

# Persistent Systems

Refer to important disclosures at the end of this report

## On track for superior revenue growth

- PSYS has seen a 5.6% CQGR in services revenue since Q1FY20, despite Covid-19 disruptions. It indicates healthy demand for the company's offerings and early results of leadership augmentation, recalibrated sales incentive structure and strong execution.
- PSYS is seeing broad-based healthy demand and expects demand to remain strong in the next 3-5 years. It is confident of sustaining the revenue growth momentum on the back of broad-based demand, robust deal intake, healthy deal pipeline and new logo additions.
- PSYS is focusing on increasing the share of revenues from the Europe region in the next few years, organically and inorganically. It expects revenues from Europe to rise to 15-18% of total revenue in the next 3-5 years from 9.5% currently.
- Among our coverage companies, we expect PSYS to lead the pack in terms of organic revenue growth. A strong earnings trajectory (27.4% EPS CAGR over FY21-24E) and healthy cash generation should help to sustain higher valuations. Retain Buy with a TP (Sep'22E) of Rs3,700 at 33x Sep'23E EPS.

**Revenue growth momentum to continue:** Services revenue (~87% of overall revenues) has seen a 5.6% CQGR since Q1FY20 despite Covid-19 disruptions, indicating healthy demand for the company's offerings and early results from leadership augmentation, recalibrated sales incentive structure (equal emphasis on business driving annuity revenue) and strong execution. Management is optimistic about growth sustainability, thanks to broad-based demand, robust deal intake (~USD0.8bn TCV in last three quarters, ~1.7x book-to-bill), strong deal pipeline, cross-selling opportunities across the client base, traction in partnerships with Salesforce, Appian, AWS and others, and new logo additions in BFSI and Healthcare. It is well on track to achieve its goal of a USD1bn revenue run rate over the next few years. Management indicated that USD10-50mn size deals remain a sweet spot; however, it is seeing a gradual increase in the deal size. Continued focus on large deals and an improving win rate should aid the revenue growth trajectory and predictability. PSYS continues to focus on mining its strategic clients by cross-selling and upselling. It has been successful in scaling up its USD1-5mn and USD5mn+ clients to 76 and 21 now, respectively, from 61 and 11 clients at FY20-end. The company is considering M&A to add capabilities across service lines (Cloud, data and security), verticals (BFSI and Healthcare) and geography (Europe).

**Salary hike and talent crunch to weigh on margins in Q2FY22:** PSYS expects attrition to remain elevated due to the industry-wide talent crunch and expects the situation to normalize in the next 2-3 quarters. It expects clients to be more amenable to price increases to combat the supply-side challenges. A salary hike from Jul'21 is likely to impact margins by 250-275bps QoQ; however, management expects the net impact to be restricted to around 75-100bps, considering benefits accruing from revenue momentum, lower visa costs, flattening pyramid and better utilization. It aims to maintain Q4FY21 exit EBITDAM for FY22 (i.e. ~17%).

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

### Financial Snapshot (Consolidated)

(Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	35,658	41,879	54,050	66,092	78,855
EBITDA	5,171	6,855	9,050	11,207	13,282
EBITDA Margin (%)	14.5	16.4	16.7	17.0	16.8
APAT	3,403	4,507	6,430	7,855	9,330
EPS (Rs)	44.5	59.0	84.1	102.8	122.1
EPS (% chg)	0.2	32.4	42.6	22.2	18.8
ROE (%)	14.4	17.4	21.4	22.6	23.1
P/E (x)	80.5	60.8	42.6	34.9	29.4
EV/EBITDA (x)	50.2	37.1	27.8	22.1	18.3
P/BV (x)	11.5	9.8	8.5	7.3	6.3

Source: Company, Emkay Research

<b>CMP</b>	<b>Target Price</b>
<b>Rs 3,586</b>	<b>Rs 3,700 (■)</b>
as of (September 13, 2021)	12 months
<b>Rating</b>	<b>Upside</b>
<b>BUY (■)</b>	<b>3.2 %</b>

### Change in Estimates

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

### Emkay vs Consensus

EPS Estimates		
	FY22E	FY23E
Emkay	84.1	102.8
Consensus	81.5	99.4
Mean Consensus TP (12M)	Rs 3,111	

### Stock Details

Bloomberg Code	PSYS IN
Face Value (Rs)	10
Shares outstanding (mn)	76
52 Week H/L	3,650 / 1,017
M Cap (Rs bn/USD bn)	274 / 3.72
Daily Avg Volume (nos.)	262,796
Daily Avg Turnover (US\$ mn)	10.8

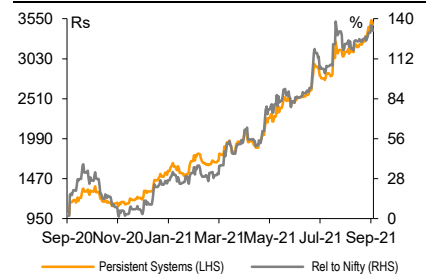
### Shareholding Pattern Jun '21

Promoters	31.3%
FIIIs	19.4%
DIIIs	29.2%
Public and Others	20.1%

### Price Performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	15	42	101	255
<b>Rel. to Nifty</b>	8	29	76	134

### 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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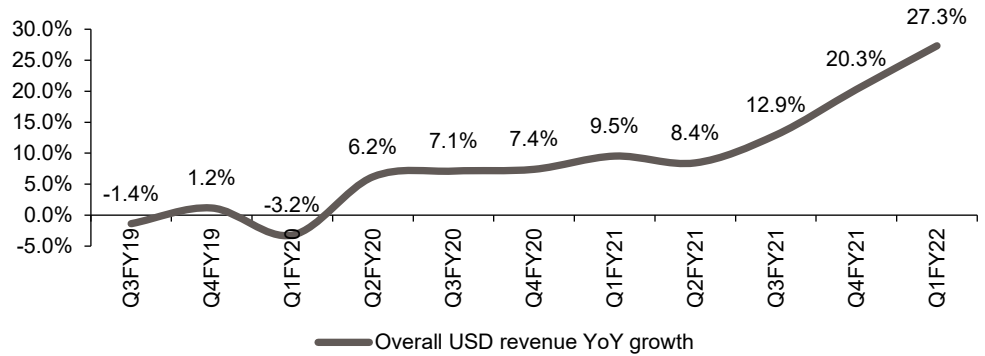
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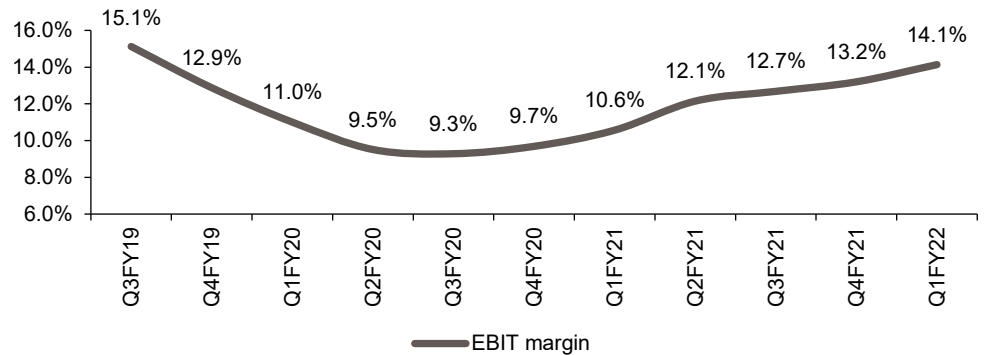
## Story in charts

**Exhibit 1: PSYS likely to sustain revenue growth momentum amid healthy demand environment**



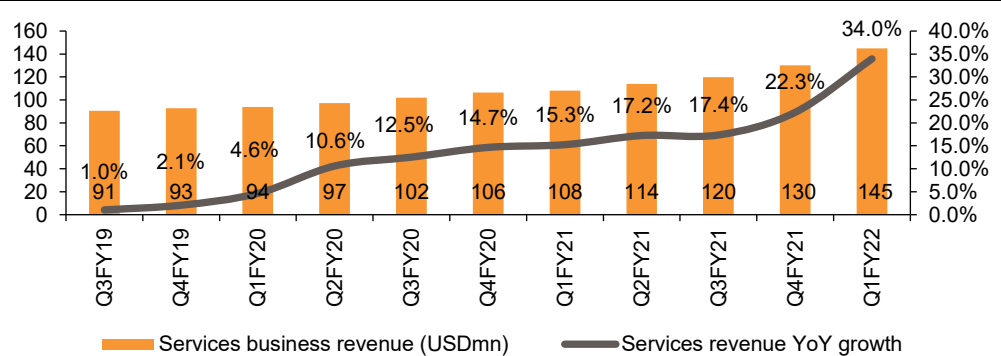
Source: Company, Emkay Research

**Exhibit 2: Revenue momentum, change in IP reseller revenue accounting and lower amortization charges to negate supply-side pressure on margins in coming quarters**



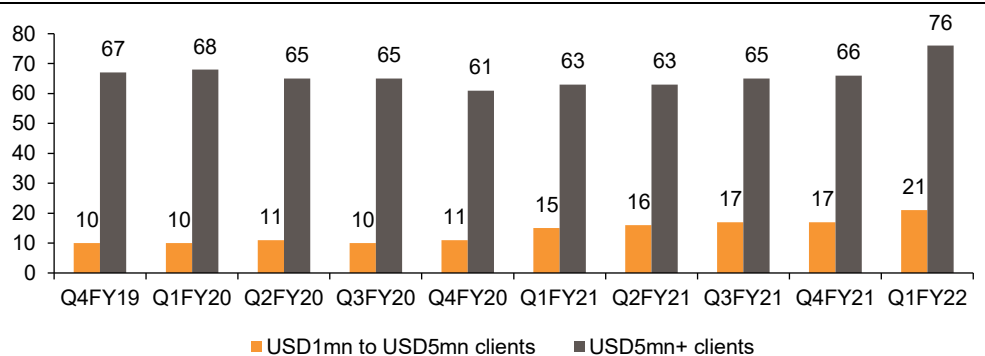
Source: Company, Emkay Research

**Exhibit 3: Services business maintained strong growth momentum**



Source: Company, Emkay Research

**Exhibit 4: Improvement seen across client buckets over the quarters**

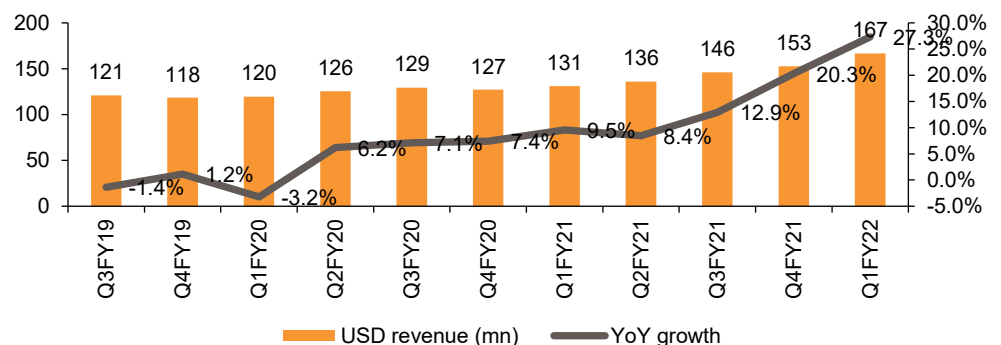


Source: Company, Emkay Research

## Broad-based demand augurs well for growth

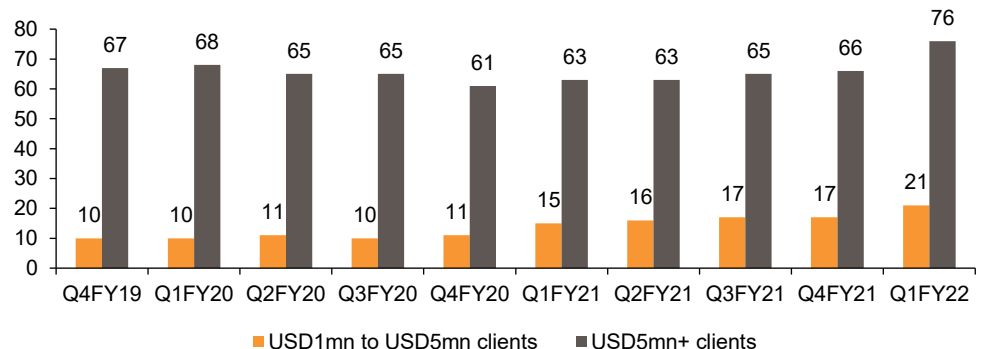
The company sees healthy demand across verticals and service lines and expects demand to remain strong over the next 3-5 years. The company has set up a large deal unit and invested in sales, delivery and solution capabilities to drive large multi-year annuity deals. PSYS is focusing on structurally improving revenue per client, sales spend per client and proactive proposals. The company has expanded its sales and business development team (includes sales, pre-sales, advisory team, etc.) by over 10% in Q1 to maintain growth momentum. PSYS continues to focus on mining its strategic clients by cross-selling and upselling. It has been successful in scaling up its USD1-5mn and USD5mn+ clients to 76 and 21 now, respectively, from 61 and 11 clients at the end of FY20. The company believes consistent deal TCV of over USD200mn on a quarterly basis, as well as a few quarters of USD300mn TCV, should be enough to maintain growth momentum. Healthcare & Life Sciences revenue growth in the last few quarters was broad-based across sub segments of Instrumentation, Medical Devices, Pharma, Payer and Provider, aided by expanding relationships with existing clients and new logo additions. The accelerated adoption of cloud in the industry aligns with the company's strategic partnerships with Salesforce, Microsoft and ClearData, among others. The company has stated that it will continue to identify new healthcare technology providers to tie up with on solutions that reduce the cost of care and deliver better patient outcomes. BFSI grew by a healthy 17.8% in FY21 (21.6% in FY20), driven by the increased traction in cloud and digital initiatives as financial institutions are looking to cloud and distributed ledger technologies to both cut costs and deliver innovative services. PSYS is confident of sustaining the growth momentum in the BFSI vertical in the coming quarters. PSYS saw increased demand in the Software and Hi-Tech verticals as software companies accelerated cloud-led engineering and modernization initiatives around products, platforms and technology stocks in the wake of the pandemic. Going ahead, increased edge computing, higher automated code generation and AI use, and focus on human-centric design and low-aperture interfaces are the trends that will drive demand. In the Telecom and Media vertical, the company believes 5G will drive a virtuous cycle of innovation in new products, which will spur additional demand and more investment. Record fund commitments by PE/VCs are driving significant investments into disrupting business models and higher technology spending, which will offer additional growth opportunities for PSYS.

**Exhibit 5: Revenue growth trajectory has picked up in recent quarters; growth momentum likely to continue**

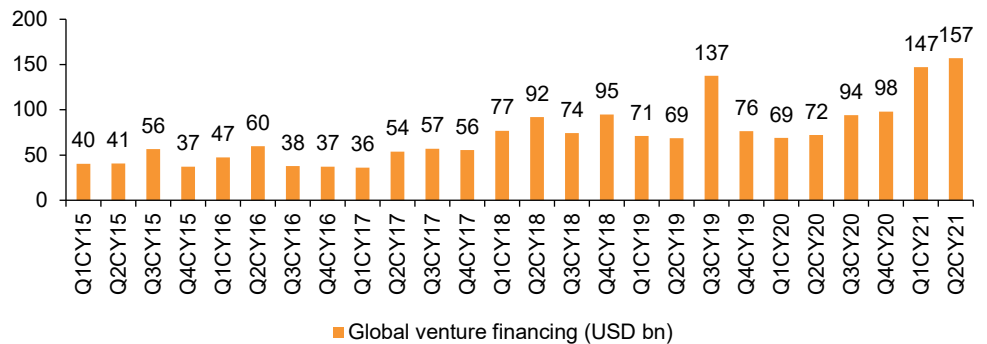


Source: Company, Emkay Research

**Exhibit 6: Improvement seen across client buckets**

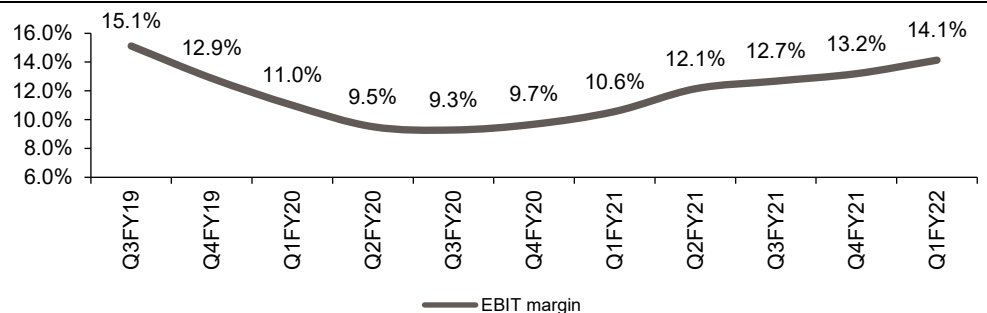


Source: Company, Emkay Research

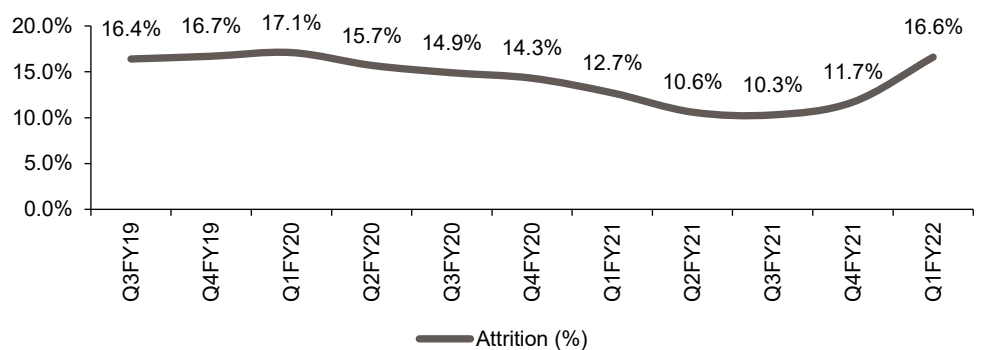
**Exhibit 7: Recent increase in global venture financing driving uptick in the technology spending**

Source: KPMG Venture Pulse

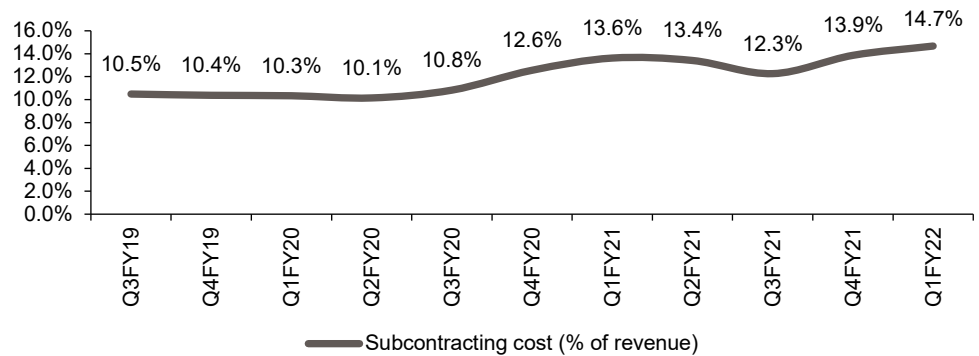
**Supply-side challenges to weigh on margins in near term, although lower amortization charges to aid EBITM expansion in FY22:** PSYS expects attrition to remain elevated due to the industry-wide talent crunch and expects the situation to normalize in the next 2-3 quarters. The company expects clients to be more amenable to price increases to combat the supply-side challenges. It is exercising Cost of Living Adjustments (COLA) and following a tier-based approach in price renegotiations at the time of renewal. It remains focused on properly pricing new business opportunities, factoring in current supply challenges. The company has effected a salary hike wef Jul'21, which would impact margins by 250-275bps; however, management expects the net impact to be restricted to around 75-100bps QoQ, factoring in benefits accruing from operating leverage, lower visa costs, flattening pyramid and better utilization. The company aims to maintain Q4FY21 exit EBITDAM for FY22 (i.e. ~17%). PSYS is likely to benefit from lower amortization charges (100bps+ gain), which would drive expansion in EBITM in FY22. We expect PSYS to sustain its EBITM in the medium term on the back of strong revenue momentum, subcontracting cost optimization, SG&A leverage and traditional margin levers (like offshore shift and utilization) negating supply-side pressures and continued investments in S&M and capabilities.

**Exhibit 8: Revenue momentum, change in IP reseller revenue accounting and lower amortization charges to negate supply-side pressure on margins in coming quarters**

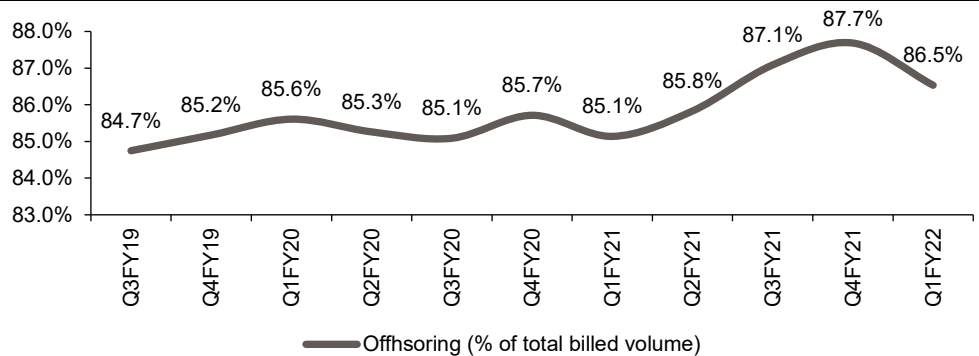
Source: Company, Emkay Research

**Exhibit 9: Attrition is expect to remain elevated in coming quarters as talent crunch intensifies**

Source: Company, Emkay Research

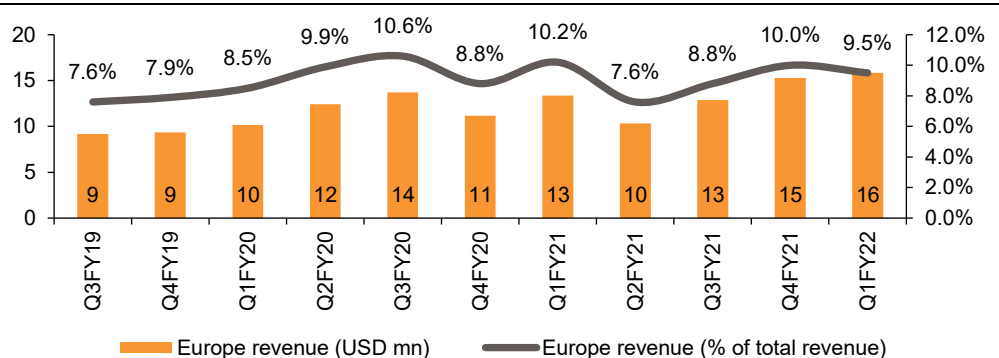
**Exhibit 10: Subcontracting costs inched up over last few quarters due to travel restrictions and supply-side challenges**

Source: Company, Emkay Research

**Exhibit 11: Offshoring likely to remain at elevated levels in coming quarters**

Source: Company, Emkay Research

**Expects revenue contribution from Europe to reach 15-18% by FY24:** PSYS expects revenue contribution from Europe to rise to 15-18% of total revenue in the next 3-4 years from current <10% of revenue. It is actively considering M&A opportunities in the region to build and augment capabilities. The company has strengthened its leadership team in Europe and is focusing on UK, Germany, France, Switzerland and Nordic markets to expand its presence in Europe.

**Exhibit 12: PSYS expects Europe revenue mix to reach 15-18% in next 3-4 years from 9.5% currently**

Source: Company, Emkay Research

**Actively scouting for M&A to augment capabilities:** PSYS has over USD250mn cash on the books and is also generating a healthy cash flow. It is actively seeking M&A to deepen its domain capabilities (sub-segments of BFSI and Healthcare), strengthen its digital service offerings (Cloud, data and security), and expand geographical footprint (particularly in Europe). In addition to tuck-in small niche capability-driven acquisitions, PSYS is comfortable with acquisition targets with a revenue size of USD15-50mn.

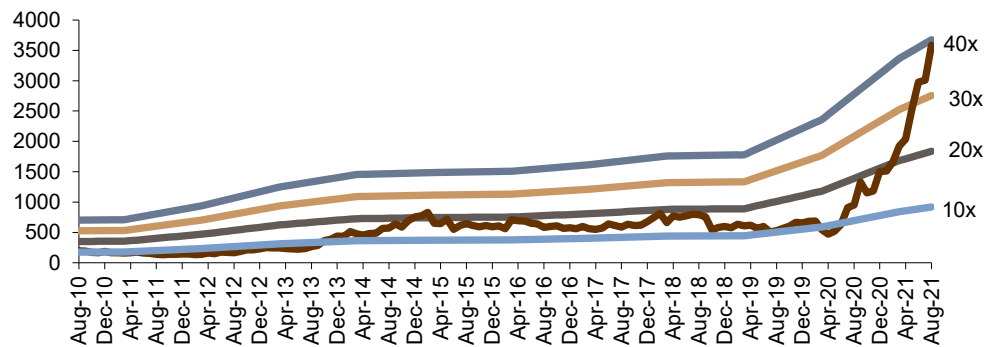
**Leadership augmentation continues:** PSYS has been strengthening its leadership team for the last few quarters to sustain and improve revenue growth momentum. It has augmented leadership bandwidth with senior hiring across sales and delivery organization.

**Exhibit 13: Recent senior hires**

Name	Designation	Domain	Prior work experience
Visveswar Mavathur	SVP - Large Deals & Engg Solutions	Digital solutions	Visveswar was Executive Vice President with Ascendum Solutions before joining Persistent. Prior to that he has worked with IBM, TCS, Capgemini, Cisco and TCS.
Suresh Prabhu	Chief Delivery Officer	Industry	Suresh joins Persistent from Epicor Software, where he was responsible for the development and delivery of on-premise and SaaS solutions across multiple industries including manufacturing, distribution and retail. In previous roles, Suresh worked in retail banking, online banking, bill payments and trade finance domains and across various high growth product and services firms.
Venugopal Kandimalla	SVP and Global Delivery head-Engineering	Life Sciences and Healthcare	Before joining Persistent, Venugopal was Global head of Healthcare and Lifesciences vertical at TechM. Before that, he was the Global Delivery Head of Healthcare at TCS.
Amit Deshmukh	Delivery Head and AVP - Engineering	Sales force	Amit has worked with Virtusa, Infosys and Accenture in his prior roles.
Subramanian Natarajan	AVP - Engineering	ISV	Before joining Persistent, Subramanian was cofounder and Managing partner with ReNi Analytics. He has worked with Symphony Teleca and Aspect Development India in his prior roles.
Rahul Bhardwaj	AVP - Digital Consulting	Digital consulting	Rahul was the Global lead - Digital in elnfochips (An Arrow company) before joining Persistent. He has worked with HCLT, Accenture and IBM in his prior roles.
Sidharth Umrani	AVP - Engineering	Cloud	Sidharth has worked with Mphasis, Capgemini, Wipro and Patni Computers before joining Persistent.
Navneet Narula	SVP-Sales	BFSI	Navneet has worked with LTI, Hexaware, Genpact and Polaris before joining Persistent.
Vaibhav Srivastava	SVP-Sales	Life Sciences and Healthcare	Vaibhav has worked with Virtusa, Infosys and TCS before joining Persistent.

Source: Company, Emkay Research

**Exhibit 14: PSYS' 1-year forward P/E chart**



Source: Company, Emkay Research

**Exhibit 15: Valuation Summary**

Co Name	Reco.	CMP (Rs)	Target Price (Rs)	USD revenue growth (%)			EPS (Rs)			P/E (x)			EV/EBITDA (x)		
				FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
TCS	HOLD	3,845	3,700	16.5	13.0	13.0	106.8	123.4	142.6	36.0	31.2	27.0	25.2	21.8	18.7
Infosys	BUY	1,692	1,900	18.5	14.0	13.0	52.9	62.6	72.7	32.0	27.0	23.3	21.3	17.9	15.3
Wipro	HOLD	671	600	26.7	12.0	10.0	22.1	24.4	27.8	30.3	27.5	24.1	20.0	17.3	15.2
HCL Tech	BUY	1,208	1,380	12.3	11.0	10.0	51.1	57.0	64.2	23.6	21.2	18.8	14.3	12.7	11.2
Tech Mahindra	BUY	1,429	1,700	13.5	10.0	10.0	61.5	68.7	77.5	23.2	20.8	18.4	14.2	12.4	10.9
L&T Infotech	HOLD	5,489	4,800	20.0	15.0	14.0	126.6	147.3	172.2	43.4	37.3	31.9	31.2	26.7	22.9
Mphasis	HOLD	3,000	2,900	17.8	14.7	13.9	78.1	92.7	107.8	38.4	32.4	27.8	25.1	21.1	18.0
Mindtree	SELL	3,935	2,825	23.0	15.0	14.0	83.7	92.1	101.4	47.0	42.7	38.8	31.6	28.4	25.0
<b>Persistent Systems</b>	<b>BUY</b>	<b>3,586</b>	<b>3,700</b>	<b>28.0</b>	<b>20.0</b>	<b>17.0</b>	<b>84.1</b>	<b>102.8</b>	<b>122.1</b>	<b>42.6</b>	<b>34.9</b>	<b>29.4</b>	<b>27.8</b>	<b>22.1</b>	<b>18.3</b>
Birlasoft	BUY	409	500	14.3	14.5	14.5	15.7	18.3	22.0	26.1	22.3	18.6	15.6	13.0	10.5
Coforge	SELL	5,178	4,550	39.5	18.0	14.9	110.8	142.9	170.5	46.7	36.2	30.4	27.4	21.7	18.5
Firstsource Solutions	HOLD	202	220	18.3	12.0	11.7	8.0	9.6	11.2	25.1	21.1	18.0	14.7	12.5	10.7

Source: Company, Emkay Research

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

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
<b>Revenue</b>	<b>35,658</b>	<b>41,879</b>	<b>54,050</b>	<b>66,092</b>	<b>78,855</b>
<b>Expenditure</b>	<b>30,487</b>	<b>35,023</b>	<b>45,000</b>	<b>54,885</b>	<b>65,573</b>
<b>EBITDA</b>	<b>5,171</b>	<b>6,855</b>	<b>9,050</b>	<b>11,207</b>	<b>13,282</b>
Depreciation	1,660	1,756	1,573	1,903	2,219
<b>EBIT</b>	<b>3,511</b>	<b>5,100</b>	<b>7,478</b>	<b>9,304</b>	<b>11,063</b>
Other Income	1,012	994	1,199	1,311	1,545
Interest expenses	0	0	0	0	0
<b>PBT</b>	<b>4,523</b>	<b>6,094</b>	<b>8,676</b>	<b>10,615</b>	<b>12,608</b>
Tax	1,121	1,588	2,246	2,760	3,278
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>3,403</b>	<b>4,507</b>	<b>6,430</b>	<b>7,855</b>	<b>9,330</b>
<b>Adjusted PAT</b>	<b>3,403</b>	<b>4,507</b>	<b>6,430</b>	<b>7,855</b>	<b>9,330</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Equity share capital	764	764	764	764	764
Reserves & surplus	23,093	27,192	31,406	36,585	42,705
<b>Net worth</b>	<b>23,858</b>	<b>27,957</b>	<b>32,170</b>	<b>37,349</b>	<b>43,469</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>46</b>	<b>44</b>	<b>44</b>	<b>44</b>	<b>44</b>
Net deferred tax liability	(960)	(1,038)	(1,038)	(1,038)	(1,038)
<b>Total Liabilities</b>	<b>22,944</b>	<b>26,963</b>	<b>31,177</b>	<b>36,356</b>	<b>42,476</b>
<b>Net block</b>	<b>4,619</b>	<b>4,691</b>	<b>4,562</b>	<b>4,464</b>	<b>4,466</b>
<b>Investment</b>	<b>12,454</b>	<b>17,383</b>	<b>18,621</b>	<b>21,621</b>	<b>24,621</b>
<b>Current Assets</b>	<b>12,889</b>	<b>13,544</b>	<b>17,851</b>	<b>21,391</b>	<b>25,887</b>
Cash & bank balance	1,904	2,422	4,055	5,103	6,962
Other Current Assets	2,935	3,069	3,439	4,099	4,798
<b>Current liabilities &amp; Provision</b>	<b>7,018</b>	<b>8,654</b>	<b>9,857</b>	<b>11,120</b>	<b>12,498</b>
<b>Net current assets</b>	<b>5,871</b>	<b>4,889</b>	<b>7,994</b>	<b>10,271</b>	<b>13,389</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>22,944</b>	<b>26,963</b>	<b>31,177</b>	<b>36,356</b>	<b>42,476</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>3,511</b>	<b>5,100</b>	<b>7,478</b>	<b>9,304</b>	<b>11,063</b>
Other Non-Cash items	(258)	(487)	(917)	(1,235)	(1,458)
Chg in working cap	(1,369)	1,578	(1,472)	(1,229)	(1,259)
<b>Operating Cashflow</b>	<b>3,228</b>	<b>7,359</b>	<b>5,615</b>	<b>7,294</b>	<b>8,832</b>
Capital expenditure	(1,181)	(1,699)	(1,443)	(1,805)	(2,220)
<b>Free Cash Flow</b>	<b>2,047</b>	<b>5,660</b>	<b>4,171</b>	<b>5,489</b>	<b>6,612</b>
Investments	515	(4,084)	(1,238)	(3,000)	(3,000)
Other Investing Cash Flow	0	0	0	0	0
<b>Investing Cashflow</b>	<b>(148)</b>	<b>(5,417)</b>	<b>(1,765)</b>	<b>(3,570)</b>	<b>(3,762)</b>
Equity Capital Raised	(1,677)	0	0	0	0
Loans Taken / (Repaid)	(68)	(63)	0	0	0
Dividend paid (incl tax)	(1,301)	(1,070)	(2,217)	(2,676)	(3,211)
Other Financing Cash Flow	42	(310)	0	0	0
<b>Financing Cashflow</b>	<b>(3,003)</b>	<b>(1,443)</b>	<b>(2,217)</b>	<b>(2,676)</b>	<b>(3,211)</b>
<b>Net chg in cash</b>	<b>76</b>	<b>500</b>	<b>1,633</b>	<b>1,048</b>	<b>1,859</b>
Opening cash position	1,742	1,904	2,422	4,055	5,103
<b>Closing cash position</b>	<b>1,904</b>	<b>2,426</b>	<b>4,055</b>	<b>5,103</b>	<b>6,962</b>

Source: Company, Emkay Research



**Key Ratios**

<b>Profitability (%)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
EBITDA Margin	14.5	16.4	16.7	17.0	16.8
EBIT Margin	9.8	12.2	13.8	14.1	14.0
Effective Tax Rate	24.8	26.1	25.9	26.0	26.0
Net Margin	9.5	10.8	11.9	11.9	11.8
ROCE	19.7	24.4	29.8	31.4	32.0
ROE	14.4	17.4	21.4	22.6	23.1
RoIC	31.7	64.8	95.5	102.6	107.8

<b>Per Share Data (Rs)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
EPS	44.5	59.0	84.1	102.8	122.1
CEPS	66.2	81.9	104.7	127.6	151.1
BVPS	312.2	365.8	420.8	488.6	568.6
DPS	12.0	20.0	29.0	35.0	42.0

<b>Valuations (x)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
PER	80.5	60.8	42.6	34.9	29.4
P/CEPS	48.5	39.2	30.7	25.2	21.3
P/BV	11.5	9.8	8.5	7.3	6.3
EV / Sales	7.3	6.1	4.7	3.7	3.1
EV / EBITDA	50.2	37.1	27.8	22.1	18.3
Dividend Yield (%)	0.3	0.6	0.8	1.0	1.2

<b>Gearing Ratio (x)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
Net Debt/ Equity	(0.6)	(0.7)	(0.7)	(0.7)	(0.7)
Net Debt/EBIDTA	(2.8)	(2.9)	(2.5)	(2.4)	(2.4)
Working Cap Cycle (days)	40.6	21.5	26.6	28.5	29.7

<b>Growth (%)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
Revenue	5.9	17.4	29.1	22.3	19.3
EBITDA	(13.6)	32.6	32.0	23.8	18.5
EBIT	(20.5)	45.2	46.6	24.4	18.9
PAT	(3.2)	32.4	42.7	22.2	18.8

<b>Quarterly (Rs mn)</b>	<b>Q1FY21</b>	<b>Q2FY21</b>	<b>Q3FY21</b>	<b>Q4FY21</b>	<b>Q1FY22</b>
Revenue	9,914	10,077	10,754	11,134	12,299
EBITDA	1,483	1,664	1,825	1,883	2,089
<b>EBITDA Margin (%)</b>	<b>15.0</b>	<b>16.5</b>	<b>17.0</b>	<b>16.9</b>	<b>17.0</b>
PAT	900	1,020	1,209	1,378	1,512
<b>EPS (Rs)</b>	<b>11.8</b>	<b>13.3</b>	<b>15.8</b>	<b>18.0</b>	<b>19.8</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Jun-20</b>	<b>Sep-20</b>	<b>Dec-20</b>	<b>Mar-21</b>	<b>Jun-21</b>
Promoters	31.5	31.3	31.3	31.3	31.3
FIIIs	19.2	18.7	18.7	19.3	19.4
DIIIs	27.2	28.9	29.5	29.6	29.2
Public and Others	22.1	21.1	20.5	19.9	20.1

Source: Capitaline

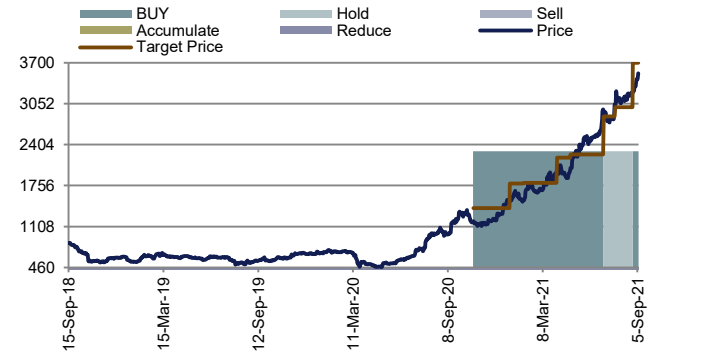


## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
27-Aug-21	3,254	3,700	12m	Buy	Dipeshkumar Mehta
24-Jul-21	3,039	3,000	12m	Hold	Dipeshkumar Mehta
2-Jul-21	2,930	2,850	12m	Hold	Dipeshkumar Mehta
30-Apr-21	2,038	2,250	12m	Buy	Dipeshkumar Mehta
5-Apr-21	1,959	2,200	12m	Buy	Dipeshkumar Mehta
4-Apr-21	1,953	2,200	12m	Buy	Dipeshkumar Mehta
18-Mar-21	1,849	1,800	12m	Buy	Dipeshkumar Mehta
30-Jan-21	1,524	1,800	12m	Buy	Dipeshkumar Mehta
4-Jan-21	1,520	1,790	12m	Buy	Dipeshkumar Mehta
18-Dec-20	1,306	1,400	12m	Buy	Dipeshkumar Mehta
26-Oct-20	1,189	1,400	12m	Buy	Dipeshkumar Mehta

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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#### 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>14.13</b>	<b>13.86</b>	<b>-2%</b>	<b>-27</b>	<b>100.00</b>
BirlaSoft	0.00	0.06	NA	6	0.45
Coforge	0.00	0.00	NA	0	0.00
eClerx Services*	0.00	0.00	NA	0	0.00
Firstsource Solutions	0.00	0.06	NA	6	0.44
HCL Tech	1.31	1.43	9%	12	10.13
Infosys	6.26	6.41	2%	15	45.34
Intellect Design*	0.00	0.00	NA	0	0.00
L&T Infotech	0.23	0.00	-100%	-23	0.00
Majesco*	0.00	0.00	NA	0	0.00
Mindtree	0.16	0.00	-100%	-16	0.00
Mphasis	0.25	0.15	-41%	-10	1.03
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	0.45	NA	45	3.16
Ramco Systems*	0.00	0.00	NA	0	0.00
TCS	3.96	3.67	-7%	-29	26.00
Tech Mahindra	0.90	0.98	9%	8	6.92
Wipro	0.95	0.66	-31%	-30	4.64
<b>Cash</b>	<b>0.00</b>	<b>0.27</b>	<b>NA</b>	<b>27</b>	<b>1.88</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	10-Sep-20	12-Mar-21	10-Jun-21	10-Aug-21	9-Sep-21
EAP - Information Technology	100.0	124.8	176.4	190.0	214.8	228.8
BSE200 Neutral Weighted Portfolio (ETF)	100.0	118.9	166.3	177.2	200.2	214.4

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

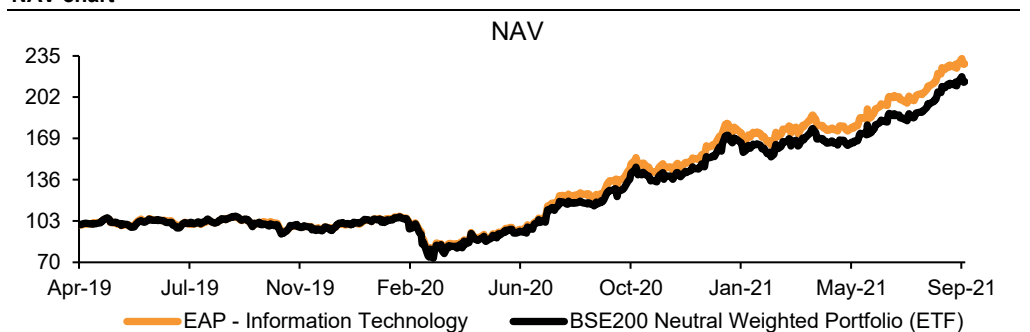
Source: Emkay Research

### Price Performance (%)

	1m	3m	6m	12m
EAP - Information Technology	6.5%	20.5%	29.7%	83.4%
BSE200 Neutral Weighted Portfolio (ETF)	7.1%	21.0%	28.9%	80.4%

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 Sep 2021 23:19:59 (SGT)

Dissemination Date: 13 Sep 2021 23:20:59 (SGT)

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