

Decent margin defence

CMP: Rs 225
as of (July 15, 2020)

TP: Rs 240 (▲)
12 months

Rating: HOLD (■)

Upside: 6.7 %



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- Wipro's cc revenue declined 7.5% QoQ in the June'20 quarter, compared to a 6.7% fall estimated by the Street and 5% by Emkay. In a positive surprise, IT Services' EBIT margins improved qoq to 19% (our estimates of ~50bps fall/Consensus of 150bps fall) aided by sharp reduction in manpower expenses and lower travel and subcontracting costs.
- Wipro did not provide a formal revenue outlook for the Sep'20 quarter. It aims for stability and holding margins in a narrow range going forward. Cash generation picked up sharply after hit by prepayment of salaries in the Mar'20 quarter.
- We raise FY21-23E EPS by 1.4%-3%, primarily led by higher margin assumptions even as revenue estimates remain broadly unchanged. We had upgraded the stock on valuations in March'20 on inexpensive valuation in the Mar'20 quarter and retain the rating with a revised TP of Rs240, based on an increased 13x June'22E EPS (vs. 12x earlier).
- We continue to find valuations attractive relative to peers, notwithstanding long-standing growth challenges that could provide further tactical upsides for the stock. We now raise Wipro over Infosys in our order of preference amongst Tier I techs. HCL Tech > TechM (both Buy) > Wipro > Infosys (both Hold) > TCS (Sell).

What we like? EBIT margin performance in IT Services; Improving cash generation

What we did not like? Sharper than expected fall in Revenue; Wipro sounded more circumspect on growth recovery unlike TCS

No formal quarterly revenue guidance for now; hoping for stability and steady margins: Wipro avoided providing a formal quarterly revenue guidance for the Sep'20 quarter. It suspended formal outlook last quarter due to the uncertainty in demand environment, akin to peers. However Wipro suggested that it is hoping for stability in revenues and defending margins in a narrow band around the current levels.

Raise FY21/22/23E EPS; retain Hold: While we broadly retain our revenue estimates, we raise FY21/22/23E EPS by 1.5%-3% to Rs17.1/18/19.6 on margin assumptions driven by the June'20 quarter performance and future guidance (Note that our estimates were already 5-6% higher than consensus). We had upgraded Wipro to Hold from Sell in March'20 after finding comfort in valuations notwithstanding Wipro's long standing struggle on growth performance relative to peers. We retain Hold with a revised TP of Rs240, based on 13x June'22E (vs. 12x earlier). We continue to find Wipro attractive on relative valuations and now raise it in our Tier I order preference above both Infosys and TCS. HCLT > Tech M (both Buy) > Wipro > Infosys (both Hold) > TCS (Sell).

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

Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	5,93,404	6,14,545	6,04,797	6,40,489	6,77,217
EBITDA	1,19,384	1,26,592	1,31,510	1,38,334	1,46,339
EBITDA Margin (%)	20.1	20.6	21.7	21.6	21.6
APAT	90,031	97,218	97,409	1,02,731	1,11,548
EPS (Rs)	15.0	16.6	17.1	18.0	19.6
EPS (% chg)	16.6	11.2	2.7	5.5	8.6
ROE (%)	17.1	17.3	15.8	13.9	12.9
P/E (x)	15.0	13.5	13.2	12.5	11.5
EV/EBITDA (x)	8.9	8.3	6.9	5.8	4.6
P/BV (x)	2.4	2.4	1.9	1.6	1.4

Source: Company, Emkay Research



Change in Estimates

EPS Chg FY21E/FY22E (%)	1.4/1.8
Target Price change (%)	12
Target Period (Months)	12
Previous Reco	HOLD

Emkay vs Consensus

	EPS Estimates	
	FY21E	FY22E
Emkay	17.1	18.0
Consensus	15.4	16.9
Mean Consensus TP (12M)	Rs 213	

Stock Details

Bloomberg Code	WPRO IN
Face Value (Rs)	2
Shares outstanding (mn)	5,714
52 Week H/L	276 / 159
M Cap (Rs bn/USD bn)	1,286 / 17.05
Daily Avg Volume (nos.)	86,29,890
Daily Avg Turnover (US\$ mn)	23.4

Shareholding Pattern Mar '20

Promoters	74.0%
FII's	8.5%
DII's	7.0%
Public and Others	10.5%

Price Performance

(%)	1M	3M	6M	12M
Absolute	8	19	(13)	(13)
Rel. to Nifty	2	1	2	(5)

Relative price chart



Source: Bloomberg

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

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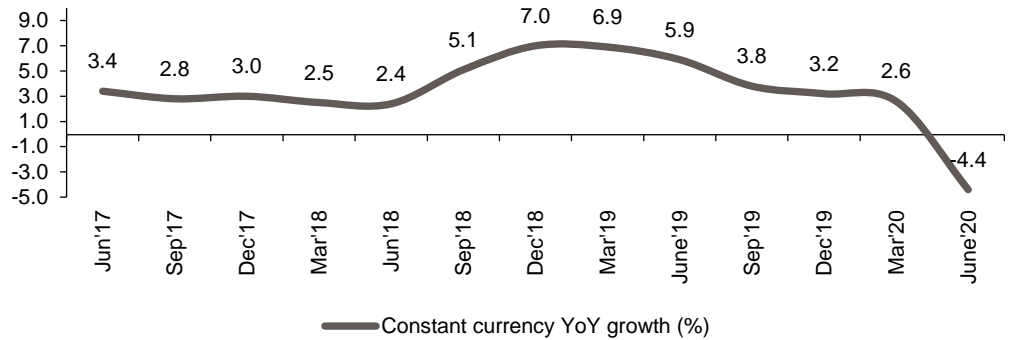
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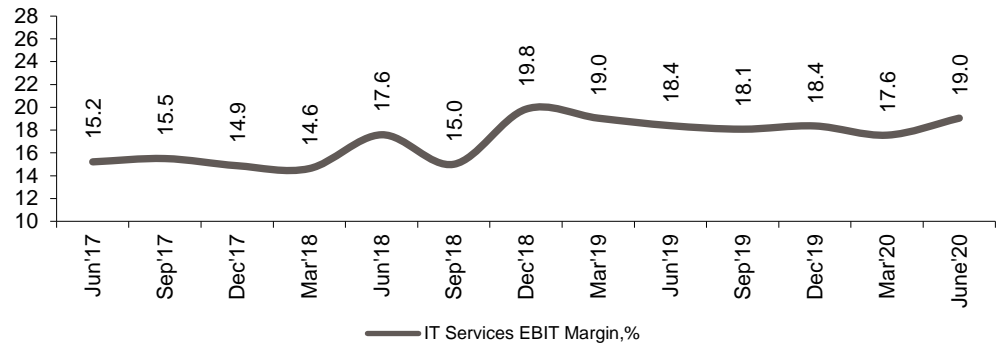
Story in Charts

Exhibit 1: Overall YoY CC growth declined to -4.4% for June'20 quarter



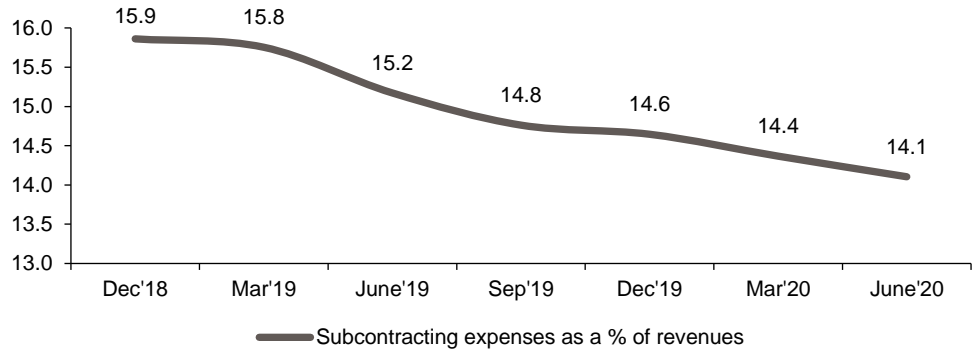
Source: Company, Emkay Research

Exhibit 2: Wipro's EBIT margins improved to 19%, best since Mar'19 quarter aided by significant reduction in both manpower and non-manpower expenses



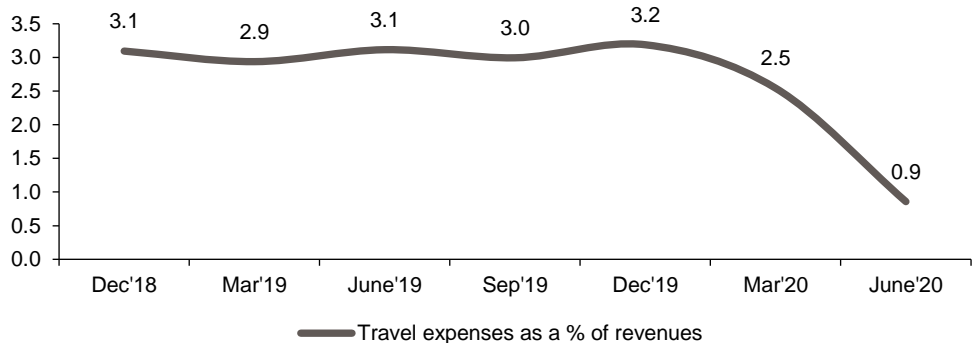
Source: Company, Emkay Research

Exhibit 3: Subcontracting expenses reduced by 30 bps sequentially to 14.1% of revenues and could moderate further in the near term



Source: Company, Emkay Research

Exhibit 4: Travel expenses reduced to <1% of revenues in June'20 quarter, could normalize as situation improves



Source: Company, Emkay Research

Exhibit 5: Actual vs. Estimates (Q1FY21)

(in Rs mn)	Actual	Estimates		% variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Revenues (in US\$ mn)	1,922	1,959	1,931	-1.9%	-0.5%	Revenues were lower than both street and Emkay estimates
IT Services Revenues	1,46,053	1,48,918	1,46,785	-1.9%	-0.5%	
IT Services EBIT	27,822	25,514	23,632	9.0%	17.7%	
EBIT, margin	19.0%	16.6%	16.1%	240 bps	290 bps	EBIT margins surprised positively driven by tight cost controls across both manpower expenses as well as non-manpower expenses
PAT	23,902	23,761	20,688	0.6%	15.5%	Net profits were in line with Emkay estimates

Source: Company, Emkay Research

Exhibit 6: Quarterly Snapshot

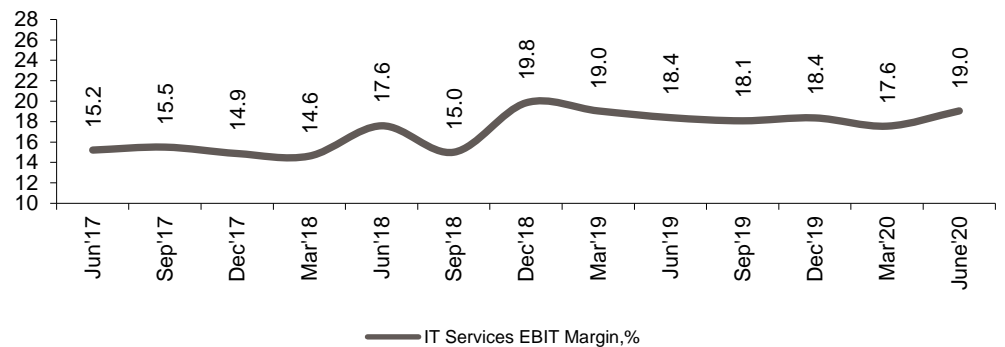
Rs mn	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	YoY (%)	QoQ (%)	FY21 TD	FY20 TD	YoY (%)
US\$ revenues(IT Services)	2,039	2,049	2,095	2,074	1,922	(5.7)	(7.3)	1,922	2,039	(5.7)
Revenue	1,48,718	1,51,897	1,55,432	1,58,498	1,50,433	1.2	(5.1)	1,50,433	1,48,718	1.2
Operating Expenditure	1,23,345	1,25,162	1,28,199	1,32,109	1,23,495	0.1	(6.5)	1,23,495	1,23,345	0.1
Cost of revenues	1,04,273	1,08,006	1,09,673	1,14,133	1,03,700	(0.5)	(9.1)	1,03,700	1,04,273	(0.5)
as % of sales	70.1	71.1	70.6	72.0	68.9			68.9	70.1	
SG&A expenses	19,072	17,156	18,526	17,976	19,795	3.8	10.1	19,795	19,072	3.8
as % of sales	12.8	11.3	11.9	11.3	13.2			13.2	12.8	
EBIT	25,373	26,735	27,233	26,389	26,938	6.2	2.1	26,938	25,373	6.2
Other Income	5,347	4,608	3,560	3,267	4,013	(24.9)	22.8	4,013	5,347	(24.9)
PBT	30,720	31,343	30,793	29,656	30,951.00	0.8	4.4	30,951	30,720	0.8
Total Tax	6,699	5,731	6,164	6,205	6,838	2.1	10.2	6,838	6,699	2.1
Adjusted PAT	24,021	25,612	24,629	23,451	24,113	0.4	2.8	24,113	24,021	0.4
APAT after MI	23,874	25,526	24,558	23,260	23,902	0.1	2.8	23,902	23,874	0.1
Reported PAT	23,874	25,526	24,558	23,260	23,902	0.1	2.8	23,902	23,874	0.1
Reported EPS	4.0	4.3	4.3	4.1	4.2	5.8	2.8	4	4	5.8
Margins (%)						(bps)	(bps)			(bps)
EBIT	17.1	17.6	17.5	16.6	17.9	85	126	17.9	17.1	85
EBT	20.7	20.6	19.8	18.7	20.6	(8)	186	20.6	20.7	(8)
PAT	16.1	16.8	15.8	14.7	15.9	(16)	121	15.9	16.1	(16)
Effective Tax rate	21.8	18.3	20.0	20.9	22.1	29	117	22.1	21.8	29

Source: Company, Emkay Research

Revenues fall short; margins surprise positively

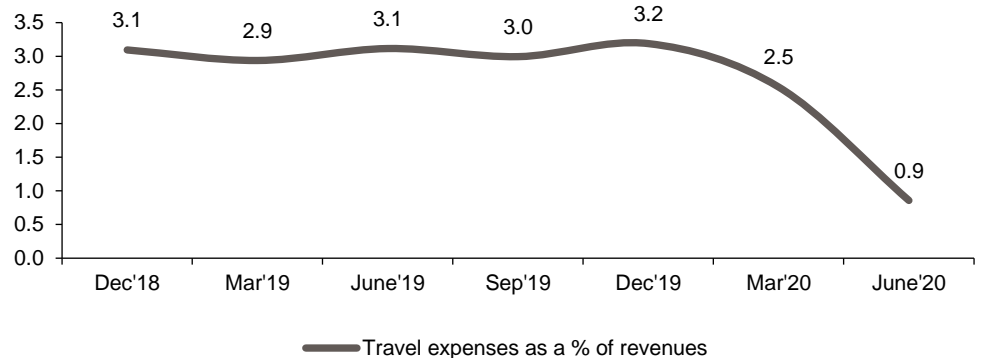
Wipro's IT Services declined by ~7.5% QoQ cc in the June'20 quarter to US\$1,922mn (vs. our expectations of a ~5% fall and consensus at ~6.7%). However, IT Services' EBIT margins came in at 19% (+140bps QoQ, +60bps YoY), highest quarterly EBIT margins since the Mar'19 quarter levels. Margin performance was aided by significant reduction in manpower expenses (down by ~8.5% QoQ in dollar terms on account of lower variable payouts nearly across the board) as well as reduction in travel costs (0.9% of revenues in the June'20 quarter, down 160bps sequentially) along with currency depreciation (100bps) despite revenue pressure and Covid-19-led donations (65bps hit). Growth performance was weak across key geographies and verticals, though the decline in top 10 clients' revenue was contained at ~2.5% QoQ in dollar terms (vs. 7.3% QoQ at the company wide level). Cash generation was strong during the quarter with the company generating Operating cash flow of US\$550mn after hit in the prior quarter by some advance salary payments.

Exhibit 7: Wipro's EBIT margins improved to 19%, best since Mar'19 quarter aided by significant reduction in both manpower and non-manpower expenses



Source: Company, Emkay Research

Exhibit 8: Travel expenses reduced to <1% of revenues in June'20 quarter, could normalize as situation improves

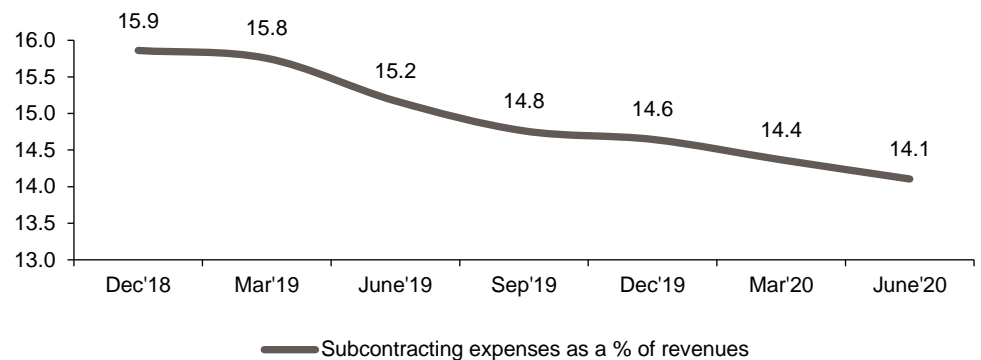


Source: Company, Emkay Research

No formal quarterly revenue guidance for now; hoping for stability and holding on to margins

Wipro avoided providing a formal quarterly revenue guidance for the Sep'20 quarter. It had suspended any formal outlook last quarter due to the uncertainty in demand environment, akin to peers. However, it suggested that it was hoping for stability in revenues as well as defending margins in a narrow band around current levels. Wipro suggested that while It was seeing some emerging signs of stability in verticals like Consumers (16% of revenues), Tech (13.5% of revenues) and Communications (5.1% of revenues), it would watch for signs of improvement in other key verticals like Financial Services (sequential decline during June'20 quarter was lower than company average). We note that unlike Tier I peer TCS, which sounded more confident about sequential improvement starting the Sep'20 quarter, Wipro seemed more circumspect on committing on revenue growth still for now. With regards to margins, Wipro suggested that it would look to defend the margins in a narrow range in the near term as some of the costs come back as the situation returns to normal (e.g. travel), while expects more tailwinds from lower subcontracting expenses going forward(down 30bps sequentially and 110bps YoY).

Exhibit 9: Subcontracting expenses reduced by 30 bps sequentially to 14.1% of revenues and could moderate further in the near term



Source: Company, Emkay Research

Changes in estimates

Tweak FY21/22/23E EPS higher by 1.4-3%; retain Hold

While we broadly retain our revenue estimates, we raise our margin assumptions driven by the June'20 quarter performance and the confidence on sustaining them in a narrow range, leading to a 1.5-3% raise in our FY21/22/23E EPS to Rs17.1/18/19.6 (note that our estimates were already 5-6% higher than consensus). We had upgraded Wipro to Hold from Sell in March'20 finding comfort in valuations notwithstanding Wipro's long standing struggle on growth relative to peers. We retain Hold with a revised TP of Rs240, based on 13x June'22 (vs. 12x earlier). We continue to find Wipro attractive on relative valuations and now raise it in our Tier I order preference above both Infosys and TCS. HCLT > Tech M (both Buy) >Wipro > Infosys (both Hold) > TCS (Sell).

Exhibit 10: Changes in estimates

(All fig in Rs mn except EPS)	FY21E			FY22E			FY23E		
	Old	New	% change	Old	New	% change	Old	New	% change
IT Services Revenues(US\$ mn)	7,926	7,854	-0.9	8,392	8,375	-0.2	8,855	8,852	0.0
US\$ revenues growth YoY, %	-4.0%	-4.9%		5.9%	6.6%		5.5%	5.7%	
Company Wide Revenues	6,10,932	6,04,797	-1.0	6,42,952	6,40,489	-0.4	6,78,852	6,77,217	-0.2
EBIT	1,03,315	1,07,938	4.5	1,10,024	1,14,882	4.4	1,15,227	1,22,042	5.9
EBIT mgns, %	16.9	17.8		17.1	17.9		17.0	18.0	
Net profits	96,068	97,409	1.4	1,00,956	1,02,731	1.8	1,08,318	1,11,548	3.0
EPS	16.8	17.1	1.4	17.7	18.0	1.8	19.0	19.6	3.0

Source: Company, Emkay Research

Exhibit 11: Key Assumptions

(in Rs mn)	FY20A	FY21E	FY22E	FY23E
USD growth (%)	1.7%	-4.9%	6.6%	5.7%
USD/INR	72.1	74.5	74.0	74.0
INR Growth (%)	3.6%	-1.6%	5.9%	5.7%
EBIT margin (%)	17.2%	17.8%	17.9%	18.0%
EPS Growth (%)	11.2%	2.6%	5.5%	8.6%

Source: Company, Emkay Research

Exhibit 12: 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
IT Services companies															
TCS	2,172	SELL	1,750	-5.8	10.4	9.8	81.5	92.7	102.0	26.7	23.4	21.3	20.5	18.3	16.5
Infosys	783	HOLD	700	-3.3	11.2	10.5	37.5	42.3	47.7	20.9	18.5	16.4	15.4	13.3	11.6
Wipro	225	HOLD	240	-4.9	6.6	5.7	17.1	18.0	19.6	13.2	12.5	11.5	8.4	6.9	5.5
HCL Tech	591	BUY	630	-2.0	10.2	11.6	39.6	45.7	51.6	14.9	12.9	11.4	11.0	9.5	8.3
Tech Mahindra	598	BUY	620	-6.2	8.6	10.9	41.2	49.6	58.5	14.5	12.1	10.2	11.2	8.7	6.7
L&T Infotech	2,241	SELL	1,475	2.7	12.6	13.1	87.8	102.2	113.5	25.5	21.9	19.7	19.0	16.2	13.8
Mphasis	934	HOLD	825	-0.4	6.3	9.4	61.8	67.9	69.7	15.1	13.7	13.4	10.6	9.5	8.9
Mindtree	978	SELL	770	-3.4	10.2	11.0	50.8	57.5	65.7	19.3	17.0	14.9	12.1	10.7	9.5
Hexaware*	353	NR	-	3.5	9.8	7.9	19.2	23.2	25.6	18.4	15.2	13.8	14.4	11.0	9.4
Persistent Systems	743	BUY	750	-0.6	8.9	10.9	46.1	58.9	67.9	16.1	12.6	10.9	11.0	7.7	6.0
Birlasoft	101	BUY	125	1.8	11.0	9.4	8.4	12.3	14.8	12.0	8.2	6.8	6.1	3.8	2.9
NIIT Tech	1,542	SELL	1,150	0.6	9.4	9.1	69.3	86.5	99.8	22.3	17.8	15.5	15.0	12.2	10.4
Other companies															
eClerx Services	485	HOLD	510	-5.0	9.3	7.1	51.0	61.9	67.3	9.5	7.8	7.2	4.5	3.2	2.5
Firstsource Solutions	41	HOLD	40	-2.8	7.7	5.1	4.5	5.2	5.7	9.1	7.8	7.2	7.9	6.2	5.1

Source: Company, Emkay Research

Other Key Takeaways

Outlook

Management believes that the demand environment going forward will be driven by cloud, cyber security and digital transformation. During the latter part of the Q1FY21, deal momentum picked up and the order book saw a YoY improvement. Management indicated that the deal pipeline remains healthy despite the velocity of decision making lagging the pre-Covid levels. Strong deal pipeline for Cloud offerings, digital operations and platform services, engineering and security services provides much greater visibility to the company in the coming quarters.

Verticals

Wipro indicated that it is seeing some stability in in Consumer, Technology and Communication verticals and expects demand to pick up in the coming quarters.

Acquisition

Wipro will acquire Ivia Servicos De Informatica Ltda (IVIA), a specialized IT services provider in Brazil, for US\$22.4mn in cash. IVIA reported net revenues of US\$10.1mn (CY17), US\$12.1mn (CY18) and US\$13.5mn (CY19), recording YoY revenue growth of ~20%/12% in CY18/19. It had a workforce of around 722 employees as of Dec-2019. Management believes that the acquisition gives the company an access to the new set of customers in the Financial Services, Retail and Manufacturing sectors in Brazil. The acquisition will also help the company to source local talent for its global business at a cheaper cost.

Margin

Operational efficiencies, improvement in utilization rate and automation aided margin expansion during the quarter. Management has indicated that it will continue to rationalize any incremental expenditures and will be able to sustain the margin in Q2FY21. However, the company expects that certain costs like travel will increase once the activities come back to the normal levels. Although the company is focusing on rationalizing spending, it remains open to an opportunity to make quality strategic investments.

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	5,93,404	6,14,545	6,04,797	6,40,489	6,77,217
Expenditure	4,93,494	5,08,815	4,96,860	5,25,607	5,55,175
EBITDA	1,19,384	1,26,592	1,31,510	1,38,334	1,46,339
Depreciation	19,474	20,862	23,572	23,452	24,297
EBIT	99,910	1,05,730	1,07,938	1,14,882	1,22,042
Other Income	15,505	16,782	16,819	16,170	20,170
Interest expenses	0	0	0	0	0
PBT	1,15,415	1,22,512	1,24,757	1,31,052	1,42,212
Tax	25,242	24,799	26,537	27,521	29,865
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	142	495	811	800	800
Reported Net Income	90,031	97,218	97,409	1,02,731	1,11,548
Adjusted PAT	90,031	97,218	97,409	1,02,731	1,11,548

Balance Sheet

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	12,068	11,427	11,427	11,427	11,427
Reserves & surplus	5,56,048	5,46,031	6,64,693	7,88,412	9,20,506
Net worth	5,68,116	5,57,458	6,76,120	7,99,839	9,31,933
Minority Interest	2,637	1,875	2,686	3,486	4,286
Loan Funds	99,467	78,042	78,042	78,042	78,042
Net deferred tax liability	(22,790)	(2,779)	(2,779)	(2,779)	(2,779)
Total Liabilities	6,47,430	6,34,596	7,54,069	8,78,588	10,11,482
Net block	1,78,570	2,08,712	2,20,140	2,26,688	2,32,391
Investment	2,28,867	2,00,320	2,00,320	2,00,320	2,00,320
Current Assets	3,76,754	3,82,078	4,79,788	6,07,586	7,44,890
Cash & bank balance	1,58,529	1,44,499	2,46,983	3,61,042	4,84,208
Other Current Assets	86,532	99,982	94,448	1,00,022	1,05,757
Current liabilities & Provision	1,59,534	1,76,862	1,66,526	1,76,354	1,86,467
Net current assets	2,17,220	2,05,216	3,13,262	4,31,232	5,58,424
Misc. exp	0	0	0	0	0
Total Assets	6,47,430	6,34,596	7,54,069	8,78,588	10,11,482

Cash Flow

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
PBT (Ex-Other income) (NI+Dep)	1,15,414	1,05,730	1,07,938	1,14,882	1,22,042
Other Non-Cash items	0	0	0	0	0
Chg in working cap	27,165	17,985	15,786	17,437	17,323
Operating Cashflow	1,16,315	1,10,550	1,21,822	1,29,312	1,34,860
Capital expenditure	5,262	(41,352)	(35,000)	(30,000)	(30,000)
Free Cash Flow	1,21,577	69,198	86,822	99,312	1,04,860
Investments	24,340	28,547	0	0	0
Other Investing Cash Flow	0	1,170	0	0	0
Investing Cashflow	50,126	5,147	(18,181)	(13,830)	(9,830)
Equity Capital Raised	4	(1,04,994)	0	0	0
Loans Taken / (Repaid)	(39,143)	(21,425)	0	0	0
Dividend paid (incl tax)	(5,434)	(7,020)	(4,870)	(5,137)	(5,577)
Other Financing Cash Flow	531	3,713	3,713	3,713	3,713
Financing Cashflow	(48,839)	(1,29,726)	(1,157)	(1,424)	(1,864)
Net chg in cash	1,17,603	(14,030)	1,02,484	1,14,059	1,23,166
Opening cash position	40,926	1,58,529	1,44,499	2,46,983	3,61,042
Closing cash position	1,58,529	1,44,499	2,46,983	3,61,042	4,84,208

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY19	FY20	FY21E	FY22E	FY23E
EBITDA Margin	20.1	20.6	21.7	21.6	21.6
EBIT Margin	16.8	17.2	17.8	17.9	18.0
Effective Tax Rate	21.9	20.2	21.3	21.0	21.0
Net Margin	15.2	15.9	16.2	16.2	16.6
ROCE	18.5	19.1	18.0	16.1	15.0
ROE	17.1	17.3	15.8	13.9	12.9
RoIC	38.1	41.7	38.8	39.4	40.4

Per Share Data (Rs)	FY19	FY20	FY21E	FY22E	FY23E
EPS	15.0	16.6	17.1	18.0	19.6
CEPS	18.2	20.2	21.2	22.1	23.8
BVPS	94.4	95.4	118.6	140.2	163.4
DPS	1.0	1.0	0.9	0.9	1.0

Valuations (x)	FY19	FY20	FY21E	FY22E	FY23E
PER	15.0	13.5	13.2	12.5	11.5
P/CEPS	12.4	11.1	10.6	10.2	9.4
P/BV	2.4	2.4	1.9	1.6	1.4
EV / Sales	1.8	1.7	1.5	1.2	1.0
EV / EBITDA	8.9	8.3	6.9	5.8	4.6
Dividend Yield (%)	0.4	0.4	0.4	0.4	0.4

Gearing Ratio (x)	FY19	FY20	FY21E	FY22E	FY23E
Net Debt/ Equity	(0.5)	(0.5)	(0.5)	(0.6)	(0.7)
Net Debt/EBIDTA	(2.4)	(2.1)	(2.8)	(3.5)	(4.1)
Working Cap Cycle (days)	36.1	36.1	40.0	40.0	40.0

Growth (%)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	8.6	3.6	(1.6)	5.9	5.7
EBITDA	13.2	6.0	3.9	5.2	5.8
EBIT	18.5	5.8	2.1	6.4	6.2
PAT	12.5	8.0	0.2	5.5	8.6

Quarterly (Rs mn)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21
Revenue	1,48,718	1,51,897	1,55,432	1,58,498	1,50,433
EBITDA	25,373	26,735	27,233	26,389	26,938
EBITDA Margin (%)	17.1	17.6	17.5	16.6	17.9
PAT	23,874	25,526	24,558	23,260	23,902
EPS (Rs)	4.0	4.3	4.3	4.1	4.2

Source: Company, Emkay Research

Shareholding Pattern (%)	Jun-19	Sep-19	Sep-19	Dec-19	Mar-20
Promoters	73.8	74.0	74.1	74.0	74.0
FIIIs	8.2	8.4	8.4	8.4	8.5
DIIIs	6.9	7.0	6.9	7.0	7.0
Public and Others	11.1	10.6	10.6	10.5	10.5

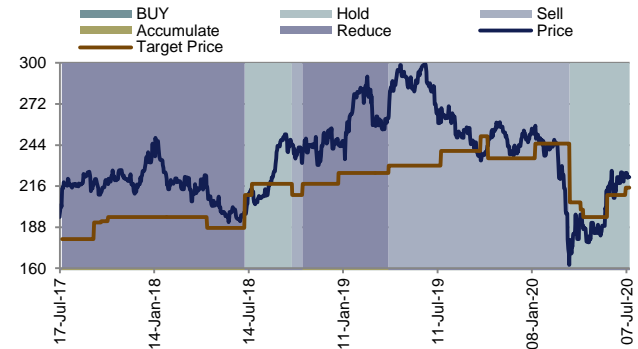
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
05-Jul-20	225	215	12m	Hold	Manik Taneja
25-Jun-20	218	210	12m	Hold	Manik Taneja
18-Jun-20	218	210	12m	Hold	Manik Taneja
31-May-20	213	210	12m	Hold	Manik Taneja
26-May-20	189	195	12m	Hold	Manik Taneja
15-Apr-20	187	195	12m	Hold	Manik Taneja
10-Apr-20	197	200	12m	Hold	Manik Taneja
20-Mar-20	179	205	12m	Hold	Manik Taneja
03-Feb-20	237	245	12m	Sell	Manik Taneja
14-Jan-20	257	245	12m	Sell	Manik Taneja
08-Jan-20	255	235	12m	Sell	Manik Taneja
01-Jan-20	248	235	12m	Sell	Manik Taneja
21-Nov-19	248	235	12m	Sell	Manik Taneja
15-Oct-19	244	235	12m	Sell	Manik Taneja
01-Oct-19	234	250	12m	Sell	Manik Taneja
17-Jul-19	260	240	12m	Sell	Manik Taneja
03-Jul-19	283	230	12m	Sell	Manik Taneja
16-Apr-19	281	230	12m	Sell	Rahul Jain
08-Apr-19	264	230	12m	Sell	Rahul Jain
09-Jan-19	247	225	12m	Reduce	Rahul Jain
02-Jan-19	244	225	12m	Reduce	Rahul Jain
25-Oct-18	239	218	12m	Reduce	Rahul Jain
05-Oct-18	244	210	12m	Sell	Rahul Jain
20-Jul-18	212	218	12m	Hold	Rahul Jain
10-Jul-18	203	210	12m	Hold	Rahul Jain
06-Jul-18	197	210	12m	Hold	Rahul Jain
25-Apr-18	215	188	12m	Reduce	Rahul Jain
05-Apr-18	215	195	12m	Reduce	Rahul Jain
19-Jan-18	247	195	12m	Reduce	Rahul Jain
17-Oct-17	217	195	12m	Reduce	Rahul Jain
04-Oct-17	212	192	12m	Reduce	Rahul Jain
20-Sep-17	219	191	12m	Reduce	Rahul Jain
21-Jul-17	215	180	12m	Reduce	Rahul Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Information Technology



Analyst: Manik Taneja

Contact Details

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Sector

IT Services, ITeS and Software

Analyst bio

Manik is a seasoned Equities professional who has covered the offshore IT Services space since 2006. He has rejoined Emkay Global recently after a 1.5-year stint in Business Finance and Financial strategy in the US. Manik holds a PGDBA (Finance) from SIIB.

EAP – Information Technology

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
Information Technology	12.08	11.52	-5%	-56	100.00
BirlaSoft	0.00	0.26	NA	26	2.15
eClerx Services	0.00	0.00	NA	0	0.00
Firstsource Solutions	0.00	0.00	NA	0	0.00
HCL Tech	1.13	1.34	19%	21	11.06
Hexaware Technologies	0.00	0.00	NA	0	0.00
Infosys	5.14	5.10	-1%	-3	42.21
Intellect Design*	0.00	0.00	NA	0	0.00
L&T Infotech	0.16	0.00	-100%	-16	0.00
Majesco*	0.00	0.00	NA	0	0.00
Mindtree	0.16	0.00	-100%	-16	0.00
Mphasis	0.14	0.18	23%	3	1.45
MPS	0.00	0.00	NA	0	0.00
NIIT	0.00	0.00	NA	0	0.00
NIIT Tech	0.00	0.00	NA	0	0.00
Nucleus Software*	0.00	0.00	NA	0	0.00
Oracle Financial Services*	0.11	0.00	-100%	-11	0.00
Persistent Systems	0.00	0.58	NA	58	4.77
Ramco Systems*	0.00	0.00	NA	0	0.00
TCS	4.02	2.75	-32%	-127	22.76
Tech Mahindra	0.64	0.74	16%	10	6.15
Wipro	0.58	0.58	0%	0	4.81
Cash	0.00	0.56	NA	56	4.6

Source: Emkay Research

* Not under coverage: Equal Weight

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

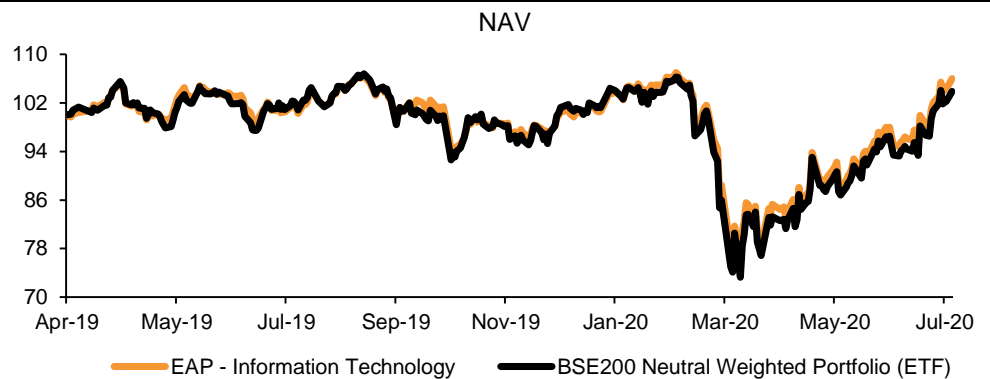
Sector portfolio NAV

	Base					Latest
	1-Apr-19	10-Oct-19	13-Jan-20	13-Apr-20	12-Jun-20	13-Jul-20
EAP - Information Technology	100.0	100.9	103.2	84.4	95.0	106.0
BSE200 Neutral Weighted Portfolio (ETF)	100.0	99.0	103.7	82.6	93.4	103.9

*Performance measurement base date 1st April 2019

Source: Emkay Research

NAV chart



Source: Emkay Research

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

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

“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: 15 Jul 2020 04:48:37 (SGT)

Dissemination Date: 15 Jul 2020 04:49:37 (SGT)

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

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