

TCS

Refer to important disclosures at the end of this report

In-line performance; deal intake remains robust

- TCS reported strong revenue growth of 4.2% qoq/5.9% YoY in CC terms, broadly in line with estimates. Despite the integration of low-margin deals (Post Bank and Pramerica), EBITM expanded 20bps QoQ on the back of strong revenue growth and robust operating efficiencies.
- Revenue growth was broad based, led by BFSI (7% CC QoQ), Retail & CPG (4%), Manufacturing (3.9%), Life Science & Healthcare (3.8%), Technology & Services (2.8%) and Communication and Media (1.8%). All geographies posted sequential growth.
- Management remains confident of delivering double-digit revenue growth in FY22 on the back of broad-based demand, strong deal intake (USD31.6bn in FY21, 17% YoY), solid deal pipeline, and traction in cloud, digital transformation, cyber security and analytics.
- We largely retain our EPS estimates for FY22/23 (<1% change) after incorporating FY21 performance. TCS is well poised to benefit from strong demand, acceleration in cloud adoptions and digital transformation opportunities; however, the current valuation largely captures those factors. Retain Hold with a TP of Rs3,150.

What we like? Broad-based revenue growth performance, highest ever deal intake in a quarter (USD9.2bn), EBITM expansion

What we did not like? Slow recovery in Communication & Media

Broad-based revenue growth continues: Revenue growth in Q4FY21 was broad-based across verticals and geographies, led by Cloud Platform Services, Enterprise Application services and Cyber Security & Analytics. TCS continues to see strong demand in transformational services as customers seek to operationalize new models to grow in the new format. The company has signed deals worth USD9.2bn in Q4, highest ever TCV in a quarter. Management indicated that the deal pipeline, the order book and the deal inflow were at the highest level. Q4 deal intake has seen a good balance of large deals (largest deal USD0.5-0.6bn in Q4) and higher volume of smaller deals. Management remains confident of delivering double-digit revenue growth in FY22 on the back of healthy deal wins/deal pipeline and broad-based growth momentum. Pricing environment remains stable.

EBITM expanded 20bps sequentially; margins to be resilient in FY22

EBITM expanded sequentially by 20bps to 26.8% in Q4FY21, driven by strong revenue growth and operating efficiencies. These factors, management believes, will help sustain EBITM in FY22 by negating the impact of salary hikes and an anticipated uptick in employees churn.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Information Technology \(Page 12\)](#)

Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21	FY22E	FY23E
Revenue	1,464,630	1,569,490	1,641,770	1,914,001	2,166,548
EBITDA	395,050	421,100	453,280	541,228	602,450
EBITDA Margin (%)	27.0	26.8	27.6	28.3	27.8
APAT	314,720	323,400	324,300	396,377	448,796
EPS (Rs)	83.9	86.2	87.7	107.2	121.3
EPS (% chg)	24.3	2.8	1.7	22.2	13.2
ROE (%)	35.2	36.4	37.1	40.2	37.4
P/E (x)	38.7	37.7	37.0	30.3	26.8
EV/EBITDA (x)	29.8	28.3	25.8	21.2	18.7
P/BV (x)	13.3	14.1	13.6	11.1	9.1

Source: Company, Emkay Research

CMP	Target Price
Rs 3,247	Rs 3,150 (■)
as of (April 13, 2021)	12 months
Rating	Upside
HOLD (■)	(3.0) %

Change in Estimates

EPS Chg FY22E/FY23E (%)	0.6/0.9
Target Price change (%)	NA
Target Period (Months)	12
Previous Reco	HOLD

Emkay vs Consensus

EPS Estimates		
	FY22E	FY23E
Emkay	107.2	121.3
Consensus	106.1	118.4
Mean Consensus TP (12M)	Rs 3,346	

Stock Details

Bloomberg Code	TCS IN
Face Value (Rs)	1
Shares outstanding (mn)	3,699
52 Week H/L	3,359 / 1,675
M Cap (Rs bn/USD bn)	12,009 / 160.00
Daily Avg Volume (nos.)	3,747,456
Daily Avg Turnover (US\$ mn)	156.4

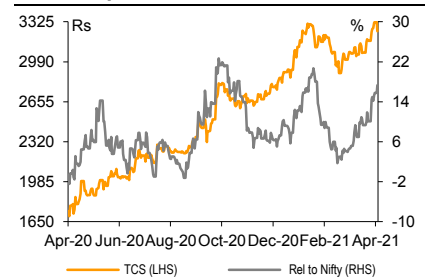
Shareholding Pattern Dec '20

Promoters	72.1%
FIIIs	15.9%
DIIIs	7.7%
Public and Others	4.4%

Price Performance

(%)	1M	3M	6M	12M
Absolute	6	2	15	84
Rel. to Nifty	12	4	(4)	17

Relative price chart



Source: Bloomberg

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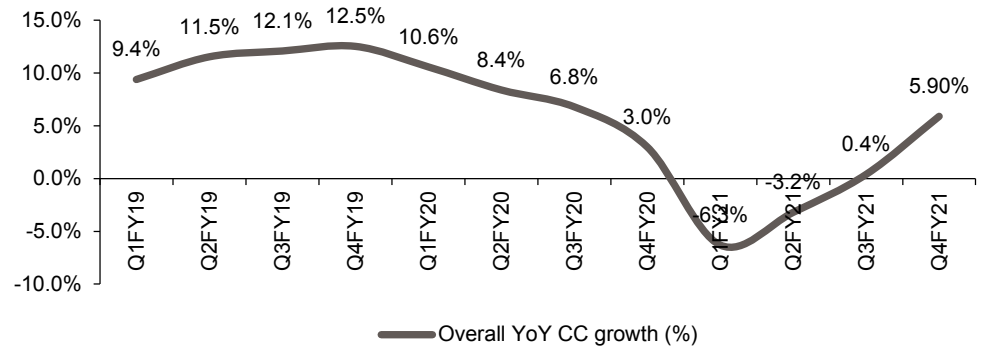
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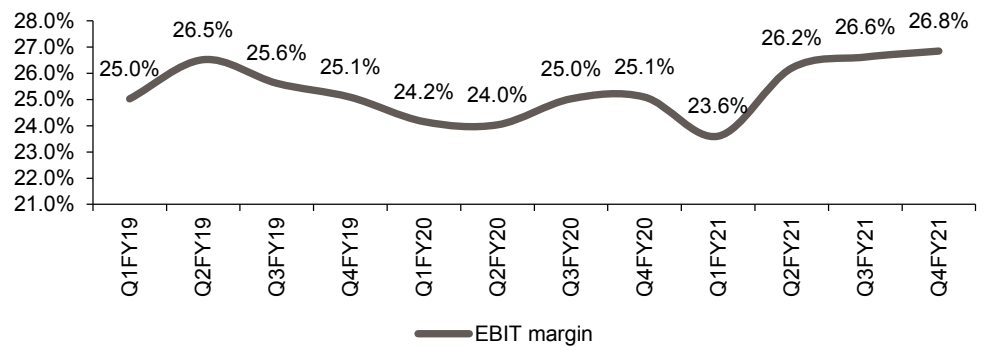
Story in Charts

Exhibit 1: Overall YoY CC revenue growth surged to 5.9% in Q4FY21



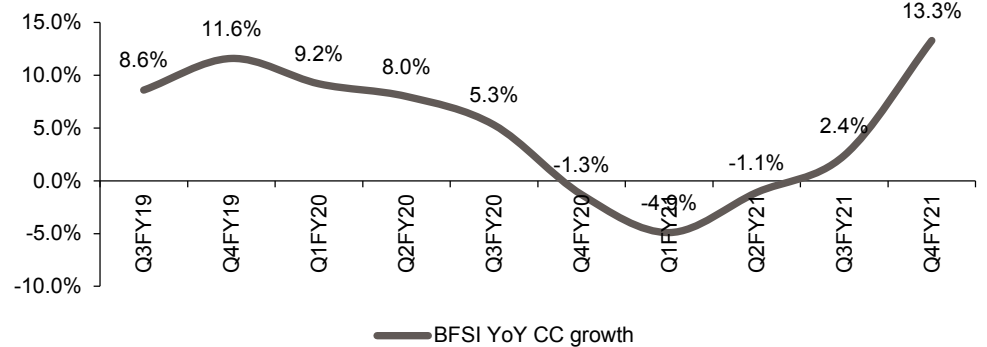
Source: Company, Emkay Research

Exhibit 2: EBITM was resilient in Q4FY21 and expanded 20bps QoQ



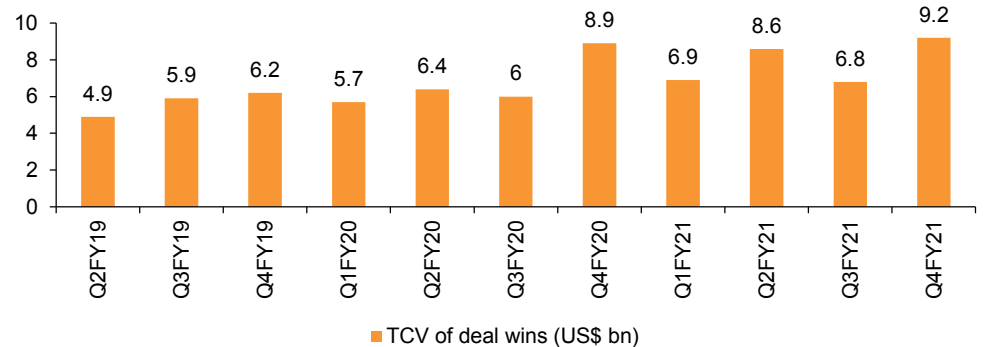
Source: Company, Emkay Research

Exhibit 3: BFSI YoY CC growth continued to build on the momentum seen in Q3



Source: Company, Emkay Research

Exhibit 4: Highest ever deal intake of USD9.2bn in Q4FY21

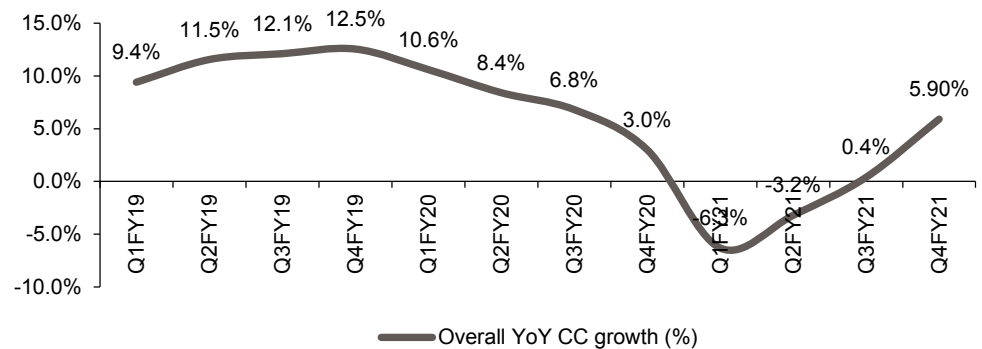


Source: Company, Emkay Research

Broad-based revenue growth; confident to deliver double-digit revenue growth in FY22

Revenue growth was strong and broad-based in Q4FY21. Revenue grew 4% QoQ and 10% YoY (4.2% QoQ CC, 5.9% YoY CC) to USD5.99bn. YoY CC growth trajectory improved to 5.9% in Q4 after being flat in Q3 and negative in Q1 and Q2. All verticals showed good sequential growth, but a couple of them were still down YoY in Q4 – BFSI (+7% QoQ, +13.3% YoY), Retail and CPG (+4% QoQ, -0.9% YoY), Life Sciences and Healthcare (+3.8% QoQ, +19.3% YoY), Manufacturing (+3.9% QoQ, +1.3% YoY), Technology & Services (+2.8% QoQ, +3.9% YoY) and Communications & Media (+1.8% QoQ, -4% YoY). All geographies showed sequential growth, with the North America growing 3.9%, India 2.8%, UK 3.4% and Continental Europe 8.5%. TCS believes that it is well positioned to reap the benefits of the multi-year technology transformation cycle, which its clients have embarked on. TCS remains committed to its target of delivering double-digit revenue growth in FY22. While TCS continues to dominate in its traditional areas of strength, it is making good progress in participating in growth and transformation opportunities.

Exhibit 5: Overall YoY CC revenue growth surged to 5.9% in Q4FY21

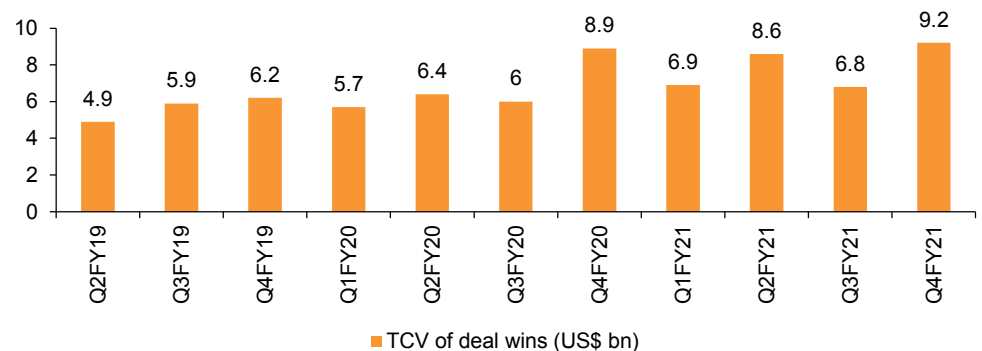


Source: Company, Emkay Research

Deal intake remains robust

TCS reported its highest ever TCV of deal wins at USD9.2bn (book-to-bill 1.5x) for the quarter and had higher volume of smaller deals with the largest deal for the quarter in the range of USD500-600mn. TCV of deal signed in BFSI, Retail and North America was USD3.2bn, USD1.4bn and USD4.2bn, respectively. The deal pipeline remains healthy and consists healthy mix of large, medium and small size deals. Deal intake grew 17% YoY to USD31.6bn in FY21.

Exhibit 6: Highest ever deal intake of USD9.2bn in Q4FY21



Source: Company, Emkay Research

Other Takeaways

Q4FY21 performance: Revenue grew 5% QoQ and 10% YoY (4.2% QoQ CC, 5.9% YoY CC) to USD5.99bn, continuing the momentum seen in Q3. EBITM expanded 20bps sequentially, led by revenue acceleration and operating efficiencies. The company saw healthy demand in Cloud Platform services, Enterprise Application services, Cyber Security & Analytics.

Outlook: TCS signed the highest ever TCV of deals worth USD9.2bn during the quarter. The company saw higher volumes of small deals during the quarter, which was supplemented by larger deals. It does not expect the deal pipeline mix to change materially (well-diversified mix). Core digital transformation, cloud migration and app modernization will continue to drive the demand and the company is optimistic with regards to its growth prospects based on its strong market position and deal pipeline.

Others:

- The company declared a final dividend of Rs15 per share.
- IT Services attrition rate dipped to a new all-time low of 7.2%.
- Sequential addition of 19,388 to the headcount was the highest in any quarter and reflects the company's confidence in the demand uptick.
- Japan remains a focus area with 35 priority customers. The company is focusing on expanding relationship with these clients.
- Salary hike for FY22 will be in line with what the company has given in the past.

Exhibit 7: Actual vs Estimates (Q4FY21)

(in Rs mn)	Actual	Estimates (Emkay)	Consensus estimates	% variation		Comment
				Emkay	Consensus	
Revenues (in USD mn)	5,989	5,987	5,965	0.0%	0.4%	Revenues were broadly in line with estimates
Sales	437,050	436,460	434,882	0.1%	0.5%	
EBIT	117,340	115,880	116,681	1.3%	0.6%	EBITM was 30bps higher than our estimates
EBIT, margin	26.8%	26.6%	26.8%	30 bps	0 bps	
PAT	92,460	92,089	92,755	0.4%	-0.3%	PAT came in line with estimates

Source: Company, Emkay Research

Exhibit 8: Quarterly Snapshot

Rs mn	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	YoY (%)	QoQ (%)	FY20	FY21	YoY (%)
Revenues (USD Mn)	5,444	5,059	5,424	5,702	5,989	10.0	5.0	22,032	22,174	0.6
Revenue (Rs Mn)	399,460	383,220	401,350	420,150	437,050	9.4	4.0	1,569,490	1,641,770	4.6
Operating Expenditure	289,700	282,970	298,400	298,080	309,040	6.7	3.7	1,148,390	1,188,490	3.5
Cost of revenues	224,410	224,860	229,580	237,490	248,600	10.8	4.7	896,350	940,530	4.9
as % of sales	56.2	58.7	57.2	56.5	56.9			57.1	57.3	
SG&A expenses	65,290	58,110	68,820	60,590	60,440	(7.4)	(0.2)	252,040	247,960	(1.6)
as % of sales	16.3	15.2	17.1	14.4	13.8			16.1	15.1	
EBITDA	109,760	100,250	102,950	122,070	128,010	16.6	4.9	421,100	453,280	7.6
Depreciation	9,510	9,770	9,980	10,230	10,670			35,300	40,650	
EBIT	100,250	90,480	92,970	111,840	117,340	17.0	4.9	385,800	412,630	7.0
Other Income	4,870	4,560	7,400	5,080	7,930			36,680	24,970	
PBT	105,120	95,040	100,370	116,920	125,270	19.2	7.1	422,480	437,600	3.6
Total Tax	24,190	24,550	25,330	29,650	32,450			98,010	111,980	
Adjusted PAT	80,930	70,490	75,040	87,270	92,820	14.7	6.4	324,470	325,620	0.4
(Profit)/loss from JV's/Ass/MI	-440	-410	-290	-260	-360	(18.2)	38.5	-1,070	-1,320	
APAT after MI	80,490	70,080	74,750	87,010	92,460	14.9	6.3	323,400	324,300	0.3
Reported EPS (Rs)	21.5	18.7	19.9	23.2	25.0	16.5	7.8	86	87	0.7
Margins (%)						(bps)	(bps)			(bps)
EBIDTA	27.5	26.2	25.7	29.1	29.3	181	24	26.8	27.6	78
EBIT	25.1	23.6	23.2	26.6	26.8	175	23	24.6	25.1	55
EBT	26.3	24.8	25.0	27.8	28.7	235	83	26.9	26.7	(26)
PAT	20.1	18.3	18.6	20.7	21.2	101	45	15.4	19.8	433
Effective Tax rate	23.0	25.8	25.2	25.4	25.9	289	54	23.2	25.6	239

Source: Company, Emkay Research

Exhibit 9: Revenues by geography

Particulars	As % of revenue				
	Q4FY21	Q3FY21	Q4FY20	QoQ (%)	YoY (%)
North Americas	48.6%	49.1%	50.3%	4.0%	6.3%
Latin America	1.6%	1.7%	1.8%	-1.1%	-2.2%
UK	16.0%	15.7%	16.0%	7.0%	10.0%
Continental Europe	16.8%	16.2%	15.2%	8.9%	21.6%
India	5.6%	5.6%	5.5%	5.0%	12.0%
Asia Pacific	9.4%	9.7%	9.3%	1.8%	11.2%
MEA	2.0%	2.0%	1.9%	5.0%	15.8%
Total	100%	100%	100%	5.0%	10.0%

Source: Company, Emkay Research

Exhibit 10: Revenues by verticals

Particulars	As % of revenue				
	Q4FY21	Q3FY21	Q4FY20	QoQ (%)	YoY (%)
BFSI	32.2%	31.3%	29.7%	8.1%	19.3%
Retail & CPG	14.5%	14.5%	15.4%	5.0%	3.6%
Communication & Media	6.5%	6.6%	7.2%	3.4%	-0.7%
Manufacturing	9.6%	9.6%	10.1%	5.0%	4.6%
Life Science & Healthcare	9.7%	9.8%	8.8%	4.0%	21.3%
Technology & Services	8.4%	8.6%	8.7%	2.6%	6.2%
Regional Markets & Others	19.1%	19.6%	20.1%	2.4%	4.5%
Total	100%	100%	100%	5.0%	10.0%

Source: Company, Emkay Research

Exhibit 11: Client data (LTM)

No. of clients	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21
USD 1 mn clients *	1008	1014	1032	1053	1072	1066	1076	1077	1096
USD 5 mn clients *	532	551	554	557	565	564	565	565	569
USD 10 mn clients *	371	384	398	395	391	382	386	386	387
USD 20 mn clients *	215	219	225	232	240	230	228	229	228
USD 50 mn clients *	99	100	101	102	105	100	97	97	101
USD 100 mn clients *	44	44	47	47	49	48	49	48	48

Source: Company, Emkay Research

Exhibit 12: Segmental performance

Revenue (USD mn)	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21
BFSI	2144	2152	2183	2170	2073	2017	2181	2260	2406
Manufacturing	576	581	572	585	575	513	517	547	577
Retail and consumer business	917	923	915	940	911	780	859	888	929
Communication, media and tech	865	896	903	926	920	857	887	947	965
Others	895	933	944	965	964	892	980	1060	1112
Total	5397	5485	5517	5586	5443	5059	5424	5702	5989

Growth YoY (%)	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21
BFSI	11.3%	8.4%	5.3%	4.8%	-3.3%	-6.3%	-0.1%	4.1%	16.1%
Manufacturing	4.0%	5.3%	3.1%	5.0%	-0.2%	-11.7%	-9.6%	-6.5%	0.3%
Retail and consumer business	6.3%	6.0%	1.9%	3.6%	-0.7%	-15.5%	-6.1%	-5.5%	2.0%
Communication, media and tech	2.4%	6.0%	6.2%	8.2%	6.4%	-4.4%	-1.8%	2.3%	4.9%
Others	14.3%	16.9%	12.5%	12.2%	7.7%	-4.4%	3.8%	9.8%	15.4%
Total	8.5%	8.6%	5.8%	6.4%	0.9%	-7.8%	-1.7%	2.1%	10.0%

EBITDAM (%)	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21
BFSI	28.4%	27.3%	27.6%	28.5%	27.4%	26.9%	29.6%	28.8%	28.4%
Manufacturing	24.7%	26.5%	26.0%	27.2%	28.2%	25.5%	26.9%	29.6%	30.3%
Retail and consumer business	27.7%	26.3%	25.1%	26.8%	26.3%	22.1%	29.1%	30.0%	30.1%
Communication, media and tech	27.9%	29.4%	28.9%	29.2%	31.1%	29.1%	29.2%	29.6%	30.5%
Others	20.3%	20.8%	21.7%	23.2%	24.7%	25.6%	26.9%	27.9%	29.0%
Total	26.4%	26.3%	26.2%	27.3%	27.5%	26.1%	28.7%	29.0%	29.3%

Source: Company, Emkay Research

Exhibit 13: Changes in estimates

(Rs mn)	FY22E			FY23E		
	Old	New	% change	Old	New	% change
Revenues(USD mn)	25,678	25,686	0.0%	28,498	28,507	0.0%
YoY growth, %	15.8	15.8		11.0	11.0	
Revenues	1,913,394	1,914,001	0.0%	2,165,861	2,166,548	0.0%
EBIT	492,815	495,292	0.5%	551,361	551,536	0.0%
EBIT Margins, %	25.8	25.9		25.5	25.5	
Net profits	393,876	396,377	0.6%	444,793	448,796	0.9%
EPS (Rs)	106.5	107.2	0.6%	120.2	121.3	0.9%

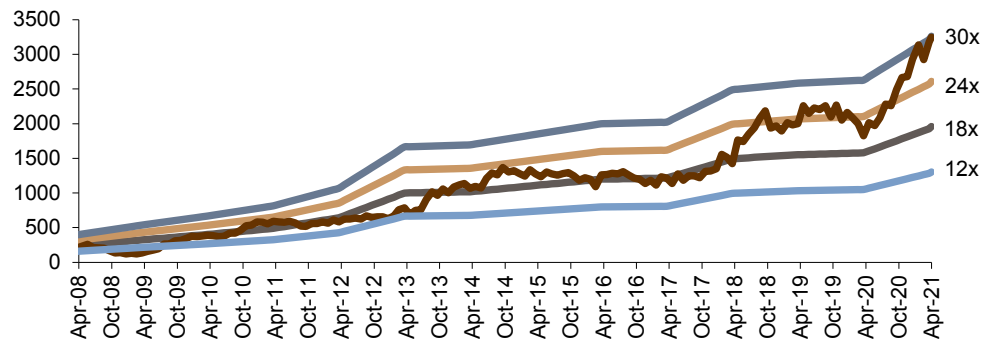
Source: Company, Emkay Research

Exhibit 14: Key Assumptions

Key Assumptions	FY21	FY22E	FY23E
USD Revenues growth	0.6	15.8	11.0
USD/INR	74.0	74.5	76.0
INR revenue growth	4.6%	16.6%	13.2%
EBIT Margins	25.1	25.9	25.5
EPS growth (%)	1.7%	22.2%	13.2%

Source: Company, Emkay Research

Exhibit 15: TCS 1-year forward P/E band



Source: Company, Emkay Research

Exhibit 16: Valuation Summary

Co Name	CMP	Reco.	Target Price	USD revenue growth (%)			EPS			P/E			EV/EBIT		
				FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
TCS	3,247	HOLD	3,150	0.6	15.8	11.0	87.7	107.2	121.3	37.0	30.3	26.8	28.3	23.2	20.5
Infosys	1,426	BUY	1,550	6.4	17.7	12.4	45.6	55.0	62.2	31.3	25.9	22.9	23.2	19.3	16.8
Wipro	433	HOLD	450	-1.4	17.7	10.0	19.6	20.8	22.6	22.0	20.8	19.2	17.3	16.3	14.5
HCL Tech	1,009	BUY	1,130	2.6	12.7	9.5	47.9	52.7	57.0	21.1	19.2	17.7	16.6	14.2	12.8
Tech Mahindra	1,040	BUY	1,190	-1.0	10.4	9.0	52.3	58.5	65.9	19.9	17.8	15.8	15.6	12.8	11.1
L&T Infotech	4,258	SELL	3,490	9.4	16.5	15.3	107.7	124.6	145.4	39.5	34.2	29.3	30.8	26.6	22.7
Mphasis	1,740	HOLD	1,570	6.3	13.5	9.8	65.7	77.4	87.8	26.5	22.5	19.8	19.3	16.5	14.3
Mindtree	2,143	SELL	1,580	-1.2	14.6	11.0	67.5	75.8	80.2	31.7	28.3	26.7	24.2	20.6	19.5
Persistent Systems	2,023	BUY	2,200	12.6	17.0	15.0	56.5	76.1	91.1	35.8	26.6	22.2	28.3	20.7	16.5
Birlasoft	257	HOLD	290	3.4	14.0	13.0	11.0	14.3	17.7	23.4	18.0	14.5	14.3	11.3	8.9
Coforge	3,118	HOLD	2,740	5.2	16.4	13.0	75.3	101.1	119.3	41.4	30.8	26.1	30.1	23.6	19.6
Firstsource Solutions	112	BUY	125	17.2	12.0	8.5	6.3	7.2	8.3	17.7	15.4	13.5	14.5	12.2	10.4

Source: Company, Emkay Research

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
Revenue	1,464,630	1,569,490	1,641,770	1,914,001	2,166,548
Expenditure	1,069,580	1,148,390	1,188,490	1,372,773	1,564,098
EBITDA	395,050	421,100	453,280	541,228	602,450
Depreciation	20,550	35,300	40,650	45,936	50,914
EBIT	374,500	385,800	412,630	495,292	551,536
Other Income	41,130	36,680	24,970	35,054	48,792
Interest expenses	0	0	0	0	0
PBT	415,630	422,480	437,600	530,346	600,328
Tax	100,010	98,010	111,980	132,586	150,082
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	900	1,070	1,320	1,382	1,450
Reported Net Income	314,720	323,400	324,300	396,377	448,796
Adjusted PAT	314,720	323,400	324,300	396,377	448,796

Balance Sheet

Y/E Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
Equity share capital	3,750	3,750	3,700	3,700	3,700
Reserves & surplus	911,810	858,650	881,850	1,082,178	1,309,030
Net worth	915,560	862,400	885,550	1,085,878	1,312,730
Minority Interest	4,530	6,230	6,750	8,132	9,582
Loan Funds	620	81,740	77,950	52,000	52,000
Net deferred tax liability	(15,900)	(20,230)	(31,360)	(27,000)	(27,000)
Total Liabilities	904,810	930,140	938,890	1,119,010	1,347,313
Net block	156,630	240,650	241,960	239,280	238,280
Investment	347,580	275,090	323,540	398,260	578,260
Current Assets	640,000	686,370	724,280	856,760	943,987
Cash & bank balance	72,240	86,460	68,580	172,186	199,094
Other Current Assets	237,870	233,290	285,800	265,067	270,033
Current liabilities & Provision	239,400	271,970	350,890	375,290	413,215
Net current assets	400,600	414,400	373,390	481,470	530,773
Misc. exp	0	0	0	0	0
Total Assets	904,810	930,140	938,890	1,119,010	1,347,313

Cash Flow

Y/E Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
PBT (Ex-Other income) (NI+Dep)	314,720	323,400	324,300	396,377	448,796
Other Non-Cash items	103,190	97,610	124,800	1,382	1,450
Chg in working cap	(23,120)	(45,000)	10,920	(113)	(22,395)
Operating Cashflow	316,670	353,910	411,070	443,582	478,765
Capital expenditure	(20,530)	(30,570)	(28,200)	(43,256)	(49,914)
Free Cash Flow	296,140	323,340	382,870	400,326	428,851
Investments	3,890	76,760	(82,480)	(74,720)	(180,000)
Other Investing Cash Flow	0	0	0	0	0
Investing Cashflow	(16,640)	46,190	(110,680)	(117,976)	(229,914)
Equity Capital Raised	(160,450)	0	(197,570)	0	0
Loans Taken / (Repaid)	(1,940)	(12,890)	(13,360)	(25,950)	0
Dividend paid (incl tax)	(114,720)	(377,020)	(109,070)	(196,050)	(221,943)
Other Financing Cash Flow	490	4,030	1,730	0	0
Financing Cashflow	(276,620)	(385,880)	(318,270)	(222,000)	(221,943)
Net chg in cash	23,410	14,220	(17,880)	103,606	26,908
Opening cash position	48,830	72,240	86,460	68,580	172,186
Closing cash position	72,240	86,460	68,580	172,186	199,094

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY19	FY20	FY21	FY22E	FY23E
EBITDA Margin	27.0	26.8	27.6	28.3	27.8
EBIT Margin	25.6	24.6	25.1	25.9	25.5
Effective Tax Rate	24.1	23.2	25.6	25.0	25.0
Net Margin	21.5	20.7	19.8	20.8	20.8
ROCE	47.2	46.0	46.8	51.5	48.7
ROE	35.2	36.4	37.1	40.2	37.4
RoIC	82.1	73.2	74.0	90.4	98.6

Per Share Data (Rs)	FY19	FY20	FY21	FY22E	FY23E
EPS	83.9	86.2	87.7	107.2	121.3
CEPS	89.3	95.6	98.7	119.6	135.1
BVPS	244.0	229.8	239.4	293.6	354.9
DPS	30.0	73.0	38.0	53.0	60.0

Valuations (x)	FY19	FY20	FY21	FY22E	FY23E
PER	38.7	37.7	37.0	30.3	26.8
P/CEPS	36.3	34.0	32.9	27.2	24.0
P/BV	13.3	14.1	13.6	11.1	9.1
EV / Sales	8.0	7.6	7.1	6.0	5.2
EV / EBITDA	29.8	28.3	25.8	21.2	18.7
Dividend Yield (%)	0.9	2.2	1.2	1.6	1.8

Gearing Ratio (x)	FY19	FY20	FY21	FY22E	FY23E
Net Debt/ Equity	(0.5)	(0.3)	(0.4)	(0.5)	(0.6)
Net Debt/EBIDTA	(1.1)	(0.7)	(0.7)	(1.0)	(1.2)
Working Cap Cycle (days)	81.8	76.3	67.8	59.0	55.9

Growth (%)	FY19	FY20	FY21	FY22E	FY23E
Revenue	19.0	7.2	4.6	16.6	13.2
EBITDA	21.5	6.6	7.6	19.4	11.3
EBIT	22.8	3.0	7.0	20.0	11.4
PAT	21.9	2.8	0.3	22.2	13.2

Quarterly (Rs mn)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Revenue	399,460	383,220	401,350	420,150	437,050
EBITDA	109,760	100,250	102,950	122,070	128,010
EBITDA Margin (%)	27.5	26.2	25.7	29.1	29.3
PAT	80,490	70,080	74,750	87,010	92,460
EPS (Rs)	21.5	18.7	19.9	23.2	25.0

Source: Company, Emkay Research

Shareholding Pattern (%)	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Promoters	72.1	72.1	72.1	72.1	72.1
FII	15.9	15.7	15.9	16.0	15.9
DII	8.0	8.0	8.0	7.9	7.7
Public and Others	4.0	4.2	4.1	4.1	4.4

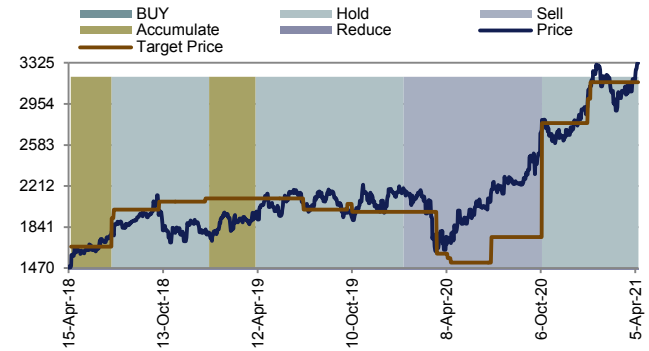
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
5-Apr-21	3,239	3,150	12m	Hold	Dipesh Mehta
9-Jan-21	3,115	3,150	12m	Hold	Dipesh Mehta
4-Jan-21	3,034	3,000	12m	Hold	Dipesh Mehta
18-Dec-20	2,856	2,780	12m	Hold	Dipesh Mehta
8-Oct-20	2,808	2,780	12m	Hold	Dipesh Mehta
10-Jul-20	2,204	1,750	12m	Sell	Manik Taneja
3-Jul-20	2,181	1,750	12m	Sell	Manik Taneja
25-Jun-20	1,999	1,520	12m	Sell	Manik Taneja
18-Jun-20	2,021	1,520	12m	Sell	Manik Taneja
26-May-20	1,921	1,520	12m	Sell	Manik Taneja
16-Apr-20	1,697	1,520	12m	Sell	Manik Taneja
10-Apr-20	1,746	1,560	12m	Sell	Manik Taneja
20-Mar-20	1,777	1,600	12m	Sell	Manik Taneja
3-Feb-20	2,064	1,980	12m	Sell	Manik Taneja
17-Jan-20	2,173	1,980	12m	Sell	Manik Taneja
8-Jan-20	2,209	1,980	12m	Hold	Manik Taneja
1-Jan-20	2,123	1,980	12m	Hold	Manik Taneja
21-Nov-19	2,074	1,980	12m	Hold	Manik Taneja
10-Oct-19	1,920	1,980	12m	Hold	Manik Taneja
1-Oct-19	1,973	2,050	12m	Hold	Manik Taneja
9-Jul-19	2,039	2,000	12m	Hold	Manik Taneja
3-Jul-19	2,138	2,100	12m	Hold	Manik Taneja
12-Apr-19	1,910	2,100	12m	Hold	Rahul Jain
8-Apr-19	1,963	2,100	12m	Hold	Rahul Jain
11-Jan-19	1,743	2,100	12m	Accumulate	Rahul Jain
9-Jan-19	1,785	2,100	12m	Accumulate	Rahul Jain
2-Jan-19	1,819	2,100	12m	Hold	Rahul Jain
11-Oct-18	1,869	2,070	12m	Hold	Rahul Jain
5-Oct-18	1,985	2,070	12m	Hold	Rahul Jain
10-Jul-18	1,766	2,000	12m	Hold	Rahul Jain
10-Jul-18	1,766	1,920	12m	Hold	Rahul Jain
6-Jul-18	1,802	1,920	12m	Hold	Rahul Jain
19-Apr-18	1,491	1,665	12m	Accumulate	Rahul Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Information Technology



Analyst: Dipesh Mehta

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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	13.86	13.59	-2%	-27	100.00
BirlaSoft*	0.00	0.07	NA	7	0.50
Coforge	0.00	0.00	NA	0	0.00
eClerx Services*	0.00	0.00	NA	0	0.00
Firstsource Solutions	0.00	0.07	NA	7	0.49
HCL Tech	1.35	1.44	6%	9	10.37
Infosys	6.28	6.38	2%	10	46.05
Intellect Design*	0.00	0.00	NA	0	0.00
L&T Infotech*	0.22	0.00	-100%	-22	0.00
Majesco*	0.00	0.00	NA	0	0.00
Mindtree	0.11	0.00	-100%	-11	0.00
Mphasis	0.18	0.14	-22%	-4	0.99
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*	0.09	0.00	-100%	-9	0.00
Persistent Systems	0.00	0.49	NA	49	3.56
Ramco Systems*	0.00	0.00	NA	0	0.00
TCS	4.09	3.48	-15%	-62	25.09
Tech Mahindra	0.78	0.80	3%	3	5.79
Wipro	0.76	0.73	-4%	-3	5.27
Cash	0.00	0.27	NA	27	1.91

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	09-Apr-20	09-Oct-20	08-Jan-21	10-Mar-21	09-Apr-21
EAP - Information Technology	100.0	85.3	149.3	173.6	176.5	187.9
BSE200 Neutral Weighted Portfolio (ETF)	100.0	83.2	141.9	164.7	166.5	177.0

*Performance measurement base date 1st April 2019

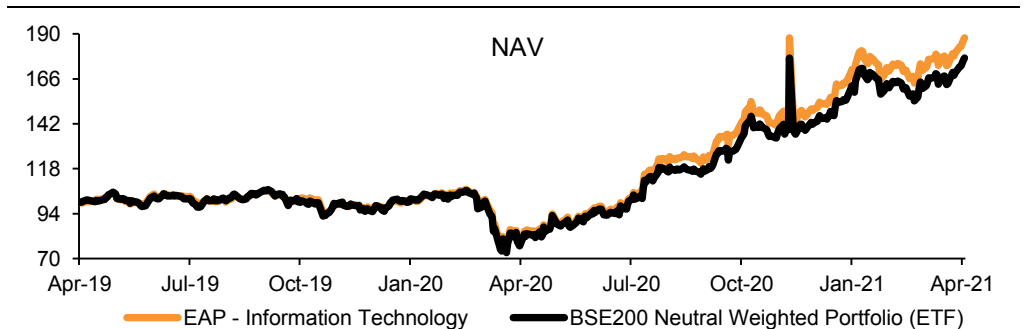
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Information Technology	6.4%	8.2%	25.8%	120.3%
BSE200 Neutral Weighted Portfolio (ETF)	6.3%	7.5%	24.8%	112.7%

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: 13 Apr 2021 12:47:06 (SGT)

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