

Infosys

Refer to important disclosures at the end of this report

Strong margin beat; raises FY22 revenue growth guidance

- Infosys' Q2FY22 operating performance was ahead of expectations due to a margin beat. Revenues grew 5.7% QoQ (6.3% CC) to USD4bn, in line with estimates. Operating efficiencies and SG&A leverage restricted the EBITM decline to 10bps QoQ to 23.6%.
- Infosys raised its FY22 revenue growth guidance to 16.5-17.5% CC (earlier 14-16%), implying a 1.5-2.5% CQGR over Q3-Q4, on the back of broad-based demand, solid deal intake and healthy deal pipeline. The company retained its EBITM guidance at 22-24%.
- Large deal intake was healthy at USD2.2bn in Q2FY22 (37% new), with 22 large deals signed during the quarter. The deal pipeline remains healthy, with a good mix of new and renewal deals offering good revenue visibility.
- We increase earnings estimates by 0.4%/0.6%/0.4% for FY22/FY23/FY24, factoring in Q2 performance. We maintain Buy with a TP of Rs1,910 at 28x Sep'23E EPS, considering strong earnings momentum and robust demand environment.

What we liked? Broad-based revenue growth, upward revision in FY22 revenue growth guidance, healthy deal intake, margin resilience

What we did not like? Spike in attrition (20.1% on LTM basis vs. 13.9% in Q1)

Robust revenue performance; FY22 revenue guidance raised to 16.5-17.5%: Infosys delivered strong revenue growth in Q2 and delivered double-digit YoY growth across major verticals. Revenue grew 5.7% QoQ to USD4bn, driven by strong traction in digital. Revenue growth was broad based, led by Manufacturing (18.8% QoQ), Lifesciences (10.4%), Hi-tech (8.3% QoQ), Communication (7.4%), and Financial Services (3.5%). Infosys signed 22 large deals with a TCV of USD2.2bn during the quarter (net new 37%). Infosys upped its FY22 revenue growth guidance to 16.5-17.5% CC (earlier 14-16%), implying a 1.5-2.5% CQGR over Q3-Q4. Infosys continued to gain market share and emerged as the preferred cloud and digital transformation partner for its clients as they accelerated their digital journeys.

EBITM remains resilient in Q2; FY22 EBITM guidance retained at 22-24%: EBITM contracted 10bps QoQ to 23.6% due to salary hikes (-110bps) and higher subcontracting costs (-50bps), partially offset by cost optimization and improvement in operational parameters (+60bps), SG&A leverage (+60bps) and currency benefit (+30bps). The company retained its FY22 EBITM guidance of 22-24%, considering the impact of supply-side inflation, skill-based salary hikes, furloughs and likely normalization of discretionary costs like travel, facility and other related costs. However, revenue acceleration, improving business mix, employee pyramid and role ratio, pricing in digital projects, automation and other operating efficiencies would help to negate these headwinds.

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

Financial Snapshot (Consolidated)

(Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	9,07,910	10,04,730	11,97,356	13,97,578	16,10,574
EBITDA	2,22,680	2,78,900	3,18,894	3,75,017	4,30,346
EBITDA Margin (%)	24.5	27.8	26.6	26.8	26.7
APAT	1,65,950	1,93,510	2,22,782	2,64,562	3,06,389
EPS (Rs)	39.1	45.4	53.0	62.9	72.9
EPS (% chg)	10.8	16.2	16.6	18.8	15.8
ROE (%)	25.4	27.1	29.3	32.6	32.5
P/E (x)	43.7	37.6	32.3	27.2	23.5
EV/EBITDA (x)	31.4	24.7	21.4	18.0	15.4
P/BV (x)	11.0	9.5	9.6	8.2	7.1

Source: Company, Emkay Research

CMP	Target Price
Rs 1,709 as of (October 13, 2021)	Rs 1,910 (▲) 12 months
Rating	Upside
BUY (■)	11.7 %

Change in Estimates

EPS Chg FY22E/FY23E (%)	0.4/0.6
Target Price change (%)	0.5
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

EPS Estimates		
	FY22E	FY23E
Emkay	53.0	62.9
Consensus	52.1	60.1
Mean Consensus TP (12M)	Rs 1,899	

Stock Details

Bloomberg Code	INFO IN
Face Value (Rs)	5
Shares outstanding (mn)	4,261
52 Week H/L	1,788 / 1,051
M Cap (Rs bn/USD bn)	7,283 / 96.63
Daily Avg Volume (nos.)	61,97,798
Daily Avg Turnover (US\$ mn)	137.5

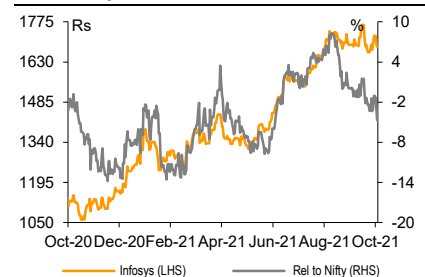
Shareholding Pattern Jun '21

Promoters	13.0%
FIIIs	33.4%
DIIIs	22.0%
Public and Others	31.7%

Price Performance

(%)	1M	3M	6M	12M
Absolute	1	11	22	48
Rel. to Nifty	(3)	(4)	(2)	(3)

Relative price chart



Source: Bloomberg

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Dipesh Mehta

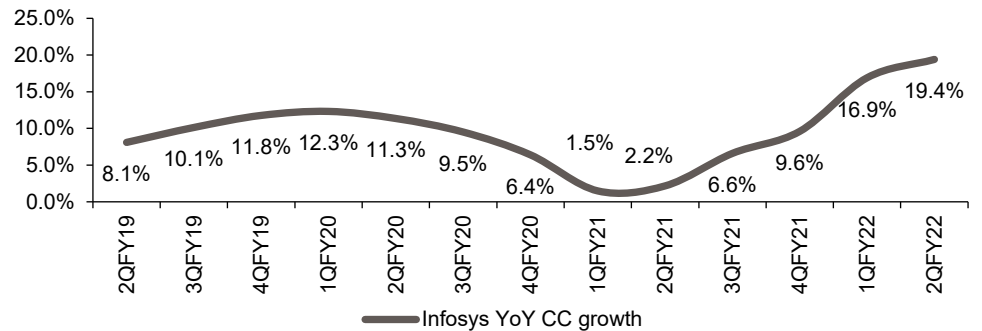
dipeshkumar.mehta@emkayglobal.com
+91 22 6612 1253

Abhishek Mody

abhishek.mody@emkayglobal.com
+91 22 6624 2491

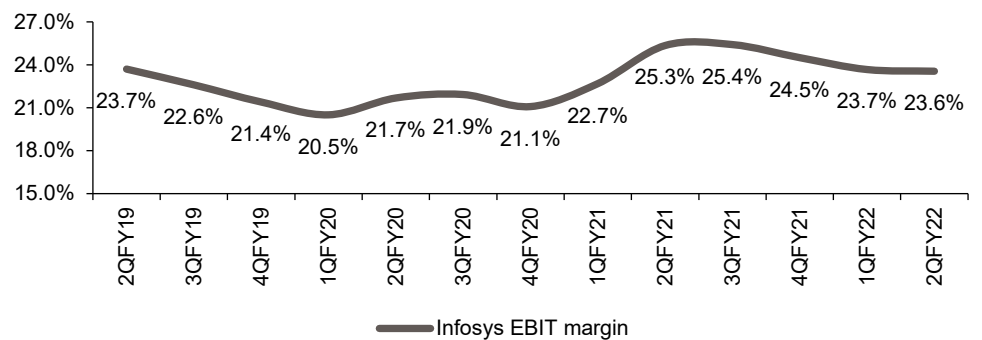
Story in Charts

Exhibit 1: Infosys YoY CC growth accelerated further



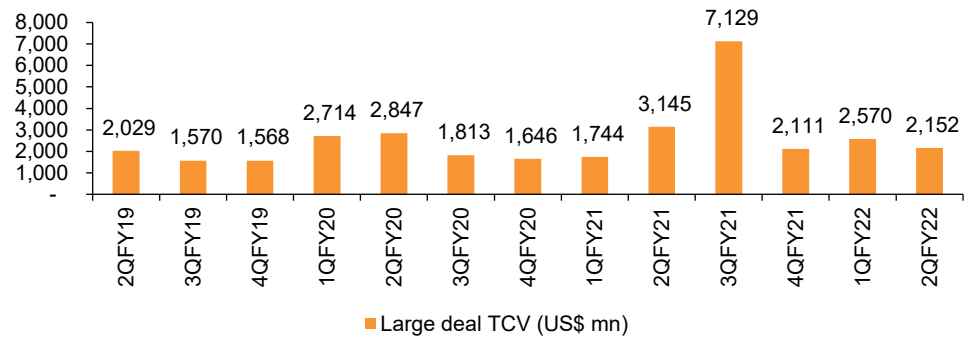
Source: Company, Emkay Research

Exhibit 2: EBITM moderated by 10bps sequentially



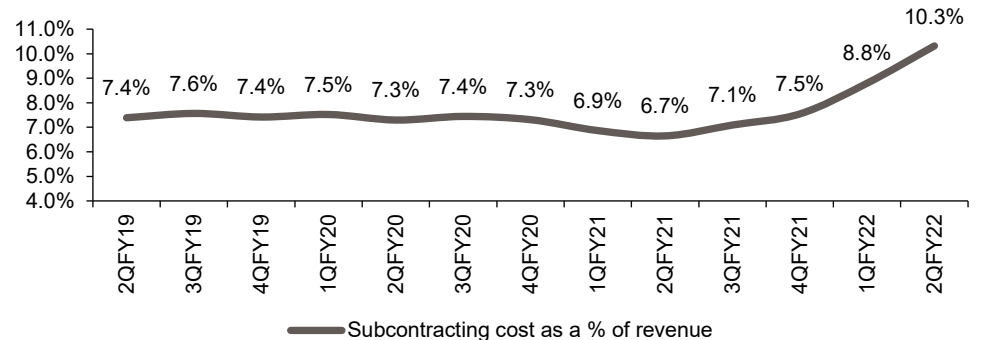
Source: Company, Emkay Research

Exhibit 3: Large deal intake was healthy during the quarter



Source: Company, Emkay Research

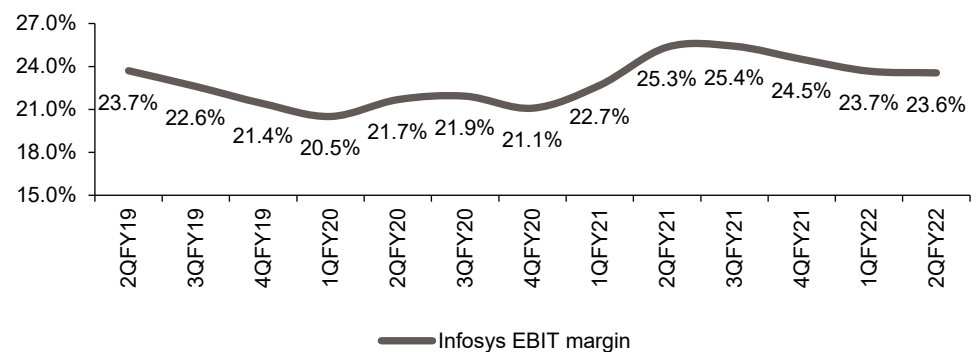
Exhibit 4: Subcontracting costs continued to inch up



Source: Company, Emkay Research

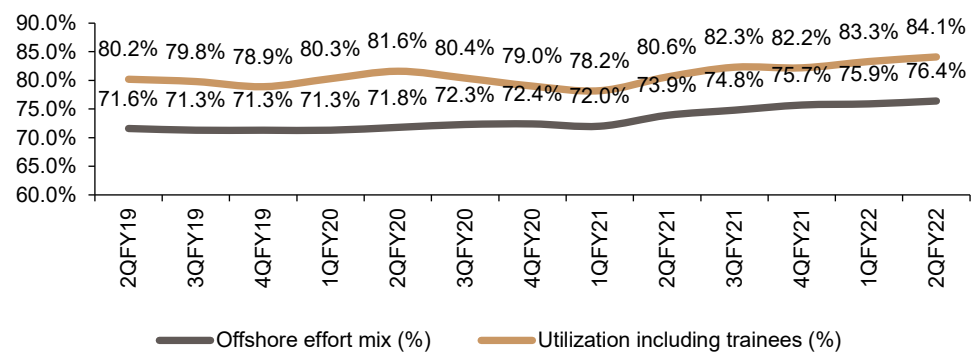
Robust revenue performance; FY22 revenue guidance raised to 16.5-17.5%: Q2FY22 revenue grew 5.7% QoQ/20.7% YoY to USD4bn, led by increased traction in digital and market share gains. Revenue growth in Q2FY22 was broad based, led by Manufacturing (18.8% QoQ), Lifesciences (10.4%), Hi-tech (8.3% QoQ), Communication (7.4%), and Financial Services (3.5%). The Daimler deal boosted growth in Manufacturing and management expects healthy growth momentum to continue in Manufacturing on the back of large deal wins and robust pipeline. The growth rate of the Communications vertical improved in Q2 on the back of ramp-ups of recently signed deals, increased momentum around 5G rollout and capex uptick. Barring India, all other geographies saw positive sequential growth, led by Europe (8.3%) and North America (6.1%). Infosys continues to see increased demand in the areas of digital transformation, cloud, data analytics, Automation and cyber security. Infosys signed 22 large deals with a TCV of USD2.2bn during the quarter (net new 37%). Infosys upped its FY22 revenue growth guidance to 16.5-17.5% CC (earlier 14-16%), implying a 1.5-2.5% CQGR over Q3-Q4. Infosys continued to gain market share and emerged as preferred cloud and digital transformation partner for its clients as they accelerated their digital journeys. The attrition rate rose to 20.1% on LTM basis in Q2FY22 from 13.9% in Q1FY22. Management indicated that strong demand, mobility restrictions and offshore centric growth led to an uptick in the attrition rate and expects it to stay at elevated levels in the near term.

Exhibit 5: EBITM moderated by 10bps sequentially



Source: Company, Emkay Research

Exhibit 6: Utilization and offshoring were at an all-time high levels in Q2



Source: Company, Emkay Research

Other Takeaways

Q2FY22 performance: Revenue rose 5.7% QoQ and 20.7% YoY (6.3% QoQ CC, 19.4% YoY CC) to USD4bn. EBITM declined ~10 bps QoQ to 23.6%. Digital revenues contributed 56.1% of the total revenue, up from 53.9% in the previous quarter. Large deal TCV was USD2.15bn. IT services voluntary attrition on LTM basis rose further to 20.1% in Q2FY22 from 13.9% in Q1FY22. Utilization (including trainees) increased to 84.1% at an all-time high during the quarter.

Outlook: Infosys upped its FY22 revenue growth guidance to 16.5%-17.5% CC from 14%-16% earlier. EBITM is expected to be within the 22-24% range.

Others:

- Infosys hired 25,000 freshers in H1. It plans to recruit 45,000 freshers globally in FY22 (earlier planned to hire ~35,000).
- Infosys expects the attrition rate to remain high on account of a strong demand environment.
- Subcontracting costs rose by ~150bps QoQ due to strong demand and higher attrition.
- It declared an interim dividend of Rs15 per share.

Exhibit 7: Actual vs estimates (Q2FY22)

(in Rs mn)	Actual	Estimates		% variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Revenues (in US\$ mn)	3,998	3,994	3,971	0.1%	0.7%	Revenues were in line with expectations
Sales	2,96,020	2,95,541	2,93,857	0.2%	0.7%	
EBIT	69,720	65,299	66,410	6.8%	5.0%	
EBIT, margin %	23.6%	22.1%	22.6%	150 bps	100 bps	EBITM beat expectations
PAT	54,210	51,938	52,772	4.4%	2.7%	Net profit beat estimates due to margin beat

Source: Company, Bloomberg, Emkay Research

Exhibit 8: Quarterly snapshot

Rs mn	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	YoY (%)	QoQ (%)	FY21YTD	FY22YTD	YoY (%)
Revenues(in US\$ mn)	3,312	3,516	3,613	3,782	3,998	20.7	5.7	6,433	7,780	20.9
Revenue	2,45,700	2,59,270	2,63,110	2,78,960	2,96,020	20.5	6.1	4,82,350	5,74,980	19.2
Operating Expenditure	1,74,870	1,85,120	1,90,400	2,04,640	2,17,710	24.5	6.4	3,50,310	4,22,350	20.6
Cost of revenues	1,49,160	1,59,510	1,63,330	1,76,770	1,89,470	27.0	7.2	2,98,630	3,66,240	22.6
as % of sales	60.7	61.5	62.1	63.4	64.0			61.9	63.7	
SG&A expenses	25,710	25,610	27,070	27,870	28,240	9.8	1.3	51,680	56,110	8.6
as % of sales	10.5	9.9	10.3	10.0	9.5			10.7	9.8	
EBITDA	70,830	74,150	72,710	74,320	78,310	10.6	5.4	1,32,040	1,52,630	15.6
Depreciation	8,550	8,260	8,310	8,290	8,590	0.5	3.6	16,110	16,880	4.8
EBIT	62,280	65,890	64,400	66,030	69,720	11.9	5.6	1,15,930	1,35,750	17.1
Other Income	5,220	5,620	4,950	5,730	4,760			9,490	10,490	10.5
PBT	67,500	71,510	69,350	71,760	74,480	10.3	3.8	1,25,420	1,46,240	16.6
Total Tax	18,920	19,360	18,570	19,750	20,200	6.8	2.3	34,120	39,950	17.1
Adjusted PAT	48,580	52,150	50,780	52,010	54,280	11.7	4.4	91,300	1,06,290	16.4
APAT after MI	48,580	52,150	50,780	52,010	54,280	11.7	4.4	91,300	1,06,290	16.4
Reported PAT	48,580	52,150	50,780	52,010	54,280	11.7	4.4	91,300	1,06,290	16.4
Reported EPS (Rs)	11.4	12.2	11.9	12.2	12.9	13.3	5.5	21	25	17.8
Margins (%)										
						(bps)	(bps)			(bps)
EBIDTA	28.8	28.6	27.6	26.6	26.5	(237)	(19)	27.4	26.5	(83)
EBIT	25.3	25.4	24.5	23.7	23.6	(180)	(12)	24.0	23.6	(42)
EBT	27.5	27.6	26.4	25.7	25.2	(231)	(56)	26.0	25.4	(57)
PAT	19.8	20.1	19.3	18.6	18.3	(144)	(31)	18.9	18.5	(44)
Effective Tax rate	28.0	27.1	26.8	27.5	27.1	(91)	(40)	27.2	27.3	11

Source: Company, Emkay Research

Exhibit 9: Revenue by geography

Particulars	As a % of revenue				
	Q2FY22	Q1FY22	Q2FY21	QoQ (%)	YoY (%)
North America	61.9%	61.7%	60.7%	6.1%	23.1%
Europe	24.8%	24.2%	24.3%	8.3%	23.2%
India	2.6%	2.9%	3.0%	-5.2%	4.6%
Rest of the World	10.7%	11.2%	12.0%	1.0%	7.6%
Total	100.0%	100.0%	100.0%	5.7%	20.7%

Source: Company, Emkay Research

Exhibit 10: Revenue by industry

Particulars	As a % of revenue				
	Q2FY22	Q1FY22	Q2FY21	QoQ (%)	YoY (%)
Financial Services	32.3%	33.0%	32.0%	3.5%	21.8%
Retail	14.6%	15.0%	14.9%	2.9%	18.3%
Communications	12.4%	12.2%	12.6%	7.4%	18.8%
Energy, Utilities, Resources and Services	11.8%	12.1%	12.3%	3.1%	15.8%
Manufacturing	10.9%	9.7%	9.1%	18.8%	44.6%
Hi Tech	8.5%	8.3%	9.1%	8.3%	12.8%
Life Sciences	7.1%	6.8%	6.8%	10.4%	26.0%
Others	2.4%	2.9%	3.2%	-12.5%	-9.5%
Total	100.0%	100.0%	100.0%	5.7%	20.7%

Source: Company, Emkay Research

Exhibit 11: Client data

Particulars	Q2FY22	Q1FY22	Q2FY21
Number of Clients	1,714	1,659	1,487
Added during the quarter	117	113	96
Client Concentration (%)			
Top 5 clients	11.4%	11.3%	11.3%
Top 10 clients	19.4%	18.8%	18.7%
Number of million dollar Clients (on LTM basis)			
Million US\$ clients	841	805	745
10 million US\$ clients	270	264	242
50 million US\$ clients	62	59	60
100 million US\$ clients	35	34	30

Source: Company, Emkay Research

Exhibit 12: Segmental performance

Revenue (\$mn)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22
Financial Services	1,023	1,021	1,000	984	1,061	1,163	1,192	1,250	1,292
Retail	489	496	498	447	492	515	535	566	585
Communications	420	421	415	417	417	436	433	462	495
Energy, Utilities, Resources and Services	420	414	411	399	408	441	444	457	473
Manufacturing	325	334	325	298	302	328	348	366	435
Hi Tech	243	246	251	272	303	289	292	313	339
Life Sciences	207	219	203	208	225	248	247	256	284
Others	83	92	93	96	104	96	122	112	95
Total	3,210	3,243	3,196	3,121	3,312	3,516	3,613	3,782	3,998

Growth YoY (%)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22
Financial Services	8.6%	5.3%	3.4%	-0.1%	3.7%	13.9%	19.2%	27.0%	21.8%
Retail	-0.6%	1.4%	2.7%	-9.3%	0.6%	3.8%	7.4%	26.6%	18.9%
Communications	17.3%	18.6%	0.0%	-3.2%	-0.7%	3.6%	4.3%	10.8%	18.7%
Energy, Utilities, Resources and Services	17.3%	8.1%	5.1%	-2.0%	-2.9%	6.5%	8.0%	14.5%	15.9%
Manufacturing	15.2%	10.6%	5.9%	-1.0%	-7.1%	-1.8%	7.1%	22.8%	44.0%
Hi Tech	11.5%	12.3%	7.3%	12.9%	24.7%	17.5%	16.3%	15.1%	11.9%
Life Sciences	10.7%	17.1%	10.9%	7.8%	8.7%	13.2%	21.7%	23.1%	26.2%
Others	-1.2%	12.2%	19.2%	20.0%	25.3%	4.3%	31.2%	16.7%	-8.7%
Total	9.9%	8.6%	4.4%	-0.3%	3.2%	8.4%	13.0%	21.2%	20.7%

EBITDA (%)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22
Financial Services	25.8%	25.7%	25.5%	26.8%	30.1%	27.3%	25.8%	25.6%	27.6%
Retail	30.1%	30.6%	29.3%	30.9%	35.6%	36.5%	35.5%	35.5%	34.7%
Communications	21.0%	20.7%	18.6%	19.7%	21.6%	25.0%	22.4%	20.8%	22.2%
Energy, Utilities, Resources and Services	27.6%	27.8%	28.5%	28.1%	27.2%	29.0%	28.8%	30.4%	29.2%
Manufacturing	22.2%	24.3%	23.7%	22.5%	29.5%	28.7%	27.9%	23.2%	22.5%
Hi Tech	23.0%	23.6%	23.1%	29.0%	29.7%	29.4%	26.4%	24.6%	24.5%
Life Sciences	27.1%	26.5%	23.2%	30.3%	33.3%	31.0%	30.4%	30.1%	27.8%
Others	1.2%	2.2%	5.4%	3.1%	5.8%	6.3%	22.1%	12.5%	-11.6%
Total	24.9%	25.1%	24.5%	25.9%	28.8%	28.6%	27.6%	26.7%	26.4%

Source: Company, Emkay Research

Exhibit 13: Change in estimates

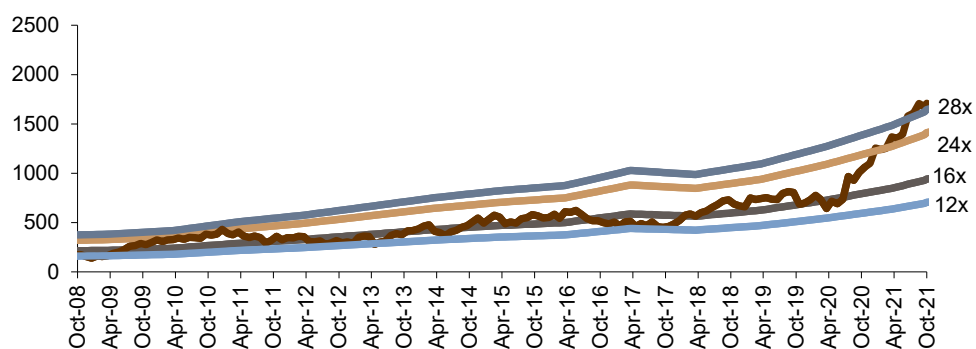
(Rs mn)	FY22E			FY23E			FY24E		
	Old	New	% change	Old	New	% change	Old	New	% change
Revenues(in US\$ mn)	16,045	16,078	0.2%	18,294	18,389	0.5%	20,678	20,782	0.5%
YoY revenue growth	18.3%	18.6%		14.0%	14.4%		13.0%	13.0%	
Revenues	11,94,687	11,97,356	0.2%	13,90,308	13,97,578	0.5%	16,02,559	16,10,574	0.5%
EBIT	2,80,946	2,83,661	1.0%	3,33,402	3,36,044	0.8%	3,84,972	3,87,086	0.5%
EBIT margins, %	23.5	23.7		24.0	24.0		24.0	24.0	
Net profits	2,21,741	2,22,782	0.5%	2,62,632	2,64,562	0.7%	3,04,920	3,06,389	0.5%
EPS (Rs)	52.8	53.0	0.4%	62.5	62.9	0.6%	72.6	72.9	0.4%

Source: Company, Emkay Research

Exhibit 14: Key Assumptions

Particulars	FY22E	FY23E	FY24E
USD revenue growth	18.6%	14.4%	13.0%
USD/INR	74.5	76.0	77.5
INR revenue growth	19.2%	16.7%	15.2%
EBIT Margins	23.7	24.0	24.0
EPS growth (%)	16.6%	18.8%	15.8%

Source: Company, Emkay Research

Exhibit 15: Infosys' 1-year forward P/E band

Source: Company, Bloomberg, Emkay Research

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	9,07,910	10,04,730	11,97,356	13,97,578	16,10,574
Expenditure	6,85,230	7,25,830	8,78,462	10,22,561	11,80,227
EBITDA	2,22,680	2,78,900	3,18,894	3,75,017	4,30,346
Depreciation	28,940	32,680	35,233	38,972	43,260
EBIT	1,93,740	2,46,220	2,83,661	3,36,044	3,87,086
Other Income	26,340	20,060	21,520	24,557	30,586
Interest expenses	0	0	0	0	0
PBT	2,20,080	2,66,280	3,05,182	3,60,601	4,17,672
Tax	53,680	72,050	82,070	95,559	1,10,683
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	450	720	330	480	600
Reported Net Income	1,65,950	1,93,510	2,22,782	2,64,562	3,06,389
Adjusted PAT	1,65,950	1,93,510	2,22,782	2,64,562	3,06,389

Balance Sheet

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Equity share capital	21,220	21,240	20,977	20,977	20,977
Reserves & surplus	6,37,220	7,46,580	7,30,025	8,51,601	9,93,977
Net worth	6,58,440	7,67,820	7,51,002	8,72,578	10,14,954
Minority Interest	0	0	0	0	0
Loan Funds	0	0	0	0	0
Net deferred tax liability	(7,760)	(2,230)	(2,000)	(2,000)	(2,000)
Total Liabilities	6,50,680	7,65,590	7,49,002	8,70,578	10,12,954
Net block	2,37,890	2,55,050	2,52,867	2,52,274	2,51,594
Investment	87,920	1,42,050	1,43,420	1,43,420	1,43,420
Current Assets	5,71,790	6,65,150	6,91,021	8,51,911	10,36,509
Cash & bank balance	1,86,490	2,47,140	2,12,423	3,06,141	4,20,345
Other Current Assets	0	0	0	0	0
Current liabilities & Provision	2,59,560	3,07,290	3,48,306	3,87,027	4,28,568
Net current assets	3,12,230	3,57,860	3,42,715	4,64,884	6,07,940
Misc. exp	0	0	0	0	0
Total Assets	6,50,680	7,65,590	7,49,002	8,70,578	10,12,954

Cash Flow

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
PBT (Ex-Other income) (NI+Dep)	1,93,740	2,46,220	2,83,661	3,36,044	3,87,086
Other Non-Cash items	55,130	71,930	82,070	95,559	1,10,683
Chg in working cap	(19,380)	6,330	(19,342)	(28,450)	(28,853)
Operating Cashflow	1,85,570	2,41,270	2,38,673	2,75,084	3,20,797
Capital expenditure	(51,730)	(34,860)	(32,420)	(38,380)	(42,580)
Free Cash Flow	1,33,840	2,06,410	2,06,253	2,36,704	2,78,217
Investments	33,800	(48,730)	(1,370)	0	0
Other Investing Cash Flow	0	0	0	0	0
Investing Cashflow	(17,930)	(83,590)	(33,790)	(38,380)	(42,580)
Equity Capital Raised	(74,720)	150	(1,13,436)	0	0
Loans Taken / (Repaid)	(5,710)	(6,640)	0	0	0
Dividend paid (incl tax)	(95,480)	(91,370)	(1,26,164)	(1,42,986)	(1,64,013)
Other Financing Cash Flow	(920)	830	0	0	0
Financing Cashflow	(1,76,830)	(97,030)	(2,39,600)	(1,42,986)	(1,64,013)
Net chg in cash	(9,190)	60,650	(34,717)	93,718	1,14,204
Opening cash position	1,95,680	1,86,490	2,47,140	2,12,423	3,06,141
Closing cash position	1,86,490	2,47,140	2,12,423	3,06,141	4,20,345

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY20	FY21	FY22E	FY23E	FY24E
EBITDA Margin	24.5	27.8	26.6	26.8	26.7
EBIT Margin	21.3	24.5	23.7	24.0	24.0
Effective Tax Rate	24.4	27.1	26.9	26.5	26.5
Net Margin	18.3	19.3	18.6	19.0	19.1
ROCE	34.0	37.6	40.3	44.5	44.3
ROE	25.4	27.1	29.3	32.6	32.5
RoIC	57.0	67.5	75.8	84.6	91.1

Per Share Data (Rs)	FY20	FY21	FY22E	FY23E	FY24E
EPS	39.1	45.4	53.0	62.9	72.9
CEPS	45.9	53.1	61.4	72.2	83.1
BVPS	155.1	180.2	178.6	207.5	241.3
DPS	17.5	27.0	30.0	34.0	39.0

Valuations (x)	FY20	FY21	FY22E	FY23E	FY24E
PER	43.7	37.6	32.3	27.2	23.5
P/CEPS	37.2	32.2	27.9	23.7	20.6
P/BV	11.0	9.5	9.6	8.2	7.1
EV / Sales	7.7	6.9	5.7	4.8	4.1
EV / EBITDA	31.4	24.7	21.4	18.0	15.4
Dividend Yield (%)	1.0	1.6	1.8	2.0	2.3

Gearing Ratio (x)	FY20	FY21	FY22E	FY23E	FY24E
Net Debt/ Equity	(0.4)	(0.5)	(0.5)	(0.5)	(0.6)
Net Debt/EBITDA	(1.2)	(1.4)	(1.1)	(1.2)	(1.3)
Working Cap Cycle (days)	50.6	40.2	39.7	41.5	42.5

Growth (%)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	9.8	10.7	19.2	16.7	15.2
EBITDA	6.6	25.2	14.3	17.6	14.8
EBIT	2.6	27.1	15.2	18.5	15.2
PAT	7.7	16.6	15.1	18.8	15.8

Quarterly (Rs mn)	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22
Revenue	2,45,700	2,59,270	2,63,110	2,78,960	2,96,020
EBITDA	70,830	74,150	72,710	74,320	78,310
EBITDA Margin (%)	28.8	28.6	27.6	26.6	26.5
PAT	48,450	51,970	50,760	51,950	54,210
EPS (Rs)	11.4	12.2	11.9	12.2	12.9

Source: Company, Emkay Research

Shareholding Pattern (%)	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Promoters	13.2	13.0	13.0	13.0	13.0
FIIIs	30.5	31.3	32.3	32.7	33.4
DIIIs	25.4	25.0	23.8	23.1	22.0
Public and Others	31.0	30.8	31.0	31.3	31.7

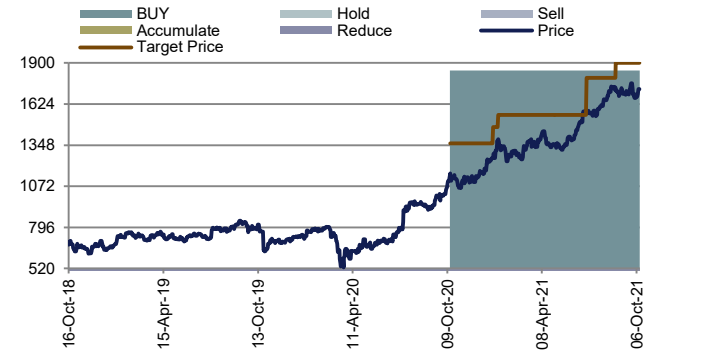
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
02-Oct-21	1,665	1,900	12m	Buy	Dipeshkumar Mehta
27-Aug-21	1,728	1,900	12m	Buy	Dipeshkumar Mehta
15-Jul-21	1,577	1,800	12m	Buy	Dipeshkumar Mehta
02-Jul-21	1,560	1,800	12m	Buy	Dipeshkumar Mehta
14-Apr-21	1,397	1,550	12m	Buy	Dipeshkumar Mehta
05-Apr-21	1,385	1,550	12m	Buy	Dipeshkumar Mehta
18-Mar-21	1,387	1,550	12m	Buy	Dipeshkumar Mehta
14-Jan-21	1,387	1,550	12m	Buy	Dipeshkumar Mehta
04-Jan-21	1,260	1,470	12m	Buy	Dipeshkumar Mehta
18-Dec-20	1,159	1,360	12m	Buy	Dipeshkumar Mehta
12-Nov-20	1,123	1,360	12m	Buy	Dipeshkumar Mehta
14-Oct-20	1,158	1,360	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

dipeshkumar.mehta@emkayglobal.com
+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)
Information Technology	13.47	13.20	-2%	-27	100.00
BirlaSoft	0.00	0.06	NA	6	0.47
Coforge	0.00	0.00	NA	0	0.00
eClerx Services*	0.00	0.00	NA	0	0.00
Firstsource Solutions	0.00	0.04	NA	4	0.32
HCL Tech	1.30	1.39	7%	9	10.31
Infosys	5.95	6.12	3%	17	45.42
Intellect Design*	0.00	0.00	NA	0	0.00
L&T Infotech	0.25	0.00	-100%	-25	0.00
Majesco*	0.00	0.00	NA	0	0.00
Mindtree	0.25	0.00	-100%	-25	0.00
Mphasis	0.25	0.18	-28%	-7	1.31
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	0.38	NA	38	2.84
Ramco Systems*	0.00	0.00	NA	0	0.00
TCS	3.62	3.41	-6%	-21	25.30
Tech Mahindra	0.82	0.94	16%	13	7.00
Wipro	0.93	0.68	-28%	-26	5.01
Cash	0.00	0.27	NA	27	2.02

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	13-Oct-20	13-Apr-21	13-Jul-21	13-Sep-21	12-Oct-21
EAP - Information Technology	100.0	153.9	179.2	197.3	230.1	227.5
BSE200 Neutral Weighted Portfolio (ETF)	100.0	146.0	168.6	183.2	215.7	212.9

*Performance measurement base date 1st April 2019

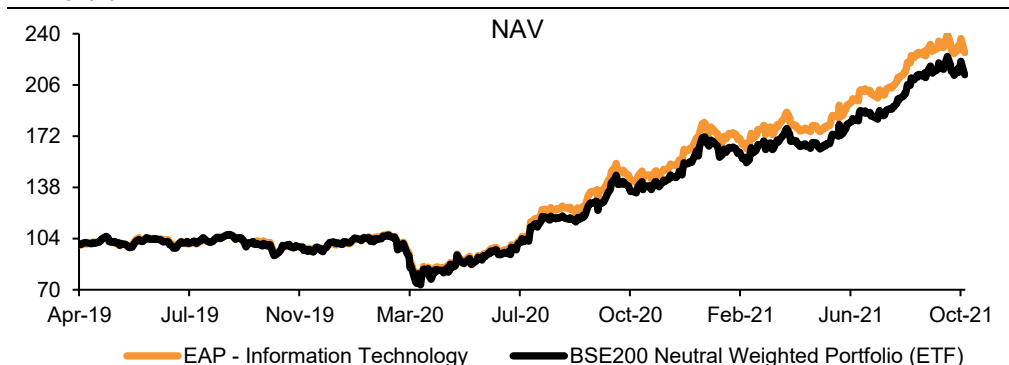
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Information Technology	-1.1%	15.3%	26.9%	47.9%
BSE200 Neutral Weighted Portfolio (ETF)	-1.3%	16.2%	26.3%	45.8%

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: 14 Oct 2021 07:51:52 (SGT)

Dissemination Date: 14 Oct 2021 07:52:52 (SGT)

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CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com