Prabhudas Lilladher
POWERING YOUR FINANCIAL GROWTH

Persistent Systems (PSYS IN)

Rating: BUY | CMP: Rs1,189 | TP: Rs1,368

October 27, 2020

Q2FY21 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	**BUY**		**BUY**	
Target Price	**1,368**		**1,304**	
Sales (Rs. m)	46,106	52,696	44,398	50,581
% Chng.	*3.8*	*4.2*		
EBITDA (Rs. m)	7,602	8,417	7,093	8,080
% Chng.	*7.2*	*4.2*		
EPS (Rs.)	65.0	71.8	60.9	69.5
% Chng.	*6.6*	*3.4*		

Key Financials - Standalone

Y/e Mar	FY20	FY21E	FY22E	FY23E
Sales (Rs. m)	35,658	40,968	46,106	52,696
EBITDA (Rs. m)	4,929	6,688	7,602	8,417
Margin (%)	*13.8*	*16.3*	*16.5*	*16.0*
PAT (Rs. m)	3,403	4,560	5,195	5,743
EPS (Rs.)	42.5	57.0	65.0	71.8
Gr. (%)	*(4.3)*	*34.0*	*13.9*	*10.5*
DPS (Rs.)	11.1	14.9	17.0	18.8
Yield (%)	*0.9*	*1.3*	*1.4*	*1.6*
RoE (%)	*14.4*	*17.9*	*18.0*	*17.6*
RoCE (%)	*13.8*	*19.2*	*19.3*	*19.3*
EV/Sales (x)	2.3	1.9	1.6	1.3
EV/EBITDA (x)	16.5	11.7	9.8	8.4
PE (x)	28.0	20.9	18.3	16.6
P/BV (x)	3.8	3.4	3.0	2.6

Key Data

Key Data	PERS.BO | PSYS IN
52-W High / Low	Rs.1,391 / Rs.420
Sensex / Nifty	40,146 / 11,768
Market Cap	Rs.91bn/ $ 1,231m
Shares Outstanding	76m
3M Avg. Daily Value	Rs.608.46m

Shareholding Pattern (%)

Promoter's	34.15
Foreign	18.74
Domestic Institution	28.87
Public & Others	18.25
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(2.5)	154.0	97.4
Relative	(9.2)	98.2	92.0

Aniket Pande
aniketpande@plindia.com | 91-22-66322300

Aditi Patil
aditipatil@gmail.com |

Growth momentum to continue…

Quick Pointers:

- Inline revenue performance, margins ahead of expectations.
- In line with our expectation, Mr Sandip Kalra has been appointed as the CEO.

Persistent reported inline revenue growth of 3.8% QoQ (Ple:3.2%) with strong performance from services business grew 5.3% QoQ to $114mn on 7.0% volume growth & IP-led revenue declined 3% QoQ to $22.1mn due to lower IP resale revenue. EBIT margin expanded by to 12.1% (Ple:10.9%) Gross margin expansion (+170 bps) was partially offset by higher SG&A (-70 bps). Management guided current EBIT margin (12%) as sustainable inspite of salary hike in Nov-2021. Management expects to maintain EBITDA margin in the range of 15-16% although it strives to improve it to 16-17% by various cost optimization levers. We expect stable margin performance in FY21/22/23E EBIT margin at 12%/12.1%/12%.

Large deal pipeline to remain healthy and we expect deal win traction to continue. We expect growth momentum to sustain on account 1) Favorable vertical mix (BFSI, Healthcare & Tech), 2) Strong deal wins, 3) Long-term engagements within TSU, 4) Accelerated growth from Top client. We increase our revenue estimates by avg 3% for FY22/23 & slightly raise our margin estimates which led to EPS upgrade of avg 4.4% for FY22/23. We believe acceleration of revenue momentum, sustainability of margins along with strong deal wins will lead to further re-rating. The shift towards higher service mix with less dependence on Alliance business will give them further stability. We continue to value Persistent on 20X Sep-22 earnings to arrive at changed TP of INR 1368 (earlier: 1304). Persistent is currently trading at 18.3x/16.6x on FY22/23 earnings of INR 65/72. Maintain Buy.

- **Continued strong momentum in revenue growth:** Persistent reported inline revenue growth of 3.8% QoQ (Ple:3.2%) with strong performance from services business grew 5.3% QoQ to $114mn on 7.0% volume growth & IP-led revenue declined 3% QoQ to $22.1mn due to lower IP resale revenue. Revenue growth was led by revenue from top client which grew at 13.8% QoQ USD contributing 3.2Mn $ to incremental revenues while revenues from Top 2 to 10 clients grew at 3.2% QoQ USD. Services revenue growth accelerated to 5.4% QoQ. BFSI grew 4.2% QoQ on the back of benefits from vendor consolidation at a large client. Healthcare & Life Sciences revenue grew 1.8% QoQ, affected due resale of IP sales ($0.7-0.8mn impact). Technology Companies & Emerging verticals revenue grew 4.5% QoQ. IP business weakness persists (-3.3% QoQ, 21.9% YoY). Top Client grew 13.8% QoQ. Top 2-5 Client/6-10 Clients grew -0.2%/+5.9%. Pricing muted (Onsite: -0.3% QoQ, Offshore: -0.1% QoQ).

- **Strong Deal pipeline:** They won a number of large deals (multi-year multi mn $ deals) in Q2 in TSU across existing and net new customers. Some of the large were in - 2 in Tech Cos & Emerging Verticals, 2 in BFSI and 2 in Healthcare & Life Sciences vertical. Management indicated that in H2 they have a decent pipeline of large deals and will focus more on Europe. Growth through Salesforce was subdued in Europe in Q1 and started recovering Q2. Healthcare vertical. **Management indicated that over next 4 years they plan to reach revenue of 1Bn dollar through i) organic & inorganic growth ii) and by harmonizing GTM across TSU, Alliance led business and geographies.**

- **Revenues from alliance business to revive in coming quarters:** Persistent raised their partnership level with RedHat during the quarter which led to expansion of go-to-markets to Europe & AsiaPac along with pre-existing US. Largest customer IBM has announced splitting into two companies which will not negatively impact Persistent. Majority of Persistent's revenues come from core IBM side. Management cited that they are focusing on alliance business and it will turn around and become growth business over next few quarters. Management will also focus of cross-selling between TSU and Alliance business as they simplify and integrate service offerings across the business.

- **Strong sustainable EBIT Margin:** Persistent posted strong EBIT Margin of 12.1% (Ple: 10.9%) up 207 bps QoQ because of i) higher royalty income through IP led revenues, ii) higher linear revenue iii) Improved utilization – blended utilization at 81.2% in Q2 vs 78.5% in Q1) offset partially by 70 bps currency headwind. Employee expenses reduced to 65.3% of revenues in Q2 vs 67% in Q1. Sub-contracting costs remained at elevated levels (13.1% of revenue) this quarter because of difficulty to move people across projects as new engagements required new skills and inability to move people from India to onsite.

- Management indicated that margins are sustainable at this level in spite of roll out of salary increments in Q3 because of margin levers such as improved offshoring, lower sub-contracting, removal of pricing pressure, rationalization and re-purposing of headcount. They have lowered their headcount in IP led services from past two quarters (reduction of 138 IP led person months in Q2 and 286 in Q1) and plan to hire 300-400 people per quarter in H2FY21. Amortization will also come down in FY22 after IBM related acquisition is amortized. PAT was at 1019 Mn INR up 13.1% QoQ. Capex for this quarter was at 263 Mn $. Management indicated that margin can be sustained at these levels, however higher priority will be given to sustained revenue growth. Cash position is rock solid with cash and investments at Rs 16,933 mn (18% of M-cap).

- **Acquisition of Capiot:** Persistent Systems Inc. has announced acquisition of Capiot Software Inc., USA along with its subsidiaries in India, Singapore and Australia on 15th Oct 2020. Acquisition will be completed in Q3 and revenues will start coming from Q3 itself. Capiot Software Inc. and its subsidiaries operates in the IT services industry, particularly in the enterprise integration domain. The purchase consideration payable for the acquisition of Capiot India is ~US$ 5.45 M and for the acquisition of Capiot US is ~US$ 0.89 M. The Company derives more than 50% of its revenues from BFSI. **C**onsolidated revenues of Capiot Software Inc. for FY20 was at US$ 6.28 M (4.6% of Persistent revenues). The acquisition will strengthen Persistent's enterprise integration capability with Capiot's strong track record of offerings using TIBCO, MuleSoft and Red Hat platforms. This acquisition is well aligned with their go-to-market strategy of their strategic partner Salesforce. Persistent continues to evaluate potential candidates from an M&A perspective in order to accelerate in-organic growth in next coming quarters. They will target slightly bigger acquisitions and aim to grow their presence in Europe.

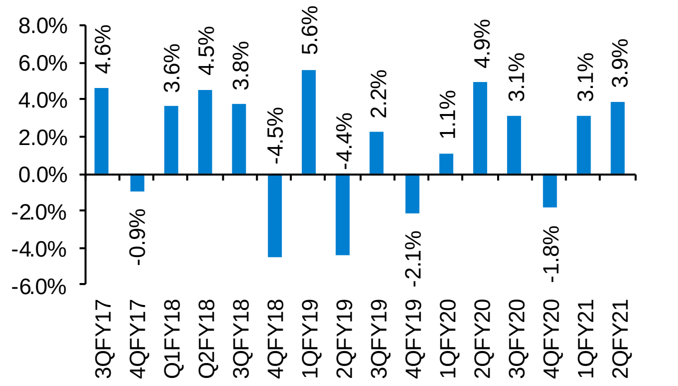
- **Sandeep Kalra as new CEO:** Persistent announced the appointment of Sandeep Kalra as its new CEO, effective immediately. Sandeep joined Persistent in May 2019 as Executive Director and President of the Technology Services Unit TSU, responsible for setting the strategic direction as well as managing the sales and delivery functions for the unit. Under his leadership, the unit delivered consistent growth and profit improvement throughout his tenure. In addition, he played a key role in defining the strategy and execution plan for the company during the most significant period of growth the company has seen in some time.

Exhibit 1: Q2FY21 Result Summary

Particulars (Rs mn)	2QFY21	2QFY20	*QoQ gr.*	1QFY21	*YoY gr.*	PIe	*Var (ACT. Vs. Est)*
Sales (USD mn)	136	131	*3.9%*	126	*8.4%*	135	*0.7%*
Sales	10,077	9,914	*1.7%*	8,846	*13.9%*	10,055	*0.2%*
EBITDA	1,658	1,464	*13.2%*	1,216	*36.3%*	1,538	*7.8%*
EBITDA Margins	*16.4%*	*14.8%*	*168bp*	*13.7%*	*270bp*	*15.3%*	*115.0*
EBIT	1,218	1,029	*18.4%*	791	*53.9%*	1,096	*11.1%*
EBIT Margins	*12.1%*	*10.4%*	*171bp*	*8.9%*	*314bp*	*10.9%*	*118.6*
PAT	1,020	900	*13.3%*	860	*18.5%*	1,040	*-1.9%*
EPS (diluted)	13.3	11.3	*18.6%*	10.8	*24.0%*	13.0	*2.6%*

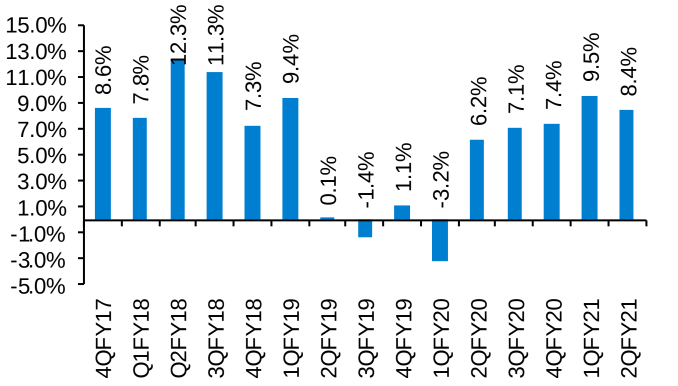
Source: Company, PL

Exhibit 2: USD revenue growth QoQ (%)



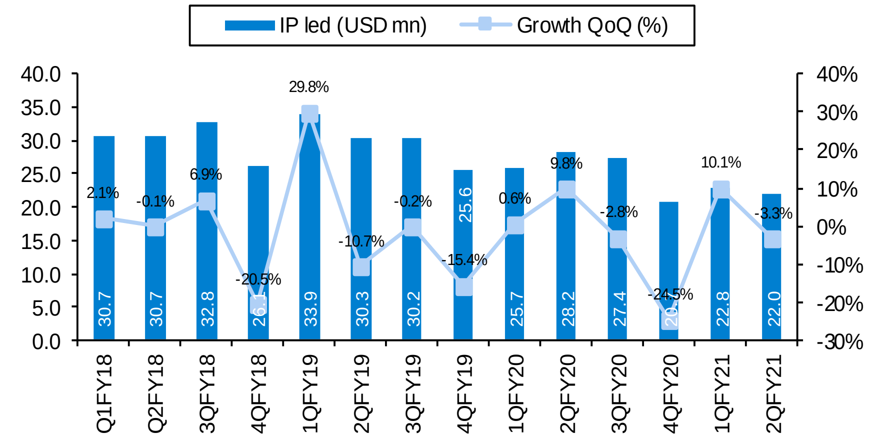
Source: Company, PL

Exhibit 3: USD revenue growth YoY (%)



Source: Company, PL

Exhibit 4: IP revenue dragging growth



Source: Company, PL

Exhibit 5: Geography-wise revenues

USD in Mn	2QFY21	1QFY21	QoQ gr.	2QFY20	YoY gr.
America	109.4	104.9	*4.3%*	101.5	*7.8%*
Europe	13.9	13.9	*0.0%*	9.9	*40.0%*
APAC	12.8	12.2	*5.0%*	14.1	*-9.0%*
Total	136.1	131.0	*4%*	125.5	*8.4%*
-as a % of sales					
America	80.4%	80.1%	*30bp*	80.9%	*-50bp*
Europe	10.2%	10.6%	*-40bp*	7.9%	*230bp*
APAC	9.4%	9.3%	*10bp*	11.2%	*-180bp*

Source: Company, PL

Exhibit 6: Revenue by Industry classification

USD in Mn	2QFY21	1QFY21	QoQ gr.	2QFY20	YoY gr.
ISV	53.0	50.5	*5%*	48.7	*8.7%*
Enterprise Digital Transformation	53.4	51.5	*4%*	44.0	*21.3%*
IP led	20.7	27.4	*-25%*	25.6	*-19.0%*
Total	127.1	129.4	*-2%*	118.3	*7.4%*
-as a % of sales					
ISV	41.7%	39.0%	*270bp*	41.2%	*50bp*
Enterprise Digital Transformation	42.0%	39.8%	*220bp*	37.2%	*480bp*
IP led	16.3%	21.2%	*-490bp*	21.6%	*-530bp*

Source: Company, PL

Exhibit 7: Revenue contribution by Geography (%)

Revenue by geography (%)	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
America	83.4%	84.4%	80.9%	79.7%	82.6%	83.7%	80.9%	82.5%	81.4%	80.1%	80.2%	80.4%	82.9%
Europe	8.5%	7.3%	8.2%	12.0%	7.5%	7.6%	7.9%	8.5%	9.9%	10.6%	8.8%	10.2%	7.6%
APAC	8.1%	8.3%	10.9%	8.3%	9.9%	8.7%	11.2%	9.0%	8.7%	9.3%	11.0%	9.4%	9.5%

Source: Company, PL

Exhibit 8: Client Metrics

Revenue by clients (%)	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Top Client	25.9%	28.0%	21.7%	23.8%	25.7%	26.3%	20.2%	23.6%	23.7%	21.5%	19.2%	17.7%	19.4%
Top 5 Clients	43.8%	46.3%	40.9%	43.8%	43.3%	45.0%	40.0%	44.6%	44.3%	42.3%	41.5%	40.8%	41.6%
Top 10 Clients	53.5%	55.3%	49.9%	53.7%	52.4%	54.6%	50.2%	52.6%	53.4%	51.1%	49.9%	49.0%	50.5%
Non Top 10 Clients	46.5%	44.7%	50.1%	46.3%	47.6%	45.4%	49.8%	47.4%	46.6%	48.9%	50.1%	51.0%	49.5%

Source: Company, PL

Exhibit 9: Other Operating Metrics

Billing rates (USD/p.p.m)	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Rest of the world	16023	16314	16662	16360	15787	16204	16846	16742	17155	16761	17276	17036	16993
India	4148	4220	4349	4333	4372	4392	4385	4427	4437	4420	4427	4308	4304
Billed person months													
Rest of the World	2,346	2,413	2,391	2,348	2,221	2,232	2,206	2,179	2,271	2,430	2,425	2,595	2,647
India	11,994	11,922	11,728	11,857	12,097	12,402	12,674	12,962	13,138	13,865	14,550	14,866	16,033
TOTAL	14,340	14,335	14,119	14,205	14,318	14,634	14,880	15,141	15,409	16,295	16,975	17,461	18,680
Others													
DSO Days	66	66	66	68	63	61	63	65	64	68	65	69	63

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
Net Revenues	**35,658**	**40,968**	**46,106**	**52,696**
YoY gr. (%)	*5.9*	*14.9*	*12.5*	*14.3*
Employee Cost	23,495	26,648	29,969	34,523
Gross Profit	12,164	14,320	16,137	18,173
Margin (%)	*34.1*	*35.0*	*35.0*	*34.5*
SG&A Expenses	-	-	-	-
Other Expenses	7,234	7,632	8,535	9,756
EBITDA	**4,929**	**6,688**	**7,602**	**8,417**
YoY gr. (%)	*(15.1)*	*35.7*	*13.7*	*10.7*
Margin (%)	*13.8*	*16.3*	*16.5*	*16.0*
Depreciation and Amortization	1,660	1,798	2,029	2,108
EBIT	**3,270**	**4,890**	**5,573**	**6,309**
Margin (%)	*9.2*	*11.9*	*12.1*	*12.0*
Net Interest	-	-	-	-
Other Income	1,254	1,249	1,400	1,400
Profit Before Tax	**4,523**	**6,139**	**6,973**	**7,709**
Margin (%)	*12.7*	*15.0*	*15.1*	*14.6*
Total Tax	1,121	1,579	1,778	1,966
Effective tax rate (%)	*24.8*	*25.7*	*25.5*	*25.5*
Profit after tax	**3,403**	**4,560**	**5,195**	**5,743**
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**3,403**	**4,560**	**5,195**	**5,743**
YoY gr. (%)	*(3.3)*	*34.0*	*13.9*	*10.5*
Margin (%)	*9.5*	*11.1*	*11.3*	*10.9*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**3,403**	**4,560**	**5,195**	**5,743**
YoY gr. (%)	*(3.3)*	*34.0*	*13.9*	*10.5*
Margin (%)	*9.5*	*11.1*	*11.3*	*10.9*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,403	4,560	5,195	5,743
Equity Shares O/s (m)	**76**	**76**	**76**	**76**
EPS (Rs)	**42.5**	**57.0**	**65.0**	**71.8**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
Non-Current Assets				
Gross Block	**15,364**	**16,164**	**16,964**	**17,764**
Tangibles	7,370	7,770	8,170	8,570
Intangibles	7,994	8,394	8,794	9,194
Acc: Dep / Amortization	**11,705**	**13,503**	**15,532**	**17,639**
Tangibles	5,145	5,775	6,485	7,223
Intangibles	6,559	7,728	9,047	10,417
Net fixed assets	**3,660**	**2,661**	**1,432**	**125**
Tangibles	2,225	1,995	1,685	1,347
Intangibles	1,435	666	(253)	(1,223)
Capital Work In Progress	870	870	870	870
Goodwill	89	89	89	89
Non-Current Investments	5,156	5,256	5,356	5,456
Net Deferred tax assets	960	960	960	960
Other Non-Current Assets	331	331	331	331
Current Assets				
Investments	5,164	5,164	5,164	5,164
Inventories	-	-	-	-
Trade receivables	5,922	6,734	7,579	8,662
Cash & Bank Balance	4,572	7,434	11,233	15,250
Other Current Assets	2,116	2,166	2,216	2,266
Total Assets	**30,923**	**34,156**	**38,119**	**42,545**
Equity				
Equity Share Capital	764	764	764	764
Other Equity	23,093	26,280	29,912	33,926
Total Networth	**23,858**	**27,045**	**30,676**	**34,690**
Non-Current Liabilities				
Long Term borrowings	46	46	46	46
Provisions	183	183	183	183
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	2,248	2,245	2,526	2,887
Other current liabilities	4,227	4,277	4,327	4,377
Total Equity & Liabilities	**30,923**	**34,156**	**38,119**	**42,545**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
PBT	4,523	6,139	6,973	7,709
Add. Depreciation	1,660	1,798	2,029	2,108
Add. Interest	(545)	(712)	(600)	(600)
Less Financial Other Income	1,254	1,249	1,400	1,400
Add. Other	287	-	-	-
Op. profit before WC changes	5,925	7,225	8,402	9,217
Net Changes-WC	(1,369)	(1,324)	(1,061)	(1,304)
Direct tax	(1,328)	(1,579)	(1,778)	(1,966)
Net cash from Op. activities	**3,228**	**4,322**	**5,562**	**5,946**
Capital expenditures	(1,144)	(800)	(800)	(800)
Interest / Dividend Income	518	712	600	600
Others	515	-	-	-
Net Cash from Invt. activities	**(111)**	**(88)**	**(200)**	**(200)**
Issue of share cap. / premium	-	-	-	-
Debt changes	35	-	-	-
Dividend paid	(2,823)	(1,140)	(1,299)	(1,436)
Interest paid	(63)	-	-	-
Others	(154)	(233)	(265)	(293)
Net cash from Fin. activities	**(3,006)**	**(1,372)**	**(1,564)**	**(1,729)**
Net change in cash	**111**	**2,862**	**3,799**	**4,018**
Free Cash Flow	2,034	3,522	4,762	5,146

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY20	FY21E	FY22E	FY23E
Per Share(Rs)				
EPS	42.5	57.0	65.0	71.8
CEPS	66.2	83.2	94.5	102.7
BVPS	312.2	353.9	401.4	453.9
FCF	26.6	46.1	62.3	67.3
DPS	11.1	14.9	17.0	18.8
Return Ratio(%)				
RoCE	13.8	19.2	19.3	19.3
ROIC	17.4	25.1	29.0	32.8
RoE	14.4	17.9	18.0	17.6
Balance Sheet				
Net Debt : Equity (x)	(0.4)	(0.5)	(0.5)	(0.6)
Debtor (Days)	61	60	60	60
Valuation(x)				
PER	28.0	20.9	18.3	16.6
P/B	3.8	3.4	3.0	2.6
P/CEPS	66.2	83.2	94.5	102.7
EV/EBITDA	16.5	11.7	9.8	8.4
EV/Sales	2.3	1.9	1.6	1.3
Dividend Yield (%)	0.9	1.3	1.4	1.6

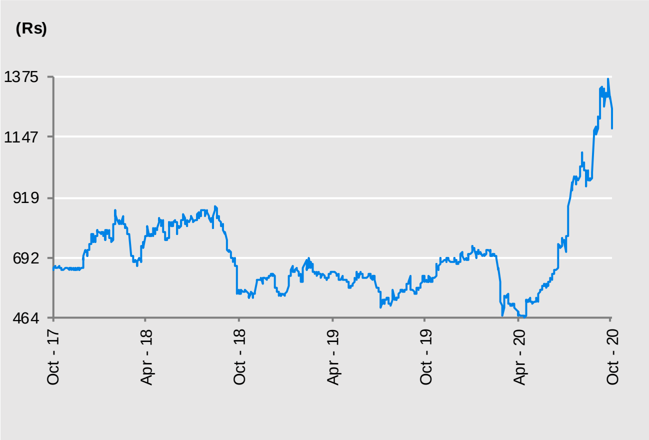
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Net Revenue	**9,227**	**9,264**	**9,914**	**10,077**
YoY gr. (%)	*6.8*	*11.4*	*19.1*	*13.9*
Raw Material Expenses	6,157	6,130	6,646	6,577
Gross Profit	3,070	3,134	3,267	3,501
Margin (%)	*33.3*	*33.8*	*33.0*	*34.7*
EBITDA	**1,234**	**1,277**	**1,464**	**1,658**
YoY gr. (%)	*(27.5)*	*0.9*	*21.8*	*36.3*
Margin (%)	*13.4*	*13.8*	*14.8*	*16.4*
Depreciation / Depletion	428	420	436	440
EBIT	**806**	**857**	**1,029**	**1,218**
Margin (%)	*8.7*	*9.2*	*10.4*	*12.1*
Net Interest	-	-	-	-
Other Income	334	274	192	157
Profit before Tax	**1,140**	**1,130**	**1,220**	**1,375**
Margin (%)	*12.4*	*12.2*	*12.3*	*13.6*
Total Tax	260	292	320	355
Effective tax rate (%)	*22.9*	*25.9*	*26.2*	*25.8*
Profit after Tax	**879**	**838**	**900**	**1,020**
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	**879**	**838**	**900**	**1,020**
YoY gr. (%)	*(4.2)*	*(0.8)*	*9.1*	*18.5*
Margin (%)	*9.5*	*9.0*	*9.1*	*10.1*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**879**	**838**	**900**	**1,020**
YoY gr. (%)	*(4.2)*	*(0.8)*	*9.1*	*18.5*
Margin (%)	*9.5*	*9.0*	*9.1*	*10.1*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**879**	**838**	**900**	**1,020**
Avg. Shares O/s (m)	80	80	80	76
EPS (Rs)	**11.0**	**10.5**	**11.3**	**13.3**

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	5-Oct-20	BUY	1,304	1,304
2	1-Oct-20	BUY	1,304	1,341
3	2-Sep-20	BUY	1,068	962
4	12-Apr-20	Reduce	447	514
5	31-Jan-20	Hold	649	692
6	3-Jan-20	Hold	616	695

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Coforge	BUY	2,784	2,457
2	Cyient	BUY	456	379
3	HCL Technologies	BUY	1,101	830
4	Hexaware Technologies	BUY	495	466
5	Infosys	BUY	1,436	1,137
6	L&T Technology Services	Accumulate	1,860	1,754
7	Larsen & Toubro Infotech	BUY	3,465	3,100
8	Mindtree	BUY	1,625	1,438
9	Mphasis	BUY	1,711	1,382
10	Persistent Systems	BUY	1,304	1,304
11	Redington (India)	BUY	146	117
12	Sonata Software	BUY	436	311
13	Tata Consultancy Services	BUY	3,200	2,736
14	TeamLease Services	BUY	2,753	2,265
15	Tech Mahindra	BUY	1,042	848
16	Wipro	BUY	415	376
17	Zensar Technologies	BUY	216	192

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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