

HCL Technologies (HCLT IN)

Rating: HOLD | CMP: Rs512 | TP: Rs548

Good Execution!

Quick Pointers:

- HCLT has impressed us with better execution, decent revenue growth, strong margin performance & better deal wins.
- HCLT reported in-line sequential revenue growth of 0.8% and 13.5% YoY CC. Revenue growth was led by strong growth in Mode 2 revenues, which grew 7.1% in c/c, aiding healthy 1.6% growth in IT services. Products revenues were flat (-0.1% QoQ growth) while ER&D services declined by 1.8% QoQ. IBM business added US\$160mn in Q4FY20. EBIT margin at 20.9% was up 70 bps QoQ aided by one-off improvement in Mode 2 margins, rupee depreciation (50 bps) and lower subcontracting costs (down 140 bps).
- HCLT has stopped guiding due to the uncertain environment following the epidemic. Management's base case is a sharp revenue decline in 1QFY21, followed by stable revenues in 2QFY21 and growth recovery in 2HFY21.
- HCLT has US\$2 bn of gross cash and US\$1.36 bn of net cash. HCLT will have cash outgo of US\$800 mn to IBM for the products acquisition deal in FY2021. FCF of US\$451.7 mn was strong at 104.7% of net profit.

HCLT reported in-line sequential revenue growth of 0.8% and 13.5% YoY CC. Revenue growth was led by strong growth in Mode 2 revenues, which grew 7.1% in c/c, aiding healthy 1.6% growth in IT services. Products revenues were flat (-0.1% QoQ growth) while ER&D services declined by 1.8% QoQ. IBM business added US\$160mn in Q4FY20. EBIT margin at 20.9% was up 70 bps QoQ aided by one-off improvement in Mode 2 margins, rupee depreciation (50 bps) and lower subcontracting costs (down 140 bps). FCF of US\$451.7 mn was strong at 104.7% of net profit. IBM business revenues has steadily improved to US\$160mn(Q3FY20: US\$140mn,Q2FY20:US\$ 106mn). FY21 will be a critical year for the products business as focus shifts to new business acquisition. Stickiness of the product portfolio is a tailwind for renewals in the current environment. HCLT has stopped guiding due to the uncertain environment following the epidemic. Management's base case is a sharp revenue decline in 1QFY21, followed by stable revenues in 2QFY21 and growth recovery in 2HFY21.

HCLT has executed best in FY20 as compared to peers, revenue growth of 16.7% above initial guidance of 14-16% enabled by execution on strong set of deal wins in 2HFY19. Inorganic growth of 10.7%.

We marginally fine tune our estimates & now value HCLT on 12X (earlier 11x) to arrive at a changed target price of Rs.548. Stock currently trades at attractive multiple of 11.3x on FY22E. Maintain HOLD.

May 8, 2020

Q4FY20 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY21E	FY22E	FY21E	FY22E
Rating	HOLD		HOLD	
Target Price	548		501	
Sales (Rs. m)	7,39,495	8,12,311	7,52,425	8,23,046
% Chng.	(1.7)	(1.3)		
EBITDA (Rs. m)	1,70,084	1,90,998	1,68,337	1,90,466
% Chng.	1.0	0.3		
EPS (Rs.)	40.0	45.7	40.0	45.5
% Chng.	-	0.3		

Key Financials - Standalone

Y/e Mar	FY19	FY20	FY21E	FY22E
Sales (Rs. bn)	604	707	739	812
EBITDA (Rs. bn)	140	167	170	191
Margin (%)	23.1	23.6	23.0	23.5
PAT (Rs. bn)	101	111	109	124
EPS (Rs.)	36.8	40.8	40.0	45.7
Gr. (%)	17.5	10.8	(1.9)	14.2
DPS (Rs.)	8.0	7.0	10.0	10.0
Yield (%)	1.6	1.4	2.0	2.0
RoE (%)	25.8	23.7	19.6	19.4
RoCE (%)	28.5	27.0	22.6	22.7
EV/Sales (x)	2.2	1.8	1.8	1.6
EV/EBITDA (x)	9.5	7.7	7.9	6.7
PE (x)	13.9	12.5	12.8	11.2
P/BV (x)	3.4	2.7	2.3	2.0

Key Data

HCLT.BO | HCLT IN

52-W High / Low	Rs.624 / Rs.375	
Sensex / Nifty	31,443 / 9,199	
Market Cap	Rs.1,389bn/ \$ 18,329m	
Shares Outstanding	2,714m	
3M Avg. Daily Value	Rs.5777.44m	

Shareholding Pattern (%)

Promoter's	60.33
Foreign	26.42
Domestic Institution	9.11
Public & Others	4.14
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	13.4	(10.9)	(9.6)
Relative	8.5	15.2	10.1

Aniket Pande

aniketpande@plindia.com | 91-22-66322300

- **Flattish revenue growth:** HCLT reported in-line sequential revenue growth of 0.8% and 13.5% YoY CC. Revenue growth was led by strong growth in Mode 2 revenues, which grew 7.1% in c/c, aiding healthy 1.6% growth in IT services. Products revenues were flat (-0.1% QoQ growth) while ER&D services declined by 1.8% QoQ. IBM business added US\$160mn in Q4FY20. Short-term challenges will be there but going ahead with balanced portfolio are placed in medium to long term not much impact is seen on business.
- **Strong Margin performance:** EBIT margin at 20.9% was up 70 bps QoQ aided by one-off improvement in Mode 2 margins, rupee depreciation (50 bps) and lower subcontracting costs (down 140 bps). FCF of US\$451.7 mn was strong at 104.7% of net profit. Gross margin expanded 170 bps QoQ contributed by tight cost management and absolute decline in costs. SG&A increased 100 bps QoQ.
- **Weakness across all verticals led by telecom & technology service, BFSI growth remains subdued, flatness in retail & manufacturing revenues:** BFSI growth was -1.1% QoQ led by softness in US & Europe Banking vertical & higher furloughs. Manufacturing & Retail posted a flat growth of -0.2% QoQ, & 0.3% QoQ respectively. Telecom & Technology service posted heavy de-growth at -6.6% QoQ & -6%QoQ. New opportunities are seen from Covid; life sciences will gain further traction. Client wants to digitally transforming other also and wants to make it zero launch.

Exhibit 1: Q4FY20: Quick view on results

(Rs m)	4Q20	3Q20	QoQ	4Q19	YoY	PL(e)	Var VS PL(e)
Sales (\$ m)	2,543	2,543	0.0%	2,278	11.6%	2,569	-1.0%
Sales	1,85,900	1,81,350	2.5%	1,59,900	16.3%	1,87,778	-1.0%
EBIT Margin	38,810	36,700	5.7%	30,390	27.7%	35,678	8.8%
EBIT Margin	20.9%	20.2%	64 bps	19.0%	187 bps	19.0%	188 bps
Adjusted PAT	31,530	30,380	3.8%	25,680	22.8%	29,374	7.3%
EPS	11.6	11.2	3.8%	9.5	22.8%	10.82	7.3%
Average (USD rate)	73.1	71.3	2.5%	70.2	4.1%	73.1	0.0%

Source: Company, PL

Exhibit 2: Estimates for HCL Tech

US\$ mn	FY20E	FY21E	FY22E
IT and Business Services	7,135	7,008	7,448
ER&D	1,659	1,593	1,648
Products & Platforms	1,141	1,392	1,592
Total Revenues	9,936	9,993	10,688
YoY Growth	15.1%	0.6%	7.0%
EBIDTA (INR mn)	1,66,950	1,70,084	1,90,998
EBITDA Margins	23.6%	23.0%	23.5%
EBIT (INR Mn)	1,38,550	1,36,807	1,56,527
EBIT Margins	19.6%	18.5%	19.3%
EPS (Rs.)	40.8	40.0	45.7

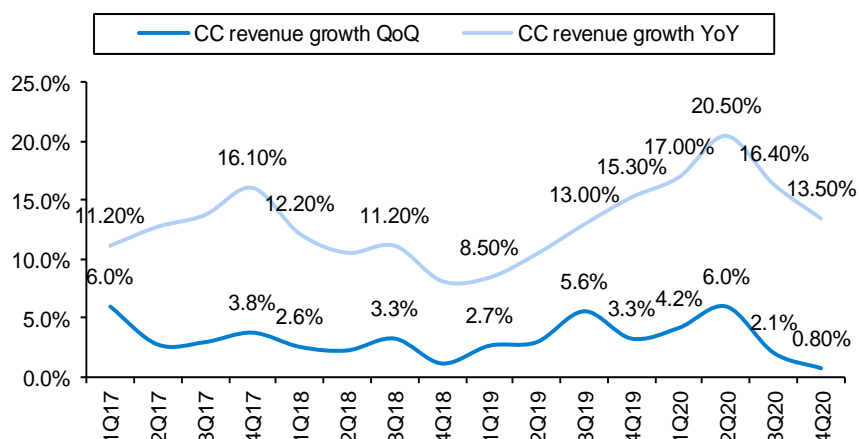
Source: PL

HCLT reported flat revenue growth of 0.8% QoQ CC above our estimates (Pl: 1.4%, Cons:1%). Decline revenue growth was led ER&D (-1.8% QoQ).

Mode-2 margins are improving since last 4 quarters and now at 18.1% (up +290bps QoQ, 500bps YoY). Still Mode-2 margins are lower than company average margins (20.9%) but as organic business sustains, the margins (Mode-2) may get better from here also.

EBIT margin improved 70 bps to 20.9% helped by 54 bps from higher forex gain & 10 bps benefit from better productivity in IT services and products & platforms business was offset by 60 bps headwind from wage hikes.

Exhibit 3: Revenue growth momentum maintained



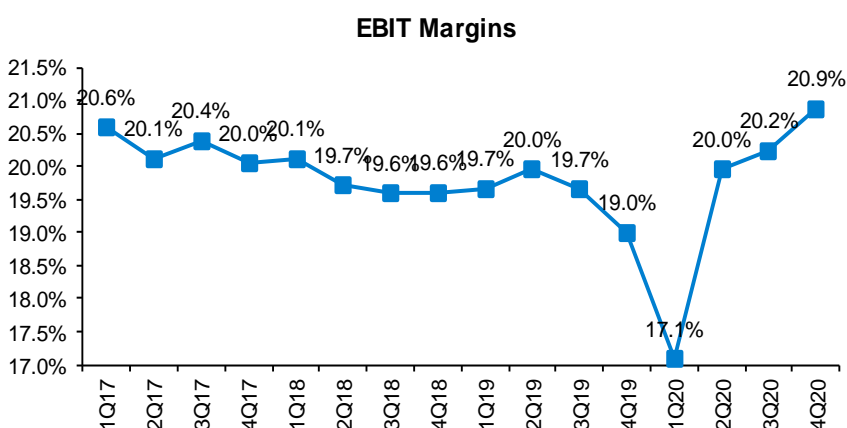
Source: Company, PL

Exhibit 4: Performance Metrics of Mode 1-2-3 business

Revenues (US\$ mn)	Q4FY19	Q3FY20	Q4FY20	QoQ gr.	YoY gr.
Mode 1	1,606	1679	1656	-1.4%	3.1%
Mode 2	430	462	488	5.6%	13.5%
Mode 3	242	402	400	-0.5%	65.3%
Total	2,278	2,543	2,544	0.0%	11.7%
Revenue mix (%)					
Mode 1	70.5	66	65.1	-90 bps	-540 bps
Mode 2	18.9	18.2	19.2	100 bps	30 bps
Mode 3	10.6	15.8	15.7	-10 bps	510 bps
Total	100	100	100		
EBIT margin (%)					
Mode 1	20.5	19.9	19.6	-30 bps	-90 bps
Mode 2	13.1	15.2	18.1	290 bps	500 bps
Mode 3	18.8	27.3	29.6	230 bps	1080 bps
Total	19	20.2	20.9	70 bps	190 bps
Growth (qoq c/c %)					
Mode 1	2.5	0.3	-0.4	-70 bps	-290 bps
Mode 2	14.3	1.1	7.1	600 bps	-720 bps
Mode 3	-7.6	11.1	-1.0	-1210 bps	660 bps
Total	3.3	2.1	0.8	-130 bps	-250 bps

Source: Company, PL

Exhibit 5: Margins rebounded strong

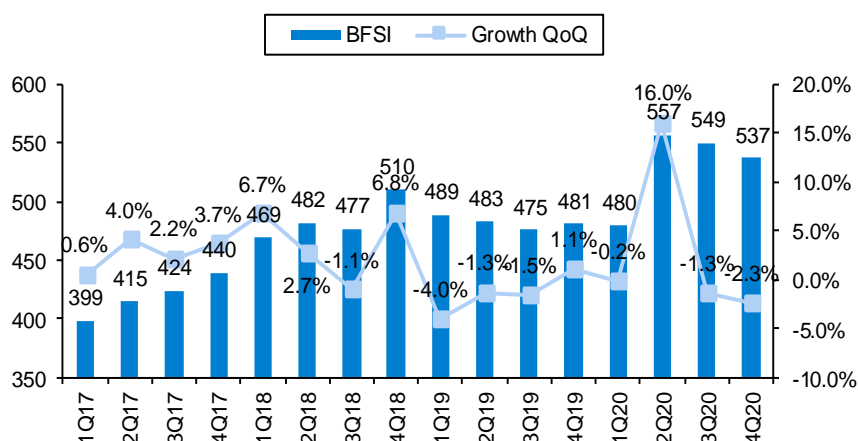


Source: Company, PL

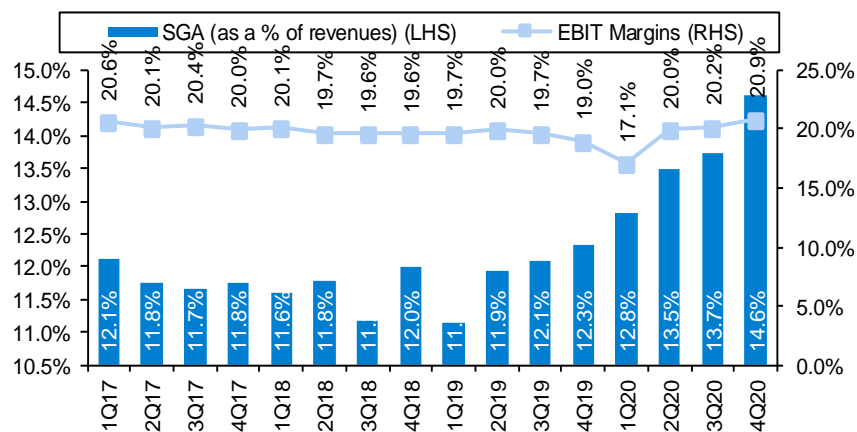
Exhibit 6: Change in Estimates

Particulars	FY20E	FY21E	FY22E
Revenue (US\$ m)			
New	9,936	9,993	10,688
Old	9,961	10,168	10,830
Change (%)	-0.3%	-1.7%	-1.3%
EBIT Margins (%)			
- New	19.6%	18.5%	19.3%
- Old	19.1%	18.1%	18.9%
Change (%)	49 bps	38 bps	37 bps
EPS (Rs)			
- New	40.8	40.0	45.7
- Old	40.0	40.0	45.5
Change (%)	2.0%	0.0%	0.3%

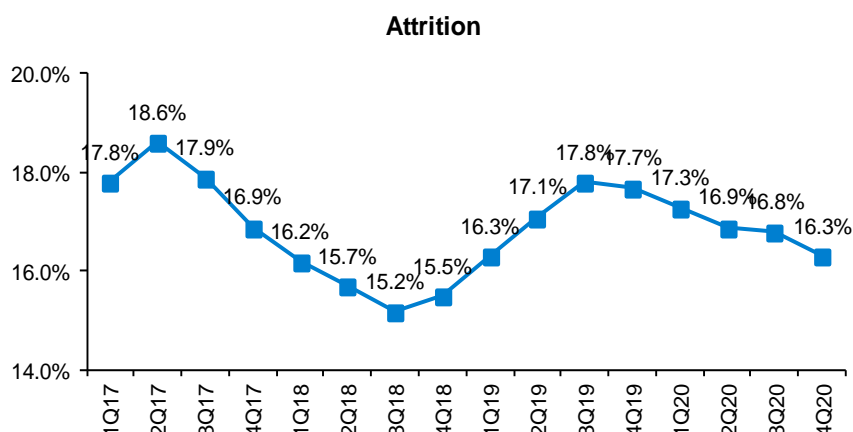
Source: Company, PL

Exhibit 7: BFSI continued tepid performance


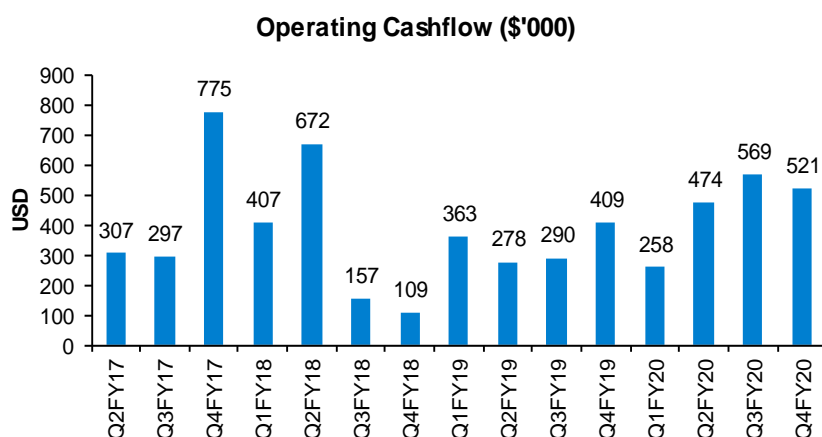
Source: Company, PL

Exhibit 8: Increasing SG&A Expenses weighing on margins


Source: Company, PL

Exhibit 9: Attrition declined by ~40bps in Q1FY20


Source: Company, PL

Exhibit 10: Operating Cash Flow ('000's)


Source: Company, PL

Exhibit 11: Geography-wise revenues

(US\$ m)	4Q20	3Q20	QoQ	4Q19	YoY
US	1,612.3	1,597.3	0.9%	1,432.9	12.5%
Europe	729.8	742.7	-1.7%	676.6	7.9%
Asia Pacific	198.4	203.5	-2.5%	168.6	17.7%
% Total					
US	63.4%	62.8%	60 bps	62.9%	50 bps
Europe	28.7%	29.2%	-50 bps	29.7%	-100 bps
Asia Pacific	7.8%	8.0%	-20 bps	7.4%	40 bps

Source: Company, PL

Exhibit 12: Vertical-wise revenues

(US\$ m)	4Q20	3Q20	QoQ	4Q19	YoY
Financial Services	536.6	549.4	-2.3%	480.7	11.6%
Manufacturing	526.4	531.6	-1.0%	398.7	32.0%
Telecom	211.1	228.9	-7.8%	195.9	7.7%
Retail	259.4	262.0	-1.0%	227.8	13.9%
Public Services	282.3	277.2	1.8%	252.9	11.6%
Life Sciences	317.9	310.3	2.4%	296.1	7.3%
Others	409.4	384.1	6.6%	426.0	-3.9%
% of Total Revenue					
Financial Services	21.1%	21.6%	-50 bps	21.1%	0 bps
Manufacturing	20.7%	20.9%	-20 bps	17.5%	320 bps
Telecom	8.3%	9.0%	-70 bps	8.6%	-30 bps
Retail	10.2%	10.3%	-10 bps	10.0%	20 bps
Public Services	11.1%	10.9%	20 bps	11.1%	0 bps
Life Sciences	12.5%	12.2%	30 bps	13.0%	-50 bps
Others	16.1%	15.1%	100 bps	18.7%	-260 bps

Source: Company, PL

Exhibit 13: Revenues by project type

(US\$ m)	4Q20	3Q20	QoQ	4Q19	YoY
Fixed Price Projects	1,736.9	1,724.4	0.7%	1,451.1	19.7%
Time & Material	806.1	819.0	-1.6%	826.9	-2.5%
% of total Revenue					
Fixed Price Projects	68.3%	67.8%	50 bps	63.7%	460 bps
Time & Material	31.7%	32.2%	-50 bps	36.3%	-460 bps

Source: Company, PL

Exhibit 14: Headcount Metrics

	4Q20	3Q20	QoQ	4Q19	YoY
Utilization offshore (Blended)	85.5%	85.5%	0 bps	85.4%	10 bps
Attrition LTM - IT Services	16.3%	16.8%	-50 bps	17.7%	-140 bps
Attrition LTM - BPO Services	0.0%	0.0%	0 bps	8.3%	-830 bps
Total Employees	1,50,423	1,49,173	1250	1,37,965	12,458
Gross Addition	10,278	11,502	-10.6%	14,249	-27.9%
Net Addition	1,250	2,050	-800	5,637	(4,387)

Source: Company, PL

Exhibit 15: Client Metrics

Particulars	4Q20	3Q20	QoQ	4Q19	YoY
US\$100m	15	15	0	10	5
US\$50m	30	32	-2	29	1
US\$20m	96	94	2	95	1
US\$10m	171	167	4	166	5
US\$5m	308	302	6	283	25
US\$1m	791	712	79	623	168
(US\$ m)	4Q20	3Q20	QoQ	4Q19	YoY
Top 5 Clients	384.0	386.6	-0.7%	387.3	-0.8%
Top 6-10 Clients	175.5	183.1	-4.2%	161.7	8.5%
Top 10 Clients	559.5	569.7	-1.8%	549.0	1.9%
Top 10-20 Clients	256.8	269.6	-4.7%	211.9	21.2%
Top 20 Clients	816.3	839.3	-2.7%	760.9	7.3%
Non-Top 20 Clients	1,726.7	1,704.1	1.3%	1,517.1	13.8%
New business	145.0	145.0	0.0%	109.3	32.6%
Repeat business	2,398.0	2,398.4	0.0%	2,168.7	10.6%
% of Total Revenue					
Top 5 Clients	15.1%	15.2%	-10 bps	17.0%	-190 bps
Top 10 Clients	22.0%	22.4%	-40 bps	24.1%	-210 bps
Top 20 Clients	32.1%	33.0%	-90 bps	33.4%	-130 bps
New Clients Business	5.7%	5.7%	0 bps	4.8%	90 bps
Repeat Business	94.3%	94.3%	0 bps	95.2%	-90 bps

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY19	FY20	FY21E	FY22E
Net Revenues	6,04,280	7,06,800	7,39,495	8,12,311
YoY gr. (%)	19.5	17.0	4.6	9.8
Employee Cost	3,92,680	4,43,080	4,73,277	5,15,712
Gross Profit	2,11,600	2,63,720	2,66,218	2,96,598
Margin (%)	35.0	37.3	36.0	36.5
SG&A Expenses	-	-	-	-
Other Expenses	-	-	-	-
EBITDA	1,39,690	1,66,950	1,70,084	1,90,998
YoY gr. (%)	22.1	19.5	1.9	12.3
Margin (%)	23.1	23.6	23.0	23.5
Depreciation and Amortization	21,480	28,400	33,277	34,471
EBIT	1,18,210	1,38,550	1,36,807	1,56,527
Margin (%)	19.6	19.6	18.5	19.3
Net Interest	-	-	-	-
Other Income	8,050	1,790	2,800	2,800
Profit Before Tax	1,26,260	1,40,340	1,39,607	1,59,327
Margin (%)	20.9	19.9	18.9	19.6
Total Tax	24,810	29,380	31,038	35,377
Effective tax rate (%)	19.6	20.9	22.2	22.2
Profit after tax	1,01,450	1,10,960	1,08,568	1,23,950
Minority interest	220	320	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,01,230	1,10,640	1,08,568	1,23,950
YoY gr. (%)	15.3	9.3	(1.9)	14.2
Margin (%)	16.8	15.7	14.7	15.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,01,230	1,10,640	1,08,568	1,23,950
YoY gr. (%)	15.3	9.3	(1.9)	14.2
Margin (%)	16.8	15.7	14.7	15.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,01,230	1,10,640	1,08,568	1,23,950
Equity Shares O/s (m)	2,751	2,713	2,713	2,713
EPS (Rs)	36.8	40.8	40.0	45.7

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY19	FY20	FY21E	FY22E
Non-Current Assets				
Gross Block	2,34,960	3,56,650	4,21,709	4,34,264
Tangibles	58,010	62,440	1,27,499	1,40,054
Intangibles	1,76,950	2,94,210	2,94,210	2,94,210
Acc: Dep / Amortization	-	-	-	-
Tangibles	-	-	-	-
Intangibles	-	-	-	-
Net fixed assets	2,34,960	3,56,650	4,21,709	4,34,264
Tangibles	58,010	62,440	1,27,499	1,40,054
Intangibles	1,76,950	2,94,210	2,94,210	2,94,210
Capital Work In Progress	-	-	-	-
Goodwill	-	-	-	-
Non-Current Investments	350	770	770	770
Net Deferred tax assets	-	-	-	-
Other Non-Current Assets	52,930	90,500	90,500	90,500
Current Assets				
Investments	-	-	-	-
Inventories	-	-	-	-
Trade receivables	1,46,100	1,77,720	1,78,289	1,95,845
Cash & Bank Balance	1,17,460	1,53,730	89,840	1,64,491
Other Current Assets	37,160	52,790	45,849	50,363
Total Assets	5,88,960	8,32,160	8,26,957	9,36,233
Equity				
Equity Share Capital	1,341	1,341	1,341	1,341
Other Equity	4,16,360	5,15,520	5,91,938	6,83,738
Total Network	4,17,700	5,16,860	5,93,278	6,85,078
Non-Current Liabilities				
Long Term borrowings	39,860	50,920	50,920	50,920
Provisions	-	-	-	-
Other non current liabilities	15,380	50,210	29,580	32,492
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	1,11,480	2,08,890	1,47,899	1,62,462
Other current liabilities	-	-	-	-
Total Equity & Liabilities	5,88,960	8,32,160	8,26,957	9,36,233

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY19	FY20	FY21E	FY22E
PBT	1,26,260	1,40,340	1,39,607	1,59,327
Add. Depreciation	21,480	28,400	33,277	34,471
Add. Interest	-	-	-	-
Less Financial Other Income	8,050	1,790	2,800	2,800
Add. Other	-	-	-	-
Op. profit before WC changes	1,47,740	1,68,740	1,72,884	1,93,798
Net Changes-WC	(35,694)	47,420	(75,249)	(4,594)
Direct tax	(24,810)	(29,380)	(31,038)	(35,377)
Net cash from Op. activities	87,236	1,86,780	66,597	1,53,827
Capital expenditures	(60,536)	(1,50,090)	(98,336)	(47,025)
Interest / Dividend Income	-	-	-	-
Others	2,522	(420)	-	-
Net Cash from Invst. activities	(58,014)	(1,50,510)	(98,336)	(47,025)
Issue of share cap. / premium	-	-	-	-
Debt changes	35,489	11,060	-	-
Dividend paid	(25,746)	(21,297)	(32,150)	(32,150)
Interest paid	-	-	-	-
Others	(21,632)	10,237	-	-
Net cash from Fin. activities	(11,889)	-	(32,150)	(32,150)
Net change in cash	17,333	36,270	(63,890)	74,651
Free Cash Flow	26,700	36,690	(31,740)	1,06,802

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY19	FY20	FY21E	FY22E
Per Share(Rs)				
EPS	36.8	40.8	40.0	45.7
CEPS	44.6	51.2	52.3	58.4
BVPS	151.9	190.5	218.7	252.5
FCF	9.7	13.5	(11.7)	39.4
DPS	8.0	7.0	10.0	10.0
Return Ratio(%)				
RoCE	28.5	27.0	22.6	22.7
ROIC	42.4	45.2	40.0	35.7
RoE	25.8	23.7	19.6	19.4
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.2)	(0.1)	(0.2)
Debtor (Days)	88	92	88	88
Valuation(x)				
PER	13.9	12.5	12.8	11.2
P/B	3.4	2.7	2.3	2.0
P/CEPS	11.5	10.0	9.8	8.8
EV/EBITDA	9.5	7.7	7.9	6.7
EV/Sales	2.2	1.8	1.8	1.6
Dividend Yield (%)	1.6	1.4	2.0	2.0

Source: Company Data, PL Research

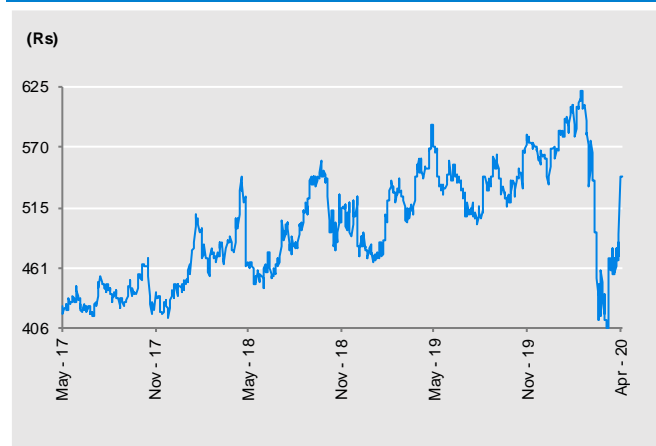
Quarterly Financials (Rs m)

Y/e Mar	Q1FY20	Q2FY20	Q3FY20	Q4FY20
Net Revenue	1,64,270	1,75,280	1,81,350	1,85,900
YoY gr. (%)	18.4	17.9	15.5	16.3
Raw Material Expenses	1,09,200	1,10,610	1,11,760	1,11,510
Gross Profit	55,070	64,670	69,590	74,390
Margin (%)	33.5	36.9	38.4	40.0
EBITDA	34,020	41,030	44,700	47,200
YoY gr. (%)	5.5	17.3	22.6	31.2
Margin (%)	20.7	23.4	24.6	25.4
Depreciation / Depletion	5,950	6,060	8,000	8,390
EBIT	28,070	34,970	36,700	38,810
Margin (%)	17.1	20.0	20.2	20.9
Net Interest	-	-	-	-
Other Income	1,280	(30)	670	(130)
Profit before Tax	29,350	34,940	37,370	38,680
Margin (%)	17.9	19.9	20.6	20.8
Total Tax	7,050	8,350	6,910	7,070
Effective tax rate (%)	24.0	23.9	18.5	18.3
Profit after Tax	22,300	26,590	30,460	31,610
Minority interest	80	80	80	80
Share Profit from Associates	-	-	-	-
Adjusted PAT	22,220	26,510	30,380	31,530
YoY gr. (%)	(7.6)	4.4	16.4	22.8
Margin (%)	13.5	15.1	16.8	17.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	22,220	26,510	30,380	31,530
YoY gr. (%)	(7.6)	4.4	16.4	22.8
Margin (%)	13.5	15.1	16.8	17.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	22,220	26,510	30,380	31,530
Avg. Shares O/s (m)	2,714	2,713	2,714	2,714
EPS (Rs)	8.2	9.8	11.2	11.6

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	12-Apr-20	Hold	501	469
2	18-Jan-20	BUY	691	599
3	03-Jan-20	BUY	628	585
4	07-Nov-19	BUY	1,258	1,148
5	24-Oct-19	BUY	1,258	1,095
6	03-Oct-19	BUY	1,210	1,077
7	18-Sep-19	BUY	1,210	1,058
8	08-Aug-19	BUY	1,210	1,023
9	04-Jul-19	BUY	1,186	1,041
10	10-Jun-19	BUY	1,186	1,080

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Cyient	Hold	450	437
2	HCL Technologies	Hold	501	469
3	Hexaware Technologies	Reduce	219	296
4	Infosys	Hold	668	651
5	L&T Technology Services	Hold	1,061	1,174
6	Larsen & Toubro Infotech	Hold	1,403	1,399
7	Mindtree	Reduce	680	780
8	Mphasis	Accumulate	839	676
9	NIIT Technologies	BUY	1,340	1,190
10	Persistent Systems	Reduce	447	514
11	Redington (India)	BUY	114	117
12	Sonata Software	Accumulate	400	313
13	Tata Consultancy Services	Hold	1,584	1,716
14	TeamLease Services	Hold	3,203	2,487
15	Tech Mahindra	Reduce	478	546
16	Wipro	Sell	169	187
17	Zensar Technologies	Accumulate	246	191

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

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