | 632.9 | 622.2 | 503.5 | 25.7 | 650.2 | -2.7 | |
| EBIT Margin (%) | 19.4 | 19.0 | 16.7 | 264 bps | 20.6 | -126 bps | |
| Other income | 83.9 | 49.2 | 47.9 | 75.2 | 49.2 | 70.5 | Other income was higher due to write-back of earnouts |
| PBT | 716.8 | 671.4 | 551.4 | 30.0 | 699.4 | 2.5 | |
| Tax paid | 171.1 | 172.9 | 123.9 | 38.1 | 180.1 | -5.0 | |
| PAT | 545.7 | 498.5 | 427.5 | 27.7 | 519.3 | 5.1 | PAT was higher than our expectation mainly led by better performance at the operating level and higher other income |

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

| (₹ Crore) | FY22E | | | FY23E | | | Comments |
|-------------------|--------|--------|----------|----------|--------|----------|--|
| | Old | New | % Change | Old | New | % Change | |
| Revenue | 14,426 | 14,645 | 1.5 | 17,126.0 | 17,110 | -0.1 | We expect acceleration in digital technologies to drive revenue growth |
| EBITDA | 3,134 | 3,222 | 2.8 | 3,768.0 | 3,786 | 0.5 | |
| EBITDA Margin (%) | 21.7 | 22.0 | 27 bps | 22.0 | 22.1 | 13 bps | We expect margins to stabilise at 22% in FY23E |
| PAT | 2,226 | 2,294 | 3.1 | 2,644.0 | 2,665 | 0.8 | |
| EPS (₹) | 126.8 | 130.5 | 2.9 | 150.6 | 151.6 | 0.7 | |

Source: Company, ICICI Direct Research

Conference Call Highlights

- **FY22E outlook:** LTI is seeing healthy traction in banking & financial services, manufacturing, CPG, retail, pharma and hi tech, media & entertainment. The company has added one Fortune 500 client in banking & hi tech, which will drive growth in coming quarters. Further, LTI's top client (in BFSI) continues to grow and is expected to do so in coming quarters. Ramp up of deal won in the current quarter, in E&U and other deals will have a positive impact on Q1FY22E. The company expects FY22E to register industry leading growth. LTI won two large deals in the quarter of which one was in insurance (US\$21 million for five years, a vendor consolidation deal) and one in banking (US\$45 million deal for 10 years). The ramp up of the same is expected in Q1FY22E. With this, coupled with traction in cloud, we expect the company to register healthy double digit growth in coming years
- **Margins:** The company registered a 133 bps decline in EBITDA margins mainly led by wage hikes partially offset by operating efficiencies. LTI plans to give a wage hike in Q1FY22E, which will impact its margins. In the long term, the company expects to invest in SG&A to drive growth, invest in Nordics for geographic expansion and in new data products to drive growth, which may impact margins. However, considering operating levers available to LTI due to revenue growth, we expect margins to broadly remain flat at 22% in FY21E-23E
- **Digital business:** Digital business, now comprising 45.6% of revenues in Q3FY21, saw an increase of 7.5% QoQ (up 22.3% YoY) in the quarter. Due to blurring line between new and traditional the company will stop reporting digital revenues in FY22E
- **Vertical commentary:** This quarter the company saw healthy growth in BFS led healthy growth in top client. BFS is seeing growth in core infra, building utilities (like front end pay app) and retail banking. Manufacturing is seeing healthy recovery and the company added one Fortune 500 client in CPG, retail & pharma segment. The company witnessed improvement in hi tech and media mainly due to Injazat deal. LTI witnessed a deal win of US\$74 million in energy & utility but still is cautious in the vertical
- **Deal wins:** The company won two large deals in the quarter of US\$66 million
- **Employee details:** The company added 2008 employees in Q4FY21 taking the total employee count to 33,991. LTI's attrition was flat at 12.3% while utilisation (ex- trainees) decreased 190 bps QoQ to 82.2%
- **Other highlights:** DSO days (including unbilled) increased by one day QoQ to 94. The company added three clients in the US\$10 million bucket. LTI has added two Fortune 500 clients in the quarter taking the total to 71 (total added five during the year)

Key Metrics

Exhibit 3: Geography wise break-up

| | Q4FY20 | Q1FY21 | Q2FY21 | Q3FY21 | Q4FY21 |
|---------------------------------|--------|--------|--------|--------|--------|
| Revenue by geography (%) | | | | | |
| North America | 68.9 | 70.8 | 68.7 | 67.9 | 66.2 |
| Europe | 15.1 | 14.4 | 16.1 | 16.1 | 16.5 |
| India | 8.1 | 7.9 | 6.9 | 8.6 | 8.9 |
| ROW | 7.8 | 6.9 | 8.2 | 7.4 | 8.4 |
| Growth QoQ (%) | | | | | |
| North America | 3.0 | -2.2 | 0.6 | 4.5 | 2.0 |
| Europe | 0.6 | -9.2 | 15.9 | 5.8 | 7.2 |
| India | 10.8 | -7.1 | -9.5 | 31.8 | 8.2 |
| ROW | 9.5 | -15.8 | 23.2 | -4.6 | 18.7 |

Source: Company, ICICI Direct Research

Revenue growth across geographies in quarter and led by Rest of the World (RoW) & Europe

Exhibit 4: Vertical wise break-up

| | Q4FY20 | Q1FY21 | Q2FY21 | Q3FY21 | Q4FY21 |
|--------------------------------|--------|--------|--------|--------|--------|
| Revenue by vertical (%) | | | | | |
| BFS | 27.6 | 27.7 | 29.9 | 30.6 | 30.7 |
| Insurance | 16.8 | 17.2 | 16.0 | 15.0 | 14.5 |
| Manufacturing | 18.0 | 15.8 | 16.2 | 16.8 | 16.9 |
| Energy & Utilities | 11.4 | 10.8 | 10.6 | 10.0 | 9.1 |
| CPG, Retail & Pharma | 11.2 | 11.5 | 11.0 | 10.9 | 10.8 |
| HTME | 11.0 | 11.6 | 10.6 | 10.6 | 11.8 |
| Others | 4.0 | 5.4 | 5.7 | 6.0 | 6.2 |
| Growth QoQ (%) | | | | | |
| BFS | 3.2 | -4.4 | 11.9 | 8.2 | 4.9 |
| Insurance | -1.4 | -2.5 | -3.6 | -0.8 | 1.1 |
| Manufacturing | 6.9 | -16.4 | 6.3 | 9.7 | 5.2 |
| Energy & Utilities | 4.8 | -9.8 | 1.7 | -0.2 | -4.8 |
| CPG, Retail & Pharma | 3.9 | -2.2 | -0.9 | 4.8 | 3.6 |
| HTME | 5.9 | 0.4 | -5.3 | 5.8 | 16.4 |
| Others | 12.4 | 28.5 | 9.4 | 11.3 | 8.1 |

Source: Company, ICICI Direct Research; HTME: High-Tech, Media & Entertainment

Growth in revenues mainly led by manufacturing, BFS, HTME

Exhibit 5: Service offering wise break-up

| | Q4FY20 | Q1FY21 | Q2FY21 | Q3FY21 | Q4FY21 |
|--|--------|--------|--------|--------|--------|
| Revenue by service offering (%) | | | | | |
| ADM* | 34.7 | 35.6 | 36.0 | 33.6 | 33.3 |
| Enterprise Solutions | 32.5 | 29.7 | 30.8 | 31.4 | 32.3 |
| IMS | 12.6 | 13.6 | 14.4 | 14.3 | 15.1 |
| Analytics, AI & Cognitive | 11.6 | 12.5 | 10.6 | 11.9 | 11.1 |
| EIM | 8.7 | 8.6 | 8.3 | 8.8 | 8.2 |
| Growth QoQ (%) | | | | | |
| ADM | 0.7 | -2.3 | 4.8 | -1.3 | 3.6 |
| Enterprise Solutions | 17.7 | -13.0 | 7.5 | 7.8 | 7.6 |
| IMS | 13.9 | 2.8 | 9.7 | 5.0 | 10.4 |
| Analytics, AI & Cognitive | -5.8 | 2.6 | -12.1 | 18.7 | -2.4 |
| EIM | 6.4 | -5.9 | 0.0 | 12.1 | -2.5 |

Source: Company, ICICI Direct Research; *ADM: Application Development Maintenance is now combined with testing hence certain quarters are not comparable, IMS: Infrastructure Management Services, EIM: Enterprise Integration & Mobility

Infrastructure management services (IMS), Enterprise Solution and ADM drove revenues in the quarter

Exhibit 6: Client & human resource matrix

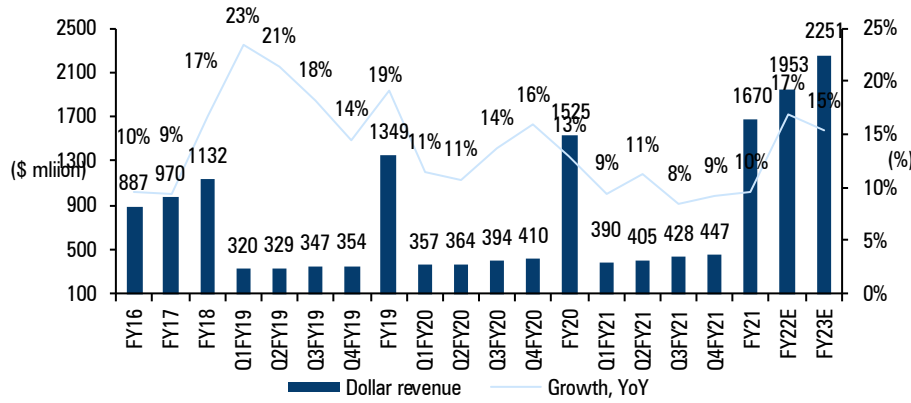
| | Q4FY20 | Q1FY21 | Q2FY21 | Q3FY21 | Q4FY21 |
|------------------------|---------------|---------------|---------------|---------------|---------------|
| 5 Million dollar + | 53 | 59 | 61 | 60 | 63 |
| 10 Million Dollar + | 27 | 30 | 32 | 32 | 35 |
| 20 Million dollar + | 16 | 16 | 16 | 18 | 18 |
| 50 Million dollar + | 6 | 6 | 6 | 5 | 5 |
| 100 Million dollar + | 1 | 1 | 1 | 1 | 1 |
| Total Headcount | 31437 | 31477 | 32455 | 33983 | 35991 |
| Utilisation | 80.6 | 79.6 | 82.0 | 84.1 | 82.2 |
| Attrition | 16.5 | 15.2 | 13.5 | 12.4 | 12.3 |

Source: Company, ICICI Direct Research

The company added three clients in US\$10 million plus category. Attrition is flat and utilisation dipped due to hiring

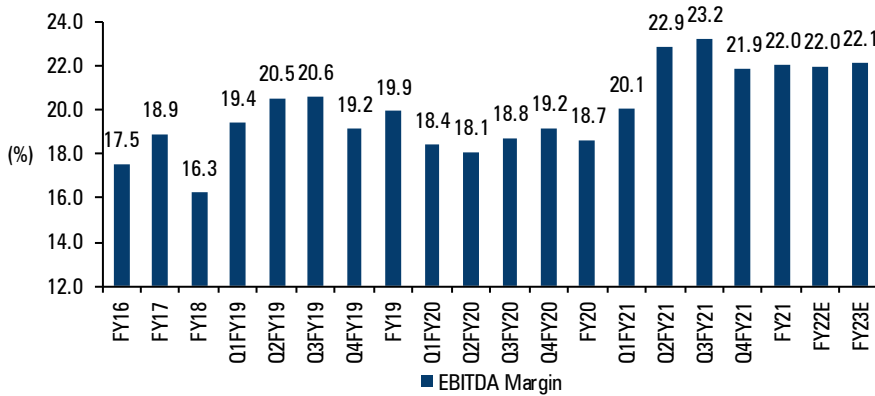
Financial story in charts

Exhibit 7: Dollar revenues may grow at 16.1% CAGR in FY21-23E



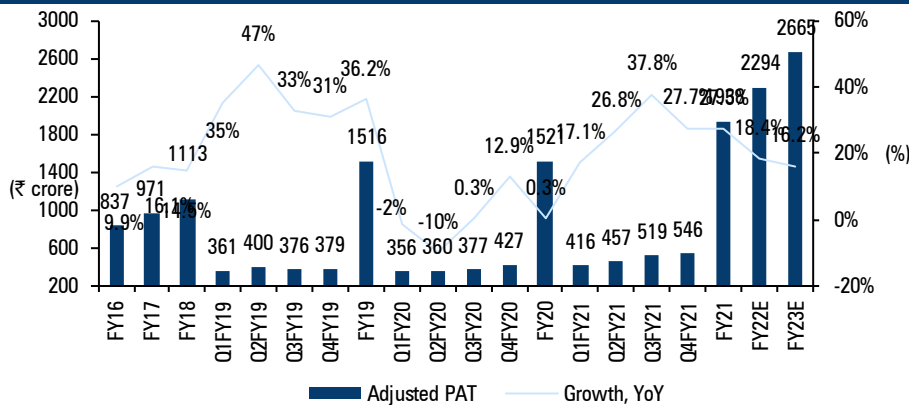
Source: Company, ICICI Direct Research

Exhibit 8: Revise our margin estimates



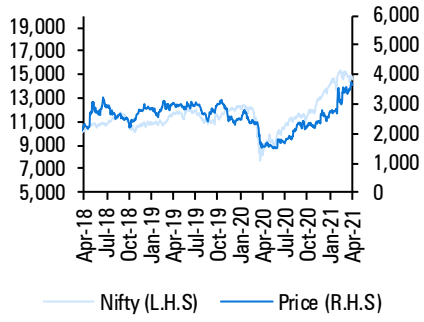
Source: Company, ICICI Direct Research

Exhibit 9: PAT trend



Source: Company, ICICI Direct Research

Exhibit 10: Price Performance



Source: Company, ICICI Direct Research

Financial summary

| Exhibit 11: Profit and loss statement | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|
| | ₹ crore | | | |
| (Year-end March) | FY20 | FY21 | FY22E | FY23E |
| Total Revenues | 10,879 | 12,370 | 14,645 | 17,110 |
| Growth (%) | 15.2 | 13.7 | 18.4 | 16.8 |
| Employee costs | 7,359 | 8,219 | 9,607 | 11,219 |
| Total Operating Expenditure | 8,849 | 9,645 | 11,423 | 13,324 |
| EBITDA | 2,029 | 2,725 | 3,222 | 3,786 |
| Growth (%) | 7.8 | 34.3 | 18.2 | 17.5 |
| Depreciation & Amortization | 273 | 333 | 395 | 462 |
| Other Income (net) | 247 | 196 | 253 | 253 |
| PBT before Exceptional Items | 2,003 | 2,588 | 3,079 | 3,577 |
| Growth (%) | (1.2) | 29.2 | 19.0 | 16.2 |
| Tax | 482 | 650 | 785 | 912 |
| PAT before Exceptional Items | 1,521 | 1,938 | 2,294 | 2,665 |
| PAT | 1,521 | 1,938 | 2,294 | 2,665 |
| Growth (%) | 0.3 | 27.5 | 18.4 | 16.2 |
| Diluted EPS | 86.6 | 110.3 | 130.5 | 151.6 |
| EPS (Growth %) | (0.8) | 27.3 | 18.4 | 16.2 |

Source: Company, ICICI Direct Research

| Exhibit 12: Cash flow statement | | | | |
|-------------------------------------|--------------|----------------|----------------|----------------|
| | ₹ crore | | | |
| (Year-end March) | FY20 | FY21 | FY22E | FY23E |
| PBT | 2,003 | 2,588 | 3,079 | 3,577 |
| Add: Depreciation | 273 | 333 | 395 | 462 |
| (Inc)/Dec in current assets | (592) | (217) | (383) | (415) |
| Inc/(Dec) in current liabilities | 360 | 488 | 141 | 153 |
| CF from operations | 1,644 | 2,400 | 2,373 | 2,761 |
| (Inc)/dec in other investments | (357) | (1,363) | (655) | (623) |
| (Inc)/dec in Fixed Assets | (243) | (267) | (322) | (376) |
| Other investing cash flow | 6 | 16 | 8 | 11 |
| CF from investing Activities | (652) | (1,656) | (969) | (988) |
| Issue of equity | - | 0 | - | - |
| Inc/(dec) in loan funds | (178) | 185 | (0) | 0 |
| Dividend paid & dividend tax | (568) | (532) | (963) | (1,119) |
| Others | (4) | (2) | - | - |
| CF from Financial Activities | (890) | (509) | (1,083) | (1,219) |
| Net cash flow | 102 | 235 | 320 | 554 |
| Effect of exchange rate change | 9 | (1) | - | - |
| Opening cash | 415 | 525 | 759 | 1,080 |
| Closing cash | 525 | 759 | 1,080 | 1,634 |

Source: Company, ICICI Direct Research

| Exhibit 13: Balance sheet | | | | |
|-----------------------------------|--------------|--------------|--------------|---------------|
| | ₹ crore | | | |
| (Year-end March) | FY20 | FY21 | FY22E | FY23E |
| Liabilities | | | | |
| Equity | 17 | 18 | 18 | 18 |
| Reserves & Surplus | 5,387 | 7,286 | 8,616 | 10,162 |
| Networth | 5,404 | 7,303 | 8,634 | 10,180 |
| Long term Liabilities & provision | 1,089 | 770 | 911 | 1,063 |
| Total Debt | 32 | 41 | 41 | 41 |
| Source of funds | 6,526 | 8,118 | 9,590 | 11,288 |
| Assets | | | | |
| Net fixed assets | 1,211 | 1,048 | 1,135 | 1,196 |
| Net intangible assets | 132 | 267 | 226 | 179 |
| Goodwill | 637 | 657 | 657 | 657 |
| Other non current assets | 517 | 606 | 698 | 799 |
| Unbilled revenue | 442 | 607 | 719 | 840 |
| Debtors | 2,312 | 2,084 | 2,467 | 2,882 |
| Current Investments | 2,219 | 3,628 | 4,428 | 5,228 |
| Cash & Cash equivalents | 525 | 759 | 1,080 | 1,634 |
| Other current assets | 831 | 1,053 | 1,247 | 1,457 |
| Trade payables | 695 | 828 | 980 | 1,145 |
| Current liabilities | 1,604 | 1,763 | 2,088 | 2,439 |
| Application of funds | 6,526 | 8,118 | 9,590 | 11,288 |

Source: Company, ICICI Direct Research

| Exhibit 14: Key ratios | | | | |
|-----------------------------|---------|-------|-------|-------|
| | ₹ crore | | | |
| (Year-end March) | FY20 | FY21 | FY22E | FY23E |
| Per share data (₹) | | | | |
| EPS | 86.6 | 110.3 | 130.5 | 151.6 |
| Cash Per Share | 30.2 | 43.5 | 61.8 | 93.5 |
| BV | 307.8 | 415.5 | 491.2 | 579.1 |
| DPS | 28.0 | 40.3 | 55.2 | 64.1 |
| Operating Ratios (%) | | | | |
| EBITDA Margin | 18.7 | 22.0 | 22.0 | 22.1 |
| PBT Margin | 18.4 | 20.9 | 21.0 | 20.9 |
| PAT Margin | 14.0 | 15.7 | 15.7 | 15.6 |
| Turnover Ratios | | | | |
| Debtor days | 78 | 61 | 61 | 61 |
| Creditor days | 23 | 24 | 24 | 24 |
| Return Ratios (%) | | | | |
| RoE | 28.1 | 26.5 | 26.6 | 26.2 |
| RoCE | 30.7 | 31.9 | 32.1 | 31.7 |
| RoIC | 46.4 | 64.1 | 69.2 | 75.1 |
| Valuation Ratios (x) | | | | |
| P/E | 45.2 | 35.5 | 30.0 | 25.8 |
| EV / EBITDA | 32.5 | 23.6 | 19.6 | 16.3 |
| Market Cap / Sales | 6.3 | 5.6 | 4.7 | 4.0 |
| Solvency Ratios | | | | |
| Debt/EBITDA | 0.0 | 0.0 | 0.0 | 0.0 |
| Debt/Equity | 0.0 | 0.0 | 0.0 | 0.0 |
| Current Ratio | 1.6 | 1.4 | 1.4 | 1.4 |
| Quick Ratio | 1.4 | 1.2 | 1.2 | 1.2 |

Source: Company, ICICI Direct Research

Exhibit 15: ICICI Direct coverage universe (IT)

| Company | Cmp (₹) | TP (₹) | Rating | Mcap (₹ Cr) | EPS (₹) | | | | P/E (x) | | | | RoCE (%) | | | | RoE (%) | | | |
|--------------------|---------|--------|--------|-------------|---------|-------|-------|-------|---------|-------|-------|-------|----------|-------|-------|-------|---------|-------|-------|-------|
| | | | | | FY20 | FY21E | FY22E | FY23E | FY20 | FY21E | FY22E | FY23E | FY20 | FY21E | FY22E | FY23E | FY20 | FY21E | FY22E | FY23E |
| HCL Tech (HCLTEC) | 910 | 1,110 | Buy | 2,46,777 | 40.8 | 45.8 | 52.3 | 60.9 | 22 | 20 | 17 | 15 | 23.0 | 23.5 | 24.7 | 25.5 | 21.6 | 20.8 | 21.0 | 21.2 |
| Infosys (INFTEC) | 1,342 | 1,650 | Buy | 5,71,466 | 38.9 | 45.5 | 55.0 | 64.1 | 34 | 29 | 24 | 21 | 30.8 | 31.7 | 34.1 | 36.9 | 25.2 | 25.2 | 27.9 | 30.2 |
| TCS (TCS) | 3,096 | 3,800 | Buy | 11,45,650 | 86.2 | 86.7 | 109.3 | 128.7 | 36 | 36 | 28 | 24 | 44.4 | 45.9 | 51.2 | 54.4 | 38.4 | 37.5 | 43.3 | 45.7 |
| Tech M (TECMAH) | 962 | 1,120 | Buy | 93,041 | 59.5 | 50.2 | 60.1 | 70.2 | 16 | 19 | 16 | 14 | 18.3 | 19.8 | 21.2 | 22.5 | 17.5 | 17.8 | 19.1 | 19.9 |
| Wipro (WIPRO) | 491 | 530 | Hold | 2,69,059 | 16.6 | 19.1 | 20.5 | 24.8 | 30 | 26 | 24 | 20 | 19.3 | 21.3 | 21.6 | 25.7 | 17.4 | 19.5 | 21.0 | 25.4 |
| Mindtree (MINCON) | 2,166 | 2,390 | Buy | 35,698 | 38.3 | 67.4 | 79.8 | 94.0 | 57 | 32 | 27 | 23 | 23.0 | 32.5 | 32.6 | 32.6 | 20.0 | 25.7 | 25.5 | 25.3 |
| LTI (LTINFC) | 3,913 | 4,580 | Buy | 68,695 | 86.6 | 110.3 | 130.5 | 151.6 | 45 | 35 | 30 | 26 | 30.7 | 31.9 | 32.1 | 31.7 | 28.1 | 26.5 | 26.6 | 26.2 |
| Coforge (NIITEC) | 2,892 | 3,300 | Hold | 17,529 | 71.4 | 72.3 | 102.9 | 121.2 | 41 | 40 | 28 | 24 | 23.0 | 23.5 | 26.4 | 27.1 | 18.5 | 19.4 | 23.9 | 24.4 |
| Infoedge (INFEDG) | 4,842 | 5,725 | Hold | 62,266 | 26.8 | 21.8 | 38.9 | 49.0 | 181 | 222 | 124 | 99 | 18.0 | 8.3 | 14.0 | 16.3 | 13.5 | 6.3 | 10.5 | 12.3 |
| Teamlease (TEASER) | 3,354 | 3,290 | Buy | 5,735 | 20.5 | 53.1 | 68.8 | 85.6 | 164 | 63 | 49 | 39 | 15.0 | 13.5 | 15.7 | 16.5 | 6.5 | 14.4 | 15.5 | 16.3 |

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavors to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

**ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com**

ANALYST CERTIFICATION

I/We, Devang Bhatt, PGDBM, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.