

Persistent Systems

Refer to important disclosures at the end of this report

Strong operating performance

- PSYS delivered better-than-expected operating performance in Q4FY21. Revenue grew 4.6%/20.3% QoQ/YoY to USD152.8mn, ahead of our expectations, driven by continued traction in the Services business. EBITM expanded 50bps QoQ to 13.2%.
- Services revenues grew 8.6% QoQ to USD119.7mn on 10.5% volume growth, partly offset by a 1.7% decline in blended realizations. IP-led revenues declined 13.9% QoQ to USD22.8mn due to seasonality and lower IP resale revenue.
- Revenue growth was broad-based across BFSI (6.7% QoQ), Healthcare & Life Sciences (5.7%) and Technology Companies & Emerging verticals (2.9%). The company signed deals worth TCV of USD246.5mn in Q4, including USD137.7mn in new business TCV.
- We have increased earnings estimates by 3.3%/2.8% for FY22/23, factoring in Q4 beat and healthy deal intake/pipeline. PSYS is expected to deliver ~26% earnings CAGR over FY21-23E. Maintain Buy with a revised TP of Rs2,250 (earlier 2,200) at 24x FY23E EPS.

What we liked? Continued revenue momentum in Services, EBITM expansion, strong deal intake (USD246.5mn TCV; book-to-bill 1.6x) and offshore shift (150bps QoQ ex-IP business).

What we did not like? Weakness in realization rates (Onsite -1.1%/-3.9% QoQ/YoY; Offshore 0.0%/-5.1% QoQ/YoY) and uptick in attrition.

Revenue growth momentum continues: Revenues grew 4.6% QoQ to USD152.8mn, aided by continued traction in the services business (8.6%) despite a decline in IP-led revenues (down 13.9%). Revenue growth momentum is likely to sustain on the back of strong deal wins (USD549mn TCV including new TCV of USD313mn in H2FY21), healthy deal pipeline and new logo additions. Deal intake was healthy in Q4 with TCV of USD247mn (net new TCV of USD138mn). Management expects Technology Services business to sustain 3-4.5% CQGR (4.9% in the last seven quarters) on strong deal intake. It believes book-to-bill will be around 1.2x-1.3x (~1.8x in H2FY21) and will support growth aspirations. Continued focus on large deals and improving win rate improve revenue growth trajectory and predictability. The alliance business is expected to return to sustainable growth path in FY22.

EBITM expands 50bps QoQ to 13.2%: EBITM expanded by 50bps to 13.2% in Q4 on revenue acceleration, continued cost optimization initiatives, lower CSR spends (-30bps), offshore shift (linear business - 150bps) and lower amortization charges (-60bps), negating one month incremental impact of salary hike, one-time employee welfare allowance (USD0.6mn) and adverse currency movement (-40bps). Management is confident of sustaining EBITDAM at 16-17%, with an upward bias, driven by sustained revenue momentum, offshore shift and operational levers after factoring in normal salary hike (effective July 1) in FY22. Management has guided for ~50bps reduction in amortization charges from Q4 levels from the next quarter which should support EBITM expansion in FY22.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Information Technology \(page 11\)](#)

Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21	FY22E	FY23E
Revenue	33,659	35,658	41,879	49,994	58,626
EBITDA	5,988	5,171	6,855	8,425	10,028
EBITDA Margin (%)	17.8	14.5	16.4	16.9	17.1
APAT	3,517	3,403	4,507	6,006	7,160
EPS (Rs)	44.4	44.5	59.0	78.6	93.7
EPS (% chg)	10.1	0.2	32.4	33.3	19.2
ROE (%)	15.7	14.4	17.4	20.1	20.9
P/E (x)	45.9	45.8	34.6	25.9	21.8
EV/EBITDA (x)	25.4	27.4	19.8	15.8	12.9
P/BV (x)	6.9	6.5	5.6	4.9	4.3

Source: Company, Emkay Research

CMP	Target Price
Rs 2,038 as of (April 30, 2021)	Rs 2,250 (▲) 12 months
Rating	Upside
BUY (■)	10.4 %

Change in Estimates

EPS Chg FY22E/FY23E (%)	3.3/2.8
Target Price change (%)	2.3
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

	EPS Estimates	
	FY22E	FY23E
Emkay	78.6	93.7
Consensus	70.8	83.9
Mean Consensus TP (12M)	Rs 1,837	

Stock Details

Bloomberg Code	PSYS IN
Face Value (Rs)	10
Shares outstanding (mn)	76
52 Week H/L	2,185 / 460
M Cap (Rs bn/USD bn)	156 / 2.10
Daily Avg Volume (nos.)	172,095
Daily Avg Turnover (US\$ mn)	4.2

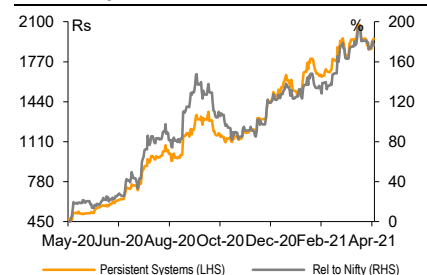
Shareholding Pattern Mar '21

Promoters	31.3%
FIIIs	19.3%
DIIIs	29.6%
Public and Others	19.9%

Price Performance

(%)	1M	3M	6M	12M
Absolute	6	34	76	330
Rel. to Nifty	6	25	40	189

Relative price chart



This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

Dipesh Mehta

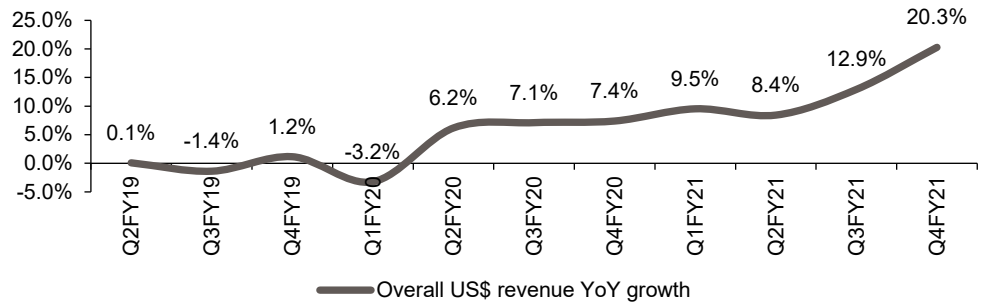
dipeshkumar.mehta@emkayglobal.com
+91 22 6612 1253

Monit Vyas

monit.vyas@emkayglobal.com

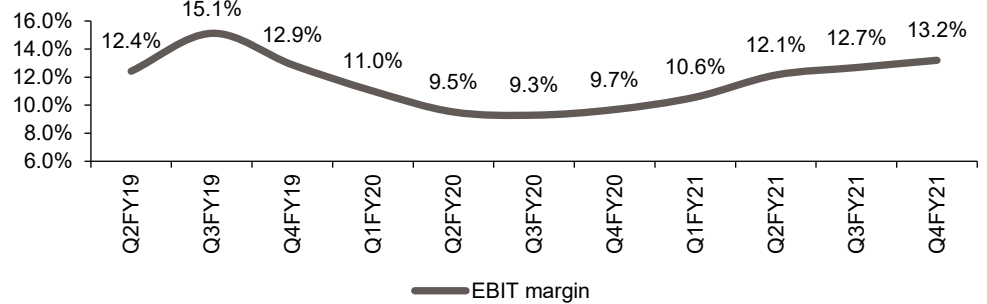
Story in Charts

Exhibit 1: Revenue growth further accelerates in Q4FY21



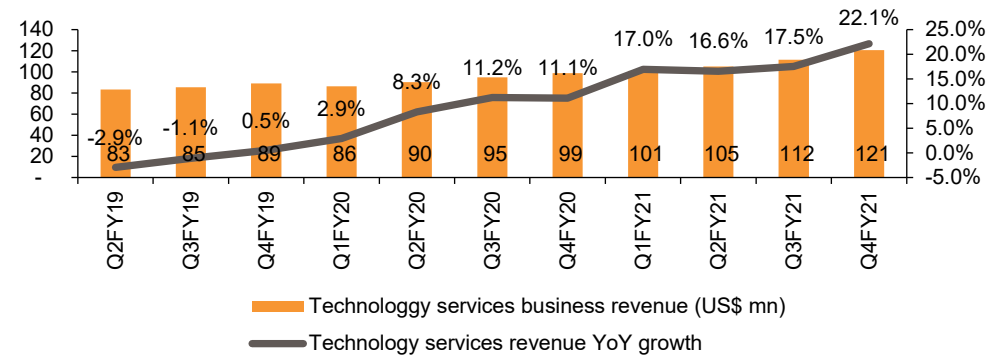
Source: Company, Emkay Research

Exhibit 2: EBITM expands 50bps to 13.2%



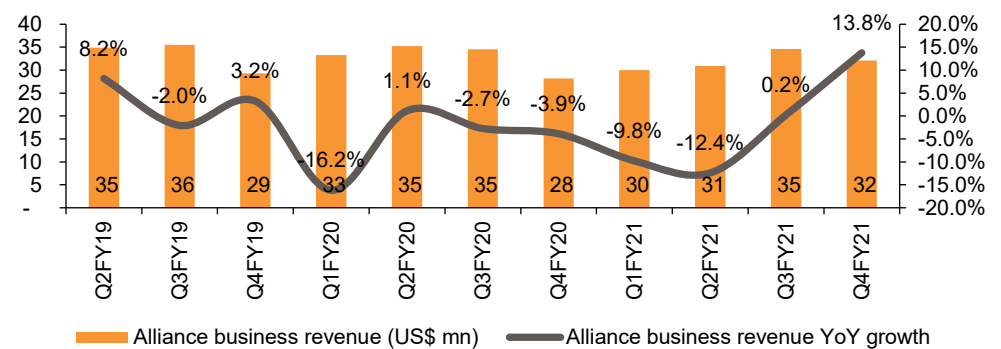
Source: Company, Emkay Research

Exhibit 3: Technology Services business continues to see strong growth momentum



Source: Company, Emkay Research

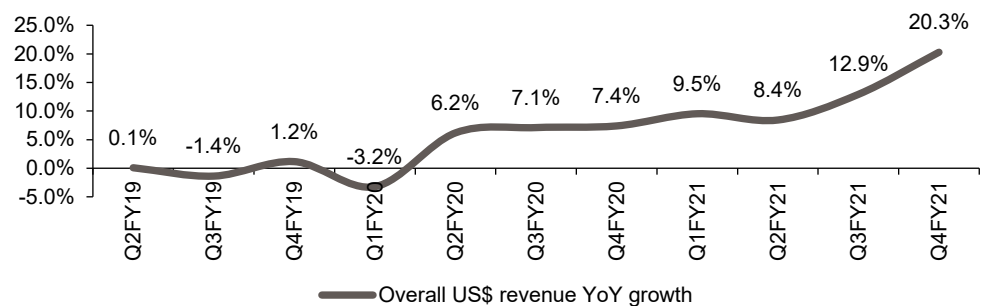
Exhibit 4: Alliance business revenue declined sequentially due to softness in IP-led revenues



Source: Company, Emkay Research

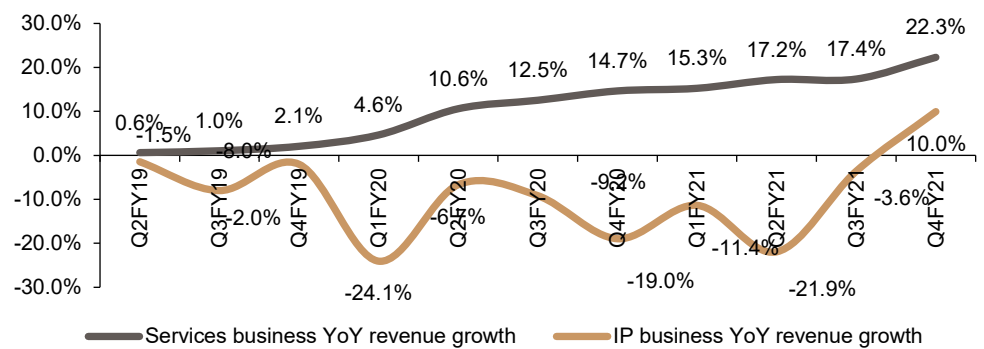
Broad-based revenue growth: Revenues grew 4.6% QoQ to USD152.8mn on continued momentum in the services business. IP-led revenues declined 13.9% QoQ to USD22.8mn on account of seasonality and lower IP resale revenue. Revenue growth in Q4 was broad-based and was driven by BFSI (6.7% QoQ), Healthcare & Life Sciences (5.7% QoQ) and Technology Companies & Emerging verticals (2.9% QoQ). Within geographies, growth was led by Europe (18.8% QoQ), India (8.2%) and North America. Revenue growth was also broad-based across services, driven by Digital Engineering, Cloud, Data and Security. Growth momentum should sustain in the coming quarters on strong deal wins (USD549mn TCV including new TCV of USD313mn in H2FY21), healthy deal pipeline, and new logo additions. IP revenues, although declined in the current quarter due to seasonality and lower IP resale revenue, are expected to stabilize in the coming quarters amid growing deal funnel and reselling opportunities. Technology services revenue accelerated further to 8.3% QoQ from 6% in Q3. The alliance business declined 7.3% QoQ, predominantly because of the weakness in IP-led revenues. Management expects the Technology Services business to likely to sustain a 3-4.5% CQGR in the medium term. The deal intake was healthy in Q4 with a TCV of USD247mn (net new TCV of USD138mn). ACV of deal wins in Q4 stood at USD201mn.

Exhibit 5: Revenue growth further accelerated in Q4FY21



Source: Company, Emkay Research

Exhibit 6: Services business continues to see strong growth momentum; IP business was soft in Q4 due to seasonality



Source: Company, Emkay Research

Other takeaways

- Q4FY21 performance:** Revenue grew 4.6% QoQ and 20.3% YoY to USD152.8mn on continued traction in the Services business despite a 13.9% QoQ decline in IP-led revenues. Services revenue grew 8.6% QoQ to USD130mn on 10.5% volume growth (offshore 11.3%; onsite 5.4%), offset in part by a 1.7% decline in blended realization (offshore 0%; onsite -1.1%). EBIT margin expanded by 50bps QoQ to 13.2% on revenue acceleration, continued cost optimization initiatives, lower CSR spends (-30bps), offshore shift (linear business – 150bps QoQ) and lower amortization charges (-60bps) negating the one month incremental impact of salary hike, one-time employee welfare allowance (USD0.6mn) and adverse currency movement (-40bps).
- Outlook:** The company expects healthy growth momentum to sustain in the TSU business and expects the Alliance business to return to growth trajectory in FY22 on ramp-up of the deals signed in the last two quarters. Management sees secular demand trends and expects technology Services business to sustain a 3-4.5% CQGR in the medium term. Management is confident of sustaining EBITDAM at 16-17%, with an upward bias, driven by sustained revenue momentum, offshore shift and operational levers after factoring in normal salary hike (effective July 1) in FY22.

Others

- The company added 1,242 employees in Q4 (~10% growth in headcount sequentially) to support strong demand outlook. It added 2,860 employees in H2FY21, ~26% growth in headcount over the period.
- Persistent announced a final dividend of Rs6 per share, taking the total dividend for FY21 to Rs20.
- The company has hedges of \$135mn at Q4-end at an average exchange rate of Rs71.11/USD.

Exhibit 7: Actual vs. estimates (Q4FY21)

(Rs mn)	Actual	Estimate (Emkay)	Consensus estimate	% variation		Comment
				Emkay	Consensus	
Revenues (in USD mn)	152.8	151.5	151.9	0.9%	0.6%	USD revenues were above estimates on strong momentum in Services business
Sales	11,134	11,041	11,073	0.8%	0.5%	
EBIT	1,464	1,343	1,356	9.1%	8.0%	Margins were higher than expectations on strong revenue growth, offshore shift, operating efficiencies and lower amortization charges
EBIT, margin	13.2%	12.2%	12.2%	100 bps	90 bps	
PAT	1,378	1,187	1,222	16.1%	12.7%	Better-than-expected operating performance and forex gain led the profit beat

Source: Company, Emkay Research

Exhibit 8: Quarterly snapshot

Rs mn	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	YoY (%)	QoQ (%)	FY21	FY20	YoY (%)
Revenue (USD mn)	127.1	131.0	136.1	146.2	152.8	20.3	4.6	566	502	12.9
Revenue Rs mn	9,264	9,914	10,077	10,754	11,134	20.2	3.5	41,879	35,658	17.4
Operating Expenditure	7,946	8,431	8,413	8,929	9,250	16.4	3.6	35,023	30,487	14.9
Cost of revenues	6,839	7,136	7,448	7,741	8,397	22.8	8.5	30,722	25,475	20.6
as % of sales	73.8	72.0	73.9	72.0	75.4			73.4	71.4	
SG&A expenses	1,107	1,295	965	1,188	853	-22.9	-28.2	4,302	5,012	(14.2)
as % of sales	11.9	13.1	9.6	11.1	7.7			10.3	14.1	
EBITDA	1,318	1,483	1,664	1,825	1,883	42.9	3.2	6,855	5,171	32.6
Depreciation	420	436	440	461	419	-0.3	-9.1	1,756	1,660	5.8
EBIT	897	1,048	1,224	1,364	1,464	63.2	7.4	5,100	3,511	45.2
Other Income	233	173	151	286	385			994	1,012	
PBT	1,130	1,220	1,375	1,650	1,849	63.5	12.0	6,094	4,523	34.7
Total Tax	292	320	355	441	471	61.2	6.9	1,588	1,121	41.7
Adjusted PAT	838	900	1,020	1,209	1,378	64.3	13.9	4,507	3,403	32.4
APAT after MI	838	900	1,020	1,209	1,378	64.3	13.9	4,507	3,403	32.4
Reported PAT	838	900	1,020	1,209	1,378	64.3	13.9	4,507	3,403	32.4
Reported EPS	11.0	11.8	13.3	15.8	18.0	64.3	13.9	59	44	32.9

Margins (%)						(bps)	(bps)				(bps)
EBIDTA	14.2	15.0	16.5	17.0	16.9	269	(5)	16.4	14.5	187	
EBIT	9.7	10.6	12.1	12.7	13.2	346	47	12.2	9.8	233	
EBT	12.2	12.3	13.6	15.3	16.6	440	126	14.6	12.7	187	
PAT	9.0	9.1	10.1	11.2	12.4	332	113	10.8	9.5	122	
Effective Tax rate	25.9	26.2	25.8	26.7	25.5	(36)	(123)	26.1	24.8	128	

Source: Company, Emkay Research

Exhibit 9: Revenue by verticals

Particulars	As a % of revenue				
	Q4FY21	Q3FY21	Q4FY20	QoQ (%)	YoY (%)
BFSI	30.1%	29.5%	31.3%	6.7%	15.7%
Healthcare & Lifesciences	19.3%	19.1%	19.2%	5.7%	20.9%
Tech cos & Emerging verticals	50.6%	51.4%	49.5%	2.9%	23.0%
Total	100%	100%	100%	4.6%	20.3%

Source: Company, Emkay Research

Exhibit 10: Revenue by segment

Particulars	As a % of revenue				
	Q4FY21	Q3FY21	Q4FY20	QoQ (%)	YoY (%)
Technology services	79.0%	76.3%	77.8%	8.3%	22.1%
Alliance	21.0%	23.7%	22.2%	-7.3%	13.8%
Total	100%	100%	100%	4.6%	20.3%

Source: Company, Emkay Research

Exhibit 11: Revenue by geographies

Particulars	As a % of revenue				
	Q4FY21	Q3FY21	Q4FY20	QoQ (%)	YoY (%)
North America	79.2%	81.1%	80.2%	2.1%	18.8%
Europe	10.0%	8.8%	8.8%	18.8%	36.7%
ROW	8.9%	8.6%	9.0%	8.2%	18.9%
India	1.9%	1.5%	2.0%	32.4%	14.3%
Total	100%	100%	100%	4.6%	20.3%

Source: Company, Emkay Research

Exhibit 12: Revenue by delivery centers

As a % of revenue					
Particulars	Q4FY21	Q3FY21	Q4FY20	QoQ (%)	YoY (%)
Global Development Centers	30.4%	30.5%	33.0%	4.2%	10.8%
India	54.7%	51.4%	50.7%	11.3%	29.8%
IP-led	14.9%	18.1%	16.3%	-13.9%	10.0%
Total	100%	100%	100%	4.6%	20.3%

Source: Company, Emkay Research

Exhibit 13: Client concentration

As a % of revenue					
Particulars	Q4FY21	Q3FY21	Q4FY20	QoQ (%)	YoY (%)
Top client	17.9%	18.5%	19.2%	1.2%	12.1%
Top-5 clients	36.4%	37.8%	41.5%	0.7%	5.5%
Top-10 clients	46.3%	47.0%	49.9%	3.0%	11.6%

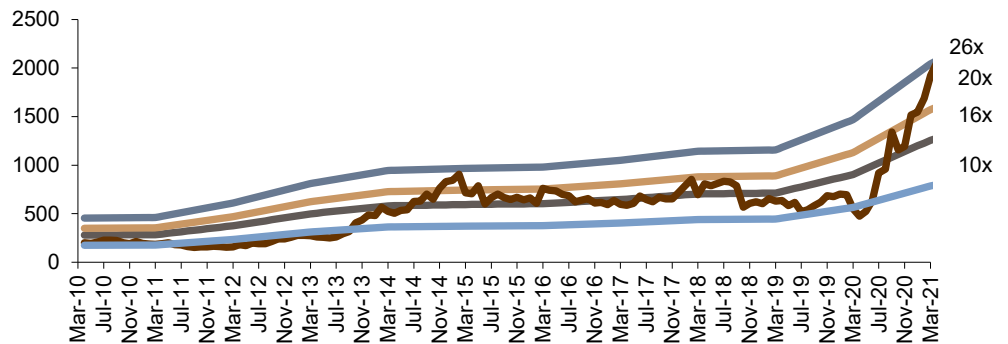
Source: Company, Emkay Research

Exhibit 14: Changes in estimates

All fig in Rs mn except EPS and %)	FY22E			FY23E		
	Old	New		Old	New	
Revenues(US\$ mn)	660.6	670.8	1.5%	759.7	771.4	1.5%
YoY growth, %	17%	18%		15%	15%	
Revenues	49,239	49,994	1.5%	57,737	58,626	1.5%
EBIT	6,667	6,818	2.3%	8,141	8,263	1.5%
EBIT margins, %	13.5	13.6		14.1	14.1	
Net profits	5,816	6,006	3.3%	6,964	7,160	2.8%
EPS	76.1	78.6	3.3%	91.1	93.7	2.8%

Source: Company, Emkay Research

Exhibit 15: PSYS 1 year forward P/E band



Source: Company, Emkay Research

Exhibit 16: 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	3,036	HOLD	3,150	0.6	15.8	11.0	87.7	107.2	121.3	34.6	28.3	25.0	26.5	21.6	19.0
Infosys	1,354	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	492	HOLD	450	-1.4	18.8	10.0	19.7	20.5	22.6	25.0	24.0	21.8	19.7	18.7	16.5
HCL Tech	900	BUY	1,130	2.4	12.8	9.7	45.8	52.2	56.9	19.6	17.2	15.8	15.0	12.5	11.2
Tech Mahindra	960	BUY	1,190	-1.4	10.4	9.2	50.7	58.3	65.9	19.0	16.5	14.6	13.6	11.3	9.8
L&T Infotech	3,890	SELL	3,490	9.4	16.5	15.3	107.7	124.6	145.4	36.1	31.2	26.8	28.1	24.2	20.7
Mphasis	1,765	HOLD	1,570	6.3	13.5	9.8	65.7	77.4	87.8	26.9	22.8	20.1	19.6	16.7	14.5
Mindtree	2,106	SELL	1,650	-1.1	15.5	12.0	67.4	77.5	82.9	31.3	27.2	25.4	23.2	19.6	18.3
Persistent Systems	2,038	BUY	2,250	12.9	18.5	15.0	59.0	78.6	93.7	34.6	25.9	21.8	26.7	19.5	15.6
Birlasoft	246	HOLD	290	3.4	14.0	13.0	11.0	14.3	17.7	22.4	17.2	13.9	13.6	10.7	8.4
Coforge	2,869	HOLD	2,740	5.2	16.4	13.0	75.3	101.1	119.3	38.1	28.4	24.0	27.6	21.7	17.9
Firstsource Solutions	113	BUY	125	17.2	12.0	8.5	6.3	7.2	8.3	17.9	15.6	13.6	14.6	12.3	10.5

Source: Company, Emkay Research

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
Revenue	33,659	35,658	41,879	49,994	58,626
Expenditure	27,671	30,487	35,023	41,569	48,598
EBITDA	5,988	5,171	6,855	8,425	10,028
Depreciation	1,573	1,660	1,756	1,607	1,765
EBIT	4,415	3,511	5,100	6,818	8,263
Other Income	448	1,012	994	1,299	1,413
Interest expenses	0	0	0	0	0
PBT	4,863	4,523	6,094	8,117	9,676
Tax	1,347	1,121	1,588	2,110	2,516
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
Reported Net Income	3,517	3,403	4,507	6,006	7,160
Adjusted PAT	3,517	3,403	4,507	6,006	7,160

Balance Sheet

Y/E Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
Equity share capital	791	764	764	764	764
Reserves & surplus	22,656	23,093	27,192	31,135	35,773
Net worth	23,447	23,858	27,957	31,900	36,538
Minority Interest	0	0	0	0	0
Loan Funds	12	46	44	44	44
Net deferred tax liability	(405)	(960)	(1,038)	(1,038)	(1,038)
Total Liabilities	23,054	22,944	26,963	30,906	35,544
Net block	4,242	4,619	4,691	4,568	4,448
Investment	7,641	12,454	17,383	18,621	21,621
Current Assets	16,186	12,889	13,544	17,206	19,917
Cash & bank balance	1,742	1,904	2,422	4,233	5,144
Other Current Assets	2,716	2,935	3,069	3,217	3,690
Current liabilities & Provision	5,097	7,018	8,654	9,489	10,442
Net current assets	11,089	5,871	4,889	7,717	9,475
Misc. exp	0	0	0	0	0
Total Assets	23,054	22,944	26,963	30,906	35,544

Cash Flow

Y/E Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
PBT (Ex-Other income) (NI+Dep)	4,442	3,511	5,100	6,818	8,263
Other Non-Cash items	(418)	(258)	(487)	(1,117)	(1,358)
Chg in working cap	(290)	(1,369)	1,578	(1,018)	(847)
Operating Cashflow	4,323	3,228	7,359	5,478	6,720
Capital expenditure	(522)	(1,181)	(1,699)	(1,483)	(1,645)
Free Cash Flow	3,801	2,047	5,660	3,995	5,075
Investments	(2,245)	515	(4,084)	(1,238)	(3,000)
Other Investing Cash Flow	0	0	0	0	0
Investing Cashflow	(2,259)	(148)	(5,417)	(1,605)	(3,287)
Equity Capital Raised	(571)	(1,677)	0	0	0
Loans Taken / (Repaid)	(8)	(68)	(63)	0	0
Dividend paid (incl tax)	(1,017)	(1,301)	(1,070)	(2,063)	(2,522)
Other Financing Cash Flow	0	42	(310)	0	0
Financing Cashflow	(1,596)	(3,003)	(1,443)	(2,063)	(2,522)
Net chg in cash	468	76	500	1,810	911
Opening cash position	1,345	1,742	1,904	2,422	4,233
Closing cash position	1,742	1,904	2,426	4,233	5,144

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY19	FY20	FY21	FY22E	FY23E
EBITDA Margin	17.8	14.5	16.4	16.9	17.1
EBIT Margin	13.1	9.8	12.2	13.6	14.1
Effective Tax Rate	27.7	24.8	26.1	26.0	26.0
Net Margin	10.4	9.5	10.8	12.0	12.2
ROCE	22.1	19.7	24.4	28.1	29.1
ROE	15.7	14.4	17.4	20.1	20.9
RoIC	36.4	31.7	64.8	89.7	98.2

Per Share Data (Rs)	FY19	FY20	FY21	FY22E	FY23E
EPS	44.4	44.5	59.0	78.6	93.7
CEPS	64.3	66.2	81.9	99.6	116.8
BVPS	296.3	312.2	365.8	417.4	478.1
DPS	11.0	12.0	20.0	27.0	33.0

Valuations (x)	FY19	FY20	FY21	FY22E	FY23E
PER	45.9	45.8	34.6	25.9	21.8
P/CEPS	31.1	30.2	24.4	20.1	17.1
P/BV	6.9	6.5	5.6	4.9	4.3
EV / Sales	4.5	4.0	3.2	2.7	2.2
EV / EBITDA	25.4	27.4	19.8	15.8	12.9
Dividend Yield (%)	0.5	0.6	1.0	1.3	1.6

Gearing Ratio (x)	FY19	FY20	FY21	FY22E	FY23E
Net Debt/ Equity	(0.4)	(0.6)	(0.7)	(0.7)	(0.7)
Net Debt/EBIDTA	(1.6)	(2.8)	(2.9)	(2.7)	(2.7)
Working Cap Cycle (days)	101.4	40.6	21.5	25.4	27.0

Growth (%)	FY19	FY20	FY21	FY22E	FY23E
Revenue	11.0	5.9	17.4	19.4	17.3
EBITDA	28.5	(13.6)	32.6	22.9	19.0
EBIT	43.6	(20.5)	45.2	33.7	21.2
PAT	8.8	(3.2)	32.4	33.3	19.2

Quarterly (Rs mn)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Revenue	9,264	9,914	10,077	10,754	11,134
EBITDA	1,318	1,483	1,664	1,825	1,883
EBITDA Margin (%)	14.2	15.0	16.5	17.0	16.9
PAT	838	900	1,020	1,209	1,378
EPS (Rs)	11.0	11.8	13.3	15.8	18.0

Source: Company, Emkay Research

Shareholding Pattern (%)	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Promoters	31.4	31.5	31.3	31.3	31.3
FIs	20.0	19.2	18.7	18.7	19.3
DIs	24.8	27.2	28.9	29.5	29.6
Public and Others	23.8	22.1	21.1	20.5	19.9

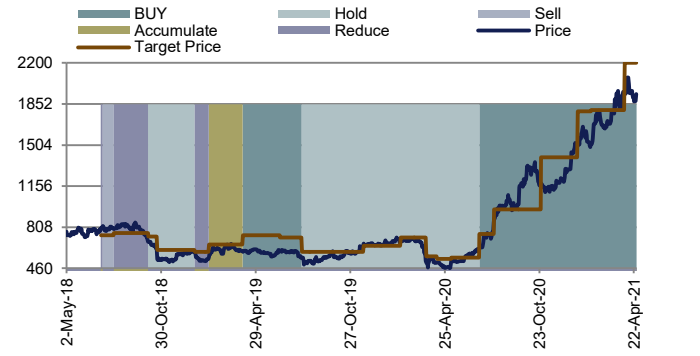
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
5-Apr-21	1,959	2,200	12m	Buy	Dipeshkumar Mehta
4-Apr-21	1,953	2,200	12m	Buy	Dipeshkumar Mehta
18-Mar-21	1,849	1,800	12m	Buy	Dipeshkumar Mehta
30-Jan-21	1,512	1,800	12m	Buy	Dipeshkumar Mehta
4-Jan-21	1,508	1,790	12m	Buy	Dipeshkumar Mehta
18-Dec-20	1,296	1,400	12m	Buy	Dipeshkumar Mehta
26-Oct-20	1,180	1,400	12m	Buy	Dipeshkumar Mehta
28-Jul-20	880	960	12m	Buy	Manik Taneja
5-Jul-20	636	750	12m	Buy	Manik Taneja
30-Jun-20	630	750	12m	Buy	Manik Taneja
25-Jun-20	605	550	12m	Hold	Manik Taneja
7-May-20	525	550	12m	Hold	Manik Taneja
10-Apr-20	510	540	12m	Hold	Manik Taneja
20-Mar-20	507	560	12m	Hold	Manik Taneja
31-Jan-20	683	720	12m	Hold	Manik Taneja
1-Jan-20	689	650	12m	Hold	Manik Taneja
21-Nov-19	670	650	12m	Hold	Manik Taneja
4-Nov-19	583	600	12m	Hold	Manik Taneja
1-Oct-19	547	600	12m	Hold	Manik Taneja
26-Jul-19	550	600	12m	Hold	Manik Taneja
3-Jul-19	597	720	12m	Buy	Manik Taneja
14-Jun-19	611	720	12m	Buy	Rahul Jain
30-Apr-19	617	740	12m	Buy	Rahul Jain
4-Apr-19	599	740	12m	Buy	Rahul Jain
29-Jan-19	559	660	12m	Accumulate	Rahul Jain
2-Jan-19	599	600	12m	Reduce	Rahul Jain
22-Oct-18	536	615	12m	Hold	Rahul Jain
5-Oct-18	683	730	12m	Hold	Rahul Jain
31-Jul-18	800	760	12m	Reduce	Rahul Jain
10-Jul-18	817	740	12m	Sell	Rahul Jain
6-Jul-18	798	740	12m	Reduce	Rahul Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Information Technology



Analyst: Dipesh Mehta

Contact Details

dipeshkumar.mehta@emkayglobal.com
+91 22 6612 1253

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	13.08	12.81	-2%	-27	100.00
BirlaSoft	0.00	0.06	NA	6	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	0.06	NA	6	0.49
HCL Tech	1.19	1.27	6%	8	9.71
Infosys	5.91	6.01	2%	9	45.94
Intellect Design*	0.00	0.00	NA	0	0.00
L&T Infotech	0.19	0.00	-100%	-19	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	1.01
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*	0.10	0.00	-100%	-10	0.00
Persistent Systems	0.00	0.47	NA	47	3.56
Ramco Systems*	0.00	0.00	NA	0	0.00
TCS	3.85	3.27	-15%	-58	25.01
Tech Mahindra	0.72	0.74	3%	2	5.70
Wipro	0.83	0.79	-4%	-3	6.08
Cash	0.00	0.27	NA	27	2.03

Source: Emkay Research

* Not under coverage: Equal Weight

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

Sector portfolio NAV

	Base					Latest
	01-Apr-19	29-Apr-20	28-Oct-20	27-Jan-21	26-Mar-21	28-Apr-21
EAP - Information Technology	100.0	89.0	142.4	173.5	173.5	177.2
BSE200 Neutral Weighted Portfolio (ETF)	100.0	87.9	135.2	165.4	163.5	166.9

*Performance measurement base date 1st April 2019

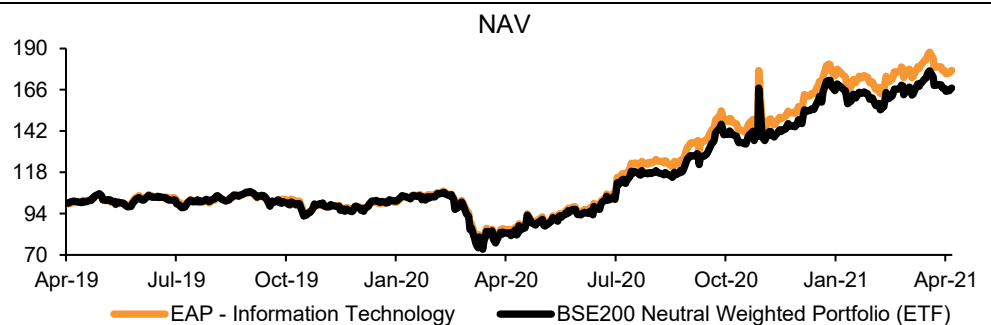
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Information Technology	2.1%	2.2%	24.5%	99.2%
BSE200 Neutral Weighted Portfolio (ETF)	2.1%	0.9%	23.5%	90.0%

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: 01 May 2021 00:52:37 (SGT)

Dissemination Date: 01 May 2021 00:53:37 (SGT)

Sources for all charts and tables are Emkay Research unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, 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 or regulation or which would subject EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

- This publication has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research publication relating to any issuer.

- Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets

Disclaimer for U.S. persons only: This research report is a product of Emkay Global Financial Services Limited (Emkay), which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

1. EGFSL, its subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of April 30, 2021
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report
- Disclosure of previous investment recommendation produced:**
3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have any material conflict of interest in the securities recommended in this report as of April 30, 2021.
5. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the April 30, 2021
6. EGFSL, its subsidiaries and/or other affiliates and Research Analyst have not received any compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
7. EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst have not received any compensation or other benefits from securities recommended in this report (subject company) or third party in connection with the research report.
8. Securities recommended in this report (Subject Company) has not been client of EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst during twelve months preceding the April 30, 2021

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, 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 or regulation.
Australia	This report is not for distribution into Australia.
Hong Kong	This report is not for distribution into Hong Kong.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is not for distribution into Malaysia.
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 16800306E) or DBSVS (Company Regn. No. 1860024G) both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an agreement under Regulation 32C of the financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608-610, 6 th Floor, Gate Precinct Building 5, PO Box 506538, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com