

# Firstsource Solutions

Refer to important disclosures at the end of this report

## Revenue growth momentum to sustain

- FSOL is confident of delivering revenue growth in low to mid-teens over the next three years. It has accelerated investments into sales and account management and solutioning capabilities in the last 1.5 years, driving better client mining and new logos acquisition.
- BFS, which accounts for over 50% of FSOL's total revenue, led growth in 9MFY21 with a strong performance in the mortgage business (>2x YoY). Rising interest rates in US may weigh on mortgage origination (refinancing mainly) growth; however, traction in UK retail & commercial banks, mortgage servicing, and collection would support growth, in our view.
- After a sharp fall in Q1, CMT bounced back strongly in the last two quarters with a solid volume recovery and market share gain in the top client (back to growth in Q3; down 10% in 9M). PatientMatters acquisition should augment recovery in healthcare from Q4FY21.
- We expect FSOL to deliver ~19% earnings growth over FY20-23E. We maintain Buy with a TP of Rs125 at 15x FY23E earnings, considering a sustainable improvement in the revenue growth trajectory with stable margins and strong cash generation.

**Revamped leadership team, investments into sales and account management to drive sustainable growth:** FSOL has revamped its leadership team in the last 4-6 quarters with the hiring of senior leaders from Tier 1 competition. Its investments into sales and account management, solutioning capabilities and capacities have started yielding desired results as reflected in the robust deal intake and deal pipeline in the last two quarters. We believe that prospects of a recovery in the Healthcare business (particularly provider) and traction in the UK BFS and Collection business will help FSOL sustain revenue growth momentum, negating potential headwinds in the Mortgage business when the interest rate cycle reverses. FSOL is investing aggressively in Digital media and born-digital companies (ecommerce, fintech, etc) and expects meaningful business from these areas from FY23 onward.

**Mortgage business is likely to grow in FY22:** FSOL is seeing well-balanced growth in new home purchase and refinance, and believes that the continued traction in the new home purchase and servicing business would partly offset any softness in the refinance mortgages when the interest rate cycle reverses. It expects the Mortgage business to report growth in FY22. Servicing revenue grew ~60% YoY in 9MFY21 and it expects growth momentum to sustain with the addition of due diligence (TAM ~USD300mn) and default servicing. We are building growth moderation in the next three quarters and a ~30% YoY decline in H2FY22. We believe that our estimates are fairly conservative and see limited downside risks.

**EBITM to sustain at ~11.5% with upward bias:** FSOL expects to sustain EBITM at ~11.5% with an upward bias, considering improvement in profitability in the Healthcare provider business with recovery in revenue, savings from remote working shift, operating leverage, and better profitability in the Mortgage business with anticipated growth moderation.

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

### Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	38,263	40,986	50,015	56,455	62,045
EBITDA	5,355	6,289	7,795	8,809	9,727
EBITDA Margin (%)	14.0	15.3	15.6	15.6	15.7
APAT	3,778	3,397	4,384	5,030	5,711
EPS (Rs)	5.5	4.9	6.3	7.2	8.2
EPS (% chg)	14.9	(10.4)	28.7	14.8	13.5
ROE (%)	14.9	12.4	15.2	16.0	16.4
P/E (x)	18.5	20.6	16.0	14.0	12.3
EV/EBITDA (x)	13.7	12.2	9.7	8.3	7.1
P/BV (x)	2.6	2.5	2.3	2.1	1.9

Source: Company, Emkay Research

<b>CMP</b>	<b>Target Price</b>
<b>Rs 101</b> as of (March 2, 2021)	<b>Rs 125 (■)</b> 12 months
<b>Rating</b>	<b>Upside</b>
<b>BUY (■)</b>	<b>23.8 %</b>

### Change in Estimates

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

### Emkay vs Consensus

	EPS Estimates	
	FY21E	FY22E
Emkay	6.3	7.2
Consensus	6.3	7.5
Mean Consensus TP (12M)	Rs 132	

### Stock Details

Bloomberg Code	FSOL IN
Face Value (Rs)	10
Shares outstanding (mn)	696
52 Week H/L	115 / 20
M Cap (Rs bn/USD bn)	70 / 0.96
Daily Avg Volume (nos.)	5,004,271
Daily Avg Turnover (US\$ mn)	6.5

### Shareholding Pattern Dec '20

Promoters	53.8%
FIIIs	7.2%
DIIIs	15.8%
Public and Others	23.2%

### Price Performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	9	31	59	148
<b>Rel. to Nifty</b>	7	15	23	85

### Relative price chart



Source: Bloomberg

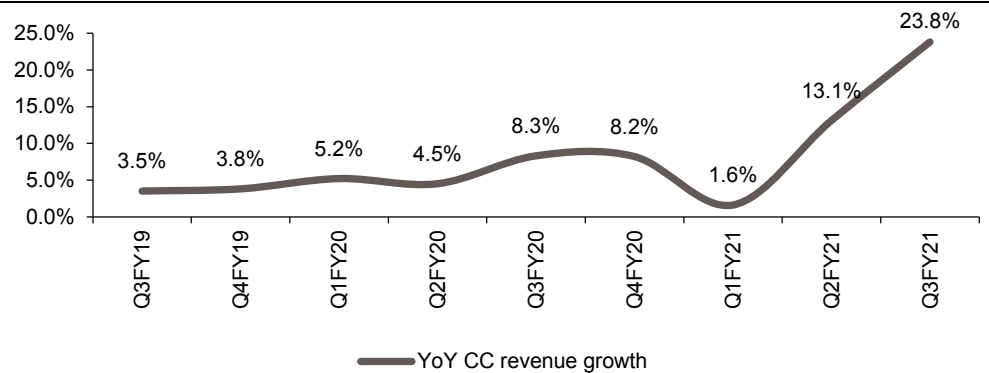
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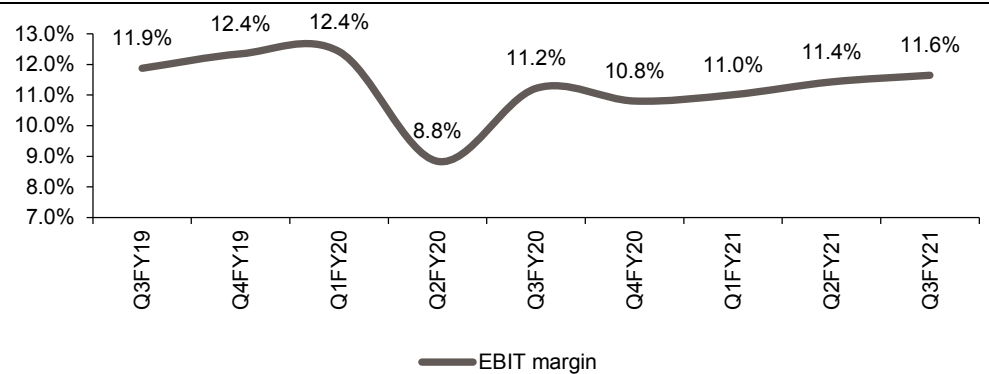
## Story in Charts

**Exhibit 1: YoY CC growth further accelerated in Q3FY21**



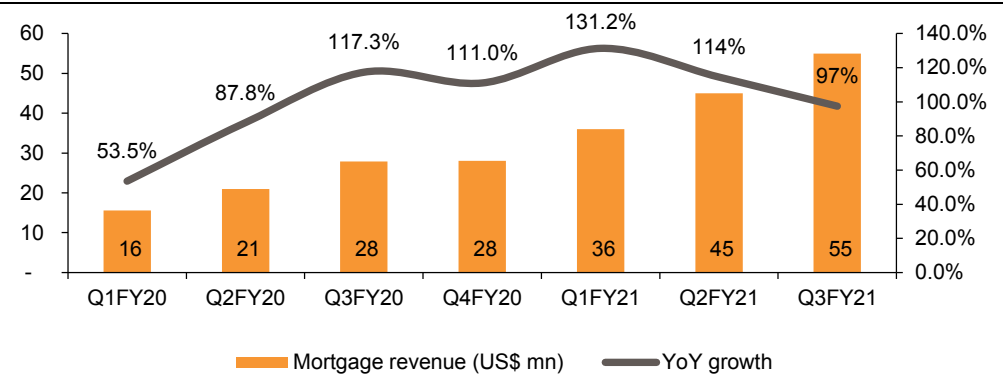
Source: Company, Emkay Research

**Exhibit 2: Steady expansion in EBITM over last few quarters**



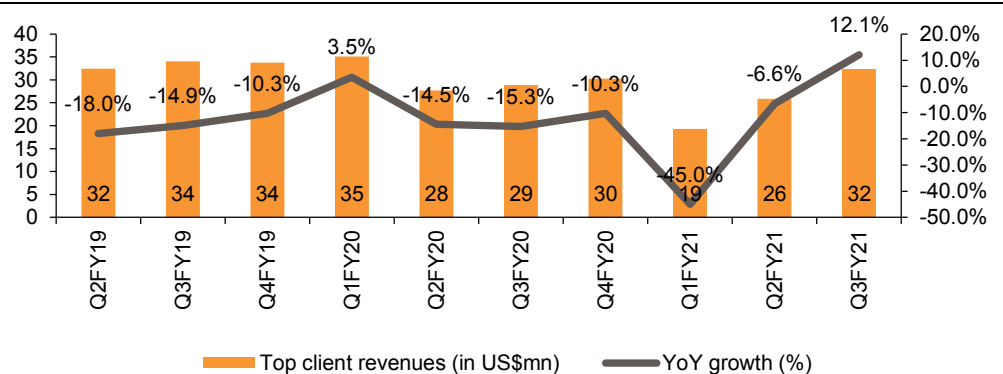
Source: Company, Emkay Research

**Exhibit 3: Strong revenue growth momentum in Mortgage business continues**



Source: Company, Emkay Research

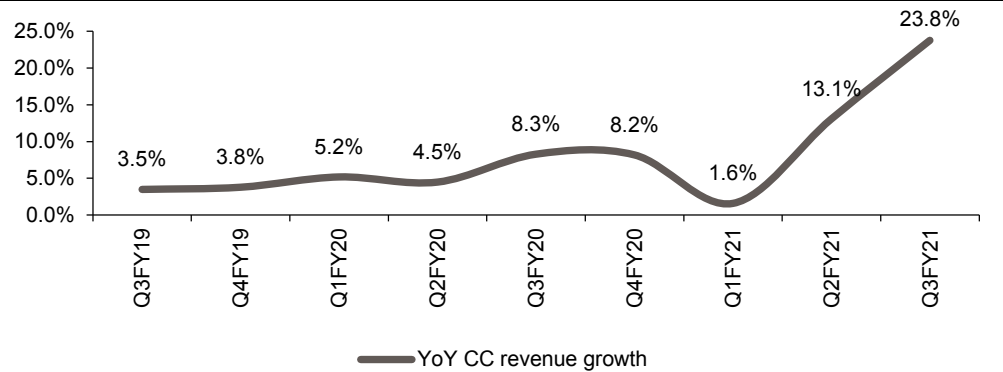
**Exhibit 4: Revenue from top client has rebounded strongly and returned to growth**



Source: Company, Emkay Research

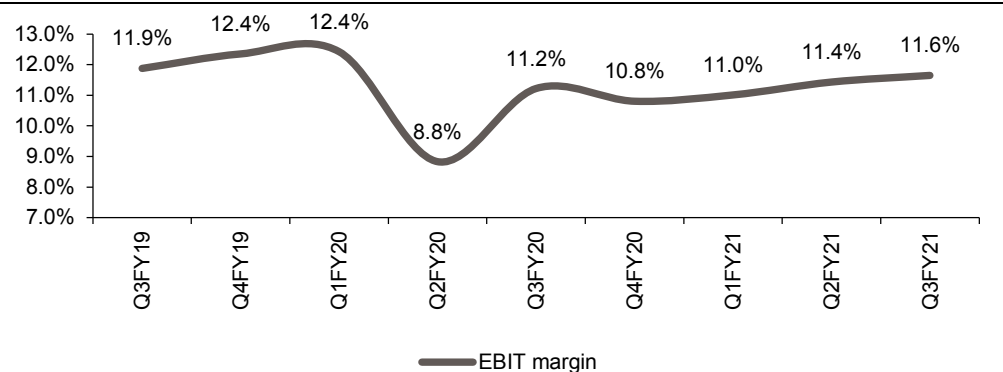
**Remain confident to deliver on guidance:** FSOL has guided for 16-17% YoY CC revenue growth in FY21, implying 1-4% QoQ growth in Q4. Management remained confident of delivering on guidance and sustaining revenue growth momentum on the back of 1) traction in mortgage servicing business, UK BFS and collection, 2) anticipated recovery in Healthcare, 3) healthy deal intake and pipeline, and 4) early traction in media and born-digital clients (small size currently, but expect meaningful contribution from these segments from FY23 onward). It has guided for EBITM to be in the range of 11.25-11.5% in FY21 (9M – 11.4%) and expects gradual expansion in EBITM in coming years.

**Exhibit 5: YoY CC growth further accelerated in Q3FY21**



Source: Company, Emkay Research

**Exhibit 6: Steady expansion in EBITM over last few quarters**



Source: Company, Emkay Research

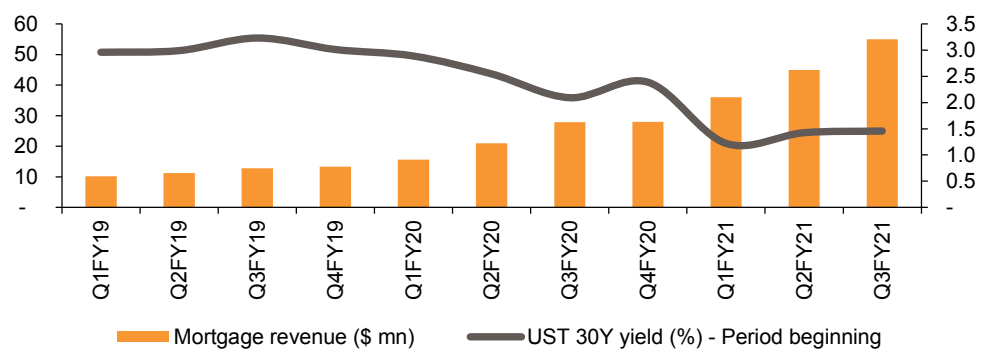
**Revamped leadership team, investments into sales and account management to drive sustainable growth:** FSOL has revamped its leadership team in the last 4-6 quarters with the hiring of senior leaders from Tier 1 competition. Its investments into sales and account management, solutioning capabilities and capacities have started yielding desired results as reflected in the robust deal intake and deal pipeline in the last two quarters. Although in the last few quarters the company benefitted from strong traction in the mortgage origination business (which is cyclical), we find that performance improvement is more broad-based and sustainable. We believe that prospects of a recovery in the Healthcare business (particularly provider) and traction in the UK BFS and Collection business will help FSOL sustain revenue growth momentum, negating potential headwinds in the Mortgage business when the interest rate cycle reverses. The company is investing aggressively in Digital media and born-digital companies (ecommerce, fintech, etc) to drive the next leg of growth. It added 9 clients in this space in 9MFY21 and the initial focus remain on acquiring new customers in new age sectors/born-digital companies/technology (including fintech, consumer tech, enterprise tech). It expects meaningful revenue to start accruing from FY23 onwards. It is actively looking out for inorganic opportunities in the space to build capabilities and scale and accelerate momentum.

**Exhibit 7: Expanded leadership team over last six quarters to support growth aspirations**

Name	Designation	Brief background
Vipul Khanna	MD and CEO	Vipul joined Firstsource in Jul'19 from Cognizant Digital Operations where he led a start-up practice into a USD2bn, top-5 global BPO business. Prior to Cognizant, he was the CEO of UBS's Internal Service Company. He was a founding member of eFunds's (now Fidelity National) BPO business and led its growth to a USD250m business.
Prashant Nandella	COO	Prashant joined FSOL in Jul'20 as the COO. In his prior stints, Prashant was the Head of the Hyderabad Operations for CTSH besides being Global Delivery head for Retail, Travel, Hospitality, E&U and BFSI across the years.
Venkatgiri Vandali	President- Healthcare Payer	Venkatgiri joined Firstsource in Feb'20 after long stints at Infosys BPO and Cognizant BPO. Prior to Firstsource, he was at Cognizant as VP and Head of Healthcare BPaaS business. At Cognizant, he also served as Head of global delivery for Healthcare BPO business.
Sundara Sukavanam	Chief Digital Officer	Sundara joined Firstsource in Feb'20. He is a business and technology leader with over 24 years of experience in the IT & Operations industry. Sundara has held senior leadership positions at Cognizant, Wipro, and DCM Data Systems.
Debarshi Biswas	Head - CMT	Debarshi joined Firstsource in Feb'21 as President & head of CMT. Prior to joining Firstsource, Deb held several roles at Genpact spanning sales leadership and strategy. Deb has also held senior leadership positions at HCL, Firstsource, Syntel and PricewaterhouseCoopers.
Shuchika Sahay	CHRO	Shuchika joined Firstsource in Feb'21 as Chief Human Resources Officer. In her previous role with Standard Chartered bank, she served as the Global Head – People Capability Delivery.

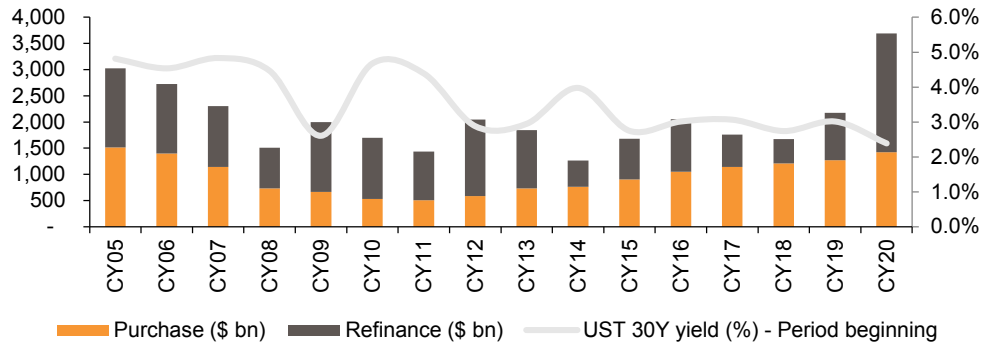
Source: Company, Emkay Research

**Mortgage business is likely to grow in FY22:** Record-low interest rates in the US and remote working (migration from city centers to spacious accommodations in suburbs) is driving refinance volumes and new home sales, which has boosted growth in the Origination business. FSOL is seeing well-balanced growth in new home purchase and refinance, and believes that the continued traction in the new home purchase and servicing business would partly offset any softness in the refinance mortgages when interest rates start rising. FSOL expects the Mortgage business to report growth in FY22. Servicing business revenue grew ~60% YoY in 9MFY21 and the company expects to sustain growth momentum with the addition of Due diligence (TAM ~USD300mn) and default servicing. A recent uptick in interest rates is expected to moderate growth in the Mortgage Origination business as refinance activities may decline. We are building in growth moderation for the next three quarters (flat absolute numbers closer to Q3FY21 levels) and a ~30% YoY decline in H2FY22. We believe that our estimates are fairly conservative and we see limited downside risks.

**Exhibit 8: FSOL's revenue from Mortgage business showed strong traction**

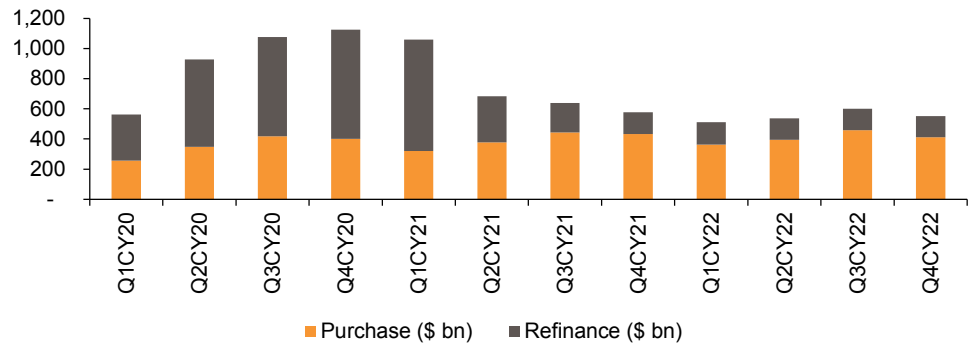
Source: Company, Bloomberg, Emkay Research

**Exhibit 9: Low interest rates led strong growth in US Mortgage Origination market (1-4 Family)...**



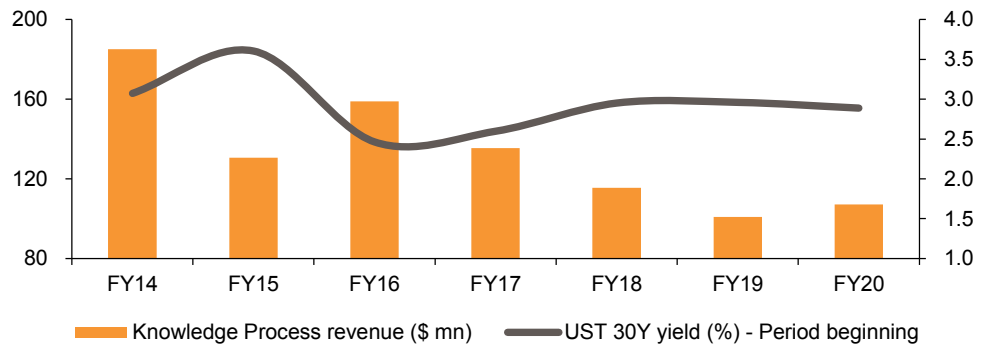
Source: Mortgage Bankers Association, Emkay Research

**Exhibit 10: ... however reversal of interest rate cycle to weigh on US Mortgage Origination (1-4 Family) market**



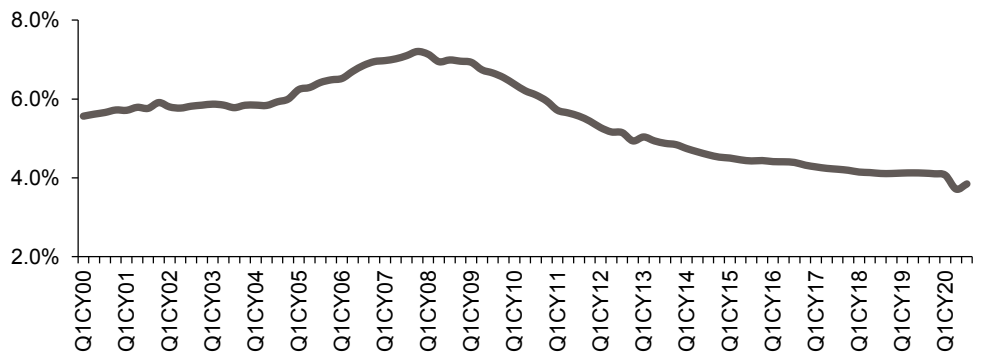
Source: Mortgage Bankers Association, Emkay Research

**Exhibit 11: Learnings from past experience - Revenue from Mphasis's Knowledge Process services (majority of Digital Risk / Mortgage business) exhibited higher sensitivity to interest rates**



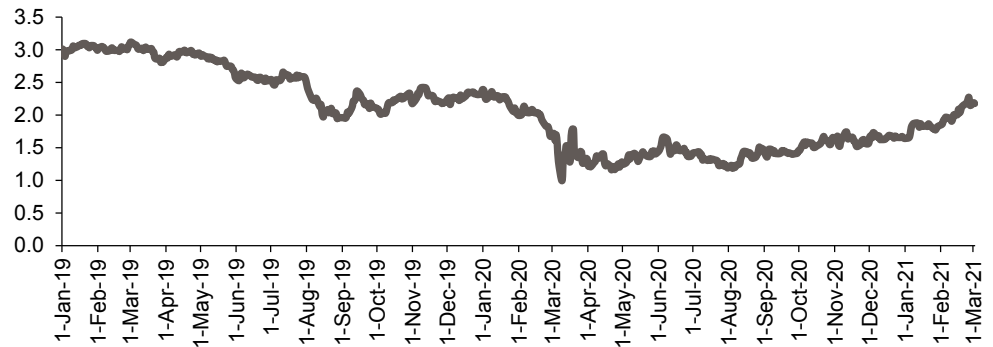
Source: Mphasis, Bloomberg, Emkay Research

**Exhibit 12: Mortgage debt service payments as % of disposable personal income**



Source: Federal Reserve Bank of St. Louis, Emkay Research

**Exhibit 13: UST 30Y yield (%) started rising in recent months**

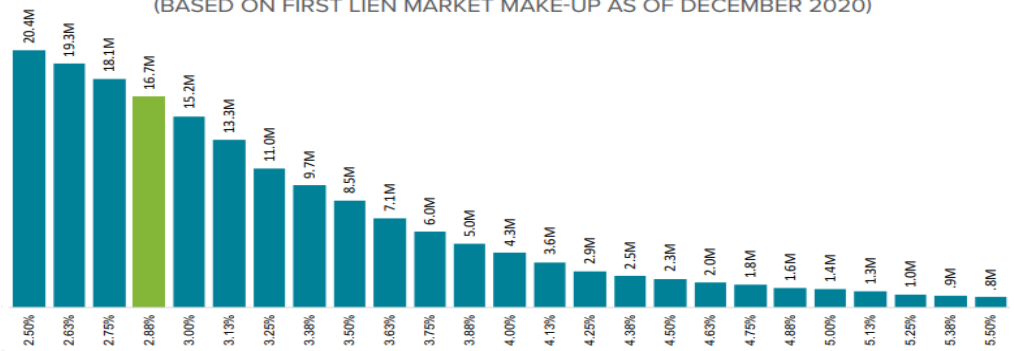


Source: Bloomberg, Emkay Research

**Exhibit 14: As of Jan 14, 2021, there were 16.7mn borrowers remaining who meet underwriting criteria (720+ credit scores and >= 20% equity in their home) and could save at least 0.75% or more by refinancing into a 30-year fixed rate mortgage at the prevailing interest rate**

**NUMBER OF REFINANCE CANDIDATES UNDER DIFFERENT 30-YEAR FIXED RATE SCENARIOS**

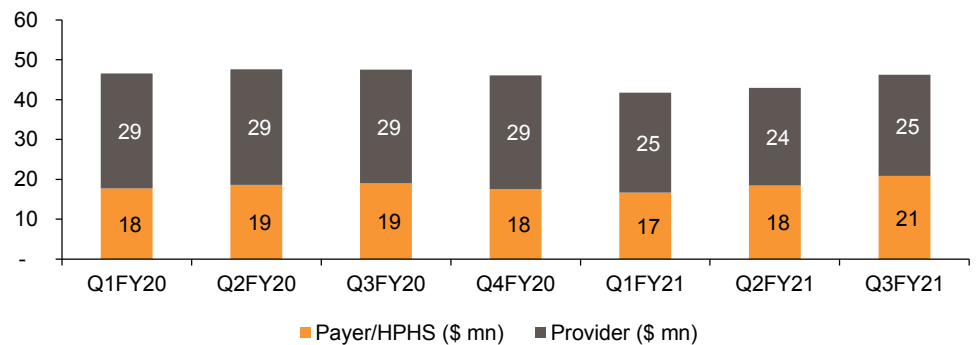
(BASED ON FIRST LIEN MARKET MAKE-UP AS OF DECEMBER 2020)



Source: Black Knight Mortgage Monitor Dec2020 report, Emkay Research

**Healthcare to bounce back strongly in FY22:** Revenue in the Healthcare provider business declined ~13% YoY in 9MFY21 due to volume compression with delayed elective treatments and declining hospital visits and claims volume. The Provider segment is likely to recover gradually in the next few quarters as the vaccination program’s coverage increases and the number of Covid-19 cases moderates. As per industry estimates, the Hospital RCM (revenue cycle management) market is at USD12.7bn in 2019 and is expected to record a 7.7% CAGR to USD18.4bn by 2024. PatientMatters acquisition is expected to augment FSOL’s RCM capabilities. The Health Plans and Healthcare Services (Payer) business returned to growth in Q3 and management expects steady growth in coming quarters.

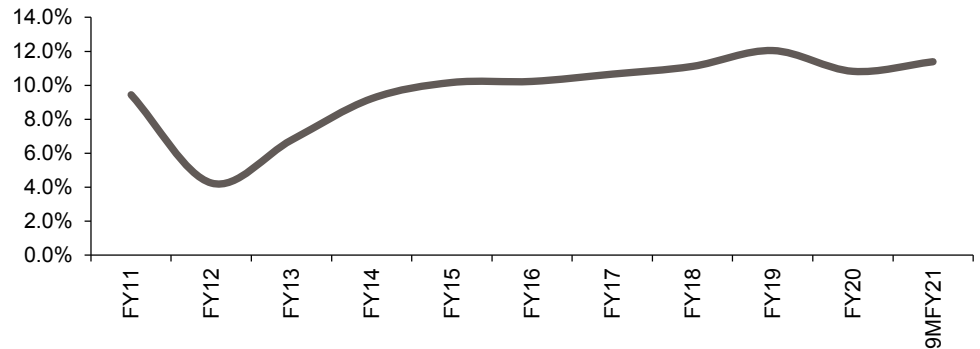
**Exhibit 15: Healthcare segment is expected to bounce back strongly with recovery in Payer segment and abating impact of pandemic in Providers**



Source: Company, Emkay Research

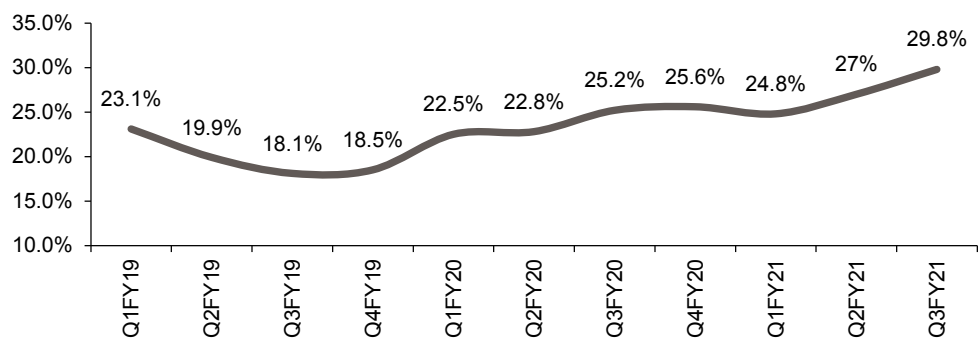
**EBITM to sustain at ~11.5% with upward bias:** FSOL's adjusted EBITM remained flat in 9MFY21 on a YoY basis as benefits from strong revenue growth and remote working shift largely negated by the required investment (hiring and training) to meet the anticipated strong volume growth in the mortgage business and softness in the provider business as revenue is outcome based while costs remain fixed. FSOL expects to sustain EBITM at ~11.5% with an upward bias, considering the remote working shift, operating leverage, growing offshoring, better profitability in the Healthcare provider business with recovery in revenue, and better profitability in the Mortgage business with anticipated growth moderation.

**Exhibit 16: EBTIM to sustain at ~11.5% with upward bias**



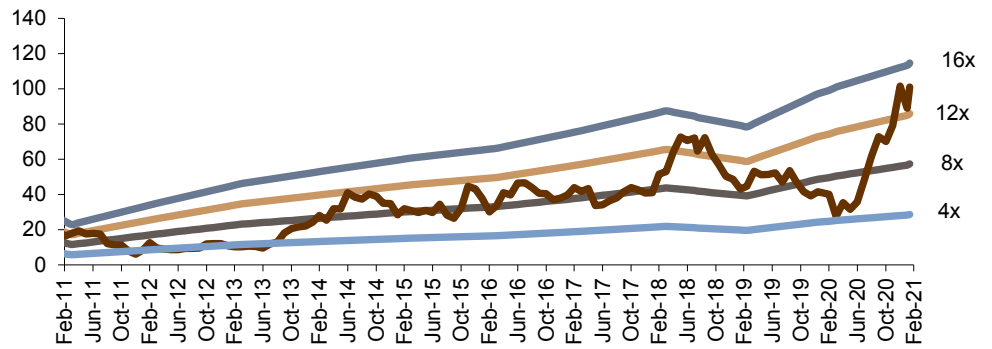
Source: Company, Emkay Research

**Exhibit 17: Steady uptick in offshoring**



Source: Company, Emkay Research

Exhibit 18: FSOL's 1-year forward P/E chart



Source: Company, Emkay Research

Exhibit 19: IT relative 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	3,006	Hold	3,150	0.4	15.0	11.0	87.2	106.6	121.0	34.5	28.2	24.8	26.5	21.9	19.1
Infosys	1,304	Buy	1,550	6.2	17.0	12.5	45.5	54.9	61.8	28.6	23.7	21.1	21.2	17.5	15.4
Wipro	430	Hold	420	-1.6	10.0	8.0	19.7	21.5	23.1	21.8	20.0	18.6	17.0	15.1	13.8
HCL Tech	954	Buy	1,130	2.4	12.0	9.5	49.4	51.5	56.6	19.3	18.5	16.9	15.2	13.5	12.1
Tech Mahindra	968	Buy	1,170	-1.0	10.0	9.0	52.1	58.3	65.2	18.6	16.6	14.8	14.5	11.8	10.3
L&T Infotech	3,833	Sell	3,430	9.1	16.0	14.5	107.3	125.2	142.9	35.7	30.6	26.8	27.7	23.7	20.7
Mphasis	1,688	Hold	1,570	6.0	12.8	10.0	65.8	77.3	87.3	25.7	21.8	19.3	18.7	16.0	13.9
Mindtree	1,735	Sell	1,580	-1.7	13.0	11.0	68.8	74.8	79.0	25.2	23.2	21.9	18.8	16.6	15.7
Persistent Systems	1,708	Buy	1,800	12.2	14.0	13.0	57.1	69.3	82.2	29.9	24.6	20.8	23.3	18.7	15.3
Birlasoft	237	Hold	290	3.6	14.0	13.0	10.7	14.4	17.7	22.2	16.5	13.4	13.2	10.2	8.0
Coforge	2,599	Hold	2,740	5.1	16.0	13.0	75.5	101.5	119.3	34.4	25.6	21.8	24.8	19.4	16.1
<b>Firstsource Solutions</b>	<b>101</b>	<b>Buy</b>	<b>125</b>	<b>16.6</b>	<b>11.7</b>	<b>8.5</b>	<b>6.3</b>	<b>7.2</b>	<b>8.2</b>	<b>16.0</b>	<b>14.0</b>	<b>12.3</b>	<b>13.2</b>	<b>11.1</b>	<b>9.5</b>

Source: Company, Emkay Research



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

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>Revenue</b>	<b>38,263</b>	<b>40,986</b>	<b>50,015</b>	<b>56,455</b>	<b>62,045</b>
<b>Expenditure</b>	<b>32,908</b>	<b>34,697</b>	<b>42,220</b>	<b>47,645</b>	<b>52,317</b>
<b>EBITDA</b>	<b>5,355</b>	<b>6,289</b>	<b>7,795</b>	<b>8,809</b>	<b>9,727</b>
Depreciation	744	1,852	2,048	2,221	2,419
<b>EBIT</b>	<b>4,610</b>	<b>4,437</b>	<b>5,747</b>	<b>6,589</b>	<b>7,308</b>
Other Income	39	88	36	26	66
Interest expenses	290	583	514	480	410
<b>PBT</b>	<b>4,359</b>	<b>3,942</b>	<b>5,269</b>	<b>6,135</b>	<b>6,964</b>
Tax	581	545	886	1,104	1,254
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>3,778</b>	<b>3,397</b>	<b>4,384</b>	<b>5,030</b>	<b>5,711</b>
<b>Adjusted PAT</b>	<b>3,778</b>	<b>3,397</b>	<b>4,384</b>	<b>5,030</b>	<b>5,711</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	6,911	6,938	6,956	6,956	6,956
Reserves & surplus	20,297	20,716	23,013	25,956	29,580
<b>Net worth</b>	<b>27,207</b>	<b>27,654</b>	<b>29,968</b>	<b>32,912</b>	<b>36,536</b>
<b>Minority Interest</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Loan Funds</b>	<b>5,459</b>	<b>8,369</b>	<b>6,000</b>	<b>4,500</b>	<b>2,500</b>
Net deferred tax liability	461	735	735	735	735
<b>Total Liabilities</b>	<b>33,133</b>	<b>36,764</b>	<b>36,709</b>	<b>38,153</b>	<b>39,777</b>
<b>Net block</b>	<b>22,227</b>	<b>28,709</b>	<b>30,262</b>	<b>30,081</b>	<b>29,702</b>
<b>Investment</b>	<b>1,339</b>	<b>122</b>	<b>122</b>	<b>922</b>	<b>2,122</b>
<b>Current Assets</b>	<b>13,171</b>	<b>17,040</b>	<b>16,343</b>	<b>17,782</b>	<b>19,022</b>
Cash & bank balance	474	1,907	547	849	1,092
Other Current Assets	8,153	8,778	9,203	9,521	9,806
<b>Current liabilities &amp; Provision</b>	<b>3,624</b>	<b>9,107</b>	<b>10,018</b>	<b>10,633</b>	<b>11,070</b>
<b>Net current assets</b>	<b>9,547</b>	<b>7,933</b>	<b>6,325</b>	<b>7,149</b>	<b>7,952</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>33,133</b>	<b>36,764</b>	<b>36,709</b>	<b>38,153</b>	<b>39,777</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>4,359</b>	<b>3,942</b>	<b>4,766</b>	<b>5,624</b>	<b>6,242</b>
Other Non-Cash items	(316)	(413)	(36)	(26)	(66)
Chg in working cap	(647)	(1,354)	324	(523)	(560)
<b>Operating Cashflow</b>	<b>3,851</b>	<b>4,104</b>	<b>6,720</b>	<b>6,702</b>	<b>7,504</b>
Capital expenditure	(1,081)	(946)	(1,801)	(1,040)	(1,040)
<b>Free Cash Flow</b>	<b>2,770</b>	<b>3,158</b>	<b>4,919</b>	<b>5,662</b>	<b>6,464</b>
Investments	(960)	1,277	0	(800)	(1,200)
Other Investing Cash Flow	0	(184)	0	0	0
<b>Investing Cashflow</b>	<b>(2,035)</b>	<b>158</b>	<b>(1,765)</b>	<b>(1,814)</b>	<b>(2,174)</b>
Equity Capital Raised	136	77	17	0	0
Loans Taken / (Repaid)	(1,190)	2,527	(2,445)	(1,500)	(2,000)
Dividend paid (incl tax)	(1,242)	(3,762)	(2,087)	(2,087)	(2,087)
Other Financing Cash Flow	0	(1,025)	(1,800)	(1,000)	(1,000)
<b>Financing Cashflow</b>	<b>(2,576)</b>	<b>(2,768)</b>	<b>(6,315)</b>	<b>(4,587)</b>	<b>(5,087)</b>
<b>Net chg in cash</b>	<b>(761)</b>	<b>1,495</b>	<b>(1,360)</b>	<b>302</b>	<b>243</b>
Opening cash position	1,230	474	1,907	547	849
<b>Closing cash position</b>	<b>474</b>	<b>1,907</b>	<b>547</b>	<b>849</b>	<b>1,092</b>

Source: Company, Emkay Research

**Key Ratios**

<b>Profitability (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EBITDA Margin	14.0	15.3	15.6	15.6	15.7
EBIT Margin	12.0	10.8	11.5	11.7	11.8
Effective Tax Rate	13.3	13.8	16.8	18.0	18.0
Net Margin	9.9	8.3	8.8	8.9	9.2
ROCE	15.4	12.9	15.7	17.7	18.9
ROE	14.9	12.4	15.2	16.0	16.4
RoIC	16.1	13.4	16.2	18.2	20.0

<b>Per Share Data (Rs)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EPS	5.5	4.9	6.3	7.2	8.2
CEPS	6.5	7.6	9.2	10.4	11.7
BVPS	39.4	39.9	43.1	47.3	52.5
DPS	2.0	2.5	3.0	3.0	3.0

<b>Valuations (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
PER	18.5	20.6	16.0	14.0	12.3
P/CEPS	15.4	13.4	10.9	9.7	8.6
P/BV	2.6	2.5	2.3	2.1	1.9
EV / Sales	1.9	1.9	1.5	1.3	1.1
EV / EBITDA	13.7	12.2	9.7	8.3	7.1
Dividend Yield (%)	2.0	2.5	3.0	3.0	3.0

<b>Gearing Ratio (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Net Debt/ Equity	0.1	0.2	0.2	0.1	0.0
Net Debt/EBIDTA	0.7	1.0	0.7	0.3	(0.1)
Working Cap Cycle (days)	86.6	53.7	42.2	40.7	40.4

<b>Growth (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Revenue	8.2	7.1	22.0	12.9	9.9
EBITDA	16.7	17.4	23.9	13.0	10.4
EBIT	17.3	(3.8)	29.5	14.6	10.9
PAT	15.7	(10.1)	29.0	14.8	13.5

<b>Quarterly (Rs mn)</b>	<b>Q3FY20</b>	<b>Q4FY20</b>	<b>Q1FY21</b>	<b>Q2FY21</b>	<b>Q3FY21</b>
Revenue	10,535	10,804	10,622	11,877	13,652
EBITDA	1,666	1,641	1,668	1,876	2,103
<b>EBITDA Margin (%)</b>	<b>15.8</b>	<b>15.2</b>	<b>15.7</b>	<b>15.8</b>	<b>15.4</b>
PAT	895	916	887	1,053	1,210
<b>EPS (Rs)</b>	<b>1.3</b>	<b>1.3</b>	<b>1.3</b>	<b>1.5</b>	<b>1.7</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Dec-19</b>	<b>Mar-20</b>	<b>Jun-20</b>	<b>Sep-20</b>	<b>Dec-20</b>
Promoters	53.9	53.9	53.9	53.8	53.8
FIs	9.0	9.0	7.6	6.6	7.2
DIs	11.6	12.4	12.7	14.0	15.8
Public and Others	25.5	24.7	25.8	25.7	23.2

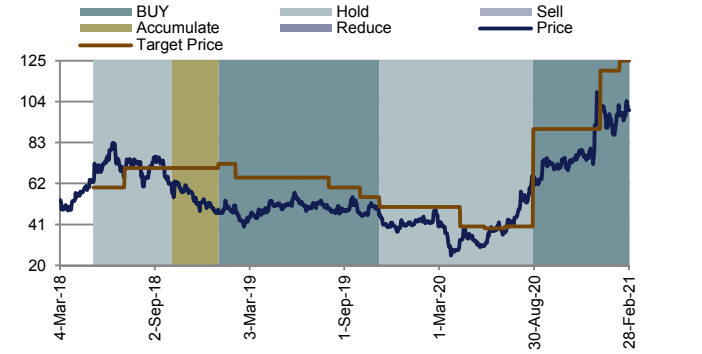
Source: Capitaline

## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
10-Feb-21	98	125	12m	Buy	Dipeshkumar Mehta
4-Jan-21	101	120	12m	Buy	Dipeshkumar Mehta
18-Dec-20	77	90	12m	Buy	Dipeshkumar Mehta
29-Oct-20	71	90	12m	Buy	Dipeshkumar Mehta
28-Aug-20	65	90	12m	Buy	Manik Taneja
5-Jul-20	37	40	12m	Hold	Manik Taneja
25-Jun-20	39	39	12m	Hold	Manik Taneja
27-May-20	31	39	12m	Hold	Manik Taneja
10-Apr-20	33	40	12m	Hold	Manik Taneja
4-Feb-20	43	50	12m	Hold	Manik Taneja
1-Jan-20	41	50	12m	Hold	Manik Taneja
21-Nov-19	40	50	12m	Hold	Manik Taneja
7-Nov-19	46	50	12m	Hold	Manik Taneja
1-Oct-19	46	55	12m	Buy	Manik Taneja
2-Aug-19	49	60	12m	Buy	Manik Taneja
3-Jul-19	52	65	12m	Buy	Manik Taneja
6-May-19	51	65	12m	Buy	Rahul Jain
4-Apr-19	47	65	12m	Buy	Rahul Jain
4-Feb-19	49	65	12m	Buy	Rahul Jain
2-Jan-19	48	72	12m	Buy	Rahul Jain
1-Nov-18	60	70	12m	Accumulate	Rahul Jain
5-Oct-18	57	70	12m	Accumulate	Rahul Jain
6-Aug-18	69	70	12m	Hold	Rahul Jain
6-Jul-18	70	70	12m	Hold	Rahul Jain
7-May-18	63	60	12m	Hold	Rahul Jain

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

## Emkay Alpha Portfolio – Information Technology



### Analyst: Dipesh Mehta

#### Contact Details

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+91 22 6612 1253

#### Sector

IT Services, ITeS and Software

#### Analyst bio

Dipesh is a seasoned Equities professional who has covered Technology sector for over 15 years. Dipesh has completed his B.E. in Information Technology from Sardar Patel University and MMS in Finance from Mumbai University.

### EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
<b>Information Technology</b>	<b>12.48</b>	<b>12.23</b>	<b>-2%</b>	<b>-25</b>	<b>100.00</b>
BirlaSoft	0.00	0.09	NA	9	0.75
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	0.60
HCL Tech	1.22	1.31	8%	9	10.50
Infosys	5.60	5.68	1%	8	45.50
Intellect Design*	0.00	0.00	NA	0	0.00
L&T Infotech	0.18	0.00	-100%	-18	0.00
Majesco*	0.00	0.00	NA	0	0.00
Mindtree	0.08	0.00	-100%	-8	0.00
Mphasis	0.16	0.14	-15%	-2	1.10
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	0.44	NA	44	3.50
Ramco Systems*	0.00	0.00	NA	0	0.00
TCS	3.71	3.12	-16%	-59	25.00
Tech Mahindra	0.70	0.71	2%	1	5.71
Wipro	0.74	0.66	-11%	-8	5.31
<b>Cash</b>	<b>0.00</b>	<b>0.25</b>	<b>NA</b>	<b>25</b>	<b>2.03</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	2-Mar-20	31-Aug-20	1-Dec-20	28-Jan-21	1-Mar-21
EAP - Information Technology	100.0	99.1	122.0	149.1	170.1	165.9
BSE200 Neutral Weighted Portfolio (ETF)	100.0	97.6	116.2	141.9	162.2	156.3

\*Performance measurement base date 1st April 2019

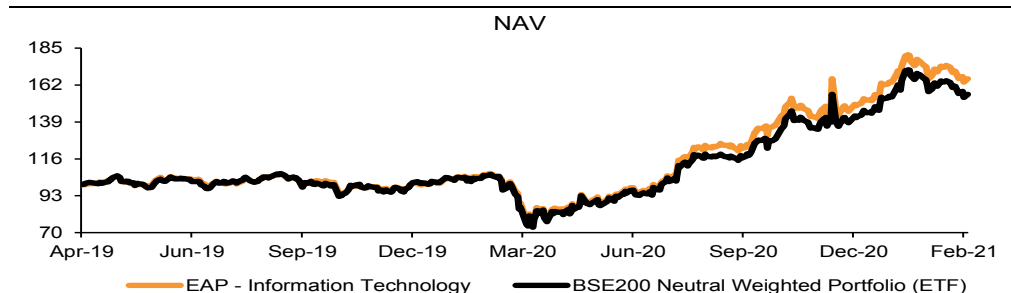
Source: Emkay Research

### Price Performance (%)

	1m	3m	6m	12m
EAP - Information Technology	-2.5%	11.3%	36.0%	67.4%
BSE200 Neutral Weighted Portfolio (ETF)	-3.6%	10.2%	34.5%	60.2%

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: 03 Mar 2021 00:19:51 (SGT)

Dissemination Date: 03 Mar 2021 00:20:51 (SGT)

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