

Infosys

Going strength to strength

Great execution

Infosys (INFO IN) Q2FY21 revenue of USD 3,312mn, up 6.1% QoQ and 3.2% YoY, was 1% above us and 0.3% Consensus'. INFO had another quarter of 1) better-than-expected revenue momentum & margin expansion, and 2) traction in digital business (~25.5% YoY growth in constant currency [CC] in H1) while commentary suggests financial services (FSI) momentum may continue driven by large deal wins. Although guidance increase was subdued compared to growth in H1, we believe it does not alter our underlying thesis.

Strong operational beat; wage hike to impact H2FY21 margin

EBIT margin increased 268bp QoQ to 25.3%, led by productivity which contributed 100bp and improvement in utilization (80bp) & offshore mix (80bp), partly offset by the rise in SG&A and currency headwinds. Segment-wise margin was up QoQ across all verticals except energy & utilities. H2FY21 margin would be affected due to salary hike (effective January 1, 2021), variable payouts, promotions, special incentives and resumption of travel. We expect an average EBITM of 23.5% over FY21-23E, led by operational efficiency and growth leverage.

Encouraging deal pipeline commentary

Quarterly deal win (up 80.3% QoQ & 10.5% YoY to USD 3.15bn) was led by Vanguard and drove net new contribution higher (86% vs 19% LQ). INFO signed 16 large deals with six in FSI, two each in communication & hi-tech and one each in manufacturing, energy & others. Eleven deals were from North America while four were from Europe. Deal pipeline remains robust, led by accelerated digital transformation, vendor consolidation and cost takeout. Demand for BFSI, hi-tech and life sciences is better; cautiously optimistic for retail while manufacturing has stabilized but may see slow recovery.

Valuation: retain Buy with higher TP of INR 1,325

We retain **Buy** with a higher TP of INR 1,325 from INR 1,247 on 25x (from 24x) FY23E EPS of INR 53 (from INR 52). Higher valuation is justified, in our view, given CC growth trajectory is improving while sustaining current execution could drive EPS upgrade cycle.

Rating: Buy

Target Price: INR 1,325

Upside: 17%

CMP: INR 1,137 (as on 14 October 2020)

Key data

Bloomberg/Reuters Code	INFO IN/INFY.BO
Current/Dil. Shares O/S (mn)	4,259/4,259
Mkt Cap (INR bn/USD mn)	4,843/66,083
Daily Vol (3M NSE Avg)	11,985,944
Face Value (INR)	5

1 USD = INR 73.3

Note: *as on 14 October 2020; Source: Bloomberg

Price & Volume



Source: Bloomberg

Shareholding (%)	Q2FY20	Q3FY20	Q4FY20	Q1FY21
Promoter	13.2	13.2	13.2	13.2
Institutional Investors	56.3	55.8	55.7	55.9
Other Investors	21.1	21.2	21.2	21.3
General Public	9.5	9.9	9.9	9.7

Source: BSE

Price performance (%)	3M	6M	12M
Sensex	13.2	32.9	6.8
Infosys	45.2	78.4	44.6
TCS	29.4	59.7	41.8
Wipro	55.8	85.2	44.0

Source: Bloomberg

YE March (INR mn)	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	Q2FY21E	Var. (%)
Revenue (USD mn)	3,312	3,210	3.2	3,121	6.1	3,278	1.1
Net sales & other op inc.	245,700	226,290	8.6	236,650	3.8	243,751	0.8
USD-INR realization	74.2	70.5	5.2	75.8	(2.2)	74.4	(0.2)
EBITDA	70,830	56,390	25.6	61,210	15.7	64,274	10.2
EBITDA Margin (%)	28.8	24.9	391 bp	25.9	296 bp	26.4	246 bp
EBIT	62,280	49,120	26.8	53,650	16.1	56,717	9.8
EBIT Margin (%)	25.3	21.7	364 bp	22.7	268 bp	23.3	208 bp
Depreciation	8,550	7,270	17.6	7,560	13.1	7,556	13.2
Total other income	5,220	5,840	(10.6)	4,270	22.2	5,012	4.1
PBT	67,500	54,960	22.8	57,920	16.5	61,729	9.3
Provision for tax	18,920	14,590	29.7	15,200	24.5	15,741	20.2
% tax rate	28.0	26.5	148 bp	26.2	179 bp	25.5	253 bp
Net Profit	48,450	40,190	20.6	42,330	14.5	45,598	6.3
EPS (INR)	11.4	9.3	22.1	10.0	14.4	10.7	6.2

Key Financials

YE	Revenue (INR bn)	YoY (%)	EBITDA (INR bn)	EBITDA margin (%)	Adj PAT (INR bn)	YoY (%)	Fully DEPS (INR)	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
March	907.9	9.8	222.7	24.5	166.0	7.7	38.7	25.4	24.3	29.4	21.2
FY20	907.9	9.8	222.7	24.5	166.0	7.7	38.7	25.4	24.3	29.4	21.2
FY21E	982.9	8.3	262.5	26.7	182.8	10.2	43.0	26.5	24.6	26.4	17.9
FY22E	1,072.8	9.1	286.1	26.7	203.8	11.5	48.0	26.8	25.0	23.7	16.2
FY23E	1,178.2	9.8	314.6	26.7	225.2	10.5	53.0	27.1	25.4	21.4	14.6

Note: pricing as on 14 October 2020; Source: Company, Elara Securities Estimate

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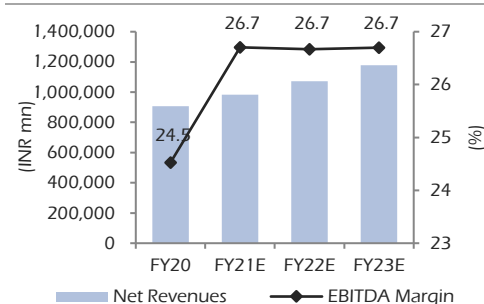
Elara Securities (India) Private Limited

Consolidated Financials (YE March)

Income Statement (INR mn)	FY20	FY21E	FY22E	FY23E
Net Revenues	907,910	982,860	1,072,764	1,178,206
EBITDA	222,680	262,467	286,067	314,581
Less :- Depreciation & Amortization	28,940	33,252	34,423	36,659
EBIT	193,740	229,215	251,644	277,922
Add:- Non operating Income	28,030	22,158	24,280	25,664
Less:- Interest Expenses	1,690	1,920	1,920	1,862
PBT	220,080	249,453	274,004	301,724
Less :- Taxes	53,680	65,748	69,381	75,733
Add/(Less): Associates/(Minorities)	(450)	(880)	(800)	(800)
Adjusted PAT	165,950	182,825	203,823	225,191
Reported PAT	165,950	182,825	203,823	225,191
Balance Sheet (INR mn)	FY20	FY21E	FY22E	FY23E
Share Capital	21,220	21,230	21,230	21,230
Reserves	637,220	702,438	774,762	842,319
Other Liabilities	60,680	64,580	64,580	64,580
Total Liabilities	719,120	788,248	860,572	928,129
Gross Block	358,850	418,070	443,070	468,070
Less:- Accumulated Depreciation	153,100	186,352	220,775	257,434
Net Block	205,750	231,718	222,295	210,636
Cash & cash equivalents	233,040	254,304	313,843	370,568
Net Working Capital	104,160	126,055	148,264	170,755
Other Assets	176,170	176,170	176,170	176,170
Total Assets	719,120	788,248	860,572	928,129
Cash Flow Statement (INR mn)	FY20	FY21E	FY22E	FY23E
Cash profit adjusted for non cash items	193,700	216,076	238,246	261,850
Add/Less : Working Capital Changes	(23,670)	(21,895)	(22,209)	(22,490)
Operating Cash Flow	170,030	194,181	216,038	239,360
Less:- Capex	(33,070)	(59,220)	(25,000)	(25,000)
Free Cash Flow to Firm	136,960	134,961	191,038	214,360
Financing Cash Flow	(175,910)	(113,697)	(131,499)	(157,634)
Investing Cash Flow	11,390	-	-	-
Net change in Cash	(27,560)	21,264	59,539	56,726
Ratio Analysis	FY20	FY21E	FY22E	FY23E
Income Statement Ratios (%)				
Revenue Growth	9.8	8.3	9.1	9.8
EBITDA Growth	6.6	17.9	9.0	10.0
PAT Growth	7.7	10.2	11.5	10.5
EBITDA Margin	24.5	26.7	26.7	26.7
Net Margin	18.3	18.6	19.0	19.1
Return & Liquidity Ratios				
Int/PBIT	0.9	0.8	0.8	0.7
Net Debt/Equity (x)	(35.4)	(35.1)	(39.4)	(42.9)
ROE (%)	25.4	26.5	26.8	27.1
ROCE (%)	24.3	24.6	25.0	25.4
Per Share data & Valuation Ratios				
Diluted EPS (INR/Share)	38.7	43.0	48.0	53.0
EPS Growth (%)	9.3	11.3	11.5	10.5
Book Value	151.3	166.3	182.9	198.4
DPS (INR/Share)	17.5	29.0	31.0	37.1
P/E Ratio (x)	29.4	26.4	23.7	21.4
EV/EBITDA (x)	21.2	17.9	16.2	14.6
Price/Book (x)	7.5	6.8	6.2	5.7
Dividend Yield (%)	1.5	2.6	2.7	3.3

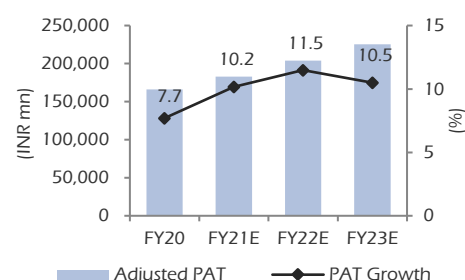
Note: pricing as on 14 October 2020; Source: Company, Elara Securities Estimate

Revenue & margin growth trend



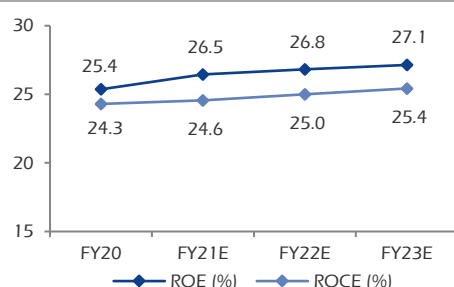
Source: Company, Elara Securities Estimate

Adjusted profit growth trend



Source: Company, Elara Securities Estimate

Return ratios



Source: Company, Elara Securities Estimate

Conference call highlights

- Outlook: Management has revised revenue growth guidance for FY21 to 2-3% in CC terms from 0-2% while EBIT margin was raised to 23-24% from 21-23%. Q3 revenue growth would be impacted due to furlough while Q4 is generally a soft quarter for INFO. The company acquired Kaleidoscope Innovation on Oct 9, 2020 for upto USD 42mn (CY19 revenue of USD 20.6mn), bought Guidevision on Oct 1, 2020 for upto EUR 30mn (CY19 revenue of EUR 12.9mn) and Blue Acorn iCi on Oct 8 for upto USD 125mn (CY19 revenue of USD 43.6mn)
- Q2 had marginal contribution from the Vanguard deal with ramp-up expected from Q3
- Revenue growth was led by market share gains, scaling up of the digital business, large deal focus, reskilling and localization apart from improvement in demand
- BFSI improvement QoQ and YoY was led by demand uptick in mortgage & call center servicing, digital banking, remote working and security while card payment was muted. The Vanguard deal ramp-up and pickup in digital transformation projects and traction in the FINACLE platform & solutions could help sustain FSI momentum
- Retail growth in Q2 was driven by ramp-up of earlier won deals. INFO remains cautiously optimistic on spend in the retail vertical, driven by furloughs in Q3 and macro volatility
- The communication vertical is witnessing spending pressure, led by media and telecom OEM, although pipeline is strong
- Energy vertical spend is under pressure due to low oil prices but opportunities exist for cost take-out initiatives
- Manufacturing was stable in Q2FY21 but expects slow recovery
- The hi-tech vertical sees strong momentum while life sciences is good

- Deal win at USD 3,145mn was helped by a large Vanguard deal and stood at USD 8,348mn (vs USD 8,050mn in Q1FY21) on a LTM basis
- The core business (~54% of revenue) declined ~13% in H1FY21. Clients are funding digital programs by driving cost take-out initiatives in the core business
- INFO COBALT comprises cloud services, platforms and solutions for clients cloud journey. It has 200 industry templates & 14,000 cloud components coupled with leveraging solutions from leading ecosystem SaaS, IaaS and PaaS firms. A large part of the digital business is led by cloud.
- INFO opened six digital centers in the US and hired 13,000 workers in the past three years. It aims to hire additional 12,000 employees over the next two years. INFO believes its localization approach is a key differentiator
- Employee metrics: INFO will add 16,500 new employees in FY21 and ~15,000 in FY22 in India. The company added net 975 employees in Q2. Attrition declined 390bp QoQ to 7.8% while utilization (ex-trainees) rose 240bp QoQ to 83.6%
- INFO declared an interim dividend of INR 12 per share (vs INR 8 in Q2FY20). Cashflow from operations was at INR 113.6bn for H1 while free cashflow was at INR 100bn. Liquid cash & investments stood at INR 260bn (~26% of balance sheet and ~5.4% of market cap)

Exhibit 1: Valuation

(INR)	
Current trailing twelve months (TTM) EPS	42.0
Current Market Price (CMP)	1,136
Implied multiple (TTM)	27.1
Target EPS	53.0
Target EPS period	Apr-2022 to Mar-2023
Target multiple (x)	25
Target price	1,325
Upside (%)	17

Note: pricing as on 14 October 2020; Source: Elara Securities Estimate

Exhibit 2: Change in estimates

(INR bn)	Previous			Revised			Change (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Sales (USD mn)	13,158	14,415	15,496	13,160	14,419	15,503	0.0	0.0	0.0
Sales	983	1,072	1,178	983	1,073	1,178	(0.0)	0.1	0.0
EBITDA	250	278	305	262	286	315	5.2	2.7	3.1
EBITDA Margin (%)	25.4	26.0	25.9	26.7	26.7	26.7	133 bp	69 bp	80 bp
EPS (INR)	41.5	47.0	52.0	43.0	48.0	53.0	3.7	2.0	2.0
Target Price (INR)	1,247			1,325			6.3		

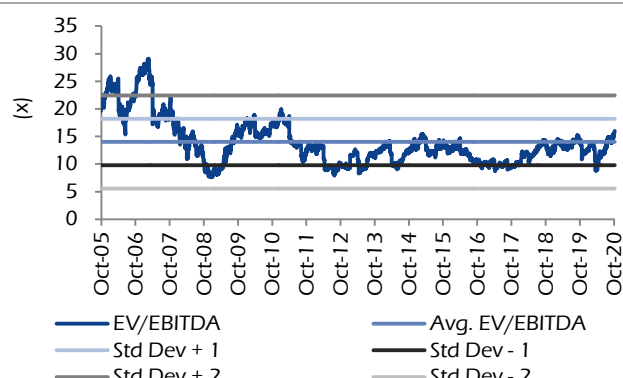
Source: Elara Securities Estimate

Exhibit 3: One-year forward P/E of 24x



Source: Bloomberg, Company, Elara Securities Research

Exhibit 4: One-year forward EV/EBITDA of 16x



Source: Bloomberg, Company, Elara Securities Research

Exhibit 5: Operating trends

Operating trends	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Revenue (USD mn)	2,921	2,987	3,060	3,131	3,210	3,243	3,197	3,121	3,312
Growth YoY (%)	7.1	8.4	9.1	10.6	9.9	8.6	4.5	(0.3)	3.2
Growth QoQ (%)	3.2	2.3	2.4	2.3	2.5	1.0	(1.4)	(2.4)	6.1
CC Growth YoY (%)	8.1	10.1	11.7	12.4	11.4	9.5	6.4	1.5	2.2
CC Growth QoQ (%)	4.2	2.7	2.1	2.8	3.3	1.0	(0.8)	(2.0)	4.0
Revenue (Rs. mn)	206,090	214,000	215,390	218,030	226,290	230,920	232,670	236,650	245,700
Growth YoY (%)	17.3	20.3	19.1	14.0	9.8	7.9	8.0	8.5	8.6
Growth QoQ (%)	7.7	3.8	0.6	1.2	3.8	2.0	0.8	1.7	3.8
EBIT Margin (%)	23.7	22.6	21.4	20.5	21.7	21.9	21.2	22.7	25.3
USD-INR realized rate	70.6	71.6	70.4	69.6	70.5	71.2	72.8	75.8	74.2
Headcount	217,739	225,501	228,123	229,029	236,486	243,454	242,371	239,233	240,208
Utilization (%)	85.6	83.8	82.3	83.1	84.9	84.4	83.5	81.2	83.6
Attrition (%)	22.2	19.9	20.4	20.2	21.7	19.6	15.3	11.7	7.8

Source: Company, Elara Securities Research

Exhibit 6: Hi-tech, BFSI & retail verticals led sequential growth

	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Vertical (%)									
Financial service	32.2	32.5	31.6	31.4	31.9	31.5	31.3	31.5	32.0
Retail	16.8	16.4	15.9	15.8	15.2	15.3	15.5	14.3	14.9
Communication	12.3	11.9	13.5	13.8	13.1	13.0	13.0	13.4	12.6
Energy, Utilities, Resources & Services	12.3	12.8	12.7	13.0	13.1	12.8	12.9	12.8	12.3
Manufacturing	9.6	10.1	10.0	9.6	10.1	10.3	10.1	9.5	9.1
Hi Tech	7.5	7.3	7.7	7.7	7.6	7.6	7.9	8.7	9.1
Life Sciences	6.4	6.2	6.0	6.1	6.4	6.7	6.4	6.7	6.8
Others	2.9	2.8	2.6	2.6	2.6	2.8	2.9	3.1	3.2
Vertical (USD mn)									
Financial service	941	971	967	983	1,024	1,022	1,001	983	1,060
Retail	491	490	487	495	488	496	496	446	493
Communication	359	355	413	432	421	422	416	418	417
Energy, Utilities, Resources & Services	359	382	389	407	421	415	412	399	407
Manufacturing	280	302	306	301	324	334	323	296	301
Hi Tech	219	218	236	241	244	246	253	272	301
Life Sciences	187	185	184	191	205	217	205	209	225
Others	85	84	80	81	83	91	93	97	106
Vertical YoY (%)									
Financial service	4.1	7.4	5.9	9.3	8.9	5.2	3.5	(0.0)	3.5
Retail	12.7	9.5	8.9	5.5	(0.6)	1.3	1.8	(9.8)	1.1
Communication	5.9	3.7	14.1	20.1	17.0	18.6	0.6	(3.2)	(0.8)
Energy, Utilities, Resources & Services	12.4	15.6	15.3	15.8	17.0	8.6	6.1	(1.9)	(3.1)
Manufacturing	9.6	14.5	13.7	10.6	15.6	10.7	5.5	(1.4)	(7.0)
Hi Tech	11.4	10.1	13.7	14.5	11.4	13.0	7.2	12.6	23.5
Life Sciences	1.1	2.4	(2.4)	2.4	9.9	17.3	11.4	9.5	9.6
Others	(9.0)	(5.3)	(3.1)	(2.1)	(1.5)	8.6	16.5	18.8	27.0
Vertical QoQ (%)									
Financial service	4.6	3.2	(0.4)	1.7	4.2	(0.2)	(2.0)	(1.8)	7.8
Retail	4.6	(0.2)	(0.7)	1.7	(1.4)	1.7	(0.1)	(9.9)	10.6
Communication	(0.1)	(1.1)	16.2	4.6	(2.7)	0.3	(1.4)	0.6	(0.2)
Energy, Utilities, Resources & Services	2.3	6.4	1.6	4.7	3.3	(1.3)	(0.6)	(3.1)	2.0
Manufacturing	3.2	7.6	1.4	(1.8)	7.9	3.0	(3.3)	(8.2)	1.7
Hi Tech	4.1	(0.5)	8.1	2.3	1.2	1.0	2.5	7.5	11.0
Life Sciences	0.3	(0.9)	(0.9)	4.0	7.6	5.8	(5.8)	2.2	7.7
Others	1.9	(1.3)	(4.9)	2.3	2.5	8.8	2.1	4.4	9.5
Incremental revenue (USD mn)									
Financial service	41.4	30.2	(3.8)	16.2	40.9	(2.4)	(20.9)	(17.5)	76.7
Retail	21.8	(0.9)	(3.3)	8.2	(6.8)	8.3	(0.6)	(49.2)	47.2
Communication	(0.4)	(3.8)	57.6	19.0	(11.6)	1.1	(6.0)	2.6	(0.9)
Energy, Utilities, Resources & Services	7.9	23.1	6.3	18.4	13.5	(5.4)	(2.7)	(12.9)	7.9
Manufacturing	8.6	21.3	4.3	(5.4)	23.6	9.8	(11.1)	(26.4)	4.9
Hi Tech	8.6	(1.0)	17.6	5.5	2.9	2.5	6.1	19.0	29.9
Life Sciences	0.5	(1.8)	(1.6)	7.4	14.4	11.8	(12.7)	4.5	16.1
Others	1.6	(1.1)	(4.1)	1.8	2.1	7.3	1.9	4.0	9.2

Source: Company, Elara Securities Research

Exhibit 7: Broad-based sequential growth across geographies

	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Geography (%)									
North America	60.3	60.4	61.2	61.6	61.4	61.3	61.6	61.5	60.7
Europe	24.0	24.2	24.0	23.6	24.1	24.2	24.4	24.0	24.3
India	2.5	2.6	2.3	2.3	2.7	2.8	2.6	2.9	3.0
ROW	13.2	12.8	12.5	12.5	11.8	11.5	11.4	11.6	12.0
Geography (USD mn)									
North America	1,761	1,804	1,873	1,929	1,971	1,988	1,969	1,919	2,010
Europe	701	723	734	739	774	785	780	749	805
India	73	78	70	72	87	91	83	91	99
ROW	386	382	383	391	379	373	364	362	397
Geography YoY (%)									
North America	6.5	8.4	12.4	13.5	11.9	10.2	5.2	(0.5)	2.0
Europe	10.8	7.5	5.6	7.4	10.4	8.6	6.2	1.4	4.0
India	(18.9)	(6.0)	(10.4)	(2.2)	18.7	16.9	18.1	25.7	14.6
ROW	9.6	13.8	4.9	5.5	(1.8)	(2.5)	(4.7)	(7.5)	4.9
Geography QoQ (%)									
North America	3.7	2.4	3.8	3.0	2.2	0.9	(0.9)	(2.5)	4.7
Europe	1.9	3.1	1.6	0.6	4.7	1.4	(0.6)	(4.0)	7.4
India	(0.8)	6.3	(9.4)	2.3	20.4	4.8	(8.5)	8.9	9.8
ROW	4.0	(0.8)	0.0	2.3	(3.2)	(1.5)	(2.3)	(0.7)	9.8
Incremental revenue (USD mn)									
North America	63	43	69	56	42	17	(19)	(50)	91
Europe	13	22	12	5	35	11	(5)	(31)	56
India	(1)	5	(7)	2	15	4	(8)	7	9
ROW	15	(3)	0	9	(13)	(6)	(8)	(2)	35

Source: Company, Elara Securities Research

Exhibit 8: Digital business strength continues

	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Services (%)									
Digital	31.0	31.5	33.8	35.7	38.3	40.6	41.9	44.5	47.3
Core	69.0	68.5	66.2	64.3	61.7	59.4	58.1	55.5	52.7
Services (USD)									
Digital	906	941	1,034	1,118	1,229	1,317	1,340	1,389	1,567
Core	2,015	2,046	2,026	2,013	1,981	1,926	1,857	1,732	1,745
Services YoY (%)									
Digital	31.7	30.9	37.6	39.0	35.8	39.9	29.5	24.3	27.4
Core	(1.2)	0.5	(1.3)	(0.7)	(1.7)	(5.9)	(8.3)	(14.0)	(11.9)
Services QoQ (%)									
Digital	12.6	3.9	9.9	8.1	10.0	7.1	1.7	3.7	12.8
Core	(0.6)	1.5	(1.0)	(0.6)	(1.6)	(2.7)	(3.6)	(6.7)	0.8
Incremental revenue (USD mn)									
Digital	102	35	93	83	112	87	23	49	178
Core	(12)	31	(20)	(12)	(33)	(54)	(69)	(125)	13

Source: Company, Elara Securities Research

Exhibit 9: Encouraging sequential deal wins

Deal wins	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
TCV (US\$ mn)	2,029	1,570	1,568	2,714	2,847	1,813	1,646	1,744	3,145
TCV YoY (%)	177.6	101.5	73.3	143.2	40.3	15.5	5.0	(35.7)	10.5
TCV QoQ (%)	81.8	(22.6)	(0.1)	73.1	4.9	(36.3)	(9.2)	6.0	80.3
TTM TCV	4,829	5,620	6,283	7,881	8,699	8,942	9,020	8,050	8,348

Source: Company, Elara Securities Research

Exhibit 10: Growth was broad based across customers

	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Clients (%)									
Top 5	NA	NA	NA	12.1	11.5	11.3	11.3	11.8	11.3
Top 6-10	NA	NA	NA	7.9	7.7	7.6	7.4	7.5	7.4
Top 11-25	15.3	14.7	15.3	14.9	15.4	15.3	15.4	15.3	15.5
Non top 25	65.3	66.1	65	65.1	65.4	65.8	65.9	65.4	65.8
Clients (USD mn)									
Top 5	NA	NA	NA	379	369	366	361	368	374
Top 6-10	NA	NA	NA	247	247	246	237	234	245
Top 11-25	447	439	468	467	494	496	492	478	513
Non top 25	1,907	1,974	1,989	2,038	2,099	2,134	2,107	2,041	2,179
Clients YoY (%)									
Top 5	NA	NA	NA	NA	NA	NA	NA	(2.8)	1.4
Top 6-10	NA	NA	NA	NA	NA	NA	NA	(5.4)	(0.8)
Top 11-25	(0.7)	(1.0)	3.0	5.0	10.6	13.0	5.2	2.4	3.8
Non top 25	9.2	10.8	9.8	10.6	10.1	8.1	5.9	0.1	3.8
Clients QoQ (%)									
Top 5	NA	NA	NA	NA	(2.6)	(0.7)	(1.4)	1.9	1.6
Top 6-10	NA	NA	NA	NA	(0.1)	(0.3)	(4.0)	(1.1)	4.7
Top 11-25	0.6	(1.8)	6.6	(0.4)	6.0	0.4	(0.8)	(3.0)	7.5
Non top 25	3.5	3.5	0.7	2.5	3.0	1.6	(1.3)	(3.1)	6.8

Source: Company, Elara Securities Research

Exhibit 11: Client metrics

Client metrics	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
No of active clients	1,222	1,251	1,279	1,336	1,364	1,384	1,411	1,458	1,487
Revenue per active client	9	9	9	9	9	9	9	9	9
USD 1 mn+	633	651	662	680	693	705	718	729	745
USD 10 mn+	205	214	222	228	228	232	234	236	242
USD 50 mn+	58	59	60	59	61	61	61	60	60
USD 100 mn+	23	23	25	27	27	28	28	25	30

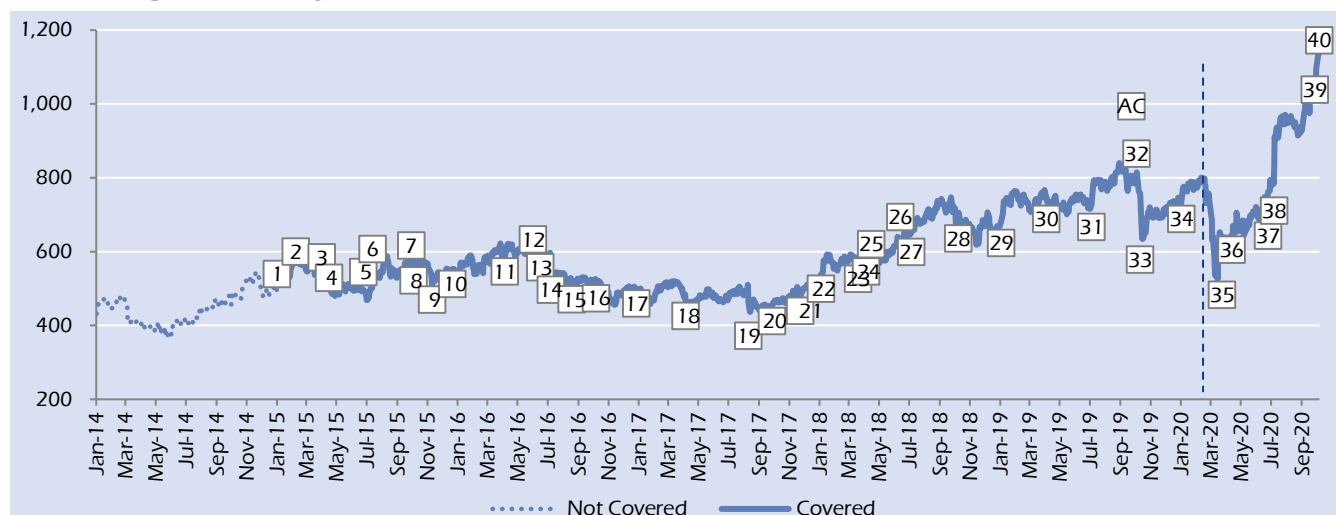
Source: Company, Elara Securities Research

Exhibit 12: Per capita productivity trends

Per employee analysis	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Revenues (USD mn) - TTM	11,312	11,544	11,799	12,099	12,388	12,644	12,781	12,771	12,873
Employees (Average TTM)	208,361	214,313	220,317	225,098	229,785	234,273	237,835	240,386	241,317
Revenue per employee (TTM basis)	54,291	53,865	53,555	53,750	53,911	53,971	53,739	53,127	53,345

Source: Company, Elara Securities Research

Coverage History



AC – Analyst Change

	Date	Rating	Target Price	Closing Price
21	1-Dec-2017	Reduce	INR 990	INR 959
22	12-Jan-2018	Reduce	INR 1,060	INR 1,078
23	28-Mar-2018	Reduce	INR 1,090	INR 1,132
24	13-Apr-2018	Reduce	INR 1,120	INR 1,171
25	23-Apr-2018	Sell	INR 1,120	INR 1,188
26	21-Jun-2018	Reduce	INR 1,280	INR 1,247
27	13-Jul-2018	Reduce	INR 1,300	INR 1,317
28	16-Oct-2018	Buy	INR 850*	INR 695*
29	11-Jan-2019	Accumulate	INR 790	INR 684
30	12-Apr-2019	Accumulate	INR 820	INR 748
31	12-Jul-2019	Accumulate	INR 790	INR 727
32	11-Oct-2019	Accumulate	INR 854	INR 816
33	18-Oct-2019	Under Review	-	INR 768
34	10-Jan-2020	Accumulate	INR 854	INR 738
35	1-Apr-2020	Accumulate	INR 668	INR 603
36	20-Apr-2020	Accumulate	INR 708	INR 653
37	3-Jul-2020	Accumulate	INR 836	INR 762
38	15-Jul-2020	Buy	INR 1,000	INR 831
39	5-Oct-2020	Buy	INR 1,247	INR 1,048
40	14-Oct-2020	Buy	INR 1,325	INR 1,137

*Bonus 1:1

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BUY	Absolute Return >+20%
ACCUMULATE	Absolute Return +5% to +20%
REDUCE	Absolute Return -5% to +5%
SELL	Absolute Return < -5%

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