

## Margins continue to be healthy...

MindTree reported 3.1% QoQ growth in dollar revenues, mainly led by higher growth in BFSI and retail and CPG & manufacturing. Further, cost efficiency and higher utilisation led margins to improve 340 bps QoQ to 20.3%. The board has recommended a dividend of ₹ 7.5 per share.

## Improving growth trajectory to provide revenue visibility

Although in the current quarter the company saw a dip in top client (due to high base), we expect the top client to return to growth in coming quarters. In addition, since the company has a healthy digital portfolio we expect MindTree to be a key beneficiary of migration to cloud in coming quarters. In digital tech, the company is seeing healthy traction in touchless, experience and cloud. Further, despite a dip in total contract value in Q2FY21, H1FY21 deal is still higher at 10% YoY. This coupled with green shoots in travel, vendor consolidation opportunities and transformational projects is expected to drive revenues. Further, a few strategic targets that MindTree is aiming at is transitioning the company from project based to more annuity base, which will give it flexibility in utilisation and pricing. As a result, it is focusing more on fixed price projects and cutting down tail projects. The results are also visible in terms of the company winning multi-year deals with higher annuity component. MindTree is also focusing on client mining and scaling up existing clients to US\$50 million. This gives us comfort on the long term growth trajectory in revenues.

## Operational efficiencies to keep margins healthy

MindTree reported healthy margins in Q2FY21. The company believes that it will be able to maintain margins near Q2FY21 levels (~20%) in coming quarters. Further, despite wage hikes effective January 2021 MindTree aims to maintain margins closer to Q2FY21 levels led by higher utilisation, lower subcontracting cost and lower discretionary spend. Hence, we expect FY21E margins to improve 542 bps YoY to 19.1% and further improve by 50 bps YoY & 20 bps YoY to 19.6% & 19.8% in FY22E & FY23E, respectively.

## Valuation & Outlook

We believe the company's expertise in digital technology will make it a key beneficiary of improved traction in cloud in the coming years. In addition, vendor consolidation opportunities, improving win ratio, increase in annuity business will provide long term visibility to revenues. MindTree's aim to improve margins via employee pyramid, offshoring, pricing, utilisation and annuity business bodes well for profit growth. Based on these factors, we revise our EPS and multiple upwards and maintain **BUY** with a revised target price of ₹ 1680/share (22x FY23E EPS).



### Particulars

| Particular                | Amount    |
|---------------------------|-----------|
| Market Cap (₹ Crore)      | 23,511.2  |
| Total Debt (₹ Crore)      | -         |
| Cash and Invest (₹ Crore) | 1,281.4   |
| EV (₹ Crore)              | 22,229.8  |
| 52 week H/L               | 1605/ 676 |
| Equity capital            | 164.6     |
| Face value                | ₹ 10      |

### Key Highlights

- Digital revenues, deal ramp ups, healthy win ratio remain key long-term drivers
- MindTree posted robust margins in Q2FY21 and expects margins to sustain at healthy levels
- Revise our EPS and multiple upwards and maintain BUY with revised target price of ₹ 1680/share

### Research Analyst

Devang Bhatt  
devang.bhatt@icicisecurities.com

### Key Financial Summary

| Key Financials     | FY19  | FY20  | FY21E | FY22E | FY23E | CAGR (FY20-23E) |
|--------------------|-------|-------|-------|-------|-------|-----------------|
| Net Sales          | 7,022 | 7,764 | 7,867 | 8,672 | 9,664 | 7.6%            |
| EBITDA             | 1,065 | 1,062 | 1,503 | 1,700 | 1,913 | 21.7%           |
| EBITDA Margins (%) | 15.2  | 13.7  | 19.1  | 19.6  | 19.8  |                 |
| Net Profit         | 754   | 631   | 968   | 1,119 | 1,256 | 25.8%           |
| EPS (₹)            | 45.9  | 38.3  | 58.8  | 68.0  | 76.3  |                 |
| P/E                | 31.1  | 37.3  | 24.3  | 21.0  | 18.7  |                 |
| RoNW (%)           | 22.8  | 20.0  | 25.5  | 25.4  | 24.6  |                 |
| RoCE (%)           | 29.8  | 23.0  | 29.7  | 30.0  | 29.6  |                 |

Source: Company, ICICI Direct Research

**Exhibit 1: Variance Analysis**

|                   | Q2FY21  | Q2FY21E | Q2FY20  | YoY (%) | Q1FY21  | QoQ (%) | Comments   |
|-------------------|---------|---------|---------|---------|---------|---------|--|
| Revenue           | 1,926.0 | 1,959.2 | 1,914.3 | 0.6     | 1,908.8 | 0.9     | Dollar revenues increased 3.1% QoQ mainly led by healthy growth in BFSI & retail and CPG & manufacturing |
| Employee expenses | 1,262.3 | 1,293.0 | 1,264.7 | -0.2    | 1,277.6 | -1.2    |  |
| Gross Margin      | 663.7   | 666.1   | 649.6   | 2.2     | 631.2   | 5.1     |  |
| Gross margin (%)  | 34.5    | 34.0    | 33.9    | 53 bps  | 33.1    | 139 bps |  |
| SG&A expenses     | 273.4   | 309.5   | 401.4   | -31.9   | 309.2   | -11.6   |  |
| EBITDA            | 390.3   | 356.6   | 248.2   | 57.3    | 322.0   | 21.2    | Margins improved led by operational efficiency (120 bps), one off  |
| EBITDA Margin (%) | 20.3    | 18.2    | 13.0    | 730 bps | 16.9    | 340 bps | (50 bps) offset by forex (50 bps)  |
| Depreciation      | 56.9    | 59.7    | 70.7    | -19.5   | 59.7    | -4.7    |  |
| EBIT              | 333.4   | 296.9   | 177.5   | 87.8    | 262.3   | 27.1    |  |
| EBIT Margin (%)   | 17.3    | 15.2    | 9.3     | 804 bps | 13.7    | 357 bps |  |
| Other income      | 24.5    | 30.6    | 19.7    | 24.4    | 40.6    | -39.7   |  |
| PBT               | 357.9   | 327.5   | 197.2   | 81.5    | 302.9   | 18.2    |  |
| Tax paid          | 96.2    | 78.6    | 59.2    | 62.5    | 72.7    | 32.3    |  |
| PAT               | 253.7   | 235.8   | 135.0   | 87.9    | 213.0   | 19.1    | PAT was above our estimates on the back of better performance at operating level                         |

Source: Company, ICICI Direct Research

**Exhibit 2: Change in estimates**

| (₹ Crore)         | FY21E |       |          | FY22E |       |          | FY23E      | Comments   |
|-------------------|-------|-------|----------|-------|-------|----------|------------|--|
|                   | Old   | New   | % Change | Old   | New   | % Change | Introduced |  |
| Revenue           | 7,719 | 7,867 | 1.9      | 8,425 | 8,672 | 2.9      | 9,664      | We revise our revenue estimates upwards led by traction in digital and healthy deal pipeline |
| EBITDA            | 1,320 | 1,503 | 13.8     | 1,517 | 1,700 | 12.0     | 1,913      | We revise our margin estimates upwards considering multiple levers available to the company  |
| EBITDA Margin (%) | 17.1  | 19.1  | 200 bps  | 18.0  | 19.6  | 159 bps  | 19.8       | Upward revision in operating margins leads to increase in PAT estimates                      |
| PAT               | 832   | 968   | 16.3     | 983   | 1,119 | 13.9     | 1,256      |  |
| EPS (₹)           | 50.5  | 58.8  | 16.3     | 59.7  | 68.0  | 13.9     | 76.3       |  |

Source: Company, ICICI Direct Research

## Conference Call Highlights

- **Revenue outlook:** The company's focus on annuity and fixed project deals has helped it win a multi-year transformational deal. Further, MindTree aims to grow its revenues by improving mining of existing top 20 accounts and also keeping the pace of growth in top client at a steady rate. This, coupled with healthy win ratio, shift of spend from run to new, transformational projects and the company's digital prowess will lead to sustainable revenue growth in coming years. Vertical wise, the company expect BFSI, manufacturing, technology, communication and CPG to do well while travel will take time to recover. MindTree sees healthy traction in touchless, experience and cloud technology
- **Margin walkthrough:** A key highlight of the quarter was margin of 20.3%, which was due to cost rationalisation, improving utilisation, and one offs partially offset by rupee appreciation. The company believes it will be able to maintain margins near ~20% in coming quarters. Further, despite wage hikes effective January 2021 the company aims to maintain margins closer to Q2FY21 levels led by higher utilisation, lower subcontracting cost and lower discretionary spend. Hence, we expect FY21E margins to improve 542 bps YoY to 19.1% and further improve by 50 bps YoY & 20 bps YoY to 19.6% & 19.8% in FY22E & FY23E, respectively
- **Other highlights:** In the Top 10 clients, the company has exposure to the travel vertical. DSO days declined by two to 65 days. We believe they can be higher in the near term. There was a change in reporting in terms of services. The company's new services specification like Customer Success is directed for Chief Marketing officer, Enterprise IT to Chief Information Officer and Data to Chief Data Officer. We believe this will help drive sales and also cross sell opportunities
- **Order book:** The order book declined 1.3% YoY and 22.5% QoQ to US\$303 million. The company has not reported digital and new & renew order book in the quarter
- **Clientele details:** Top customer contribution to overall revenues was at 28.9% in the quarter and witnessed a decline of 1.0% QoQ. Top 2-5 & 6-10 customers declined 5.8% QoQ & 0.3% QoQ. The company has cut some of its tail clients. This has led to a dip in overall clients from 292 to 283. MindTree added one client in the US\$10 million category
- **Employee update:** With a net reduction of 128 in Q2, employee strength was at 21,827. Utilisation (including trainees) increased 330 bps QoQ to 78.8% due to low base in the last quarter

## Key Metrics

### Exhibit 3: Geography wise break-up

|  | Q2FY20 | Q3FY20 | Q4FY20 | Q1FY21 | Q2FY21 |
|--|--------|--------|--------|--------|--------|
| <b><u>Revenue by geography (%)</u></b> |        |        |        |        |        |
| US                                     | 73.7   | 74.6   | 76.8   | 79.0   | 77.4   |
| Europe                                 | 17.6   | 17.0   | 15.3   | 13.1   | 15.4   |
| RoW                                    | 8.6    | 4.4    | 4.0    | 7.9    | 7.2    |
| <b><u>Growth QoQ (%)</u></b>           |        |        |        |        |        |
| US                                     | 2.6    | 2.8    | 4.1    | -6.4   | 1.0    |
| Europe                                 | 1.4    | -1.9   | -9.0   | -22.1  | 21.2   |
| RoW                                    | 100.5  | -48.0  | -8.0   | 79.6   | -6.1   |

Source: Company, ICICI Direct Research

Growth in revenues was led by Europe

### Exhibit 4: Industry wise break-up

|  | Q2FY20 | Q3FY20 | Q4FY20 | Q1FY21 | Q2FY21 |
|--|--------|--------|--------|--------|--------|
| <b><u>Revenue by verticals (%)</u></b> |        |        |        |        |        |
| Communication Media & Technology       | 39.8   | 41.5   | 43.1   | 51.0   | 49.8   |
| BFSI                                   | 21.6   | 21.3   | 20.4   | 20.3   | 20.4   |
| Retail, CPG & Mfg                      | 21.7   | 20.6   | 20.3   | 20.6   | 21.5   |
| Travel & Hospitality                   | 16.9   | 16.6   | 16.2   | 8.1    | 8.3    |
| <b><u>Growth QoQ (%)</u></b>           |        |        |        |        |        |
| Technology, Media & services           | 3.6    | 5.9    | 5.1    | 7.6    | 0.7    |
| BFSI                                   | 2.6    | 0.1    | -3.1   | -9.5   | 3.6    |
| Retail, CPG & Mfg                      | 0.3    | -3.6   | -0.3   | -7.7   | 7.6    |
| Travel & Hospitality                   | 3.2    | -0.3   | -1.3   | -54.5  | 5.6    |

Source: Company, ICICI Direct Research

Growth driven by BFSI and retail. Travel was up QoQ due to low base

### Exhibit 5: Service offerings break up

|  | Q2FY20 | Q1FY21 | Q2FY21 | QoQ  | YoY   |
|--|--------|--------|--------|------|-------|
| <b><u>Revenue by service offerings (%)</u></b> |        |        |        |      |       |
| Customer Success                               | 41.8   | 39.8   | 38.9   | 0.7  | -10.4 |
| Data & Intelligence                            | 12.1   | 13.9   | 14.2   | 5.3  | 13.0  |
| Cloud Services                                 | 14.5   | 20.1   | 19     | -2.6 | 26.2  |
| Enterprise IT                                  | 31.6   | 26.2   | 27.9   | 9.8  | -15.0 |

Source: Company, ICICI Direct Research

The company has changed the reporting of verticals

**Exhibit 6: Client & human resource matrix**

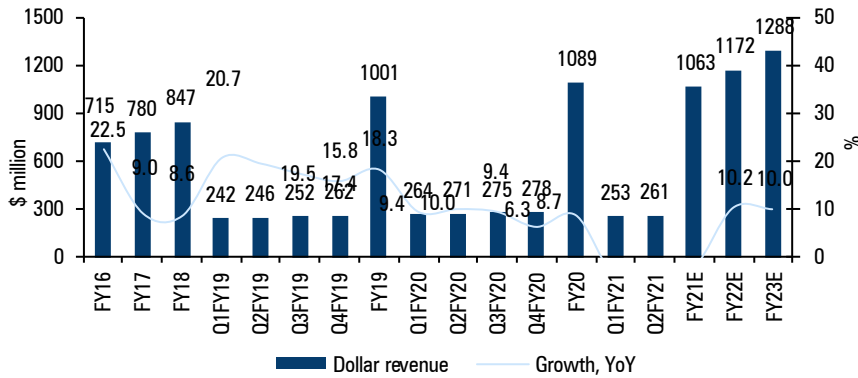
|  | Q2FY20 | Q3FY20 | Q4FY20 | Q1FY21 | Q2FY21 |
|--|--------|--------|--------|--------|--------|
| <b><i>Client metrics</i></b>                         |        |        |        |        |        |
| \$1 mn Clients                                       | 130    | 134    | 134    | 127    | 125    |
| \$10 mn Clients                                      | 21     | 22     | 23     | 23     | 24     |
| \$25 mn Clients                                      | 4      | 5      | 5      | 5      | 5      |
| \$50 mn Clients                                      | 1      | 1      | 1      | 1      | 1      |
| \$100 mn Clients                                     | 1      | 1      | 1      | 1      | 1      |
| <b><i>Headcount, Utilization &amp; Attrition</i></b> |        |        |        |        |        |
| Total Employees                                      | 21267  | 21561  | 21991  | 21955  | 21827  |
| Utilization  | 77.0   | 75.9   | 76.5   | 75.5   | 78.8   |

*Improvement in demand drove utilisation*

Source: Company, ICICI Direct Research

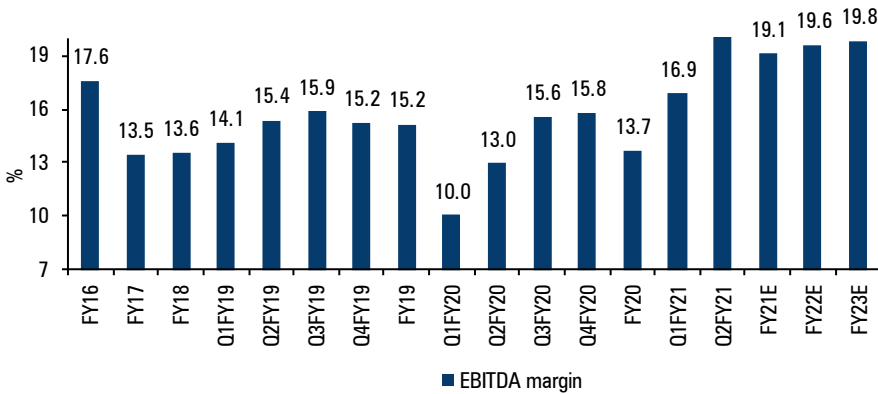
## Financial story in charts

Exhibit 7: Dollar revenues to increase 6% over FY20-23E



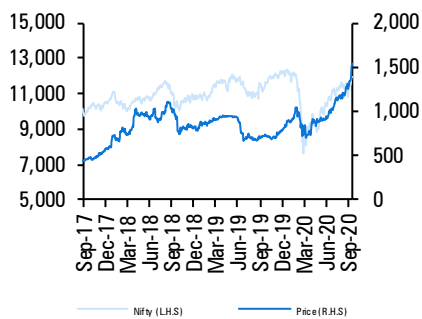
Source: Company, ICICI Direct Research

Exhibit 8: Revise EBITDA margin estimates



Source: Company, ICICI Direct Research

Exhibit 9: Three year chart



Source: Company, ICICI Direct Research

## Financial summary

| Exhibit 10: Profit and loss statement |              |              |              |              |
|---------------------------------------|--------------|--------------|--------------|--------------|
|                                       | ₹ crore      |              |              |              |
|                                       | FY20         | FY21E        | FY22E        | FY23E        |
| <b>Total Revenues</b>                 | <b>7,764</b> | <b>7,867</b> | <b>8,672</b> | <b>9,664</b> |
| Growth (%)                            | 10.6         | 1.3          | 10.2         | 11.4         |
| COGS                                  | 5,065        | 5,208        | 5,741        | 6,378        |
| Other Expenses                        | 1,637        | 1,156        | 1,231        | 1,372        |
| <b>EBITDA</b>                         | <b>1,062</b> | <b>1,503</b> | <b>1,700</b> | <b>1,913</b> |
| Growth (%)                            | (0.2)        | 41.4         | 13.1         | 12.6         |
| Depreciation                          | 275          | 260          | 286          | 319          |
| Other Income                          | 95           | 84           | 114          | 114          |
| Interest paid                         | 53           | 54           | 55           | 56           |
| PBT                                   | 829          | 1,273        | 1,473        | 1,653        |
| PBT                                   | 829          | 1,273        | 1,473        | 1,653        |
| Growth (%)                            | (16.0)       | 53.6         | 15.7         | 12.2         |
| Total Tax                             | 198          | 306          | 354          | 397          |
| PAT before MI                         | 631          | 968          | 1,119        | 1,256        |
| Minority interest                     | -            | -            | -            | -            |
| <b>PAT</b>                            | <b>631</b>   | <b>968</b>   | <b>1,119</b> | <b>1,256</b> |
| EPS - diluted                         | 38.3         | 58.8         | 68.0         | 76.3         |
| EPS (Growth %)                        | (16.6)       | 53.4         | 15.7         | 12.2         |

Source: Company, ICICI Direct Research

| Exhibit 11: Cash flow statement     |              |              |              |              |
|-------------------------------------|--------------|--------------|--------------|--------------|
|                                     | ₹ crore      |              |              |              |
|                                     | FY20         | FY21E        | FY22E        | FY23E        |
| Net profit before Tax               | 829          | 1,273        | 1,473        | 1,653        |
| Depreciation                        | 275          | 260          | 286          | 319          |
| (inc)/dec in Current Assets         | (135)        | (239)        | (311)        | (244)        |
| (inc)/dec in current Liabilities    | 177          | (18)         | 51           | 71           |
| <b>CF from operations</b>           | <b>825</b>   | <b>860</b>   | <b>1,006</b> | <b>1,264</b> |
| Other Investments                   | 99           | 84           | 114          | 114          |
| (Purchase)/Sale of Fixed Asset      | (122)        | (315)        | (347)        | (387)        |
| <b>CF from investing Activities</b> | <b>(23)</b>  | <b>(230)</b> | <b>(232)</b> | <b>(272)</b> |
| Inc / (Dec) in Equity Capital       | (49)         | -            | -            | -            |
| Inc / (Dec) in sec.loan Funds       | (1)          | -            | -            | -            |
| Dividend & Dividend tax             | (594)        | (329)        | (504)        | (565)        |
| Interest Paid on Loans              | (53)         | (54)         | (55)         | (56)         |
| <b>CF from Financial Activities</b> | <b>(696)</b> | <b>(383)</b> | <b>(559)</b> | <b>(621)</b> |
| Cash generating during the yea      | 135          | 247          | 215          | 370          |
| Opening cash balance                | 256          | 391          | 638          | 853          |
| Exchange rate differences           | 29           | -            | -            | -            |
| <b>Closing cash</b>                 | <b>587</b>   | <b>834</b>   | <b>1,049</b> | <b>1,419</b> |

Source: Company, ICICI Direct Research

| Exhibit 12: Balance sheet   |              |              |              |              |
|-----------------------------|--------------|--------------|--------------|--------------|
|                             | ₹ crore      |              |              |              |
|                             | FY20         | FY21E        | FY22E        | FY23E        |
| Equity                      | 165          | 165          | 165          | 165          |
| Reserves & Surplus          | 2,992        | 3,631        | 4,247        | 4,937        |
| Networth                    | 3,157        | 3,795        | 4,411        | 5,102        |
| Minority Interest           | -            | -            | -            | -            |
| Total Debt                  | -            | -            | -            | -            |
| Other long term liabilities | 676          | 676          | 676          | 676          |
| <b>Source of funds</b>      | <b>3,833</b> | <b>4,472</b> | <b>5,087</b> | <b>5,778</b> |
| Net Block                   | 860          | 915          | 976          | 1,044        |
| CWIP                        | 14           | 14           | 14           | 14           |
| Other intangible assets     | 549          | 549          | 549          | 549          |
| Other long term assets      | 479          | 559          | 639          | 719          |
| Current investments         | 694          | 694          | 694          | 694          |
| Debtors                     | 1,439        | 1,489        | 1,618        | 1,791        |
| Cash & Cash equivalents     | 587          | 834          | 1,049        | 1,419        |
| Loans and advances          | 10           | 10           | 17           | 19           |
| Other Current Assets(C      | 525          | 713          | 888          | 957          |
| Trade payables              | 259          | 259          | 285          | 318          |
| Other Current liabilities   | 893          | 905          | 941          | 964          |
| Provisions                  | 172          | 142          | 130          | 145          |
| <b>Application of funds</b> | <b>3,833</b> | <b>4,472</b> | <b>5,087</b> | <b>5,778</b> |

Source: Company, ICICI Direct Research

| Exhibit 13: Key ratios      |         |       |       |       |
|-----------------------------|---------|-------|-------|-------|
| (Year-end March)            | ₹ crore |       |       |       |
|                             | FY20    | FY21E | FY22E | FY23E |
| <b>Per share data (₹)</b>   |         |       |       |       |
| Adjusted EPS (Diluted)      | 38.3    | 58.8  | 68.0  | 76.3  |
| BV per share                | 191.7   | 230.5 | 267.8 | 309.8 |
| DPS                         | 13.0    | 20.0  | 30.6  | 34.3  |
| Cash per Share              | 35.6    | 50.6  | 63.7  | 86.2  |
| <b>Operating Ratios</b>     |         |       |       |       |
| EBITDA Margin (%)           | 13.7    | 19.1  | 19.6  | 19.8  |
| PBT Margin (%)              | 10.7    | 16.2  | 17.0  | 17.1  |
| PAT Margin (%)              | 8.1     | 12.3  | 12.9  | 13.0  |
| Debtor days                 | 68      | 69    | 68    | 68    |
| Creditor days               | 12      | 12    | 12    | 12    |
| <b>Return Ratios (%)</b>    |         |       |       |       |
| RoE                         | 20.0    | 25.5  | 25.4  | 24.6  |
| RoCE                        | 23.0    | 29.7  | 30.0  | 29.6  |
| RoIC                        | 31.0    | 42.4  | 42.4  | 43.7  |
| <b>Valuation Ratios (x)</b> |         |       |       |       |
| P/E                         | 37.3    | 24.3  | 21.0  | 18.7  |
| EV / EBITDA                 | 20.9    | 14.6  | 12.8  | 11.2  |
| Price to Book Value         | 7.4     | 6.2   | 5.3   | 4.6   |
| EV / Net Sales              | 2.9     | 2.8   | 2.5   | 2.2   |
| Market Cap / Sales          | 3.0     | 3.0   | 2.7   | 2.4   |
| <b>Solvency Ratios</b>      |         |       |       |       |
| Debt/EBITDA                 | -       | -     | -     | -     |
| Debt / Equity               | -       | -     | -     | -     |
| Current Ratio               | 1.5     | 1.7   | 1.9   | 1.9   |
| Quick Ratio                 | 1.5     | 1.7   | 1.9   | 1.9   |

Source: Company, ICICI Direct Research

Exhibit 14: 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) | 859   | 885   | Hold  | 2,33,130 | 40.8  | 46.3  | 52.5  |          | 21    | 19    | 16    |         | 23.0  | 23.0  | 23.2  |
| Infosys (INFTEC)   | 1,108   | 1,350  | Buy    | 4,72,558    | 38.9              | 45.9  | 49.2  | 56.4  | 28       | 24    | 23    | 20    | 30.8     | 33.5  | 33.3  | 35.3  | 25.2    | 27.2  | 26.9  | 28.4  |
| TCS (TCS)          | 2,738   | 3,300  | Buy    | 10,27,403   | 86.2              | 87.2  | 103.8 | 118.0 | 32       | 31    | 26    | 23    | 43.5     | 44.5  | 49.0  | 52.9  | 37.5    | 37.1  | 42.3  | 45.6  |
| Tech M (TECMAH)    | 812     | 765    | Buy    | 78,524      | 45.9              | 44.0  | 51.0  |       | 18       | 18    | 16    |       | 19.1     | 16.4  | 17.4  |       | 18.5    | 16.0  | 16.7  |       |
| Wipro (WIPRO)      | 341     | 435    | Buy    | 1,94,963    | 16.6              | 18.1  | 19.8  | 22.2  | 21       | 19    | 17    | 15    | 19.3     | 21.0  | 22.4  | 24.5  | 17.4    | 18.6  | 19.9  | 21.9  |
| Mindtree (MINCON)  | 1,428   | 1,160  | Buy    | 23,511      | 38.3              | 58.8  | 68.0  | 76.3  | 37       | 24    | 21    | 19    | 23.0     | 29.7  | 30.0  | 29.6  | 20.0    | 25.5  | 25.4  | 24.6  |
| LTI (LTINFC)       | 3,303   | 2,320  | Hold   | 57,665      | 86.6              | 97.1  | 113.6 |       | 38       | 34    | 29    |       | 30.7     | 29.2  | 29.2  |       | 28.1    | 26.4  | 26.2  |       |
| Coforge (NITEC)    | 2,507   | 2,200  | Buy    | 15,189      | 71.4              | 75.3  | 94.4  |       | 35       | 33    | 27    |       | 23.0     | 24.7  | 26.0  |       | 18.5    | 19.4  | 21.2  |       |
| Infoedge (INFEDG)  | 3,577   | 3,555  | Hold   | 45,998      | 26.8              | 27.8  | 33.4  |       | 134      | 129   | 107   |       | 18.0     | 10.6  | 12.0  |       | 13.5    | 7.9   | 8.9   |       |
| Teamlease (TEASER) | 2,289   | 2,205  | Buy    | 3,919       | 20.5              | 48.2  | 62.8  |       | 112      | 47    | 36    |       | 15.0     | 12.7  | 14.1  |       | 6.5     | 12.9  | 14.5  |       |

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](mailto: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](mailto:research@icicidirect.com)

## ANALYST CERTIFICATION

I/We, Devang Bhatt, PGDBM, Research Analyst, 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 Limited is a Sebi registered Research Analyst with SEBI Registration Number – INH00000990. ICICI Securities Limited Sebi Registration is INZ00183631 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](http://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 generally prohibits its analysts, persons reporting to analysts and their relatives 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 [icicidirect.com](http://icicidirect.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, 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 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.