

IT Services

Q1FY20 Result Preview

July 2, 2019

Companies covered in the report

Companies	Rating	CMP (Rs)	TP (Rs)
TCS	BUY	2,233	2,291
Infosys	Acc	732	782
Wipro	Reduce	282	242
HCL Tech	BUY	1,049	1,186
Tech M	Hold	705	690
L&T Infotech	BUY	1,714	1,947
Mindtree	Reduce	904	817
Mphasis	Acc	993	1,111
NIIT Tech	BUY	1,350	1,539
Persistent	Hold	616	621
Hexaware	Hold	385	339
Zensar	Acc	255	260
L&T Tech.	Acc	1,737	1,835
Cyient	Acc	536	621

No space for multiple expansion

We expect Q1FY20E to be a mixed quarter for Indian IT services with TCS & Infosys likely to post steady revenue growth in tier-1 & Hexaware, Mphasis, LTTS to post steady revenue growth in tier-2 IT services under our coverage universe. We expect revenue growth in CC between -0.7%-3.2% QoQ for Tier-1 IT companies. We expect TCS to deliver 3.2% QoQ CC broad-based growth across verticals & geographies. We expect Infosys to deliver steady growth of 2.5% QoQ CC with ~146 bps QoQ decline in margins led by wage hike, H-1B visa costs & INR appreciation.

We downgrade Tech M from Accumulate to Hold as we believe FY20E growth prospects for Tech M are not looking exciting due to 1) Delayed spending in 5G due to global trade wars, 2) Slowdown in enterprise business, 3) Margins at peak levels. We downgrade Wipro from Hold to Reduce as we believe Wipro will continue to underperform its peers on revenue growth at 4.3-6% for FY20-21 vs peers of 8-14%. This, along with the uncertainty on revenue growth justifies the discount to its 5-year mean, only capital allocation strategy was supporting premium multiples. While Q1 is a seasonally strong quarter for IT services, we can observe pressure on YoY revenue momentum & there are headwinds on margins such as 1) Higher onsite costs, 2) Investments in digital, 3) Rupee advantage is weakening. We have already mentioned in detail in our IT services sector report ([Clouded visibility, Tread cautiously](#)) about the headwinds of IT sector in FY20E/21E. We continue to prefer only TCS as our top pick in tier-1 & LTTS in tier-2 IT services.

- Mixed growth from tier-1 IT pack:** We expect constant currency growth of 3.2%, 2.5%, 1.6%, 1.5% & -0.7% for TCS, Infosys, Wipro, HCLT & Tech M respectively. We expect Tech M USD revenues to decline by 1% QoQ & CC revenues to decline by -0.7% QoQ due to weakness in communication segment. We expect Infosys to post CC revenue growth of 2.5% & cross currency headwind of 40bps, revenue growth will also be aided by Starter N.V deal. In HCLT, revenue from the IBM deal to accrue only 2Q onwards. We note that for Wipro revenue growth will be lower on reported basis due to divestment of Workday business that impacted revenues by US\$9mn.
- Muted growth for Tier-II IT companies:** In tier-II IT companies – Hexaware, Mphasis & LTTS are expected to deliver steady revenue growth whereas LTI Cyient, MTCL may post flat revenue growth. In LTI, growth momentum is impacted by one of its big client in BFS vertical based in US capital markets. We expect MTCL to post weak deal wins and soft TCV as uncertainty arising from LTI deal will delay client decisions.
- Pressure on margins across the pack:** Wage hike, visa costs & INR appreciation to erode margins across our coverage. Amongst large caps, we expect Infosys, Tech M & HCLT margins to erode by 146bps, 256bps & 151bps QoQ respectively. Transition costs of large deals won in past 3-4 quarters may continue to put pressure on margins of Infosys, HCLT & Tech M. We expect companies to guide cautiously on FY20E margins.

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- Outlook on FY20 spending critical, guidance unlikely to change:** We believe that growth in Tech spends in BFS clients in US & European geography will be muted as compared to last year due to trade war concerns, uncertainty on central bank policy & interest rates, Brexit related uncertainty etc. Accenture bookings & ISG contracting data also indicated weakness in deals. Infosys and HCLT provided FY2020E revenue growth guidance of 7.5-9.5% and 14-16%, respectively. Both companies cut FY2020E EBIT margin guidance band by 100 bps each. We expect both of them to retain guidance. We believe TCS will be comfortable in reaching double digit revenue growth for FY20E (FY20E: 10.6% USD revs growth YoY)

Exhibit 1: Valuation Sheet

Companies	Rating	CMP (Rs)	TP (Rs)	USD Revenue Growth			EBIT Margin			EPS (Rs)			P/E (x)		
				FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E
TCS	BUY	2,233	2,291	9.6%	10.6%	10.6%	25.6%	25.6%	25.8%	83.0	91.4	101.8	25.0	22.8	20.4
Infosys	Acc	732	782	7.9%	8.8%	8.7%	22.8%	21.5%	22.7%	35.4	35.4	42.3	21.4	21.4	18.0
Wipro	Reduce	282	242	1.6%	3.6%	5.7%	15.8%	16.0%	16.1%	14.2	15.4	16.7	18.4	17.0	15.7
HCL Tech	BUY	1,049	1,186	10.1%	15.1%	8.3%	19.6%	18.0%	18.3%	73.6	76.2	84.2	15.0	14.5	13.1
Tech M	Hold	705	690	4.2%	4.1%	7.7%	15.0%	14.3%	14.6%	48.4	48.4	53.1	16.4	16.4	14.9
L&T Infotech	BUY	1,714	1,947	19.1%	11.6%	14.7%	18.3%	17.0%	18.0%	86.7	89.0	108.2	19.8	19.3	15.8
Mindtree	Reduce	904	817	18.3%	9.6%	10.7%	12.8%	11.7%	12.1%	45.8	45.6	54.5	20.6	20.8	17.4
Mphasis	Acc	993	1,111	13.1%	11.7%	11.5%	16.1%	16.3%	16.6%	56.1	60.7	70.4	17.7	16.3	14.1
NIIT Tech	BUY	1,350	1,539	16.0%	11.9%	14.8%	14.2%	14.1%	14.5%	65.7	76.1	88.4	20.6	17.8	15.3
Persistent	Hold	616	621	2.2%	4.6%	8.0%	12.6%	13.0%	13.6%	44.0	49.2	56.5	14.3	12.8	11.2
Hexaware	Hold	385	339	11.6%	18.0%	18.3%	11.6%	18.0%	18.3%	19.3	20.5	24.0	18.6	17.5	15.0
Zensar	Acc	255	260	17.6%	14.5%	12.4%	9.8%	11.0%	11.5%	13.2	16.2	19.8	17.6	14.3	11.7
L&T Tech.	Acc	1,737	1,835	24.6%	15.0%	15.0%	16.0%	16.5%	16.8%	72.9	80.2	87.4	22.4	20.4	18.7
Cyient	Acc	536	621	8.3%	8.1%	11.5%	11.5%	11.8%	12.1%	36.6	41.7	47.8	15.9	13.9	12.1

Source: Company, PL

Exhibit 2: Change in Estimates

Company Name	USD Revenues		EBIT Margin		EPS	
	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
TCS	-0.3%	0.0%	-26 bps	0 bps	-1.2%	0.0%
Infosys	0.2%	0.2%	-124 bps	0 bps	-5.5%	-0.2%
Wipro	-1.5%	-1.6%	-1 bps	-1 bps	-1.7%	-1.4%
HCL Tech	-0.3%	-0.3%	-48 bps	0 bps	-2.4%	-0.3%
Tech M	-2.2%	-2.0%	-67 bps	-63 bps	-6.3%	-5.7%
Mindtree	-1.2%	-1.2%	-123 bps	-65 bps	-10.4%	-6.2%
Mphasis	0.0%	0.0%	-31 bps	0 bps	-6.3%	-0.1%
Hexaware	-0.7%	-0.9%	0 bps	0 bps	-0.7%	-0.9%
NIIT Tech	-2.0%	-1.9%	35bps	0 bps	-4.0%	-1.8%
LTTS	0.0%	0.0%	19 bps	0 bps	1.0%	0.0%
LTI	-1.9%	-1.9%	-47 bps	0 bps	-4.1%	-1.7%
Persistent	0.6%	0.6%	-37 bps	0 bps	-2.1%	0.7%
Cyient	-1.5%	-0.8%	-5 bps	3 bps	-2.2%	-0.9%
Zensar	0.0%	0.0%	24 bps	0 bps	2.4%	0.0%

Source: PL

Exhibit 3: Q1FY20E Preview

Company (Result Date)	Q1FY20E	Q4FY19	Q1FY19	QoQ gr.	YoY gr.	Comments
TCS (July 9)						
Revenues (US\$m)	5,541	5,397	5,051	2.7%	9.7%	We expect CC revenue growth of 3.2% & cross currency headwinds of 50bps. We expect TCS to post broad based revenue growth & expect strong deal momentum to continue. We expect EBIT margins to decline by ~90bps on account of wage hike, INR appreciation & visa cost. We will keep a watch on management commentary of BFSI vertical, outcome of budgeting cycle, growth outlook for US & European geography, progress on platform strategy.
Revenues	385,132	380,100	342,610	1.3%	12.4%	
EBITDA	99,287	100,730	90,710	-1.4%	9.5%	
EBITDA margin (%)	25.8%	26.5%	26.5%	-72 bps	-70 bps	
EBIT margin (%)	24.2%	25.1%	25.0%	-88 bps	-82 bps	
Adjusted net profit	77,462	81,260	73,400	-4.7%	5.5%	
EPS	20.7	21.7	19.2	-4.7%	7.7%	
Infosys (July 12)						
Revenues (US\$m)	3,124	3,060	2,831	2.1%	10.3%	We expect CC revenue growth of 2.5% & cross currency headwind of 40bps, revenue growth will also be aided by Starter N.V deal. We expect EBIT margin to decline by ~146 bps to 20% due to wage revision of ~80% of employees, rupee appreciation impact, higher H-1 B visa applications. We expect FY20E EBIT margins for Infosys at lower band of ~21.5%. We expect investor to focus on BFSI revenue growth momentum, commentary on demand acceleration, talent strategy in US & attrition rate.
Revenues	217,300	215,390	191,280	0.9%	13.6%	
EBITDA	47,806	51,490	49,730	-7.2%	-3.9%	
EBITDA margin (%)	22.0%	23.9%	26.0%	-191 bps	-400 bps	
EBIT margin (%)	20.0%	21.4%	23.7%	-146 bps	-374 bps	
Adjusted net profit	34,271	40,740	36,120	-15.9%	-5.1%	
EPS	7.9	9.4	8.3	-15.9%	-5.2%	
HCLT (Aug 2nd Week)						
Revenues (US\$m)	2,304	2,278	2,055	1.1%	12.1%	We expect CC revenue growth of 1.5% & cross currency headwinds of 40bps. There is a delay in closure of acquisition of select IBM products by a month. (expected date of end was May 2019) so revenue from IBM deal will be recognized in next quarter. Management had expected organic revenue growth to be back-ended in FY20. We expect HCLT margins to decline by ~150bps QoQ on accounts of investments done in digital, people, infrastructure & systems. We expect the company to retain 14-16% revenue growth guidance despite delay in the acquisition by a month. We also expect the company to retain organic revenue growth guidance of 7-9% and EBIT margin guidance of 18.5-19.5%.
Revenues	160,123	159,900	138,780	0.1%	15.4%	
EBITDA	35,227	35,970	32,260	-2.1%	9.2%	
EBITDA margin (%)	22.0%	22.5%	23.2%	-50 bps	-125 bps	
EBIT margin (%)	17.5%	19.0%	19.7%	-151 bps	-217 bps	
Adjusted net profit	23,085	25,680	30,260	-10.1%	-23.7%	
EPS	17.0	18.9	17.3	-10.1%	-1.4%	
Wipro (July 17)						
IT Revenue (US\$ m)	2,055	2,076	1,989	-1.0%	3.3%	We expect CC revenue growth of 0.4% & cross currency headwinds of 60bps. Wipro has guided -1%- +1% growth for Q1FY20E. We expect EBIT margin to fall ~110 bps on account of wage hike, visa cost & rupee appreciation. We expect Wipro to guide revenue growth of 0.5%-2.5% for Q2FY20E. We expect investor to focus on sustainability of margins & performance of its key verticals.
Revenues	146,393	150,063	139,777	-2.4%	4.7%	
EBITDA	29,015	32,929	24,949	-11.9%	16.3%	
EBITDA margin (%)	19.8%	21.9%	17.8%	-212 bps	197 bps	
EBIT	23,220	25,458	20,006	-8.8%	16.1%	
EBIT margin (%)	15.9%	17.0%	14.3%	-110 bps	155 bps	
Adjusted net profit	20,891	24,833.0	21,206	-15.9%	-1.5%	
EPS	3.7	4.1	3.5	-11.2%	3.9%	
Tech M (July 30)						
Revenues (US\$m)	1,255	1,268	1,224	-1.0%	2.5%	We expect Tech M USD revenues to decline by 1% QoQ & CC revenues to decline by -0.7% QoQ. We have built revenue decline of 3.5% QoQ USD in communication segment due to Comviva seasonality & flat growth 0.7% QoQ USD in enterprise vertical. We expect EBITDA margin to fall by 260bps QoQ to 15.8% due to 1) Wage hike (impact of ~100bps QoQ), 2) Visa Cost (~40bps), 3) Comviva seasonality (impact of ~100bps QoQ), 4) INR appreciation, 5) large deal transition cost. We expect EBIT margins of 14.3% for FY20E decline of 67bps YoY. We expect investor to focus on large deal momentum, impact of trade war on communication business, enterprise revenue growth momentum.
Revenues	87,217	88,923	82,763	-1.9%	5.4%	
EBITDA	13,802	16,387	13,569	-15.8%	1.7%	
EBITDA margin (%)	15.8%	18.4%	16.4%	-260 bps	-57 bps	
EBIT margin (%)	12.8%	15.4%	13.0%	-256 bps	-18 bps	
Adjusted net profit	9,406	11,325	8,979	-16.9%	4.8%	
EPS	10.6	12.7	10	-16.9%	4.8%	
Mindtree (July 17)						
Revenues (US\$m)	265	262	242	1.0%	9.5%	We expect flat growth of 1% QoQ USD (1.2% QoQ CC) from MTCL on account from pressure from top client & disturbance from LTI's bid. We expect EBIT margins to decline ~150bps QoQ, due to the impact of wage hikes, visa costs and INR appreciation. We expect weak deal wins and soft TCv as uncertainty arising from LTI deal will delay client decisions. We expect investor to focus on growth outlook from top clients, management changes due to LTI acquisition, clarity over integration of verticals & business.
Revenues	18,402	18,394	16,395	0.0%	12.2%	
EBITDA	2,508	2,803	2,310	-10.5%	8.6%	
EBITDA margin (%)	13.6%	15.2%	14.1%	-161 bps	-46 bps	
EBIT margin (%)	11.4%	12.9%	11.6%	-149 bps	-23 bps	
Adjusted net profit	1,657	1,984	1,582	-16.5%	4.8%	
EPS	10.1	12.1	9.6	-16.4%	4.7%	

Company (Result Date)	Q1FY20E	Q4FY19	Q1FY19	QoQ gr.	YoY gr.	Comments
Mphasis (July 25)						
Revenues (US\$m)	300	292	269	2.9%	11.7%	We expect CC revenue growth of 3.2% & cross currency tailwind of 30bps. We expect revenue growth will be driven by strong 4Q exit growth & DXC channel. We expect a marginal decline in margins by ~22bps QoQ led by wage hike and INR appreciation. We expect hedge gains will be a material margin lever from Q2FY20. We expect investor to focus on BFS vertical outlook, growth outlook for DXC/HP channel, TCV of deal wins.
Revenues	21,158	20,250	18,202	4.5%	16.2%	
EBITDA	3,602	3,404	3,221	5.8%	11.8%	
EBITDA margin (%)	17.0%	16.8%	17.7%	22 bps	-67 bps	
EBIT margin (%)	15.6%	15.8%	16.7%	-22 bps	-111 bps	
Adjusted net profit	2,681	2,662	2,603	0.7%	3.0%	
EPS	13.7	13.8	13.2	-0.5%	3.5%	
Hexaware (Aug 8)						
Revenues (US\$m)	189	180	162	4.9%	16.4%	We expect HEX to post organic growth of 3% QoQ USD & including Mobiquity growth of 4.9% QoQ USD. We expect Mobiquity to contribute US\$ 3.4mn in HEX revenues. We expect HEX to post CC growth of 5.1% QoQ with cross currency headwinds of 20bps. We expect EBIT margins to decline by ~28bps on account of visa costs & INR appreciation. We expect investor to focus on TCV of new deal wins, integration of Mobiquity, BFS vertical outlook, top client growth, higher attrition.
Revenues	13,310	12,640	10,490	5.3%	26.9%	
EBITDA	2,063	1,930	1,719	6.9%	20.0%	
EBITDA margin (%)	15.5%	15.3%	16.4%	23 bps	-89 bps	
EBIT margin (%)	13.5%	13.8%	14.1%	-28 bps	-59 bps	
Adjusted net profit	1,443	1,385	1,343	4.2%	7.4%	
EPS	4.8	4.6	4.5	4.2%	6.6%	
LTI (July 17)						
Revenues (US\$m)	357	354	309	1.0%	15.6%	We expect flat revenue growth of 1% QoQ USD (1.2% CC QoQ) growth & cross currency headwind of ~20bps. We expect organic growth ~0.5% QoQ USD. Revenue growth is likely to be impacted mainly due to 1) pressure on top client in BFS based in US, 2) June is a seasonally weak quarter. We expect ~217bps decline in EBIT margins mainly due to 1) ~100 bps impact from H1B visa cost, 2) ~90 bps impact from investment in sales, 3) ~20-30 bps impact from INR appreciation. Margins will remain soft in Q2 also as its a wage hike quarter. We expect recovery in 2HFY20. We expect investor to focus on growth outlook of large client in BFS based in US, large deal momentum, implications of LTI-MTCL deal & demand environment in BFS in US.
Revenues	25,192	24,860	20,012	1.3%	25.9%	
EBITDA	4,283	4,283	3,536	0.0%	21.1%	
EBITDA margin (%)	17.0%	19.2%	17.7%	-217 bps	-67 bps	
EBIT margin (%)	15.5%	17.7%	15.9%	-217 bps	-37 bps	
Adjusted net profit	3,451	3,787	2,893	-8.9%	19.3%	
EPS	19.7	21.7	16.5	-9.4%	19.2%	
NIIT Tech (July 23)						
Revenues (US\$m)	140	135	121	3.5%	15.0%	We expect CC revenue growth of 3.2% & cross currency tailwind of 30bps. Margin to decline due to INR appreciation & investments. We expect order intake to be at US\$150mn. Organic growth will be led by insurance & travel vertical, BFS expected to remain tepid.
Revenues	9,770	9,717	7,888	0.5%	23.9%	
EBITDA	1,807	1,805	1,418	0.1%	27.5%	
EBITDA margin (%)	18.5%	18.6%	18.0%	-8 bps	52 bps	
EBIT margin (%)	16.1%	15.4%	16.0%	72 bps	13 bps	
Adjusted net profit	1,052	1,002	861	5.0%	22.2%	
EPS	17.1	16.3	14.0	5.0%	22.2%	
LTTS (Aug 1st Week)						
Revenues (US\$m)	197	191	169	3.0%	16.7%	We expect USD revenues to increase by 3% QoQ despite the ~2.6% revenue impact from client specific ramp-down in the hi-tech vertical. We expect CC revenue growth of 3.3% with cross currency headwinds of 30 bps. We expect EBIT margin to decline by 25bps due to wage hike and INR appreciation.
Revenues	13,891	13,431	11,522	3.4%	20.6%	
EBITDA	2,542	2,492	1,961	2.0%	29.6%	
EBITDA margin (%)	18.3%	18.6%	17.0%	-25 bps	128 bps	
EBIT margin (%)	16.3%	16.5%	14.8%	-25 bps	150 bps	
Adjusted net profit	2,038	1,924	1,981	5.9%	2.9%	
EPS	19.2	18.1	18.7	6.1%	2.7%	
Cyient (July 18)						
Revenues (US\$m)	166	165	161	0.8%	3.5%	We expect just 0.8% USD QoQ growth from Cyient due to delays in deal ramp-ups in A&D & communication segments. We expect EBIT margin to decline ~91bps QoQ on account of wage hike, INR appreciation, investment in business.
Revenues	11,569	12,438	12,547	-7.0%	-7.8%	
EBITDA	1,631	1,751	1,316	-6.8%	24.0%	
EBITDA margin (%)	14.1%	15.1%	12.2%	-96 bps	191 bps	
EBIT margin (%)	11.9%	12.8%	9.5%	-91 bps	235 bps	
Adjusted net profit	1,160	1,769	815	-34.4%	42.3%	
EPS	10.5	15.7	7.3	-33.0%	43.7%	

Company (Result Date)	Q1FY20E	Q4FY19	Q1FY19	QoQ gr.	YoY gr.	Comments
Persistent (July 25)						
Revenues (US\$m)	122	118	124	3.2%	-1.3%	
Revenues	8,482	8,319	8,342	2.0%	1.7%	We expect PSYS' to post 3.2% QoQ USD revenue growth which will be mainly led by IP led business due to IBM seasonality. EBITDA margin in Q4FY19 adjusted for the Rs183mn provision related to IL&FS was 17.4%. We expect headwinds from wage hike, INR appreciation, visa cost on margins. We expect investors to focus on new CEO progress on outlined strategy.
EBITDA	1,442	1,266	1,401	13.9%	2.9%	
EBITDA margin (%)	17.0%	15.2%	16.8%	179 bps	21 bps	
EBIT margin (%)	12.2%	10.7%	12.0%	152 bps	21 bps	
Adjusted net profit	908	845	874	7.4%	3.9%	
EPS	11.3	10.6	10.9	7.4%	3.9%	
Zensar (Aug 6)						
Revenues (US\$m)	155	150	135	3.0%	14.5%	We expect Zensar to post USD revenue growth of 3% QoQ and 14.5% YoY. We expect margins to decline ~43bps on account of wage hike, onsite salary, visa cost & large deal transition cost.
Revenues	10,755	10,625	9,116	1.2%	18.0%	
EBITDA	1,291	1,321	1,233	-2.3%	4.7%	
EBITDA margin (%)	12.0%	12.4%	13.5%	-43 bps	-152 bps	
EBIT margin (%)	10.0%	10.1%	11.5%	-7 bps	-150 bps	
Adjusted net profit	791	829	822	-4.6%	-3.8%	
EPS	3.6	3.7	3.7	-2.9%	-2.7%	

Source: Company, PL

Exhibit 4: Currency Movements

	USD/INR	GBP/INR	EUR/INR	EUR/USD	GBP/USD	AUD/USD	JPY/USD
Average Q1FY20	69.6	89.4	78.2	1.1	1.3	0.7	0.0
Average Q4FY19	70.5	91.7	80.1	1.1	1.3	0.7	0.0
Change (%)	1.3	2.6	2.5	1.1	1.3	1.8	(0.2)

Source: Bloomberg, PL

Exhibit 5: Model Sheet

Company Name	Market Cap	Rating	TP (Rs)	Target Multiple	USD Revenue Growth CAGR (FY19E-21E)	EPS Growth CAGR (FY19E-21E)
Tier 1 Companies						
TCS	8,181.6	BUY	2,291	22.5x	10.6%	10.7%
Infosys	3,213.4	Acc	782	18.5x	8.8%	9.2%
Wipro	1,772.1	Reduce	242	14.5x	4.9%	8.2%
HCL Tech	1,484.8	BUY	1,186	14x	11.7%	7.0%
Tech M	665.6	Hold	690	13x	5.9%	4.7%
Tier 2 Companies						
LTI	311.1	BUY	1,947	18x	13.1%	11.7%
Mindtree	159.2	Reduce	817	15x	10.1%	9.0%
NIIT Tech	81.7	BUY	1,539	17x	13.3%	16.0%
Persistent	48.4	HOLD	621	11x	6.3%	13.3%
LTTS	174.5	Acc	1,835	21x	15.0%	9.5%
Cyient	63.4	Acc	621	13x	8.0%	4.3%
Mphasis	184.7	Acc	1,111	15x	11.6%	12.0%
Hexaware	102.2	Reduce	339	14x	18.2%	11.4%
Zensar	56.9	Acc	260	13x	13.5%	22.3%

Source: Company, PL

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Cyient	Accumulate	621	563
2	HCL Technologies	BUY	1,186	1,080
3	Hexaware Technologies	HOLD	339	345
4	Infosys	Accumulate	782	739
5	L&T Technology Services	Accumulate	1,835	1,678
6	Larsen & Toubro Infotech	BUY	1,981	1,809
7	Mindtree	Reduce	873	970
8	Mphasis	Accumulate	1,111	955
9	NIIT Technologies	BUY	1,539	1,322
10	Persistent Systems	HOLD	618	611
11	Redington (India)	BUY	114	101
12	Sonata Software	Accumulate	400	357
13	Tata Consultancy Services	BUY	2,312	2,182
14	TeamLease Services	HOLD	3,203	2,900
15	Tech Mahindra	Accumulate	788	751
16	Wipro	Hold	247	295
17	Zensar Technologies	Accumulate	260	253

PL's Recommendation Nomenclature

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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