RESULT UPDATE

TECH MAHINDRA

One-offs dent performance; course correction underway

India Equity Research| IT

Tech Mahindra's (TECHM) Q4FY17 revenue at USD1,131mn (up 1.3% QoQ, 0.9% CC) came in line, but margin at 12.0% (excluding one-off @13.8%) came way below Street's 15.7% estimate. Key quarter highlights were: 1) while telecom business dipped 0.8% (impacted by LCC), non-telecom revenue grew 3.5% QoQ; and 2) margin plummeted 370bps due to contract restructuring, LCC business and currency. TECHM expects LCC to take another 2-3 quarters to bottom out versus earlier Q4FY17 expectation. We believe, excluding LCC, business is gaining traction and margin will also improve hereon spurred by higher utilisation, automation and non-recurrence of LCC related expenses. We revise down FY18/19E EPS 10.0%/12.9% due to weak Q4FY17 margin and change in USD/INR assumption. Maintain 'BUY' with revised TP of INR563 (INR642 earlier).

Excluding LCC, business promising

Excluding network services, telecom business grew 7.0% for FY17, while enterprise business jumped 12.0%. This implies that all businesses have started recovering, although not enough to absorb LCC impact and drag in Comviva business, which management expects to reverse soon. We believe, LCC, after almost 50% decline, will stabilise now, although it will impact FY18 growth.

Margin improvement delayed, but in sight

EBITDA margin plummeted 370bps QoQ to 12.0% due to LCC (USD20mn; non-recurring), contract restructuring (USD15mn; reversible via automation) and currency headwinds (40bps). Management believes higher utilisation, automation and non-recurrence of LCC related expenses will help recoup margin even after absorbing visa costs and wage hikes.

Outlook and valuations: Near-term pain priced in; maintain 'BUY'

TECHM's disappointing margin performance, although led by one-offs, raises concerns on LCC's ever expanding bottoming out timelines and margin strategy going forward. We believe, growth recovery of (ex-LCC) business is a big positive and will enable TECHM recoup margin. While we cut FY18/19E EPS 10.0/12.9% due to Q4FY17 margin miss and change in USD/INR assumption, reasonable valuation of 10.7x FY19E factors in near-term pain and leaves substantial medium-term upside. The stock is trading at 10.7x FY19E EPS. We maintain **'BUY/SP'** with target price of INR563 (14.0x FY19E EPS).

Financials **(INR mn)**

Year to March	Q4FY17	Q3FY17	*% Chg*	Q4FY16	*% Chg*	FY17	FY18E	FY19E
Net revenues	74,950	75,575	(0.8)	68,837	8.9	291,408	319,087	349,725
EBITDA	8,987	11,865	(24.3)	11,510	(21.9)	41,843	47,672	55,575
Adjusted Profit	5,880	8,550	(31.2)	8,581	(31.5)	28,400	30,935	35,752
Diluted EPS (INR)	6.6	9.6	(31.4)	9.7	(31.6)	31.9	34.8	40.2
Diluted P/E (x)						13.4	12.3	10.7
EV/EBITDA (x)						9.4	7.7	6.1
EV/Revenues (x)						1.3	1.1	1.0

EDELWEISS 4D RATINGS

Absolute Rating	**BUY**
Rating Relative to Sector	Performer
Risk Rating Relative to Sector	Medium
Sector Relative to Market	Overweight

MARKET DATA *(R: TEML.BO, B: TECHM IN)*

CMP	: INR 429
Target Price	: INR 563
52-week range (INR)	: 557 / 405
Share in issue (mn)	: 974.7
M cap (INR bn/USD mn)	: 418 / 6,491
Avg. Daily Vol.BSE/NSE('000)	: 2,712.0

SHARE HOLDING PATTERN (%)

	Current	Q3FY17	Q2FY17
Promoters *	36.2	36.2	36.3
MF's, FI's & BK's	13.3	15.4	10.9
FII's	36.7	34.5	39.2
Others	13.8	13.8	13.6

** Promoters pledged shares (% of share in issue) : NIL*

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Technology Index
1 month	0.5	2.6	7.9
3 months	(14.8)	7.3	0.2
12 months	(19.9)	18.9	(9.3)

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Revenue growth recovering; LCC and Comviva drag

TECHM posted robust 12.0% YoY growth in enterprise business and also made a strong comeback in the communications business, excluding network services, with 7.0% YoY growth. The key challenge has been the ever expanding deadline of LCC's business bottoming out and its continued leakage impacting the company's overall revenue. While we believe that a 50% cut in LCC's business implies that a large part of the pain is behind, key challenge is risk of recurrence of similar situation in other acquisitions post LCC. Second, a weak performance of an otherwise strong Comviva business due to hyper competition in the Indian telecom space triggered by new entrant Reliance Jio, raises concern on this line of business as well. While management believes that the LCC business is close to bottoming out and Comviva will revive going forward, we believe both the businesses will dent the otherwise strong growth of non-network communications and enterprise businesses.

Margin improvement delayed, but in sight

TECHM's margin plummeted 370bps QoQ in Q4FY17 led by one-off impact of 180bps (USD20mn) of LCC restructuring, contract restructuring of 140bps and currency impact of 40bps led by INR appreciation. While management believes that the 180bps of LCC portion is non-recurring and 140bps of contract restructuring is reversible in the next 2 quarters, we believe our expectation of strong margin recovery has been delayed, although it is not out of sight.

Outlook and valuations: Near-term pain priced in; maintain 'BUY'

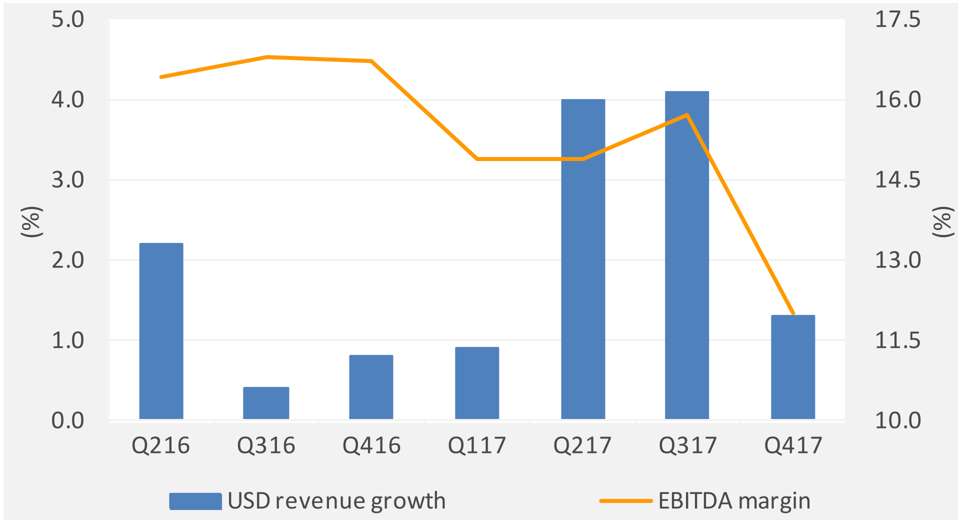
We believe, TECHM has negatively surprised by a sharp 370bps QoQ margin decline in Q4FY17. Although largely reversible, we believe expectation of strong recovery has been delayed, further accentuated by sharp appreciation of INR. The key positive is that growth in the entire business, excluding LCC, has recovered, in line with the company's guidance. While management believes bottoming out of LCC business is a quarter or 2 away, in our view a significant slippage from here is unlikely.

The key thesis is that while the Q4FY17 margin miss and INR appreciation lead to cut in EPS estimate for FY18/19, growth recovery will not be dwarfed. Moreover, the sharp ~15% decline in stock price in the past 3 months implies that valuations have priced in the near- term pain. We believe, key stock trigger will be strategy and timeline to recoup 400bps margin lost over the past 2 years, which has been the key reason for shaving off of 32.0% of market capitalisation in the past 2 years. In our view, TECHM's strategy to capture growth via organic and inorganic means has taken a sharp toll on margin and earnings, leading to sharp de-rating of the stock. While the stock entails deep value due to substantial potential margin uptick and reasonable valuation at CMP of INR429, a huge upside will come with improving margin trajectory, which looks possible in the medium to long term post a bumpy ride in the near term.

Key highlights

- **Revenue in line with estimate:** Consolidated revenue, at USD1,131mn, rose 1.3% QoQ, surpassing Street's 1.0% growth estimate. In INR terms, revenue stood at INR74.95bn, down 0.8% QoQ.

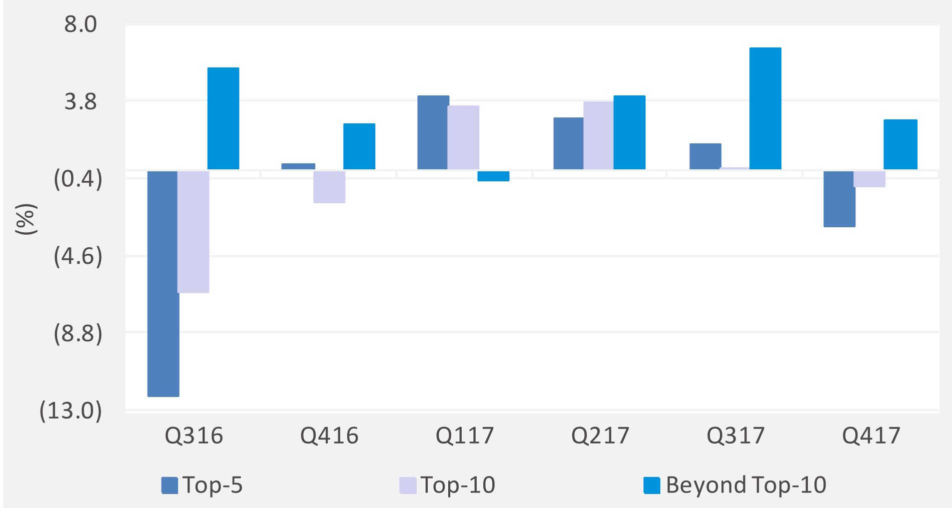
Chart 1: Revenue growth, EBITDA margin trend (QoQ)



Source: Company, Edelweiss research

- **While EBITDA** stood at INR9.0bn, down 24.3% QoQ, **EBITDA margin** contracted 370bps QoQ to 15.7%, 370bps below Street's 15.8% estimate. EBITDA margin declined 180bps due to restructuring of a contract in the networking business (one-time impact), 140bps due to realignment of legacy business (expected to recoup over the next 2-3 quarters) and 40bps due to appreciation of INR.
- **PAT,** at INR5.9bn, was much below Street's INR7.8bn estimate. Net margin stood at 7.8% (down 350bps QoQ).
- **Client data:** Active clientele stood at 843 versus 837 in Q3FY17. The number of less than USD1mn clients stood at 354 from 356 in previous quarter, while the number of USD5mn clients rose 6 QoQ to 134. The number of USD10mn clients also jumped by 6 to 71, while 2 clients declined in the USD20mn bucket to 36. USD50mn plus client count was flat at 14.
- **Employee metrics:** Net increase of 598, with total headcount of 117,693. LTM attrition fell 100bps QOQ to 17%. Utilisation (excluding trainees) stood at 81%, down 200bps QoQ.
- **Broad revenue growth:** Top-5 and top-10 clients declined 3.0% and 0.8% QoQ, respectively, while beyond top-10 clients grew 2.7% QoQ.
- **Industry verticals:** While enterprise segment posted revenue growth of 3.5% QoQ, telecom business declined 0.8% QoQ. In the enterprise segment, revenue growth was boosted by BFSI and manufacturing verticals, which grew 9.1% and 5.8% QoQ, respectively, while retail, transport and logistics fell 13.3% QoQ.

Chart 2: Beyond top-10 drive growth in Q4FY17



Source: Company, Edelweiss research

- **Capex** was INR2,844mn versus INR1,903mn in Q3FY17.
- **Hedging details:** TECHM has outstanding hedges worth USD1,030mn at an average rate of INR72.9, EUR138mn at an average rate of INR81.9 and GBP201mn at an average rate of INR99.8.
- **Cash and cash equivalents:** Stood at INR53.8bn.

Financial snapshot (INR mn)

Year to March	Q4FY17	Q3FY17	% Change	Q4FY16	% Change	FY17	FY18E	FY19E
Net revenues	74,950	75,575	*(0.8)*	68,837	*8.9*	291,408	319,087	349,725
Cost of revenue	54,785	52,352	*4.6*	47,803	*14.6*	205,661	225,925	243,790
Gross profit	20,165	23,223	*(13.2)*	21,034	*(4.1)*	85,747	93,162	105,935
SG&A	11,178	11,358	*(1.6)*	9,524	*17.4*	43,904	45,490	50,360
EBITDA	8,987	11,865	*(24.3)*	11,510	*(21.9)*	41,843	47,672	55,575
Depreciation	2,835	2,480	*14.3*	2,174	*30.4*	9,781	11,168	12,240
EBIT	6,152	9,385	*(34.4)*	9,336	*(34.1)*	32,062	36,504	43,335
Other income	762	648	*17.6*	1,052	*(27.6)*	3,900	3,311	4,359
Forex Loss/ (Gain)	1,617	904	*78.9*	551	*193.5*	3,876	3,360	1,920
Interest	318	349	*(8.9)*	340	*(6.5)*	1,286	1,272	1,272
Profit before tax	8,213	10,588	*(22.4)*	10,599	*(22.5)*	38,552	41,903	48,342
Tax	2,316	2,141	*8.2*	1,806	*28.2*	9,785	10,559	12,182
Minority interest	17	(101)	*NA*	225	*(92.4)*	367	408	408
Exceptionals								
Reported net profit	5,880	8,550	*(31.2)*	8,581	*(31.5)*	28,400	30,935	35,752
Adjusted Profit	5,880	8,550	*(31.2)*	8,581	*(31.5)*	28,400	30,935	35,752
Diluted EPS (INR)	6.6	9.6	*(31.4)*	9.7	*(31.6)*	31.9	34.8	40.2
Diluted P/E (x)						13.4	12.3	10.7
EV/EBITDA (x)						9.4	7.7	6.1
EV/Revenues (x)						1.3	1.1	1.0
As % of net revenues								
Gross profit	26.9	30.7		30.6		29.4	29.2	30.3
SG&A	14.9	15.0		13.8		15.1	14.3	14.4
EBITDA	12.0	15.7		16.7		14.4	14.9	15.9
Reported net profit	7.8	11.3		12.5		9.7	9.7	10.2
Tax rate	28.2	20.2		17.0		25.4	25.2	25.2

Change in Estimates

	FY18E			FY19E			
	New	Old	*% change*	New	Old	*% change*	Comments
Net Revenue	319,087	330,388	*(3.4)*	349,725	361,965	*(3.4)*	Change in USD/INR rates; restructuring in network services business
EBITDA	47,672	54,344	*(12.3)*	55,575	62,602	*(11.2)*	Restructuring to continue for 2-3 quarters, leading to weakness in margins
EBITDA Margin	*14.9*	*16.4*		*15.9*	*17.3*		
Adjusted Profit After Tax	30,935	34,374	*(10.0)*	35,752	41,054	*(12.9)*	
Net Profit Margin	*9.8*	*10.8*		*10.3*	*11.7*		
Capex	10,475	11,680	*(10.3)*	11,370	11,396	*(0.2)*	

Company Description

TECHM has been one of the leaders in providing end to end solution to the IT needs of the telecom vertical and its merger with Mahindra Satyam (MSAT) makes it the fifth largest Indian IT player. It derives ~47% of its revenue from the telecom vertical. The company was incorporated in 1986 as a joint venture between Mahindra & Mahindra and British Telecommunications (BT). In 2009, Tech Mahindra acquired Satyam Computer Services Limited. TECHM has over 117,693 employees. The company's revenues for the past twelve months stood at INR291.4bn (USD4.35bn).

Investment Theme

The merger of MSAT with TECHM has created a formidable player making it the fifth-largest player in the Indian IT services sector (ex-Cognizant). This will enable TECHM to compete with biggies of the industry and vie for larger deals which could lead to improved traction for the merged entity. Generally clients are more comfortable with larger organizations having a good track record. The close relationship between TECHM and MSAT since past three years has led to a better integration of functions and both the entities function as a cohesive unit now. The merger has enables TECHM to diversify its portfolio vertically as well as geographically. This although, higher than Tier I players, will come down going ahead as the merged entity cross sells and up sells its services to an expanded client base.

Key Risks

Key risks to our investment theme include –

- Delay in telecom spend can impact estimates meaningfully
- High exposure to Europe may impact growth
- Currency appreciation can impact estimate

Financial Statements

Key Assumptions

Year to March	FY16	FY17	FY18E	FY19E
Macro				
GDP(Y-o-Y %)	7.2	6.5	7.1	7.7
Inflation (Avg)	4.9	4.8	5.0	5.2
Repo rate (exit rate)	6.8	6.0	6.3	6.3
USD/INR (Avg)	65.0	67.5	67.0	67.0
Company				
Telecom revenue (USD mn)	2,097	2,078	2,126	2,221
Other verticals revenue (USD mn)	1,940	2,273	2,636	2,999
Other vertical growth(%)	10.1	17.2	16.0	13.8
Other Cost (% of rev.)				
Cost of rev. (% of rev.)	69.2	70.6	70.8	69.7
SGA cost (% of revenue)	14.7	15.1	14.3	14.4
Financial assumptions				
Depreciation (% of rev.)	2.9	3.4	3.5	3.5
Capex (INR mn)	8,570	7,603	10,475	11,370
Debtor days	76	70	63	65
Payable days	43	41	36	33
Cash conversion cycle	32	29	27	32

Income statement (INR mn)

Year to March	FY16	FY17	FY18E	FY19E
Net revenue	264,941	291,408	319,087	349,725
Cost of revenues	183,276	205,661	225,925	243,790
Gross profit	81,665	85,747	93,162	105,935
Total SG&A expenses	38,948	43,904	45,490	50,360
EBITDA	42,717	41,843	47,672	55,575
Depreciation	7,590	9,781	11,168	12,240
EBIT	35,127	32,062	36,504	43,335
Add: Other income	5,056.00	7,776.00	6,670.91	6,279.4
Less: Interest Expense	974	1,286	1,272	1,272
Profit Before Tax	39,209	38,552	41,903	48,342
Less: Provision for Tax	8,182	9,785	10,559	12,182
Less: Minority Interest	352	367	408	408
Reported Profit	30,701	28,400	30,935	35,752
Adjusted Profit	30,701	28,400	30,935	35,752
Shares o /s (mn)	872	974	974	974
Adjusted Basic EPS	35.2	29.2	31.8	36.7
Diluted shares o/s (mn)	892	890	890	890
Adjusted Diluted EPS	34.4	31.9	34.8	40.2
Adjusted Cash EPS	43.9	39.2	43.2	49.3
Dividend per share (DPS)	12.0	9.0	10.0	12.0
Dividend Payout Ratio(%)	39.9	36.1	36.8	38.3

Common size metrics

Year to March	FY16	FY17	FY18E	FY19E
Cost of revenues	69.2	70.6	70.8	69.7
Gross margin	30.8	29.4	29.2	30.3
SG&A expenses	14.7	15.1	14.3	14.4
EBITDA margins	16.1	14.4	14.9	15.9
EBIT margins	13.3	11.0	11.4	12.4
Net Profit margins	11.7	9.9	9.8	10.3

Growth ratios (%)

Year to March	FY16	FY17	FY18E	FY19E
Revenues	17.1	10.0	9.5	9.6
EBITDA	2.9	(2.0)	13.9	16.6
PBT	8.4	(1.7)	8.7	15.4
Adjusted Profit	16.8	(7.5)	8.9	15.6
EPS	16.8	(7.2)	8.9	15.6

Balance sheet (INR mn)

As on 31st March	FY16	FY17	FY18E	FY19E
Share capital	4,355	4,388	4,388	4,388
Reserves & Surplus	141,554	159,984	179,522	201,598
Shareholders' funds	145,909	164,372	183,910	205,986
Minority Interest	1,927	4,641	5,049	5,457
Short term borrowings	8,055	8,342	7,508	6,757
Long term borrowings	1,966	3,853	4,624	5,548
Total Borrowings	10,021	12,195	12,131	12,305
Long Term Liabilities	19,088	23,870	25,027	26,299
Def. Tax Liability (net)	(5,322)	-	-	-
Sources of funds	**171,623**	**205,078**	**226,117**	**250,047**
Net Block	24,341	31,728	30,289	28,523
Capital work in progress	6,294	3,729	4,475	5,370
Intangible Assets	19,298	32,873	32,873	32,873
Total Fixed Assets	49,933	68,330	67,637	66,766
Non current investments	1,177	2,308	2,493	2,692
Cash and Equivalents	35,226	41,660	70,313	98,330
Inventories	403	611	672	739
Sundry Debtors	57,705	53,377	56,824	67,071
Loans & Advances	75,481	94,379	84,941	76,447
Current Assets (ex cash)	133,589	148,367	142,437	144,257
Trade payable	22,758	23,117	21,045	22,709
Other Current Liab	25,544	32,470	35,717	39,289
Total Current Liab	48,302	55,587	56,762	61,998
Net Curr Assets-ex cash	85,287	92,780	85,675	82,259
Uses of funds	**171,623**	**205,078**	**226,117**	**250,047**
BVPS (INR)	163.5	184.8	206.7	231.6

Free cash flow (INR mn)

Year to March	FY16	FY17	FY18E	FY19E
Reported Profit	30,701	28,400	30,935	35,752
Add: Depreciation	7,590	9,781	11,168	12,240
Interest (Net of Tax)	(19,351)	(31,354)	(30,782)	(30,782)
Others	45,782	41,380	26,948	27,455
Less: Changes in WC	32,590	7,493	(7,105)	(3,416)
Operating cash flow	32,132	40,714	45,374	48,081
Less: Capex	8,570	7,603	10,475	11,370
Free Cash Flow	**23,562**	**33,111**	**34,899**	**36,711**

Cash flow metrics

Year to March	FY16	FY17	FY18E	FY19E
Operating cash flow	32,132	40,714	45,374	48,081
Investing cash flow	(14,667)	(30,508)	(3,989)	(5,290)
Financing cash flow	(5,653)	(14,096)	(12,733)	(14,774)
Net cash Flow	11,812	(3,890)	28,653	28,017
Capex	(8,570)	(7,603)	(10,475)	(11,370)
Dividend paid	(6,245)	(12,392)	(11,397)	(13,676)

Profitability and efficiency ratios

Year to March	FY16	FY17	FY18E	FY19E
ROAE (%)	22.8	18.2	17.5	18.1
ROACE (%)	27.8	23.5	22.6	23.4
Debtors Days	76	70	63	65
Payable Days	43	41	36	33
Cash Conversion Cycle	33	30	28	33
Current Ratio	3.5	3.4	3.7	3.9

Operating ratios

Year to March	FY16	FY17	FY18E	FY19E
Total Asset Turnover	1.7	1.5	1.5	1.5
Fixed Asset Turnover	6.3	5.4	5.0	5.6
Equity Turnover	1.9	1.8	1.8	1.7

Valuation parameters

Year to March	FY16	FY17	FY18E	FY19E
Adj. Diluted EPS (INR)	34.4	31.9	34.8	40.2
Y-o-Y growth (%)	*16.8*	*(7.2)*	*8.9*	*15.6*
Adjusted Cash EPS (INR)	43.9	39.2	43.2	49.3
Diluted P/E (x)	12.5	13.4	12.3	10.7
P/B (x)	2.6	2.3	2.1	1.9
EV / Sales (x)	1.3	1.3	1.1	1.0
EV / EBITDA (x)	8.2	9.4	7.7	6.1
Dividend Yield (%)	2.8	2.1	2.3	2.8

Peer comparison valuation

	Market cap	Diluted P/E (X)		EV / EBITDA (X)		ROAE (%)	
Name	(USD mn)	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E
Tech Mahindra	6,491	12.3	10.7	7.7	6.1	17.5	18.1
ECLERX SERVICES	818	14.1	12.7	8.2	7.3	28.9	28.1
HCL Technologies	19,024	13.4	12.2	10.2	8.8	25.0	24.2
Infosys	35,490	14.8	13.6	9.6	8.4	21.6	22.0
Persistent Systems	727	13.1	11.3	6.7	5.2	18.4	18.6
Tata Consultancy Services	78,834	18.4	17.2	13.2	12.0	28.4	25.9
Wipro	20,348	14.7	13.6	11.2	10.2	16.6	16.4

Source: Edelweiss research

Additional Data

Directors Data

Mr. Anand G. Mahindra	Chairman	Mr. Vineet Nayyar	Executive Vice Chairman
Mr. C. P. Gurnani	Managing Director & CEO	Mr. Anupam Puri	Director
Mr. M. Damodaran	Director	Mr. Ravindra Kulkarni	Director
Mr. Ulhas N. Yargop	Director	Mrs. M. Rajyalakshmi Rao	Director
Mr. T. N. Manoharan	Director	V S PARTHASARATHY	Director

Auditors - Deloitte Haskins and Sells, Chartered Accountants

**as per last annual report*

Holding - Top10

	Perc. Holding		Perc. Holding
First State Investments	7.26	Life Insurance Corp	3.62
Prudential ICICI Asset Management	2.64	Capital Group	2.04
Norges Bank	1.87	Blackrock	1.86
Vanguard Group	1.62	Templeton Asset Management	0.94
Birla Sunlife	0.90	Skagen Funds	0.90

**as per last available data*

Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
No Data Available				

**in last one year*

Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
03 Apr 2017	VINEET NAYYAR	Sell	3770268.00
03 Apr 2017	Chander Prakash Gurnani	Sell	300000.00
22 Mar 2017	Chander Prakash Gurnani	Sell	100000.00
21 Mar 2017	Chander Prakash Gurnani	Sell	100000.00
16 Feb 2017	Venkata S. K Rao Paturi	Sell	27000.00

**in last one year*

Company	Absolute reco	Relative reco	Relative risk	Company	Absolute reco	Relative reco	Relative Risk
Cyient	BUY	SP	H	ECLERX SERVICES	HOLD	SP	M
HCL Technologies	BUY	SP	H	Hexaware Technologies	HOLD	SP	M
Info Edge	BUY	SP	M	Infosys	BUY	SO	L
Just Dial	REDUCE	SU	M	Persistent Systems	BUY	SP	L
Tata Consultancy Services	HOLD	SP	L	Tech Mahindra	BUY	SP	M
Wipro	BUY	SP	L				

ABSOLUTE RATING

Ratings	Expected absolute returns over 12 months
Buy	More than 15%
Hold	Between 15% and - 5%
Reduce	Less than -5%

RELATIVE RETURNS RATING

Ratings	Criteria
Sector Outperformer (SO)	Stock return > 1.25 x Sector return
Sector Performer (SP)	Stock return > 0.75 x Sector return
	Stock return < 1.25 x Sector return
Sector Underperformer (SU)	Stock return < 0.75 x Sector return

Sector return is market cap weighted average return for the coverage universe within the sector

RELATIVE RISK RATING

Ratings	Criteria
Low (L)	Bottom 1/3rd percentile in the sector
Medium (M)	Middle 1/3rd percentile in the sector
High (H)	Top 1/3rd percentile in the sector

Risk ratings are based on Edelweiss risk model

SECTOR RATING

Ratings	Criteria
Overweight (OW)	Sector return > 1.25 x Nifty return
Equalweight (EW)	Sector return > 0.75 x Nifty return
	Sector return < 1.25 x Nifty return
Underweight (UW)	Sector return < 0.75 x Nifty return

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Date: 2017.05.26 23:40:53 +05'30'

Coverage group(s) of stocks by primary analyst(s): IT

Cyient, ECLERX SERVICES, HCL Technologies, Hexaware Technologies, Infosys, Info Edge, Just Dial, Persistent Systems, Tata Consultancy Services, Tech Mahindra, Wipro

Recent Research

Date	Company	Title	Price (INR)	Recos
22-May-17	**Just Dial**	Tepid realisations take a toll on revenue; *Result Update*	490	Reduce
16-May-17	**HCL Technologies**	Calculated transition; *Visit Note*	849	Buy
11-May-17	**HCL Technologies**	Margin guidance reinforces confidence; *Result Update*	839	Buy

Distribution of Ratings / Market Cap

Edelweiss Research Coverage Universe

	Buy	Hold	Reduce	Total
Rating Distribution*	161	67	11	240

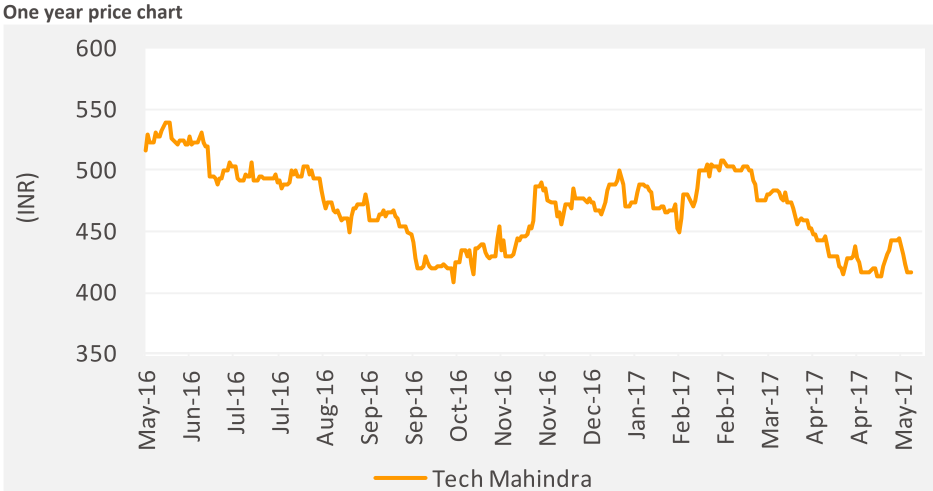
* 1stocks under review

	> 50bn	Between 10bn and 50 bn	< 10bn
Market Cap (INR)	156	62	11

Rating Interpretation

Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate up to 15% over a 12-month period
Reduce	depreciate more than 5% over a 12-month period

One year price chart



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