

# Tech Mahindra (TECHM IN)

Rating: BUY | CMP: Rs1,722 | TP: Rs1,945

## Scaling up in right growth areas

### Quick Pointers:

- CTC is valued at 4.3x EV/Sales; reported strong revenue growth of 40% CAGR over CY18-20 and is EPS, FCF and ROCE accretive.
- TechM is doubling down investments in Insurance sector with acquisition of CTC and investments in SWFT and Surance

**TechM announced acquisition of 100% stake in CTC, digital engineering and transformation provider serving Insurance industry for EUR 310 mn (~USD 353.7 mn) including EUR 100mn earnouts payable over 4 years. CTC generated revenue of EUR 71.3 mn (~81.36 USD mn) in CY20 which amounts to 2% of TechM's FY21 revenue. In 9MCY21 it reported revenue of EUR 69 mn(~USD78.7mn) - (quarterly run-rate of USD 26 mn vs USD 20 mn in CY20). About 60% of its revenue are from an anchor client. CTC's valuation of 4.3x EV/Sales is at upper end of similar transactions in this space. It is TechM's largest and among its most expensive acquisitions, compelling the company to drive cross-selling deals for scaling up in insurance space.**

**CTC acquisition will enable TechM – 1) to scale up in Insurance sector given CTC's deep digital transformation expertise in the sector, 2) to expand Eastern European near shore delivery centre as CTC has over 720+ highly-skilled IT professionals located in Latvia (85%) and Belarus (15%), regions having highly skilled pool of tech talent and 3) provide TechM with tech talent having differentiated capabilities in end-to-end digital engineering which can be scaled up across different industries.**

**TechM also acquired 25% stake each in SWFT and Surance, early stage InsurTech SaaS ventures for combined investment of EUR 20 Mn. These platforms have proven technology and business model and an installed client base which will help TechM address white spaces in the insurance sector.**

**Our EPS estimates increase by 1.6% for FY23& FY24 led by revenue increase in revenue growth estimates for FY23 & FY24. We arrive at DCF based target price of Rs.1945, earlier Rs. 1908 (implying target multiple of 23x on FY24 EPS). TechM is currently trading at 22.2/20.4x earnings multiple on FY23/24 EPS of INR 77/84.4 on FY23/24E respectively, inexpensive. TechM has Revenue/EPS CAGR of 13.8%/13.5% over FY22-24. Maintain Buy.**

- Strategic acquisition to scale up Insurance business:** TechM, a leading announced 100% acquisition of Com Tec Co IT Ltd (CTC). CTC is an IT solutions and service provider serving the insurance and financial services industries serving clients in Europe & US and has development centres in Latvia and Belarus. TechM is also buying 25% ownership in each of the two InsurTech ventures - SWFT and Surance, funded by the same founding group as CTC.

January 18, 2022

## Event Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
<b>Rating</b>	<b>BUY</b>		<b>BUY</b>	
<b>Target Price</b>	<b>1,945</b>		<b>1,908</b>	
Sales (Rs. m)	528,566	598,750	519,446	588,278
% Chng.	1.8	1.8		
EBITDA (Rs. m)	103,151	113,939	101,372	111,950
% Chng.	1.8	1.8		
EPS (Rs.)	77.5	84.4	76.3	83.1
% Chng.	1.6	1.6		

### Key Financials - Standalone

Y/e Mar	FY21	FY22E	FY23E	FY24E
Sales (Rs. bn)	379	445	529	599
EBITDA (Rs. bn)	68	84	103	114
Margin (%)	18.1	19.0	19.5	19.0
PAT (Rs. bn)	44	57	68	74
EPS (Rs.)	50.7	65.5	77.5	84.4
Gr. (%)	4.0	29.2	18.3	8.9
DPS (Rs.)	45.4	25.2	10.1	10.1
Yield (%)	2.6	1.5	0.6	0.6
RoE (%)	18.5	21.7	22.0	20.0
RoCE (%)	20.9	23.7	24.7	23.0
EV/Sales (x)	3.7	3.2	2.6	2.2
EV/EBITDA (x)	20.5	16.7	13.3	11.6
PE (x)	34.0	26.3	22.2	20.4
P/BV (x)	6.0	5.4	4.5	3.8

### Key Data

### TEML.BO | TECHM IN

52-W High / Low	Rs.1,838 / Rs.894
Sensex / Nifty	61,309 / 18,308
Market Cap	Rs.1,672bn/ \$ 22,517m
Shares Outstanding	971m
3M Avg. Daily Value	Rs.5142.73m

### Shareholding Pattern (%)

Promoter's	35.74
Foreign	37.14
Domestic Institution	15.51
Public & Others	11.61
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	4.8	59.8	75.0
Relative	(2.5)	38.5	40.0

**Aniket Pande**

aniketpande@plindia.com | 91-22-66322300

**Aditi Patil**

aditipatil@plindia.com | 91-22-66322381

CTC will add 720+ IT professionals, located in Latvia (85%) and Belarus (15%)

CTC generated revenue of EUR 71.3 mn (~81.36 USD mn) in CY20 which amounts to 2% of TechM's FY21 revenue. Over last two years (CY18-20) its revenues have grown by 40% CAGR.

- **CTC to provide high-end digital engineering services for insurance:** TechM intends to double down focus on Insurance as the sector is going through significant digital transformation driven by emergence of new business models. CTC, a software outsourced product development company, will provide both horizontal digital engineering and transformation capabilities as well as deep embedded knowledge of insurance sector garnered through 20 years' experience in the sector.
- **TechM can significantly scale up CTC's market presence:** CTC has negligible sales capabilities which limit its expansion in to new clients. ~60% of CTC its revenue comes from its anchor client. TechM can scale up CTC's market presence by cross-selling to TechM's existing global clients. The business will be co-branded as TechM CTC and will become part of TechM's operations and an integrated management team will be responsible for the business.
- **CTC adds scalable Eastern European hub:** CTC will bring a highly skilled pool of tech talent (Agile Full stack capability, Architecture, UI/ UX, Cloud, AI/ML). It will add 720+ IT professionals, located in Latvia (85%) and Belarus (15%). These regions have highly skilled pool of tech talent which will help TechM to scale up nearshore European delivery centre in the future. Plus, the technology expertise of this talent is fungible across industries and will enable TechM to offer additional services and capabilities across industries. The current attrition rate in CTC is in low single digits and is very well managed business.
- **CTC had strong revenue growth over last two years with industry leading margins:** CTC generated revenue of EUR 71.3 mn (~81.36 USD mn) in CY20 which amounts to 2% of TechM's FY21 revenue. Over last two years (CY18-20) its revenues have grown by 40% CAGR. In 9MCY21 it reported revenue of EUR 69 mn (quarterly run-rate of EUR 23 mn vs 18 mn in CY20). CTC has industry leading margins and acquisition is expected to be margin, EPS and cash flow, ROCE accretive.
- **SWFT:** Swift is a SaaS based platform, which offers multiple functionalities for insurance sales and distribution and enables digital brokers, price comparison websites and insurers directly reach their customer through digital channels. SWFT platform earns revenue via charging a fee based on % of brokerage fee generated on the platform.
- **Surance:** Surance is an end to end personal cyber insurance solution focusing on vulnerability assessment, cyber protection and cyber insurance coverage. It enables insurance carriers as well as re-insurers to help asses, manage and underwrite cyber-security risk.
- **InsurTech SaaS ventures, address white spaces in Insurance for TechM:** SWFT and Surance, InsurTech SaaS ventures with proven technology and business model and an installed client base helps TechM address white spaces in the insurance sector. TechM's investment into Swift and Surance will be utilized towards geographical expansion into large insurance markets, building dedicated sales and marketing team and ongoing new feature and functionality enhancement.

*Acquisitions done post 2018 have margins in-line with company average margins and are in high growth areas.*

- **CTC valuations:** TechM will pay total consideration of up to EUR 310 mn (~USD 353.7 mn) including earnouts for the CTC acquisition, valuing CTC at 4.3x EV/Sales. EUR 210 mn will be paid upfront and the rest of the amount, EUR 100 mn will be paid via performance linked earnouts and synergy linked payouts over a period of 4 years. We believe valuation at 4x EV/Sales is bit at upper end of the transactions done in similar space.
- The company will pay EUR 16.5 mn (~USD 18.83 mn) for the minority investment in Swift and EUR 3.5 mn (USD 4 mn) for the minority investment in Surance. These two companies have very small revenue size currently with significant scope to scale up. They are valued in-line with market benchmark of ARR (Annual Recurring Revenue) multiples. TechM bought 25% stake in each of these two Insuretech platforms with an option to acquire another 20% equity shares in the next 2 years. Acquisitions will close immediately.
- **Profile of acquisitions have improved post 2018:** Acquisitions done post 2018 have margins in-line with company average margins and are in high growth areas. TechM has increased focus on creating integrated solutions combining both organic and inorganic offerings and is incentivizing based on synergy benefits to align managerial interests with that of TechM. Success in cross-selling offerings from HCl Group's (acquired in 2017) healthcare clients is one such example.
- The profile of acquisitions has significantly improved & they are focusing on creating and selling integrated solutions combining both in-house offerings and acquired competencies.
- Focus on acquisitions is on 3 areas of customer experience (Mad\*Pow, Born Group, Eventus), Industry related (Zen3, Cerium, Payments, Perigord) & cloud (DigitalOnUs, Brainscale, Momenton). This acquisition underlines Tech Mahindra's focus on digital growth, under the NXT.NOW framework.

### Exhibit 1: TechM's past acquisitions

Target	Acquired in	Deal size (US\$ mn)	Revenue run rate (US\$ mn)	Deal structure (US\$ mn)		Earn-outs	% of Stake acquired
				Upfront	Earn-outs		
vCustomer	Mar-12	27	10	21	6	After 9 months	100% acquisition
Hutchison Global Services	Sep-12	87.1	160	87.1	—	NA	100% acquisition
Comviva	Sep-12	48.1	70	23.1	25	Over 5 years	51% stake acquired
Complex IT	Feb-13	23	45	6.5	16.5	After 18 months	51% stake acquired
Mahindra Engg Services	Nov-13	115.1	45	115.1	—	NA	100% acquisition
LCC	Nov-14	240	430	240	—	NA	100% acquisition
SOFGEN	Jan-15	~30.0	45	20	10	Over 2 years	100% acquisition
Pininfarina	Dec-15	EUR81 mn	EUR80 mn	EUR25.3 mn	—	NA	76% through 60:40 JV (TM:M&M)
Target Group	May-16	GBP112 mn	GBP51 mn	GBP89 mn	GBP23 mn	Over 4 years	100% acquisition
The Bio Agency	Jun-16	GBP40 mn	GBP12.5 mn	GBP22 mn	GBP18 mn	Over 3 years	100% acquisition
HCI Group	Mar-17	110	130	89.5	20.5	Over 3 years	84.7% acquisition
IP deal	Sep-17	140	NA	35	105	Over 12 quarters	100% acquisition
Comviva IT	Dec-17	51.4	100	NA	NA	NA	Additional 32.1% acquired
Altistar Networks	Jan-18	15	NA	15	—	NA	17.5% stake acquired
Inter-informatics	Aug-18	EUR5.4 mn	10.7	EUR5.4 mn	—	NA	100% acquisition
Dynacommerce	Feb-19	EUR16 mn	EUR9.1 mn	EUR16 mn	—	NA	100% acquisition
K-vision	Mar-19	1.5	4.8	1.5	—	NA	100% acquisition
Infotek & Vitaran	Apr-19	INR130 mn	INR419.6 mn	INR130 mn	—	NA	18.1% stake in both companies
Objectwise Consulting	Jun-19	CAD2.75 mn	CAD13.6 mn	CAD2.75 mn	—	NA	100% acquisition
Mad*Pow	Jul-19	25.3	14.7	16.4	8.9	Over 3 years	65% stake acquired; balance over 3 years
BORN Group	Oct-19	95	50	70	25	Over 1 quarter	100% acquisition
Cerium Systems	Jan-20	3500 mn	1060 mn	INR 2450 mn	INR 1050 mn	NA	51% acquired; balance over 3 years
Zen3 Infosolutions	Feb-20	64	50	35	29	Over 3 years	100% acquisition
VitalTech Holdings	Oct-20	3	0.4	NA	NA	NA	6.03% stake acquired
Momenton	Oct-20	AUD14.3 mn	AUD10.8 mn	NA	NA	NA	100% acquisition
Tenzing Group	Oct-20	29.5	27.4	NA	NA	NA	100% acquisition
Payments Technology Services	Jan-21	9	5.4	9	NA	NA	100% acquisition
Perigord	Mar-21	EUR21 mn	EUR19.3 mn	EUR21 mn	NA	NA	70% acquired; balance over 4 years
DigitalOnUS	Apr-21	120	30.6	120	NA	NA	100% acquisition
Eventus Solutions Group	Apr-21	44	33.2	44	NA	NA	100% acquisition
Brainscale	Jun-21	28.8	10	NA	NA	NA	100% acquisition
Beris Consulting	Oct-21	EUR7 mn	EUR10.1 mn	NA	NA	NA	100% acquisition
Lodestone	Oct-21	105	43.3	NA	NA	NA	100% acquisition
WMW	Oct-21	EUR9.4 mn	EUR4.6 mn	NA	—	NA	100% acquisition

Source: Company, PL

## Exhibit 2: TechM Financials

	FY21	FY22E	FY23E	FY24E
<b>Revenue mix (USD mn)</b>				
Communication	5,112	6,005	6,955	7,776
YoY gr.		17.5%	15.8%	11.8%
Enterprise	3,067	3,583	4,109	4,625
YoY gr.		16.8%	14.7%	12.5%
CTC Acquisition		26	120	136
YoY gr.				13.3%
<b>Total Revenue (USD mn)</b>	<b>8,179</b>	<b>9,588</b>	<b>11,064</b>	<b>12,401</b>
YoY gr.		17.2%	15.4%	12.1%
<b>EBIT (Rs. Mn)</b>	<b>53,894</b>	<b>68,312</b>	<b>82,008</b>	<b>89,989</b>
YoY gr.		26.8%	20.0%	9.7%
EBIT margin		14.2%	15.3%	15.5%
<b>EPS</b>	<b>50.7</b>	<b>65.5</b>	<b>77.5</b>	<b>84.4</b>
YoY gr.		29.2%	18.3%	8.9%

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
<b>Net Revenues</b>	<b>378,551</b>	<b>445,062</b>	<b>528,566</b>	<b>598,750</b>
YoY gr. (%)	2.7	17.6	18.8	13.3
Employee Cost	258,555	299,795	346,130	394,999
Gross Profit	119,997	145,267	182,436	203,752
Margin (%)	31.7	32.6	34.5	34.0
SG&A Expenses	-	-	-	-
Other Expenses	-	-	-	-
<b>EBITDA</b>	<b>68,471</b>	<b>84,424</b>	<b>103,151</b>	<b>113,939</b>
YoY gr. (%)	19.6	23.3	22.2	10.5
Margin (%)	18.1	19.0	19.5	19.0
Depreciation and Amortization	14,577	16,112	21,143	23,950
<b>EBIT</b>	<b>53,894</b>	<b>68,312</b>	<b>82,008</b>	<b>89,989</b>
Margin (%)	14.2	15.3	15.5	15.0
Net Interest	1,740	1,735	1,500	1,500
Other Income	7,364	9,694	9,694	9,694
<b>Profit Before Tax</b>	<b>59,518</b>	<b>76,271</b>	<b>90,202</b>	<b>98,183</b>
Margin (%)	15.7	17.1	17.1	16.4
Total Tax	15,999	19,223	22,625	24,551
Effective tax rate (%)	26.9	25.2	25.1	25.0
<b>Profit after tax</b>	<b>43,519</b>	<b>57,047</b>	<b>67,578</b>	<b>73,632</b>
Minority interest	(750)	(421)	(421)	(421)
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>44,269</b>	<b>57,468</b>	<b>67,999</b>	<b>74,053</b>
YoY gr. (%)	4.0	29.8	18.3	8.9
Margin (%)	11.7	12.9	12.9	12.4
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>44,269</b>	<b>57,468</b>	<b>67,999</b>	<b>74,053</b>
YoY gr. (%)	4.0	29.8	18.3	8.9
Margin (%)	11.7	12.9	12.9	12.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	44,269	57,468	67,999	74,053
<b>Equity Shares O/s (m)</b>	<b>873</b>	<b>877</b>	<b>877</b>	<b>877</b>
<b>EPS (Rs)</b>	<b>50.7</b>	<b>65.5</b>	<b>77.5</b>	<b>84.4</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>64,430</b>	<b>55,633</b>	<b>66,071</b>	<b>74,844</b>
Tangibles	64,430	55,633	66,071	74,844
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Tangibles	-	-	-	-
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>64,430</b>	<b>55,633</b>	<b>66,071</b>	<b>74,844</b>
Tangibles	64,430	55,633	66,071	74,844
Intangibles	-	-	-	-
Capital Work In Progress	-	-	-	-
Goodwill	40,082	41,672	43,262	44,852
Non-Current Investments	10,294	10,294	10,294	10,294
Net Deferred tax assets	9,133	9,133	9,133	9,133
Other Non-Current Assets	20,288	20,333	20,341	20,348
<b>Current Assets</b>				
Investments	-	-	-	-
Inventories	-	-	-	-
Trade receivables	64,728	85,354	101,369	114,829
Cash & Bank Balance	124,971	127,881	161,418	204,298
Other Current Assets	62,612	73,435	87,213	98,794
<b>Total Assets</b>	<b>396,780</b>	<b>431,746</b>	<b>508,615</b>	<b>588,169</b>
<b>Equity</b>				
Equity Share Capital	4,370	4,370	4,370	4,370
Other Equity	244,280	275,902	333,566	397,284
<b>Total Network</b>	<b>248,650</b>	<b>280,272</b>	<b>337,936</b>	<b>401,654</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	9,735	9,735	9,735	9,735
Provisions	-	-	-	-
Other non current liabilities	31,825	30,106	33,447	36,254
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	14,960	13,460	11,960	10,460
Trade payables	27,850	37,830	44,928	50,894
Other current liabilities	59,965	56,968	67,656	76,640
<b>Total Equity &amp; Liabilities</b>	<b>396,780</b>	<b>431,746</b>	<b>508,615</b>	<b>588,169</b>

Source: Company Data, PL Research

### Cash Flow (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
PBT	59,518	76,271	90,202	98,183
Add. Depreciation	14,577	16,112	21,143	23,950
Add. Interest	1,740	1,735	1,500	1,500
Less Financial Other Income	7,364	9,694	9,694	9,694
Add. Other	-	-	-	-
Op. profit before WC changes	75,835	94,118	112,845	123,633
Net Changes-WC	25,798	(33,998)	(10,178)	(8,554)
Direct tax	(15,999)	(19,223)	(22,625)	(24,551)
<b>Net cash from Op. activities</b>	<b>85,634</b>	<b>40,896</b>	<b>80,043</b>	<b>90,528</b>
Capital expenditures	(31,781)	(8,905)	(33,171)	(34,313)
Interest / Dividend Income	-	-	-	-
Others	7,611	-	-	-
<b>Net Cash from Invt. activities</b>	<b>(24,170)</b>	<b>(8,905)</b>	<b>(33,171)</b>	<b>(34,313)</b>
Issue of share cap. / premium	(67)	-	-	-
Debt changes	12,148	(1,500)	(1,500)	(1,500)
Dividend paid	(46,387)	(25,836)	(10,334)	(10,334)
Interest paid	(1,740)	(1,735)	(1,500)	(1,500)
Others	22,052	(10)	-	-
<b>Net cash from Fin. activities</b>	<b>(13,994)</b>	<b>(29,081)</b>	<b>(13,334)</b>	<b>(13,334)</b>
<b>Net change in cash</b>	<b>47,470</b>	<b>2,910</b>	<b>33,538</b>	<b>42,880</b>
Free Cash Flow	56,895	31,991	46,872	56,215

Source: Company Data, PL Research

### Key Financial Metrics

Y/e Mar	FY21	FY22E	FY23E	FY24E
<b>Per Share(Rs)</b>				
EPS	50.7	65.5	77.5	84.4
CEPS	67.4	83.9	101.6	111.7
BVPS	284.9	319.6	385.3	458.0
FCF	65.2	36.5	53.4	64.1
DPS	45.4	25.2	10.1	10.1
<b>Return Ratio(%)</b>				
RoCE	20.9	23.7	24.7	23.0
ROIC	19.1	21.1	21.6	19.6
RoE	18.5	21.7	22.0	20.0
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.4)	(0.4)	(0.4)	(0.5)
Debtor (Days)	62	70	70	70
<b>Valuation(x)</b>				
PER	34.0	26.3	22.2	20.4
P/B	6.0	5.4	4.5	3.8
P/CEPS	25.5	20.5	16.9	15.4
EV/EBITDA	20.5	16.7	13.3	11.6
EV/Sales	3.7	3.2	2.6	2.2
Dividend Yield (%)	2.6	1.5	0.6	0.6

Source: Company Data, PL Research

### Quarterly Financials (Rs m)

Y/e Mar	Q4FY21	Q1FY22	Q2FY22	Q3FY22E
<b>Net Revenue</b>	<b>97,299</b>	<b>101,976</b>	<b>108,813</b>	<b>114,688</b>
YoY gr. (%)	2.5	12.0	16.1	18.9
Raw Material Expenses	64,497	69,682	74,346	76,841
Gross Profit	32,802	32,294	34,467	37,847
Margin (%)	33.7	31.7	31.7	33.0
<b>EBITDA</b>	<b>19,481</b>	<b>18,764</b>	<b>19,952</b>	<b>21,791</b>
YoY gr. (%)	44.5	44.3	17.2	15.0
Margin (%)	20.0	18.4	18.3	19.0
Depreciation / Depletion	3,444	3,311	3,430	4,588
<b>EBIT</b>	<b>16,037</b>	<b>15,453</b>	<b>16,522</b>	<b>17,203</b>
Margin (%)	16.5	15.2	15.2	15.0
Net Interest	417	381	354	500
Other Income	(181)	2,873	2,821	2,000
<b>Profit before Tax</b>	<b>15,439</b>	<b>17,945</b>	<b>18,989</b>	<b>18,703</b>
Margin (%)	15.9	17.6	17.5	16.3
Total Tax	4,998	4,286	5,572	4,461
Effective tax rate (%)	32.4	23.9	29.3	23.9
<b>Profit after Tax</b>	<b>10,441</b>	<b>13,659</b>	<b>13,417</b>	<b>14,243</b>
Minority interest	(371)	125	22	(197)
Share Profit from Associates	2	(2)	(8)	-
<b>Adjusted PAT</b>	<b>10,814</b>	<b>13,532</b>	<b>13,387</b>	<b>14,440</b>
YoY gr. (%)	5.9	39.2	25.7	10.2
Margin (%)	11.1	13.3	12.3	12.6
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>10,814</b>	<b>13,532</b>	<b>13,387</b>	<b>14,440</b>
YoY gr. (%)	5.9	39.2	25.7	10.2
Margin (%)	11.1	13.3	12.3	12.6
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>10,814</b>	<b>13,532</b>	<b>13,387</b>	<b>14,440</b>
Avg. Shares O/s (m)	882	883	883	883
<b>EPS (Rs)</b>	<b>12.3</b>	<b>15.3</b>	<b>15.2</b>	<b>16.3</b>

Source: Company Data, PL Research

## Price Chart

## Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	4-Jan-22	BUY	1,908	1,785
2	12-Nov-21	BUY	1,862	1,522
3	26-Oct-21	BUY	1,862	1,524
4	5-Oct-21	BUY	1,551	1,399
5	6-Aug-21	BUY	1,509	1,265
6	30-Jul-21	BUY	1,494	1,128
7	22-Jul-21	BUY	1,237	1,149
8	2-Jul-21	BUY	1,174	1,085
9	27-Apr-21	BUY	1,132	962
10	5-Apr-21	BUY	1,143	990

## Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Affle (India)	BUY	1,530	1,194
2	Coforge	BUY	5,708	5,973
3	Cyient	BUY	1,301	1,065
4	HCL Technologies	BUY	1,398	1,337
5	Infosys	BUY	2,234	1,877
6	L&T Technology Services	BUY	5,705	5,729
7	Larsen & Toubro Infotech	BUY	7,239	7,533
8	Mindtree	BUY	5,249	4,744
9	Mphasis	BUY	3,772	3,423
10	Persistent Systems	BUY	4,808	4,872
11	Redington (India)	BUY	215	147
12	Sonata Software	BUY	994	869
13	Tata Consultancy Services	BUY	4,468	3,860
14	TeamLease Services	Reduce	4,366	4,187
15	Tech Mahindra	BUY	1,908	1,785
16	Wipro	BUY	737	691
17	Zensar Technologies	BUY	528	533

## PL's Recommendation Nomenclature (Absolute Performance)

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly



## **ANALYST CERTIFICATION**

### **(Indian Clients)**

We/I, Mr. Aniket Pande- MBA, Ms. Aditi Patil- MBA Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

### **(US Clients)**

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

## **DISCLAIMER**

### **Indian Clients**

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at [www.plindia.com](http://www.plindia.com).

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is in the process of applying for certificate of registration as Research Analyst under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Aniket Pande- MBA, Ms. Aditi Patil- MBA Finance Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

### **US Clients**

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

---

**Prabhudas Lilladher Pvt. Ltd.**

**3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209**

**[www.plindia.com](http://www.plindia.com)**