

May 21, 2019

Q4FY19 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY20E	FY21E	FY20E	FY21E
Rating	BUY		BUY	
Target Price	847		886	
Sales (Rs. m)	378,231	413,544	380,771	416,329
% Chng.	(0.7)	(0.7)		
EBITDA (Rs. m)	68,356	74,845	70,814	77,955
% Chng.	(3.5)	(4.0)		
EPS (Rs.)	52.5	56.7	54.4	59.2
% Chng.	(3.4)	(4.3)		

Key Financials

	FY18	FY19	FY20E	FY21E
Sales (Rs. bn)	308	347	378	414
EBITDA (Rs. bn)	47	63	68	75
Margin (%)	15.3	18.2	18.1	18.1
PAT (Rs. bn)	38	44	47	50
EPS (Rs.)	43.0	49.2	52.5	56.7
Gr. (%)	32.3	14.4	6.7	8.0
DPS (Rs.)	14.1	24.1	10.0	10.0
Yield (%)	1.8	3.1	1.3	1.3
RoE (%)	21.5	22.3	21.1	19.4
RoCE (%)	19.0	24.6	24.1	22.8
EV/Sales (x)	2.1	1.7	1.6	1.4
EV/EBITDA (x)	13.4	9.6	8.9	7.7
PE (x)	17.9	15.7	14.7	13.6
P/BV (x)	3.6	3.4	2.9	2.4

Key Data

TEML.BO | TECHM IN

52-W High / Low	Rs.847 / Rs.612
Sensex / Nifty	38,970 / 11,709
Market Cap	Rs.758bn / \$ 10,872m
Shares Outstanding	984m
3M Avg. Daily Value	Rs.5013.5m

Shareholding Pattern (%)

Promoter's	35.94
Foreign	37.89
Domestic Institution	13.43
Public & Others	12.74
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(3.7)	11.5	12.4
Relative	(3.3)	0.7	(0.2)

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Margin expansion to take a breather

Tech M had an impressive FY19 with EBITDA margins expanding by ~290bps YoY, strong TCV growth of 43% YoY to US\$400mn in Q4FY19. Digital services grew 41% YoY and stands at 31% of the total revenues in FY19. Overall, Tech M has impressed us with broad-based growth, margin expansion & impressive free cash generation in FY19. EBITDA margins were 12.7% in Q1FY18 and have expanded to 18.4% in Q4FY19 which have also helped the stock to get double from that period. We believe expansion in the margins will be muted in coming quarters due to elevated attrition levels, supply side constraints, visa constraints & large transition cost which led to our margin cut by ~50-60bps in FY20E/21E. We believe Tech M margins should be in the range of ~18% in FY20E & FY21E. Even though margin expansion theme has played out, we believe inexpensive valuations (13.7X FY21E earnings) & 5G opportunity theme keeps us constructive. We expect 8.2% revenue CAGR & 8.0% EPS CAGR from FY19-FY21E respectively and value Tech M at 15X FY21E March earnings to arrive at a changed target price of Rs.847 (earlier Rs. 886). Tech M is currently trading at 14.8X/13.7X FY20E/21E earnings at an EPS of Rs.52.3/Rs.56.5 FY20E/21E respectively. Maintain Buy.

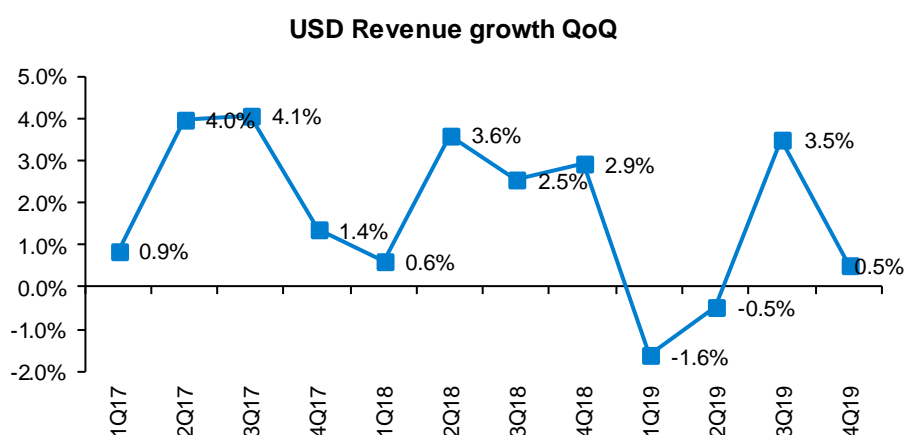
- Inline Revenue growth:** Tech M posted USD revenue growth of 0.5% QoQ to US\$ 1267.5mn (Plc: US\$ 1277mn). Telecom vertical (~43% of the total revenues) posted growth of 4.4% QoQ USD led seasonality & enterprise vertical (57% of the total revenues) de-grew by 2% QoQ USD led by weakness in retail (-4.0% QoQ USD), BFSI (-1.7% QoQ USD). BPO growth was low at +5.2% QoQ USD mainly due to strong seasonality which played out in Q3FY19. Tech M has posted US\$ 4,970mn up 4.2% YoY & 5.8% YoY CCin FY19. Revenue from digital services grew 41% YoY & accounts to 31% of the total revenues in FY19.
- Expect range bound margins:** Tech M has delivered EBITDA margins of 18.4% (-83bps QoQ decline) (Plc:19%) largely led by increase in SG&A cost by 90bps QoQ & INR appreciation. EBIT margin came at 15.4% (Plc:15.5%) declined by 70bps QoQ. Tech M EBITDA margins were 12.7% in Q1FY18 and have expanded to 18.4% in Q4FY19 which have also helped the stock to get double from that period. We believe Tech M margins should be in the range of ~18% in FY20E & FY21E. We believe expansion in the margins will be muted in coming quarters due to elevated attrition levels (21% in Q4FY19), supply side constraints, visa constraints & large transition cost which led to our margin cut by ~50-60bps in FY20E/21E.
- Telecom vertical & Enterprise vertical can grow in mid-single digit:** We forecast revenue growth of 8% & 8.6% in FY20E/FY21E respectively. We expect the improvement in revenue growth in FY20E largely due to healthy order pipeline & healthier outlook from telecom. In enterprise vertical growth outlook will differ in each vertical & we expect manufacturing vertical to show signs of improvement due to scaling up of comprehensive portfolio of offerings from Tech M in engineering services & digital.

Exhibit 1: Q4FY19: Quick view on results

Y/e March (Rs mn)	4Q19	3Q19	QoQ gr.	4Q18	YoY gr.	Ple vs. Act	Ple
Net Sales (\$ m)	1,267.5	1,260.8	0.5%	1,244.3	1.9%	-0.7%	1,277.0
Net Sales	88,923	89,437	-0.6%	80,545	10.4%	-0.5%	89,392
EBITDA	16,387	17,226	-4.9%	14,119	16.1%	-3.4%	16,970
<i>EBITDA Margin</i>	<i>18.4%</i>	<i>19.3%</i>	<i>-83 bps</i>	<i>17.5%</i>	<i>90 bps</i>	<i>-56 bps</i>	<i>19.0%</i>
EBIT	13,683	14,390	-4.9%	11,133	22.9%	-1.1%	13,841
<i>EBIT margin</i>	<i>15.4%</i>	<i>16.1%</i>	<i>-70 bps</i>	<i>13.8%</i>	<i>157 bps</i>	<i>-10 bps</i>	<i>15.5%</i>
PAT	11,325	12,029	-5.9%	12,221	-7.3%	5.0%	10,785
EPS (diluted)	12.71	13.50	-5.9%	13.74	-7.5%	5.0%	12.11

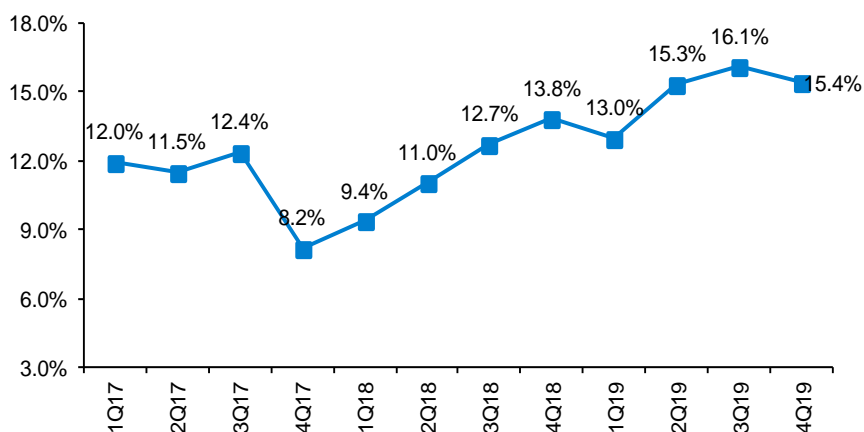
Source: Company, PL

USD Revenues were slightly below our estimates. Strong performance in Telecom vertical (up 4.4% QoQ) was offset by weak performance in Enterprise vertical (down 2% QoQ).

Exhibit 2: Tepid revenue growth during quarter


Source: Company, PL

EBITDA margin came in at 18.4% (Ple: 19%) down 83 bps QoQ. Headwinds from increase in SG&A expenses (-90bps) on margins during the quarter.

Exhibit 3: EBIT margin remain under pressure


Source: Company, PL

Key Highlights from concall

Guidance & Strategy:

- Management cited that growth in Q1FY20 will be muted with some recovery in Q2FY20. Also cited that H2FY20 will be stronger with potential trends in larger customers with new deals which will start to flow.
- Management remained confident on its Tech M next strategy and will continue to focus on large deals with large and strong relationship across the world and focus on execution of deals,
- Management guided that composition of revenue will be more even across verticals and expects that overall growth momentum will sustain with telecom delivering better growth than Enterprise.

Margins:

- There was one off charge impacted margins to the tune of 30-40 bps in Q4FY19 which has led to fall in margins (Normalized EBITDA margin- 18.9-18.8%). Also there was headwind from higher SG&A expenses, currency impact, Higher subcontracting cost on the margins.
- Management also guided margins dip in Q1FY20 with headwind from H-1B visa fees, wage hikes which will be partially offset by improvement in utilization and operational levers.

Enterprise Vertical:

- Enterprise vertical was soft during the quarter mainly because of three reasons cited by management- 1) Higher base of Q3FY19 2) Deferment of revenues from certain projects especially in healthcare vertical 3) seasonality in some sub-verticals.
- Management cited that deferment in some new projects budget has also led to weak performance.
- Retail- Retail was soft during the quarter mainly on account of seasonality impact.
- Deferment of revenues will be accounted in Q1 & Q2FY20.
- Management remain confident of recovery in this vertical with broad based deal wins across all sub verticals in Enterprise segment.

BPS: BPS segment continue to remain strong with growth of 5.3% QoQ and 25% YoY in FY19 on cc basis. Management remained confident of growth in this vertical with margins to be in range of 19-21%.

Communication vertical: Management believes 5G as a catalyst already in growth of the company and expects to pick up acceleration in 2HFY20 with more trials and experiments. Also cited that deal wins in telecom in Q3FY19 are led by transformative deals in network and business model before adoption of 5G/ Ready for 5G.

Attrition: Attrition continue to remain elevated during this quarter also at 21%. Management cited that though overall attrition was high but there was 200 bps fall in Quarterly attrition basis with some steps taken by company. Management cited that it will take some measures to improve its attrition like Career transformation program and higher wage hike then last year.

Capital allocation: Payout ratio will continue to be maintained at around 35-40% and on buyback cited that consistently company will focus on Buyback program at regular intervals and will continue to distribute excess cashback.

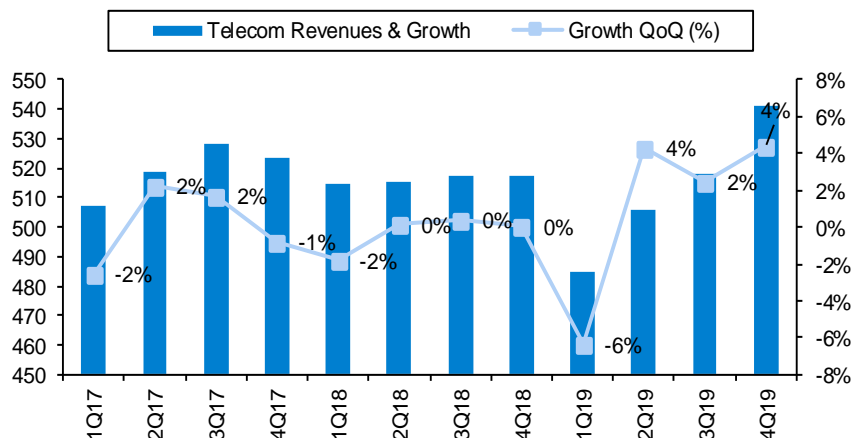
Headcount: Operational excellence to improve growth has led to fall in Headcount. It has also led to higher subcontractor cost during the quarter.

Digital Revenues:

- Digital continues to remain key growth driver and now accounts to 31% of revenues (in FY19) with growth of 40% YoY. During the quarter, Digital was up 4% QoQ and 34.1% YoY. Cybersecurity, IoT, automation, Block chain, automation and more traction in 5G has led to growth in Digital revenues.
- Digital revenues are driven by replacement of Traditional business within IT portfolio and expects this trend to be continue going forward.

Telecom delivered strong performance with growth of 4.4% QoQ in USD terms.

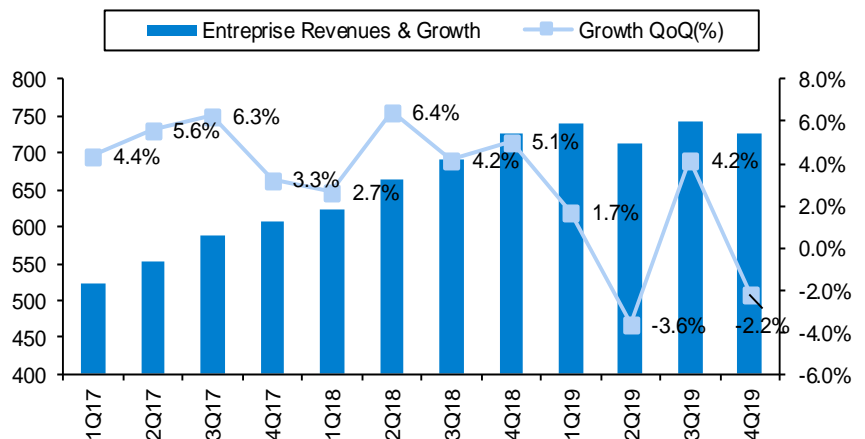
Exhibit 4: Telecom delivered strong performance



Source: Company, PL

In Enterprise vertical, retail was down 4.0% QoQ, Manufacturing was -0.7% QoQ, BFSI -1.7% QoQ & Technology was up 7.7% QoQ (in USD terms).

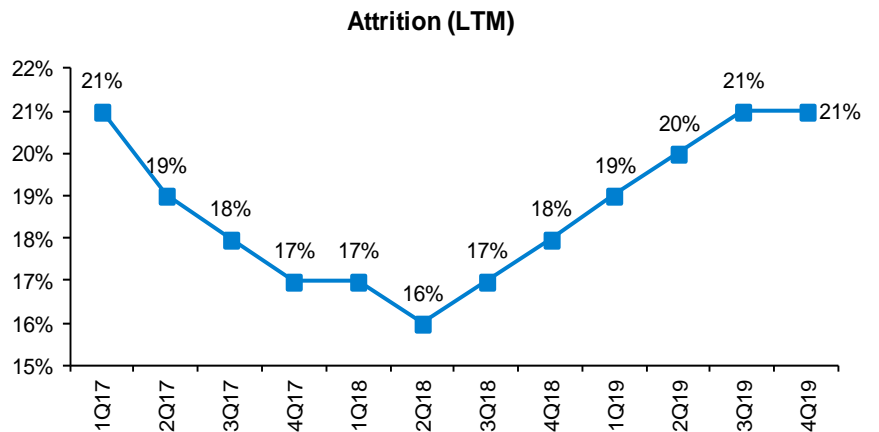
Exhibit 5: Enterprise Vertical showed tepid performance



Source: Company, PL

Attrition continue to remain high at 21%. Headcount stood at 121,082 decline of 760employees QoQ (308 declined in IT, 358 declined in BPO & 94 decline in Sales).

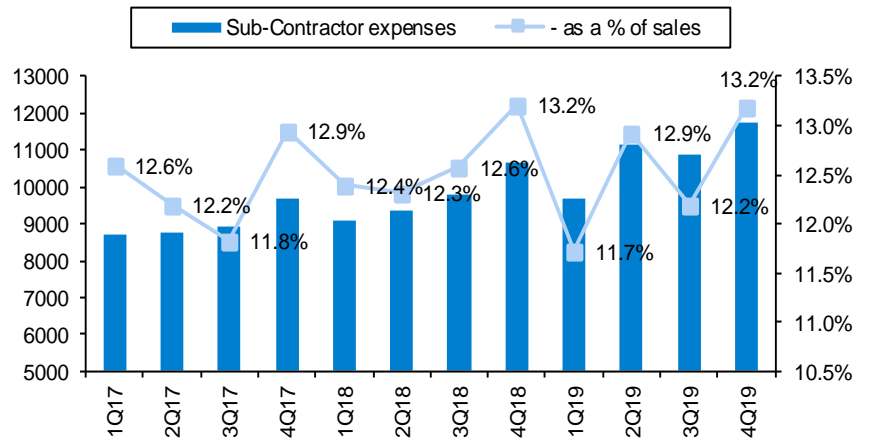
Exhibit 6: Attrition continue to remain high



Source: Company, PL

Subcontracting cost was 13.2% of total revenues (up 30bps QoQ) led to headwind on margins.

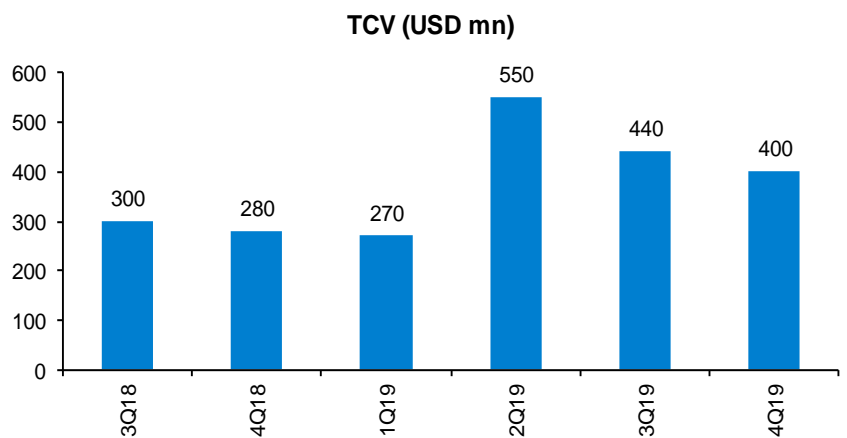
Exhibit 7: Rising subcontractor cost putting pressure on margins



Source: Company, PL

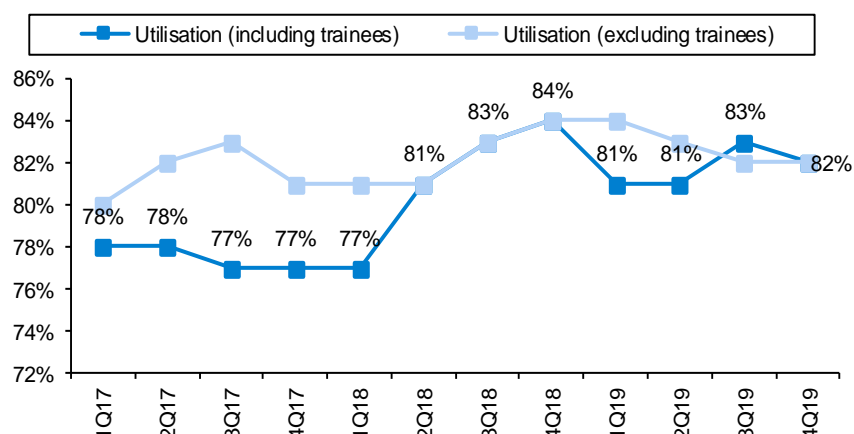
Deal pipeline continue to remain strong with TCV of USD400mn during the quarter (vs USD280mn in 4QFY18)

Exhibit 8: Strong TCV deal pipeline



Source: Company, PL

Exhibit 9: Utilization continue to remain strong



Source: Company, PL

Exhibit 10: Geography-wise revenues

(US\$ m)	4Q19	3Q19	QoQ gr.	4Q18	YoY gr.
North America	588.1	597.6	-1.6%	589.8	-0.3%
Europe	362.5	364.4	-0.5%	368.3	-1.6%
RoW	316.9	298.8	6.0%	286.2	10.7%
% of Total					
North America	46.4%	47.4%	-100 bps	47.4%	-100 bps
Europe	28.6%	28.9%	-30 bps	29.6%	-100 bps
RoW	25.0%	23.7%	130 bps	23.0%	200 bps

Source: Company, PL

In Enterprise vertical, retail was down 4.0% QoQ, Manufacturing was -0.7% QoQ, BFSI -1.7% QoQ & Technology was up 7.7% QoQ (in USD terms).

Enterprise vertical was soft during the quarter mainly because of three reasons cited by management- 1) Higher base of Q3FY19 2) Deferment of revenues from certain projects especially in healthcare vertical 3) seasonality in some sub-verticals.

Exhibit 11: Vertical-wise revenues

(US\$ m)	4Q19	3Q19	QoQ gr.	4Q18	YoY gr.
Telecom	541.2	518.2	4.4%	517.6	4.6%
Enterprise	727.5	742.6	-2.0%	726.7	0.1%
- Manufacturing	256.0	258.5	-0.9%	240.1	6.6%
- Technology, media & entertainment	95.1	88.3	7.7%	90.8	4.7%
- BFSI	166.0	168.9	-1.7%	161.8	2.6%
- Retail, Transport & Logistics	81.1	84.5	-4.0%	77.1	5.2%
- Others	129.3	142.5	-9.3%	156.8	-17.5%
% of Total					
Telecom	42.7%	41.1%	160 bps	41.6%	110 bps
Enterprise	57.4%	58.9%	-150 bps	58.4%	-100 bps
- Manufacturing	20.2%	20.5%	-30 bps	19.3%	90 bps
- Technology, media & entertainment	7.5%	7.0%	50 bps	7.3%	20 bps
- BFSI	13.1%	13.4%	-30 bps	13.0%	10 bps
- Retail, Transport & Logistics	6.4%	6.7%	-30 bps	6.2%	20 bps
- Others	10.2%	11.3%	-110 bps	12.6%	-240 bps

Source: Company, PL

Exhibit 12: Client Metrics

	4Q19	3Q19	QoQ gr.	4Q18	YoY gr.
≥ \$1 million clients	425	416	2.2%	392	8.4%
≥ \$5 million clients	156	157	-0.6%	156	0.0%
≥ \$10 million clients	83	88	-5.7%	85	-2.4%
≥ \$20 million clients	50	46	8.7%	44	13.6%
≥ \$50 million clients	20	18	11.1%	13	53.8%
Number Of active clients	938	935	0.3%	913	2.7%

Source: Company, PL

Exhibit 13: Client concentration

(US\$ m)	4Q19	3Q19	QoQ gr.	4Q18	YoY gr.
Top 5 Client	289	285	1.4%	289	0.1%
Top 6-10 Clients	117	113	2.8%	118	-1.4%
Top 10 Clients	406	398	1.8%	407	-0.3%
Top 10-20 Clients	166	156	6.2%	162	2.6%
Top 20 Clients	572	555	3.0%	569	0.5%
Non Top 20 Clients	696	706	-1.4%	676	3.0%
% of Total					
Top 5 Clients	22.8%	22.6%	20 bps	23.2%	-40 bps
Top 10 Clients	32.0%	31.6%	40 bps	32.7%	-70 bps
Top 20 Clients	45.1%	44.0%	110 bps	45.7%	-60 bps
Non Top 20 Clients	54.9%	56.0%	-110 bps	54.3%	60 bps

Source: Company, PL

Exhibit 14: Headcount Metrics

	4Q19	3Q19	QoQ gr.	4Q18	YoY gr.
Software Professional	71,477	71,785	-0.4%	72,427	-1.3%
BPO Professionals	43,081	43,439	-0.8%	34,190	26.0%
Sales & Support	6,524	6,618	-1.4%	6,180	5.6%
Total Employees	121,082	121,842	-0.6%	112,797	7.3%
Attrition	21.0%	21.0%	0 bps	18.0%	16.7%
IT Utilization(excl. trainees)	82.0%	82.0%	0 bps	84.0%	-2.4%
IT Utilization(incl. trainees)	82.0%	83.0%	-100 bps	84.0%	-2.4%

Source: Company, PL

Exhibit 15: Effort Mix

(US\$ m)	4Q19	3Q19	QoQ gr.	4Q18	YoY gr.
Onsite	826	826	0.1%	834	-0.9%
Offshore	441	435	1.4%	411	7.4%
% of Total					
Onsite	65.2%	65.5%	-30 bps	67.0%	-180 bps
Offshore	34.8%	34.5%	30 bps	33.0%	180 bps

Source: Company, PL

Operational excellence to improve growth has led to fall in Headcount. It has also led to higher subcontractor cost during the quarter.

Financials

Income Statement (Rs m)

Y/e Mar	FY18	FY19	FY20E	FY21E
Net Revenues	307,730	347,421	378,231	413,544
YoY gr. (%)	5.6	12.9	8.9	9.3
Employee Cost	215,299	233,590	256,466	280,803
Gross Profit	92,431	113,831	121,765	132,741
Margin (%)	30.0	32.8	32.2	32.1
SG&A Expenses	-	-	-	-
Other Expenses	-	-	-	-
EBITDA	47,170	63,368	68,356	74,845
YoY gr. (%)	12.7	34.3	7.9	9.5
Margin (%)	15.3	18.2	18.1	18.1
Depreciation and Amortization	10,849	11,292	11,825	13,233
EBIT	36,321	52,076	56,531	61,611
Margin (%)	11.8	15.0	14.9	14.9
Net Interest	1,624	1,332	1,600	1,500
Other Income	14,092	5,342	7,200	7,200
Profit Before Tax	48,789	56,086	62,131	67,311
Margin (%)	15.9	16.1	16.4	16.3
Total Tax	10,925	12,544	15,237	16,702
Effective tax rate (%)	22.4	22.4	24.5	24.8
Profit after tax	37,864	43,542	46,894	50,609
Minority interest	(137)	(88)	309	309
Share Profit from Associate	-	-	-	-
Adjusted PAT	38,001	43,630	46,585	50,300
YoY gr. (%)	33.8	14.8	6.8	8.0
Margin (%)	12.3	12.6	12.3	12.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	38,001	43,630	46,585	50,300
YoY gr. (%)	33.8	14.8	6.8	8.0
Margin (%)	12.3	12.6	12.3	12.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	38,001	43,630	46,585	50,300
Equity Shares O/s (m)	883	887	887	887
EPS (Rs)	43.0	49.2	52.5	56.7

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY18	FY19	FY20E	FY21E
Non-Current Assets				
Gross Block	34,115	30,700	47,279	51,693
Tangibles	34,115	30,700	47,279	51,693
Intangibles	-	-	-	-
Acc: Dep / Amortization	-	-	-	-
Tangibles	-	-	-	-
Intangibles	-	-	-	-
Net fixed assets	34,115	30,700	47,279	51,693
Tangibles	34,115	30,700	47,279	51,693
Intangibles	-	-	-	-
Capital Work In Progress	-	-	-	-
Goodwill	44,508	42,675	44,265	45,855
Non-Current Investments	21,087	17,905	17,905	17,905
Net Deferred tax assets	5,766	6,091	6,091	6,091
Other Non-Current Assets	17,828	21,440	21,435	21,438
Current Assets				
Investments	-	-	-	-
Inventories	-	-	-	-
Trade receivables	64,979	69,586	72,537	79,310
Cash & Bank Balance	64,892	89,486	85,908	114,287
Other Current Assets	49,040	55,834	62,408	68,235
Total Assets	304,373	334,469	364,636	412,258
Equity				
Equity Share Capital	4,417	4,437	4,437	4,437
Other Equity	184,011	198,407	234,570	274,448
Total Network	188,428	202,844	239,007	278,885
Non-Current Liabilities				
Long Term borrowings	7,711	2,086	2,086	2,086
Provisions	-	-	-	-
Other non current liabilities	24,232	21,450	27,433	28,846
Current Liabilities				
ST Debt / Current of LT Debt	9,549	11,961	10,461	8,961
Trade payables	20,368	24,893	32,150	35,151
Other current liabilities	48,994	66,458	48,414	52,934
Total Equity & Liabilities	304,373	334,469	364,636	412,258

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY18	FY19	FY20E	FY21E
PBT	48,789	56,086	62,131	67,311
Add. Depreciation	10,849	11,292	11,825	13,233
Add. Interest	1,624	1,332	1,600	1,500
Less Financial Other Income	14,092	5,342	7,200	7,200
Add. Other	-	-	-	-
Op. profit before WC changes	61,262	68,710	75,556	82,045
Net Changes-WC	2,707	5,601	(20,381)	(4,304)
Direct tax	(10,925)	(12,544)	(15,237)	(16,702)
Net cash from Op. activities	53,044	61,767	39,938	61,039
Capital expenditures	(24,233)	(6,370)	(29,994)	(19,238)
Interest / Dividend Income	-	-	-	-
Others	(7,835)	3,182	-	-
Net Cash from Inv. activities	(32,068)	(3,188)	(29,994)	(19,238)
Issue of share cap. / premium	29	20	-	-
Debt changes	5,065	(3,213)	(1,500)	(1,500)
Dividend paid	(14,569)	(25,013)	(10,422)	(10,422)
Interest paid	(1,624)	(1,332)	(1,600)	(1,500)
Others	1,182	(4,447)	-	-
Net cash from Fin. activities	(9,917)	(33,985)	(13,522)	(13,422)
Net change in cash	11,059	24,594	(3,578)	28,379
Free Cash Flow	31,903	55,722	9,944	41,801

Source: Company Data, PL Research

Key Financial Metrics

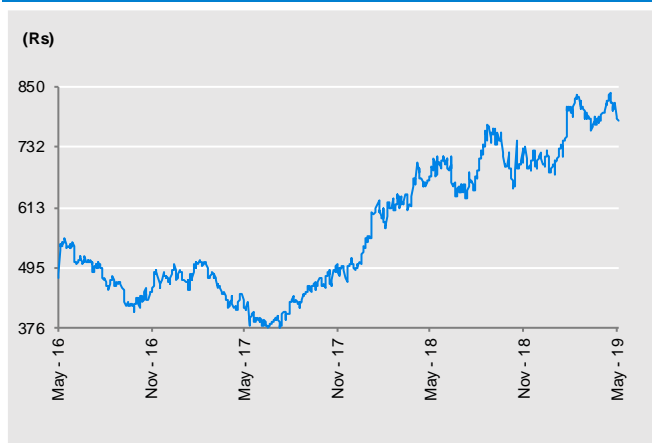
Y/e Mar	FY18	FY19	FY20E	FY21E
Per Share(Rs)				
EPS	43.0	49.2	52.5	56.7
CEPS	55.3	61.9	65.9	71.6
BVPS	213.3	228.8	269.5	314.5
FCF	36.1	62.8	11.2	47.1
DPS	14.1	24.1	10.0	10.0
Return Ratio(%)				
RoCE	19.0	24.6	24.1	22.8
ROIC	19.5	26.9	24.4	21.7
RoE	21.5	22.3	21.1	19.4
Balance Sheet				
Net Debt : Equity (x)	(0.3)	(0.4)	(0.3)	(0.4)
Debtor (Days)	77	73	70	70
Valuation(x)				
PER	17.9	15.7	14.7	13.6
P/B	3.6	3.4	2.9	2.4
P/CEPS	13.9	12.4	11.7	10.8
EV/EBITDA	13.4	9.6	8.9	7.7
EV/Sales	2.1	1.7	1.6	1.4
Dividend Yield (%)	1.8	3.1	1.3	1.3

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY19	Q2FY19	Q3FY19	Q4FY19
Net Revenue	82,763	86,298	89,437	88,923
YoY gr. (%)	12.8	13.5	15.0	10.4
Raw Material Expenses	57,340	56,923	59,845	59,482
Gross Profit	25,423	29,375	29,592	29,441
Margin (%)	30.7	34.0	33.1	33.1
EBITDA	13,569	16,186	17,226	16,387
YoY gr. (%)	(3.9)	19.3	6.4	(4.9)
Margin (%)	16.4	18.8	19.3	18.4
Depreciation / Depletion	2,808	2,944	2,836	2,704
EBIT	10,761	13,242	14,390	13,683
Margin (%)	13.0	15.3	16.1	15.4
Net Interest	305	388	358	281
Other Income	1,114	1,751	806	1,671
Profit before Tax	11,570	14,605	14,838	15,073
Margin (%)	14.0	16.9	16.6	17.0
Total Tax	2,457	3,914	2,638	3,535
Effective tax rate (%)	21.2	26.8	17.8	23.5
Profit after Tax	9,113	10,691	12,200	11,538
Minority interest	16	(84)	39	(59)
Share Profit from Associates	-	-	-	-
Adjusted PAT	9,097	10,775	12,161	11,597
YoY gr. (%)	13.9	28.9	28.9	(5.1)
Margin (%)	11.0	12.5	13.6	13.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	9,097	10,775	12,161	11,597
YoY gr. (%)	13.9	28.9	28.9	(5.1)
Margin (%)	11.0	12.5	13.6	13.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	9,097	10,775	12,161	11,597
Avg. Shares O/s (m)	891	891	891	891
EPS (Rs)	10.2	12.1	13.7	13.0

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	26-May-18	BUY	760	702
2	10-Jul-18	BUY	760	661
3	30-Jul-18	BUY	760	655
4	5-Oct-18	BUY	885	721
5	30-Oct-18	BUY	885	685
6	30-Nov-18	BUY	885	688
7	7-Jan-19	BUY	885	688
8	5-Feb-19	BUY	915	751
9	5-Apr-19	BUY	886	777

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Cyient	Accumulate	621	579
2	HCL Technologies	BUY	1,186	1,087
3	Hexaware Technologies	Reduce	325	333
4	Infosys	Accumulate	782	748
5	L&T Technology Services	Accumulate	1,835	1,691
6	Larsen & Toubro Infotech	BUY	1,981	1,678
7	Mindtree	Reduce	873	972
8	Mphasis	Accumulate	1,090	975
9	NIIT Technologies	BUY	1,539	1,268
10	Persistent Systems	Hold	618	636
11	Redington (India)	BUY	108	98
12	Sonata Software	Accumulate	400	346
13	Tata Consultancy Services	BUY	2,312	2,013
14	TeamLease Services	Hold	3,203	3,031
15	Tech Mahindra	BUY	886	777
16	Wipro	Hold	247	281
17	Zensar Technologies	Accumulate	260	246

PL's Recommendation Nomenclature (Absolute Performance)

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

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