

# Mphasis

Refer to important disclosures at the end of this report

## Strong operating performance; DXC uncertainties to weigh on valuations

CMP: Rs 1,382  
as of (October 23, 2020)TP: Rs 1,440 (■)  
12 months

Rating: HOLD (■)

Upside: 4.2 %

- Mphasis' Q2 revenue performance was ahead of expectations, while margins were in line with expectations. Net revenue grew 6.4% QoQ to ~Rs24.4bn, driven by strong growth in Direct revenue. EBITM expanded ~40bps QoQ to 16.1%. Adj. net profit was ~Rs3bn.
- Direct revenue grew 9.7% QoQ (10.9% cc) to ~Rs19.8bn. Traction in the Digital Risk business, robust deal wins (US\$360mn in Q2; ~US\$1bn on LTM basis, +70% YoY) and healthy deal pipeline (up 75% YoY) impart confidence on growth sustainability.
- DXC revenue declined 14.9% QoQ to Rs3.9bn (-15.5% cc). DXC revenue run rate reached closer to MRC in Q2 (~6% higher than MRC). Mphasis remained focus on ensuring its relationship with DXC and building visibility beyond MRC tenure. ~US\$200mn of MRC is pending, which will be consumed over the next four quarters.
- Strong execution and robust deal intake augur well for revenue growth, however, softness in Insurance and Logistic, continued weakness in DXC revenue and volatility in the Digital Risk business may restrict any material uptick in growth trajectory. Uncertainties over DXC revenue post the MRC period may weigh on stock performance. We assume coverage on Mphasis with Hold and a TP of Rs1,440 at 18x Sept'22E earnings.

**What we liked?** Strong growth momentum in Direct revenue; robust deal momentum

**What we did not like?** Continued decline in DXC revenue (-15.5% QoQ cc); softness in Insurance and Logistic

**Strong operating performance:** Net revenue grew 6.4% QoQ to ~Rs24.4bn, led by strong growth in Direct revenue. Mphasis signed deals worth US\$360mn in Q2, the highest ever TCV win for a quarter. DXC revenue fell 14.9% QoQ (-15.5% cc). Management remains confident on overall revenue growth momentum on the back of continued traction in Direct revenue, ability to leverage its long standing relationship to gain wallet share across clients, differentiated digital capabilities and solid deal win momentum despite weakness in the DXC business. The company retained its EBITM guidance range of 15.5-16.5% for FY21 as improving business mix, focus on automation and cost optimization measures would negate large deal transition costs, DXC challenges and S&M investments.

**Assume coverage on Mphasis with Hold and TP of Rs1,440:** Strong execution and robust deal intake augur well for revenue growth, however, softness in Insurance and Logistic, continued weakness in DXC revenue and volatility in the Digital Risk business may restrict any material uptick in growth trajectory. Uncertainties over DXC revenue post MRC period is likely to weigh on stock performance. We assume coverage on Mphasis with Hold and a TP of Rs1,440 at 18x Sept'22E earnings.

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

### Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	77,311	88,435	96,501	1,08,370	1,20,843
EBITDA	13,240	16,504	17,840	20,284	22,619
EBITDA Margin (%)	17.1	18.7	18.5	18.7	18.7
APAT	10,736	11,848	11,951	14,015	15,846
EPS (Rs)	57.7	63.5	64.1	75.1	85.0
EPS (% chg)	30.9	10.2	0.9	17.3	13.1
ROE (%)	20.0	21.4	19.6	20.8	21.1
P/E (x)	24.0	21.8	21.6	18.4	16.3
EV/EBITDA (x)	18.6	14.7	13.3	11.4	9.9
P/BV (x)	4.9	4.4	4.0	3.6	3.2

Source: Company, Emkay Research



### Change in Estimates

EPS Chg FY21E/FY22E (%)	-/-
Target Price change (%)	NA
Target Period (Months)	12
Previous Reco	NA

### Emkay vs Consensus

EPS Estimates		
	FY21E	FY22E
Emkay	64.1	75.1
Consensus	64.2	75.0
Mean Consensus TP (12M)	Rs 1,447	

### Stock Details

Bloomberg Code	MPHL IN
Face Value (Rs)	10
Shares outstanding (mn)	187
52 Week H/L	1,465 / 612
M Cap (Rs bn/USD bn)	258 / 3.50
Daily Avg Volume (nos.)	5,88,698
Daily Avg Turnover (US\$ mn)	9.9

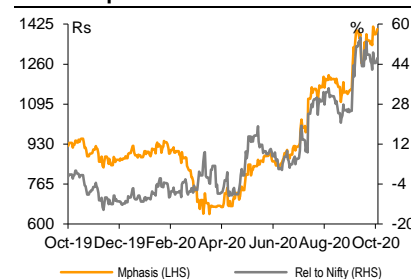
### Shareholding Pattern Sep '20

Promoters	56.2%
FIIIs	22.1%
DIIIs	16.2%
Public and Others	5.5%

### Price Performance

(%)	1M	3M	6M	12M
Absolute	-	41	99	49
Rel. to Nifty (7)	33	55	45	

### 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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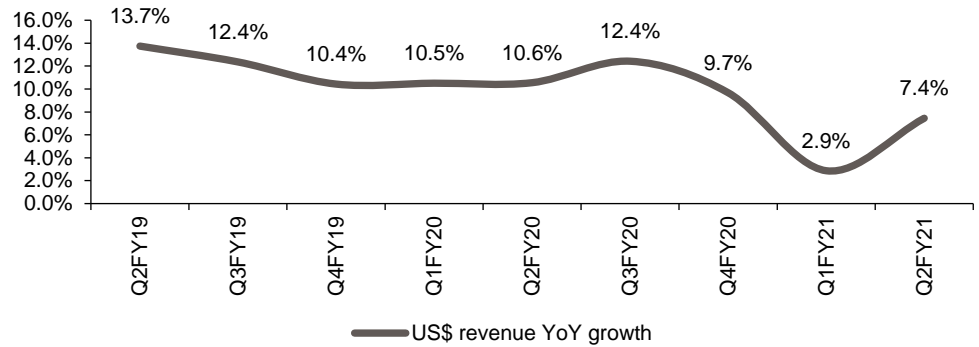
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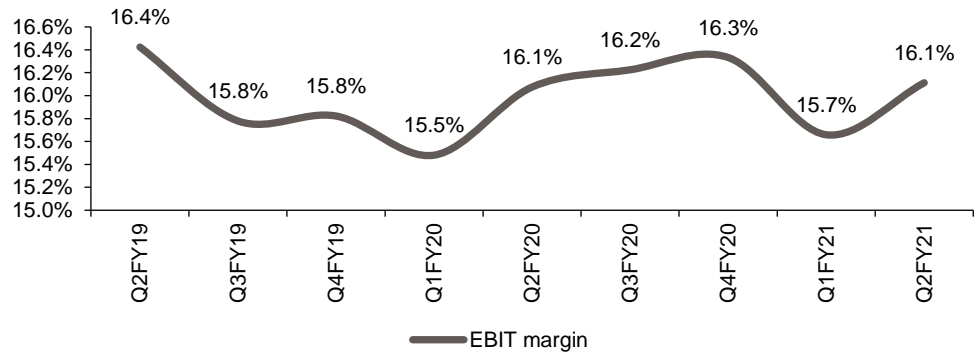
## Story in charts

**Exhibit 1: US\$ revenue YoY growth recovered to 7.4% in Sep'20**



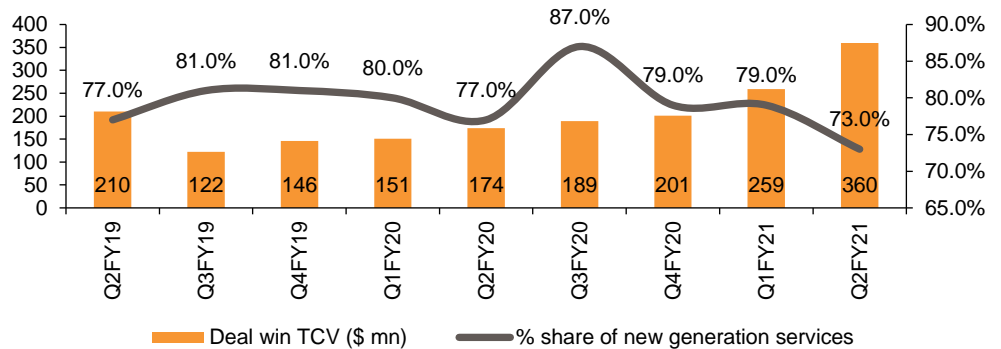
Source: Company, Emkay Research

**Exhibit 2: EBIT margin expanded by 40bps QoQ in Sep'20**



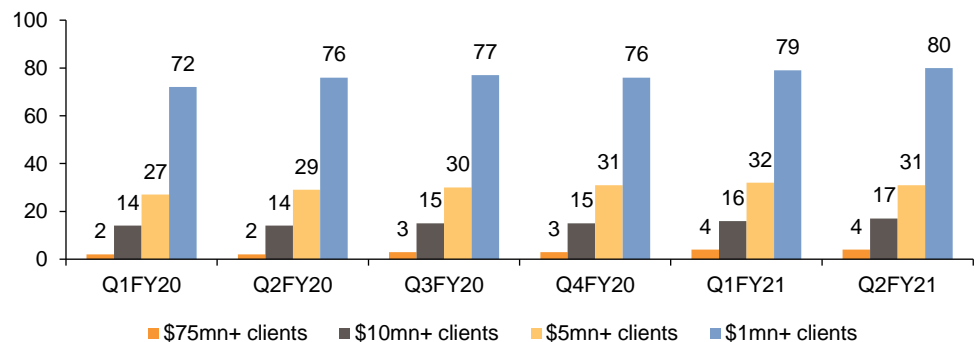
Source: Company, Emkay Research

**Exhibit 3: Deal wins remained robust for the quarter**



Source: Company, Emkay Research

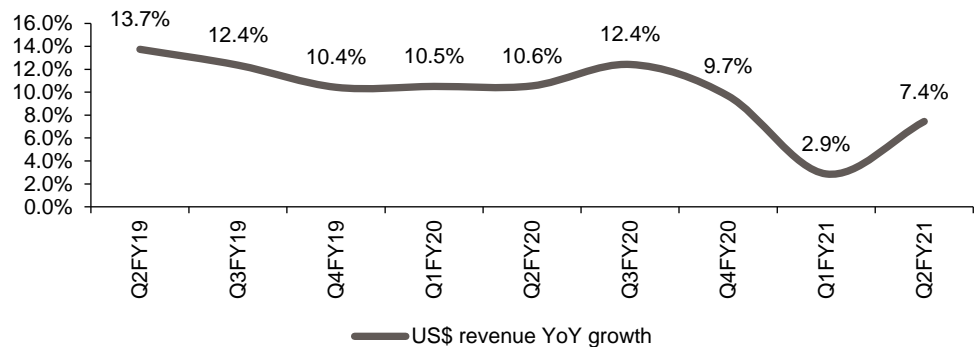
**Exhibit 4: Mphasis has been successful in mining its clients over the quarters**



Source: Company, Emkay Research

**BCM leads revenue growth; EBIT margins to remain in narrow range:** Mphasis' Q2 revenue performance was better than expectations, while margins were in line with estimates. Net revenue grew 6.4% QoQ to ~Rs24.4bn, driven by strong growth in Direct revenue. Revenue growth was led by BCM (15.2% QoQ) and Others (4.3% QoQ), while Insurance remained soft sequentially and ITC&E (-12.2% QoQ) and Logistics & Transportation (-7.9% QoQ) declined. Among services, BPS saw robust growth of 32.6% QoQ, whereas Application services fell 2.7% QoQ and Infrastructure services was soft sequentially. Mphasis signed deals worth US\$360mn in Q2 (73% of deal wins pertain to new-gen services), the highest ever TCV win for a quarter. The deal pipeline remains robust (up 75% YoY) with cloud platforms deal pipeline growing 3x YoY and contributes 36% to the overall deal pipeline. Mphasis remains confident of revenue growth momentum on the back of a) strong deal intake (~US\$1bn on LTM basis) and healthy deal pipeline (up 75% YoY), b) ability to leverage its long standing relationships to gain wallet share across clients, and c) differentiated digital capabilities.

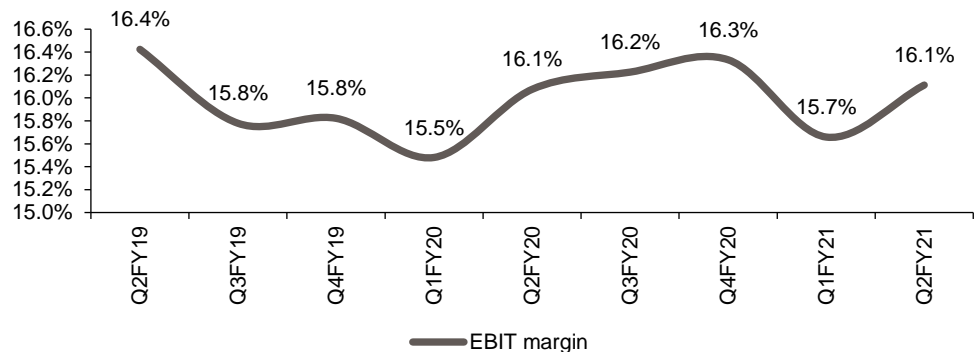
**Exhibit 5: US\$ revenue YoY growth recovered to 7.4% in Sep'20**



Source: Company, Emkay Research

**Mphasis' EBIT margin performance remains fairly consistent:** Mphasis delivered 16.1% EBITM in Q2 – 12<sup>th</sup> quarter in a row where it delivered EBITM within 15.5-16.5% range. It retained its EBITM guidance range of 15.5-16.5% for FY21 as improving business mix, focus on automation and cost optimization measures would negate large deal transition costs, DXC challenges and S&M investments.

**Exhibit 6: EBIT margin expanded by 40bps QoQ in Sep'20**



Source: Company, Emkay Research

**Exhibit 7: Quarterly snapshot**

(Unit: Rs mn)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	YoY (%)	QoQ (%)	FY20TD	FY21TD	YoY
Revenues(US\$ mn)	305	318	320	305	327	7.4	7.2	602	633	5.2
Net Revenue	21,580	22,767	23,462	22,882	24,354	12.9	6.4	42,206	47,236	11.9
Operating Expenditure	17,529	18,498	19,021	18,704	19,830	13.1	6.0	34,412	38,534	12.0
Cost of revenues	15,361	16,228	16,167	16,261	16,974	10.5	4.4	29,822	33,235	11.4
as % of sales	71.2	71.3	68.9	71.1	69.7			70.7	70.4	
SG&A expenses	2,168	2,270	2,854	2,443	2,856	31.7	16.9	4,590	5,299	15.4
as % of sales	10.0	10.0	12.2	10.7	11.7			10.9	11.2	
EBITDA	4,051	4,269	4,441	4,178	4,524	11.7	8.3	7,794	8,702	11.6
Depreciation	582	575	609	595	600	3.1	0.8	1,132	1,195	5.6
EBIT	3,469	3,694	3,832	3,583	3,924	13.1	9.5	6,662	7,507	12.7
Other Income	134	172	319	182	114	(14.9)	(37.4)	476	296	(37.8)
PBT	3,603	3,866	4,151	3,765	4,038	12.1	7.3	7,138	7,803	9.3
Total Tax	871	929	618	1,014	1,046	20.1	3.2	1,759	2,060	17.1
Adjusted PAT	2,732	2,937	3,533	2,751	2,992	9.5	8.8	5,379	5,743	6.8
APAT after MI	2,732	2,937	3,533	2,751	2,992	9.5	8.8	5,379	5,743	6.8
Reported PAT	2,732	2,937	3,533	2,751	2,992	9.5	8.8	5,379	5,743	6.8
Reported EPS	14.7	15.8	18.9	14.7	16.0	9.4	8.8	29	31	6.6
Margins (%)						(bps)	(bps)			
EBIDTA	18.8	18.8	18.9	18.3	18.6	(20)	32	18.5	18.4	(4)
EBIT	16.1	16.2	16.3	15.7	16.1	4	45	15.8	15.9	11
EBT	16.7	17.0	17.7	16.5	16.6	(12)	13	16.9	16.5	(39)
PAT	12.7	12.9	15.1	12.0	12.3	(37)	26	12.7	12.2	(59)
Effective Tax rate	24.2	24.0	14.9	26.9	25.9	173	(103)	24.6	26.4	176

Source: Company, Emkay Research

**Exhibit 8: Revenue by secondary business segment**

Particulars (Rs mn)	Q2FY21	Q1FY21	Q2FY20	QoQ (%)	YoY (%)
DXC	3,934	4,622	5,172	-14.9%	-23.9%
Direct	19,823	18,075	15,838	9.7%	25.2%
Others	481	340	451	41.5%	6.7%

Source: Company, Emkay Research

**Exhibit 9: Segment performance**

Particulars (Rs mn)	Q2FY21	Q1FY21	Q2FY20	QoQ (%)	YoY (%)
<b>Revenue</b>					
Banking and Capital Market	12,950	11,240	9,834	15.2%	31.7%
Insurance	2,308	2,293	2,414	0.7%	-4.4%
Logistic and Transport	2,979	3,234	2,877	-7.9%	3.5%
ITC&E	2,860	3,258	3,459	-12.2%	-17.3%
Others	3,141	3,012	2,877	4.3%	9.2%
<b>Segment gross profit margin (%)</b>					
Banking and Capital Market	25.1	24.4	26.6	70 bps	-150 bps
Insurance	32.4	28.5	30.2	390 bps	220 bps
Logistic and Transport	37.8	38.2	33.3	-30 bps	450 bps
ITC&E	19.7	18.5	20.5	110 bps	-80 bps
Others	35.0	35.2	31.2	-20 bps	380 bps

Source: Company, Emkay Research

**Exhibit 10: Revenues by geography**

Particulars (Rs mn)	Q2FY21	Q1FY21	Q2FY20	QoQ (%)	YoY (%)
Americas	18,929	17,696	17,005	7.0%	11.3%
EMEA	2,624	2,749	2,176	-4.5%	20.6%
India	1,101	948	1,131	16.1%	-2.7%
RoW	1,584	1,644	1,150	-3.6%	37.7%

Source: Company, Emkay Research

**Exhibit 11: Revenue by service line**

Particulars (Rs mn)	Q2FY21	Q1FY21	Q2FY20	QoQ (%)	YoY (%)
Application Services	14,300	14,695	13,735	-2.7%	4.1%
Business Process Services	6,434	4,852	3,498	32.6%	83.9%
Infrastructure Services	3,504	3,490	4,228	0.4%	-17.1%

Source: Company, Emkay Research

**Exhibit 12: Client contribution to revenue (ex – DXC)**

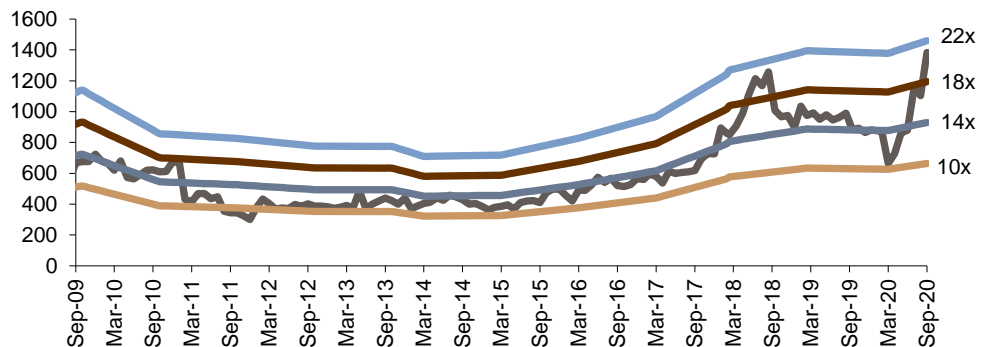
As a % of revenue	Q2FY21	Q1FY21	Q2FY20	QoQ (%)	YoY (%)
Top customer	12.0	12.0	14.0	5.2%	-3.2%
Top-5 customer	39.0	39.0	38.0	5.2%	15.9%
Top-10 customer	50.0	48.0	47.0	9.6%	20.1%

Source: Company, Emkay Research

**Exhibit 13: Key Assumptions**

Key Assumptions	FY20	FY21E	FY22E	FY23E
Growth in Revenues (US\$ mn)	10.8%	5.5%	12.0%	10.0%
USD/INR	71.2	73.8	74.0	75.0
INR Revenue growth	14.4%	9.1%	12.3%	11.5%
EBIT margins	16.0%	15.9%	16.2%	16.2%
EPS growth (%)	10.2%	0.9%	17.3%	13.1%

Source: Company, Emkay Research

**Exhibit 14: Mphasis' 1 year forward P/E band**

Source: Company, Emkay Research

## Other Key takeaways

**Q2FY21 performance:** Net revenue grew 6.4% QoQ and 12.8% YoY to Rs24.3bn in Q2FY21, which was higher than the pre-Covid peak. Direct revenue grew 9.7% QoQ/25.2% YoY in Q2FY21 and 10.9% QoQ/18.4% YoY in CC terms. While DXC revenues fell 14.9% QoQ/23.9% YoY in Q2FY21 (down 15.5% QoQ /28.9% YoY in CC terms). EBIT margin expanded by 50bps sequentially to 16.1%. Deal wins for the quarter stood at US\$ 360mn (73% in new gen services), which was the highest ever in a quarter. The deal pipeline is up 75% YoY despite large deal wins during the quarter and the cloud-based deal pipeline grew 3x YoY.

**Geographies and Verticals:** Americas and India regions recorded growth of 7% QoQ and 16.1% QoQ, respectively, whereas EMEA fell 4.5% and RoW by 3.6%. EMEA weakness in Q2 was attributed to a decline in DXC revenue. Europe grew 8.2% YoY in Q2FY21 in CC, while the Direct business in Europe grew 23% YoY in CC. Management indicated that Europe continues to be a key investment area for the company and is expected to be a growth driver for FY21. BCM vertical saw a strong, broad-based double-digit growth during the quarter and growth was driven by wallet share gain across clients. Logistics and transportation saw another quarter of sequential decline and is expected to recover from Q3FY21 onward. Insurance is expected to accelerate growth from Q3 on the back of a strong deal pipeline and focus on execution and conversion of deal wins in revenue.

**FY21 outlook:** The company expects the revenue growth trajectory to continue in Q3FY21 and Q4FY21, albeit seasonality would impact the Q3 growth trajectory. EBIT margin for FY21 is expected to be in the narrow range of 15.5%-16.5% as the company looks to invest back in the business. Management indicated that the deal pipeline remains robust with the increased component of large deals, which are largely transformational deals in nature. Offshore utilization was low during the quarter as the company decided to create capacity as the deal pipeline remains robust. Utilization is expected to increase once the deals are ramped up.

### Other takeaways:

- DSO was steady at 62 days for the quarter.
- The company added 5 new clients during the quarter.

**Key Financials (Consolidated)****Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>Revenue</b>	<b>77,311</b>	<b>88,435</b>	<b>96,501</b>	<b>1,08,370</b>	<b>1,20,843</b>
<b>Expenditure</b>	<b>64,071</b>	<b>71,931</b>	<b>78,661</b>	<b>88,086</b>	<b>98,224</b>
<b>EBITDA</b>	<b>13,240</b>	<b>16,504</b>	<b>17,840</b>	<b>20,284</b>	<b>22,619</b>
Depreciation	758	2,316	2,452	2,752	3,060
<b>EBIT</b>	<b>12,482</b>	<b>14,188</b>	<b>15,388</b>	<b>17,532</b>	<b>19,559</b>
Other Income	1,593	966	693	1,155	1,570
Interest expenses	0	0	0	0	0
<b>PBT</b>	<b>14,075</b>	<b>15,154</b>	<b>16,081</b>	<b>18,687</b>	<b>21,129</b>
Tax	3,339	3,306	4,129	4,672	5,282
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>10,736</b>	<b>11,848</b>	<b>11,951</b>	<b>14,015</b>	<b>15,846</b>
<b>Adjusted PAT</b>	<b>10,736</b>	<b>11,848</b>	<b>11,951</b>	<b>14,015</b>	<b>15,846</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	1,862	1,865	1,865	1,865	1,865
Reserves & surplus	50,636	56,431	61,853	68,966	77,724
<b>Net worth</b>	<b>52,498</b>	<b>58,296</b>	<b>63,719</b>	<b>70,832</b>	<b>79,590</b>
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan Funds</b>	<b>5,426</b>	<b>5,713</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>
Net deferred tax liability	(786)	(2,020)	(1,163)	(1,163)	(1,163)
<b>Total Liabilities</b>	<b>57,138</b>	<b>61,989</b>	<b>65,556</b>	<b>72,669</b>	<b>81,427</b>
<b>Net block</b>	<b>21,697</b>	<b>30,135</b>	<b>29,843</b>	<b>29,701</b>	<b>29,251</b>
<b>Investment</b>	<b>13,292</b>	<b>13,257</b>	<b>18,479</b>	<b>20,479</b>	<b>20,479</b>
<b>Current Assets</b>	<b>37,878</b>	<b>41,819</b>	<b>41,284</b>	<b>48,136</b>	<b>59,015</b>
Cash & bank balance	6,416	11,257	8,626	12,604	20,688
Other Current Assets	14,360	14,744	15,036	16,475	17,971
<b>Current liabilities &amp; Provision</b>	<b>15,759</b>	<b>23,389</b>	<b>24,113</b>	<b>25,710</b>	<b>27,380</b>
<b>Net current assets</b>	<b>22,120</b>	<b>18,431</b>	<b>17,171</b>	<b>22,426</b>	<b>31,634</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>57,138</b>	<b>61,989</b>	<b>65,556</b>	<b>72,669</b>	<b>81,427</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>12,482</b>	<b>14,188</b>	<b>15,388</b>	<b>17,532</b>	<b>19,559</b>
Other Non-Cash items	271	1,594	2,459	2,514	2,618
Chg in working cap	(1,421)	422	(515)	(1,277)	(1,124)
<b>Operating Cashflow</b>	<b>9,497</b>	<b>13,210</b>	<b>13,895</b>	<b>15,252</b>	<b>17,340</b>
Capital expenditure	(2,511)	(1,243)	(2,056)	(2,610)	(2,610)
<b>Free Cash Flow</b>	<b>6,986</b>	<b>11,967</b>	<b>11,839</b>	<b>12,642</b>	<b>14,730</b>
Investments	5,570	899	(5,222)	(2,000)	0
Other Investing Cash Flow	0	0	0	0	0
<b>Investing Cashflow</b>	<b>3,364</b>	<b>(132)</b>	<b>(6,580)</b>	<b>(3,707)</b>	<b>(1,496)</b>
Equity Capital Raised	(9,846)	151	0	0	0
Loans Taken / (Repaid)	1,246	(1,553)	(2,713)	0	0
Dividend paid (incl tax)	(4,655)	(6,065)	(6,529)	(6,902)	(7,088)
Other Financing Cash Flow	0	0	0	0	0
<b>Financing Cashflow</b>	<b>(13,418)</b>	<b>(8,247)</b>	<b>(9,947)</b>	<b>(7,566)</b>	<b>(7,760)</b>
<b>Net chg in cash</b>	<b>(557)</b>	<b>4,831</b>	<b>(2,631)</b>	<b>3,978</b>	<b>8,084</b>
Opening cash position	7,067	6,416	11,257	8,626	12,604
<b>Closing cash position</b>	<b>6,416</b>	<b>11,257</b>	<b>8,626</b>	<b>12,604</b>	<b>20,688</b>

Source: Company, Emkay Research

**Key Ratios**

<b>Profitability (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EBITDA Margin	17.1	18.7	18.5	18.7	18.7
EBIT Margin	16.1	16.0	15.9	16.2	16.2
Effective Tax Rate	23.7	21.8	25.7	25.0	25.0
Net Margin	13.9	13.4	12.4	12.9	13.1
ROCE	24.5	25.4	25.2	27.0	27.4
ROE	20.0	21.4	19.6	20.8	21.1
RoIC	35.6	38.0	40.7	45.0	49.1

<b>Per Share Data (Rs)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EPS	57.7	63.5	64.1	75.1	85.0
CEPS	61.7	75.9	77.2	89.9	101.4
BVPS	281.9	312.5	341.6	379.7	426.7
DPS	27.0	35.0	35.0	37.0	38.0

<b>Valuations (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
PER	24.0	21.8	21.6	18.4	16.3
P/CEPS	21.9	17.8	17.5	15.0	13.3
P/BV	4.9	4.4	4.0	3.6	3.2
EV / Sales	3.2	2.7	2.5	2.1	1.8
EV / EBITDA	18.6	14.7	13.3	11.4	9.9
Dividend Yield (%)	2.0	2.5	2.5	2.7	2.7

<b>Gearing Ratio (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Net Debt/ Equity	(0.2)	(0.3)	(0.3)	(0.4)	(0.4)
Net Debt/EBIDTA	(0.9)	(0.9)	(1.2)	(1.3)	(1.5)
Working Cap Cycle (days)	74.1	29.6	32.3	33.1	33.1

<b>Growth (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Revenue	18.1	14.4	9.1	12.3	11.5
EBITDA	24.6	24.7	8.1	13.7	11.5
EBIT	25.9	13.7	8.5	13.9	11.6
PAT	28.1	10.4	0.9	17.3	13.1

<b>Quarterly (Rs mn)</b>	<b>Q2FY20</b>	<b>Q3FY20</b>	<b>Q4FY20</b>	<b>Q1FY21</b>	<b>Q2FY21</b>
Revenue	21,580	22,767	23,462	22,882	24,354
EBITDA	4,051	4,269	4,441	4,178	4,524
<b>EBITDA Margin (%)</b>	<b>18.8</b>	<b>18.8</b>	<b>18.9</b>	<b>18.3</b>	<b>18.6</b>
PAT	2,732	2,937	3,533	2,751	2,992
<b>EPS (Rs)</b>	<b>14.7</b>	<b>15.8</b>	<b>18.9</b>	<b>14.7</b>	<b>16.0</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Sep-19</b>	<b>Dec-19</b>	<b>Mar-20</b>	<b>Jun-20</b>	<b>Sep-20</b>
Promoters	52.2	52.2	56.2	56.2	56.2
FIs	28.8	28.5	23.9	23.7	22.1
DIs	13.7	13.9	14.2	14.2	16.2
Public and Others	5.3	5.4	5.8	6.0	5.5

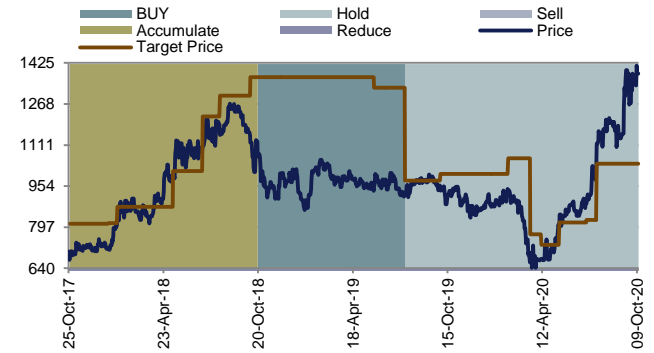
Source: Capitaline

## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
24-Jul-20	1,117	1,040	12m	Hold	Manik Taneja
05-Jul-20	887	825	12m	Hold	Manik Taneja
25-Jun-20	872	815	12m	Hold	Manik Taneja
14-May-20	803	815	12m	Hold	Manik Taneja
10-Apr-20	676	730	12m	Hold	Manik Taneja
20-Mar-20	699	770	12m	Hold	Manik Taneja
18-Mar-20	688	1,060	12m	Hold	Manik Taneja
07-Feb-20	937	1,060	12m	Hold	Manik Taneja
01-Jan-20	924	1,000	12m	Hold	Manik Taneja
21-Nov-19	890	1,000	12m	Hold	Manik Taneja
15-Nov-19	907	1,000	12m	Hold	Manik Taneja
01-Oct-19	937	1,000	12m	Hold	Manik Taneja
26-Jul-19	930	975	12m	Hold	Manik Taneja
03-Jul-19	989	1,330	12m	Buy	Manik Taneja
28-May-19	952	1,330	12m	Buy	Rahul Jain
08-Apr-19	977	1,370	12m	Buy	Rahul Jain
25-Jan-19	921	1,370	12m	Buy	Rahul Jain
09-Jan-19	905	1,370	12m	Buy	Rahul Jain
02-Jan-19	989	1,370	12m	Buy	Rahul Jain
19-Oct-18	1,068	1,370	12m	Buy	Rahul Jain
05-Oct-18	1,121	1,370	12m	Accumulate	Rahul Jain
08-Aug-18	1,150	1,300	12m	Accumulate	Rahul Jain
10-Jul-18	1,132	1,220	12m	Accumulate	Rahul Jain
06-Jul-18	1,109	1,220	12m	Accumulate	Rahul Jain
14-May-18	984	1,012	12m	Accumulate	Rahul Jain
11-May-18	988	1,012	12m	Accumulate	Rahul Jain
05-Apr-18	870	875	12m	Accumulate	Rahul Jain
25-Jan-18	824	875	12m	Accumulate	Rahul Jain
08-Jan-18	716	813	12m	Accumulate	Rahul Jain
27-Oct-17	704	810	12m	Accumulate	Rahul Jain

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

## Emkay Alpha Portfolio – Information Technology



### Analyst: Dipesh Mehta

#### Contact Details

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+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)
<b>Information Technology</b>	<b>14.22</b>	<b>13.76</b>	<b>-3%</b>	<b>-46</b>	<b>100.00</b>
BirlaSoft	0.00	0.13	NA	13	0.92
Coforge*	0.00	0.00	NA	0	0.00
eClerx Services	0.00	0.00	NA	0	0.00
Firstsource Solutions	0.00	0.00	NA	0	0.00
HCL Tech	1.44	1.55	8%	11	10.88
Hexaware Technologies	0.00	0.00	NA	0	0.00
Infosys	6.37	6.64	4%	27	46.71
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	0.09	0.00	-100%	-9	0.00
Mphasis	0.17	0.19	14%	2	1.36
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*	0.11	0.00	-100%	-11	0.00
Persistent Systems	0.00	0.58	NA	58	4.08
Ramco Systems*	0.00	0.00	NA	0	0.00
TCS	4.28	3.11	-27%	-118	21.84
Tech Mahindra	0.79	0.81	3%	2	5.70
Wipro	0.78	0.75	-4%	-3	5.25
<b>Cash</b>	<b>0.00</b>	<b>0.46</b>	<b>NA</b>	<b>46</b>	<b>3.266</b>

Source: Emkay Research

\* Not under coverage: Equal Weight

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

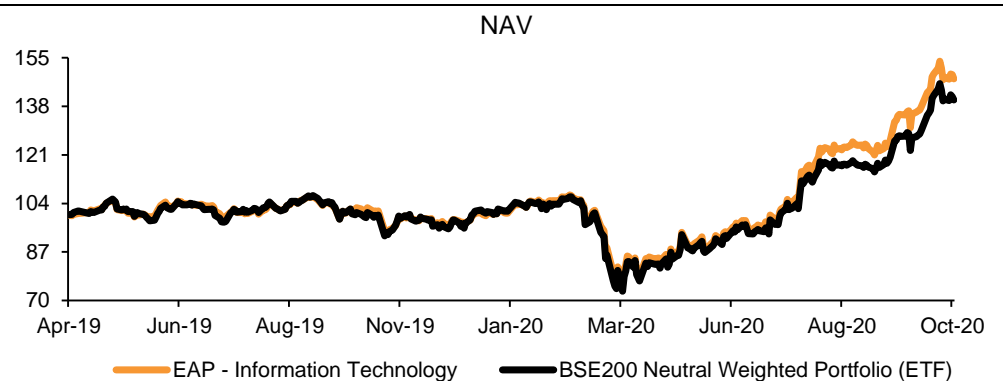
### Sector portfolio NAV

	Base					Latest
	1-Apr-19	23-Jan-20	23-Apr-20	23-Jul-20	22-Sep-20	22-Oct-20
EAP - Information Technology	100.0	104.7	88.1	115.0	136.1	147.7
BSE200 Neutral Weighted Portfolio (ETF)	100.0	104.5	86.9	111.5	128.9	140.3

\*Performance measurement base date 1<sup>st</sup> April 2019

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: 23 Oct 2020 20:22:15 (SGT)

Dissemination Date: 23 Oct 2020 20:23:15 (SGT)

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