

# IT Services

## Q2FY20 Preview

October 1, 2019

### Companies covered in the report

Companies	Rating	CMP (Rs)	TP (Rs)
TCS	BUY	2,097	2,273
Infosys	Acc	804	783
Wipro	Reduce	240	236
HCL Tech	BUY	1,079	1,210
Tech M	Reduce	716	619
L&T Infotech	Acc	1,509	1,665
Mindtree	Reduce	705	687
Mphasis	Acc	955	1,038
NIIT Tech	Acc	1,395	1,445
Persistent	Hold	570	534
Hexaware	Hold	382	347
Zensar	Acc	219	249
L&T Tech.	Acc	1,515	1,709
Cyient	Hold	465	507

### Not a Beta play ahead, Play Selectively!

*We expect Q2FY20E to be a steady quarter for Indian IT services with Infosys, HCLT & TCS likely to post steady revenue growth in tier-1 & Hexaware, NIIT Tech, Persistent to post steady revenue growth in tier-2 IT services under our coverage universe. We expect revenue growth in CC between 1.3-6.5% QoQ for Tier-1 IT companies. Q2 is a seasonally strong quarter but YoY revenue momentum will be muted for most of the IT companies & deal closure will be muted due to uncertain global environment. We expect cautious outlook on financial services to continue in 2QFY20E. We expect little change in pricing commentaries with continued pressure on legacy business but stable deal flow momentum from digital business. All global currencies have been depreciated against USD which will imply cross currency headwinds of 30-70bps under our coverage.*

*We expect revenue guidance to improve for HCLT & Infosys led by strong past large deal wins which helps to provide visibility ahead. Strong revenue growth in Infosys will be aided by ramp up of deals & broad based growth. HCLT revenue growth will be benefited by completion of acquisition of select IBM products. TCS revenue growth & Outlook will be challenged by headwinds coming from Europe BFSI. Tech M growth will be aided by communication vertical (2.3% QoQ) but flat growth in enterprise vertical (0.9% QoQ) will negate it. We expect Hexaware to be a leader in revenue growth performance in Tier-2 pack followed by NIIT Tech & Persistent. We expect margins to improve sequentially across our coverage companies led by absence of visa cost, wage hike & INR depreciation. We continue to remain watchful on overall demand environment and as US is entering elections with continued uncertainty around trade war may create headwinds for tech spends of US BFSI. Prefer HCLT on GARP basis.*

- Mixed growth from tier-1 IT pack, weakness in BFSI vertical may continue:** We expect constant currency growth of 3.2%, 3.6%, 1.3% & 6.5% & 2.2% for TCS, Infosys, Wipro, HCLT & Tech M respectively. We expect moderation in growth for TCS due to client specific hurdles in Europe BFSI. We will focus on order bookings & whether it will be sufficient for TCS to post double digit growth in FY20E. We expect Infosys to post a well-balanced broad-based growth in Q2FY20E led by large deal ramp up & Revenue growth will also be aided by Starter N.V deal(50bps). Despite a seasonally strong quarter, Wipro will likely disappoint with 1.3% QoQ revenue growth, at the mid-point of 0-2% guidance for Q2FY20E. Revenue growth for HCLT will be powered by completion of acquisition of select IBM products. We expect fair growth from Tech M led by weakness in Enterprise vertical.
- Hexaware, NIIT Tech & Persistent to post strong growth in Tier-2 pack:** In tier-II IT companies – Hexaware, NIIT Tech & Persistent are expected to deliver steady revenue growth. Hexaware revenue growth will be aided by Mubiquity acquisition also(US\$20mn). We expect modest revenue growth in LTI due to weakness in key clients. NIIT Tech will post strong growth aided by organic & inorganic component. Growth in Cyient will be led by DLM.

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- Structural factors will lead to YoY decline in profitability:** We expect margins to improve sequentially across our coverage companies led by absence of visa cost, wage hike & INR depreciation. We have observed steady increase of sub-contractors in past quarters on the lack of limited supply in US geography & we will continue to see pressure building up in margins due to higher sub-contracting cost. We have seen good deal wins in past quarters & we expect large deal transitions cost to affect margins in coming quarters.
- Infosys, HCTL may revise guidance upwards, rest no positive surprise:** We expect revenue guidance to improve for HCLT & Infosys led by strong past large deal wins which helps to provide visibility ahead. We expect Infosys to raise its **guidance to 9-10% from (8.5-10% YoY) for FY20E** CC terms. We expect HCL Tech to increase its organic guidance from **8-10% to 9-11% for FY20E CC terms**. We expect Wipro to guide revenue growth of 0%-2% for Q3FY20E. We expect Hexaware 19% YoY growth & LTTS 12-14% YoY growth guidance to be maintained for FY20E. We believe continued pressure building up from Europe BFSI will make TCS double digital revenue growth challenging. 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.

**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	2,097	2,273	9.6%	9.4%	10.7%	25.6%	25.6%	25.8%	83.0	92.1	101.0	25.3	22.8	20.8
Infosys	Acc	804	783	7.9%	9.8%	9.1%	22.8%	21.3%	22.7%	35.4	36.8	42.3	22.7	21.8	19.0
Wipro	Reduce	240	236	1.6%	1.9%	5.3%	15.8%	16.5%	16.6%	14.2	15.3	16.3	16.9	15.7	14.7
HCL Tech	BUY	1,079	1,210	10.1%	16.0%	8.3%	19.6%	18.8%	18.6%	73.6	77.7	86.5	14.7	13.9	12.5
Tech M	Reduce	716	619	4.2%	3.4%	6.2%	15.0%	13.8%	13.9%	48.4	47.3	51.5	14.8	15.2	13.9
L&T Infotech	Acc	1,509	1,665	19.1%	8.6%	11.3%	18.3%	16.4%	17.0%	86.7	82.5	97.9	17.4	18.3	15.4
Mindtree	Reduce	705	687	18.3%	9.1%	9.2%	12.8%	10.1%	10.8%	45.8	39.2	49.0	15.4	18.0	14.4
Mphasis	Acc	955	1,038	13.1%	10.4%	11.6%	16.1%	15.8%	16.6%	56.1	59.1	69.2	17.0	16.1	13.8
NIIT Tech	Acc	1,395	1,445	16.0%	12.4%	13.0%	14.2%	13.2%	14.5%	65.7	71.2	90.3	21.2	19.6	15.4
Persistent	Hold	570	534	2.2%	4.5%	8.7%	12.6%	10.1%	11.0%	44.0	42.0	48.5	13.0	13.6	11.7
Hexaware	Hold	382	347	11.6%	18.0%	18.4%	15.2%	14.8%	14.0%	19.3	21.5	24.8	19.8	17.7	15.4
Zensar	Acc	219	249	16.6%	12.6%	10.7%	10.3%	11.0%	11.0%	13.7	16.1	19.2	16.0	13.6	11.4
L&T Tech.	Acc	1,515	1,709	24.6%	12.9%	14.3%	16.0%	16.8%	16.8%	72.9	79.6	85.4	20.8	19.0	17.7
Cyient	Hold	465	507	8.7%	0.0%	8.9%	11.5%	10.9%	11.5%	43.5	39.7	42.2	10.7	11.7	11.0

Source: Company, PL

**Exhibit 2: QoQ Revenue growth estimates of IT Companies**

Company	QoQ USD growth	QoQ CC growth	CC Headwinds
TCS	2.5%	3.2%	72bps
Infosys	3.0%	3.6%	58bps
Wipro	0.6%	1.3%	65bps
HCL Tech	5.8%	6.5%	70bps
Tech Mahindra	1.5%	2.2%	70bps
Hexaware	12.8%	13.2%	35bps
LTI	1.0%	1.4%	40bps
Mphasis	2.4%	2.7%	30bps
Mindtree	1.6%	2.0%	40bps
NIIT Tech	5.0%	5.4%	35bps

Source: Company, PL

**Exhibit 3: Q2FY20E Preview**

Company	Q2FY20E	Q1FY20	Q2FY19	QoQ gr.	YoY gr.	Comments
<b>TCS (Oct 10)</b>						
Revenues (US\$m)	5,624	5,485	5,215	2.5%	7.8%	We expect TCS to post CC revenue growth of 3.2% & cross currency headwinds of 72bps. We expect moderation in revenue growth due client specific issues in BFSI vertical in European geography.
Revenues	395,366	381,720	368,540	3.6%	7.3%	
EBITDA	107,461	100,370	102,780	7.1%	4.6%	We expect margin expansion of 150bps driven by rupee depreciation, offset of wage hike & visa seasonality. YoY decline in margin is due to limited talent supply & increase in cost structure in US.
EBITDA margin (%)	27.2%	26.3%	27.9%	89 bps	-71 bps	
EBIT margin (%)	25.6%	24.2%	26.5%	149 bps	-87 bps	We expect deal closure to be soft due to volatile macro environment.
Adjusted net profit	85,427	81,310	79,010	5.1%	8.1%	We expect investor to focus on 1) Commentary of European BFSI vertical 2) Outlook of double digit growth, 3) Update on product platform , 4) Revenue conversion of past deals
EPS	22.8	21.7	20.5	5.1%	11.0%	
<b>Infosys (Oct 12)</b>						
Revenues (US\$m)	3,223	3,131	2,921	3.0%	10.4%	We expect CC revenue growth of 3.6% & cross currency headwind of 58 bps; revenue growth will also be aided by Starter N.V deal(50bps).
Revenues	226,604	218,030	206,090	3.9%	10.0%	
EBITDA	54,385	51,520	53,580	5.6%	1.5%	We expect margin to expand by 103bps QoQ due to benefit of INR depreciation, visa cost tailwind & wage hike absorption.
EBITDA margin (%)	24.0%	23.6%	26.0%	37 bps	-200 bps	We expect Infosys to raise its guidance to 9-10% from (8.5-10% YoY) for FY20E. Strong large deal momentum will help to raise the guidance.
EBIT margin (%)	21.5%	20.5%	23.7%	103 bps	-221 bps	
Adjusted net profit	39,367	37,980	41,100	3.7%	-4.2%	We expect investor to focus on 1) Commentary of US & European BFSI vertical 2) Attrition levels are still high , 3) TCV pipeline momentum , 4) Revenue conversion of past deals, 4) benefits on margin due to localization efforts.
EPS	9.1	8.8	9.4	3.7%	-3.2%	

Company	Q2FY20E	Q1FY20	Q2FY19	QoQ gr.	YoY gr.	Comments
<b>HCLT (Oct 23)</b>						
Revenues (US\$m)	2,501	2,364	2,099	5.8%	19.2%	We expect CC revenue growth of 6.5% & cross currency headwinds of 70bps. Revenue growth will be driven by ramp up of IBM deal & we expect 0.8% organic revenue growth. Organic revenue growth is muted due to high base of earlier quarter. (3.8%: Q1FY20) We expect strong commentary on IMS vertical.
Revenues	175,824	164,270	148,610	7.0%	18.3%	
EBITDA	41,143	34,020	34,990	20.9%	17.6%	We expect EBIT margin to move back to 18.5-19.5% range as in Q1FY20 margins were hit by investments in IBM deal (17.1%). We expect margin to expand by 181bps QoQ due to benefit of INR depreciation, visa cost tailwind wage hike absorption & absence of IBM deal translation cost.
EBITDA margin (%)	23.4%	20.7%	23.5%	269 bps	-14 bps	
EBIT margin (%)	18.9%	17.1%	20.0%	181 bps	-106 bps	We expect HCL Tech to increase its organic guidance from 8-10% to 9-11% for FY20E.
Adjusted net profit	26,679	22,220	25,400	20.1%	5.0%	We expect investor to focus on 1) Commentary on organic growth, 2) Revenue conversion from earlier won transformational deal (78: FY19 & 12: Q1FY20), 3) Outlook for product business, 4) Outlook on Margins for products, as seasonality will help overall margins go north in Q3 also.
EPS	19.7	16.4	18.2	20.1%	8.1%	
<b>Wipro (Oct 17)</b>						
IT Revenue (US\$ m)	2,050	2,038	2,010	0.6%	2.0%	We expect CC revenue growth of 1.3% & cross currency headwinds of 70bps. We expect EBIT margin to decline due to wage hikes. We expect Wipro to guide revenue growth of 0%-2% for Q3FY20E.
Revenues	147,409	147,161	145,410	0.2%	1.4%	
EBITDA	29,447	32,929	24,330	-10.6%	21.0%	
EBITDA margin (%)	20.0%	22.4%	16.7%	-240 bps	324 bps	
EBIT	24,944	25,373	20,616	-1.7%	21.0%	We expect cautious commentary from management on US & Europe BFSI vertical.
EBIT margin (%)	16.9%	17.2%	14.2%	-32 bps	274 bps	
Adjusted net profit	22,537	23,874.0	18,889	-5.6%	19.3%	We expect investor to focus on 1) Sustainably of growth, 2) Commentary on Financial vertical, 3) Margin guidance in the absence of revenue growth
EPS	3.7	4.0	3.1	-5.6%	19.2%	
<b>Tech M (Nov 4)</b>						
Revenues (US\$m)	1,266	1,247	1,218	1.5%	4.0%	We expect Tech M USD revenues to increase by 1.5% QoQ & CC revenue growth by 1.8% QoQ. Cross currency headwinds of 30 bps. We have built revenue growth of 2.3% QoQ USD in communication segment & flat growth 0.9% QoQ USD in enterprise vertical. We expect margins sequentially expand this qtr by 107bps led by absence of wage hike & visa cost & INR depreciation. We expect large deal transition cost (AT&T) to mute margin expansion in FY20E.
Revenues	89,027	86,530	86,298	2.9%	3.2%	
EBITDA	14,280	13,141	16,186	8.7%	-11.8%	
EBITDA margin (%)	16.0%	15.2%	18.8%	85 bps	-272 bps	
EBIT margin (%)	12.5%	11.5%	15.3%	107 bps	-280 bps	We expect investor to focus on 1) Revenue conversion of telecom deals, 2) large deal pipeline, 3) margin forecast for FY20 as we believe that large deal transition cost will hit the margin from Q3FY20, 4) Outlook on Enterprise vertical, Manufacturing & BFSI.
Adjusted net profit	9156	9593	10642	-4.6%	-14.0%	
EPS	10.4	10.9	11.9	-4.6%	-12.9%	

Company	Q2FY20E	Q1FY20	Q2FY19	QoQ gr.	YoY gr.	Comments
<b>Mindtree (Oct 16)</b>						
Revenues (US\$m)	268	264	246	1.6%	8.9%	We expect growth of 1.6% QoQ USD (2 % QoQ CC) from MTCL on account of broad-based growth & top client. We expect CC headwinds of 40bps. Last quarter margin was very low at 6.4% as there was a onetime bonus which hit the margin by 260bps & also there was visa cost which affected the margin by 30bps. We expect EBIT margin to increase by 280bps led by INR depreciation & absence of above one off items. We also expect ~100bps impact of wage hike in this quarter also. TCV will be muted as compared to last quarter due to high base but we expect YoY improvement in TCV. We expect investor to focus on 1) Growth outlook of top client, 2) margin outlook, 3) management strategy for next 2 years
Revenues	18,880	18,342	17,554	2.9%	7.6%	
EBITDA	2,247	1,841	2,699	22.1%	-16.7%	
EBITDA margin (%)	11.9%	10.0%	15.4%	187 bps	-347 bps	
EBIT margin (%)	9.2%	6.4%	13.1%	283 bps	-386 bps	
Adjusted net profit	1,393	927	2,062	50.3%	-32.5%	
EPS	8.5	5.6	12.6	50.3%	-32.5%	
<b>Mphasis (Last week of Oct)</b>						
Revenues (US\$m)	304	297	276	2.4%	10.3%	We expect CC revenue growth of 2.7% & cross currency tailwind of 30bps. We expect a marginal decline in margins by ~48bps QoQ led by increase in sub-con cost. We expect investor to focus on BFS vertical outlook, growth outlook for DXC/HP channel, TCV of deal wins. We expect investor to focus on 1) Large deal pipeline, 2) Revenue outlook from Blackstone portfolio, 3) Outlook for DXC channel
Revenues	21,382	20,626	19,149	3.7%	11.7%	
EBITDA	3,426	3,743	3,329	-8.5%	2.9%	
EBITDA margin (%)	16.0%	18.1%	17.4%	-212 bps	-136 bps	
EBIT margin (%)	15.0%	15.5%	16.4%	-48 bps	-142 bps	
Adjusted net profit	2,704	2,647	2,709	2.2%	-0.2%	
EPS	13.8	14.2	13.8	-2.7%	-0.2%	
<b>Hexaware (Last week of Oct)</b>						
Revenues (US\$m)	213	189	171	12.8%	24.3%	We expect strong revenue growth by Hexaware in Q2FY20E led by Mobiquity. We expect organic revenue growth of 5%. Mobiquity acquisition will likely contribute US\$20 mn in Q1FY20. We expect EBIT margin of 14.6% (adjusted margins for Q2CY19: 13.3%). 2QCY19 had one-off margin headwinds from visa costs and US\$2.4 mn transaction cost for Mobiquity acquisition. New deal win and margin commentary would be key monitorables
Revenues	14,996	13,083	12,096	14.6%	24.0%	
EBITDA	2,474	2,158	2,117	14.7%	16.9%	
EBITDA margin (%)	16.5%	16.5%	17.5%	1 bps	-100 bps	
EBIT margin (%)	14.5%	14.6%	15.4%	-8 bps	-88 bps	
Adjusted net profit	1,778	1,513	1,722	17.5%	3.2%	
EPS	5.9	5.0	5.7	17.5%	3.3%	
<b>Zensar (Oct 21)</b>						
Revenues (US\$m)	157	153	138	2.5%	13.8%	We expect Zensar to post USD revenue growth of 2.5% QoQ and 13.8% YoY. We expect margins to decline due to wage hike, large deal transition cost which will be offset by INR depreciation & offset of visa cost.
Revenues	11,051	10,663	9,486	3.6%	16.5%	
EBITDA	1,426	1,515	1,275	-5.9%	11.8%	
EBITDA margin (%)	12.9%	14.2%	13.4%	-131 bps	-54 bps	
EBIT margin (%)	10.4%	10.7%	11.1%	-25 bps	-67 bps	
Adjusted net profit	874	788	952	11.0%	-8.1%	
EPS	3.9	3.6	4.3	10.6%	-8.6%	
<b>NIIT Tech (Oct 23)</b>						
Revenues (US\$m)	145	139	132	5.0%	10.1%	We expect USD revenue growth of 5% & CC growth of 5.2% in Q2FY20E. We expect order intake to Deal wins likely to be slower than previous quarter. Organic growth will be led by insurance & travel vertical, BFS expected to remain tepid. We expect margin to expand due to absence of visa cost & wage hike & INR depreciation.
Revenues	10,254	9,627	9,074	6.5%	13.0%	
EBITDA	1,589	1,389	1,634	14.4%	-2.7%	
EBITDA margin (%)	15.5%	14.4%	18.0%	107 bps	-251 bps	
EBIT margin (%)	12.0%	10.3%	14.5%	174 bps	-249 bps	
Adjusted net profit	958	877	1,118	9.2%	-14.3%	
EPS	15.6	14.3	18.2	9.2%	-14.3%	
<b>LTTS (Last week of Oct)</b>						
Revenues (US\$m)	200	194	177	3.0%	12.7%	We expect USD revenues to increase by 3% QoQ & 3.6% CC QoQ. We expect EBIT margin to decline by 74bps due to wage hike which will be offset by INR depreciation. We expect investor to focus on management commentary on semiconductor vertical & outlook for ER&D for FY20E/21E. We expect guidance for FY20 likely to be retained at 12-14% YoY growth
Revenues	14,046	13,475	12,661	4.2%	10.9%	
EBITDA	2,739	2,727	2,288	0.4%	19.7%	
EBITDA margin (%)	19.5%	20.2%	18.1%	-74 bps	143 bps	
EBIT margin (%)	16.3%	17.1%	15.9%	-74 bps	39 bps	
Adjusted net profit	2,025	2,041	1,918	-0.8%	5.6%	
EPS	19.1	19.3	18.2	-0.9%	5.2%	

Company	Q2FY20E	Q1FY20	Q2FY19	QoQ gr.	YoY gr.	Comments
<b>Cyient (Oct 17)</b>						
Revenues (US\$m)	162	157	169	3.5%	-4.0%	
Revenues	11,400	10,890	11,869	4.7%	-4.0%	
EBITDA	1,471	1,445	1,626	1.8%	-9.6%	We expect USD revenue growth of 3.5% QoQ led by strong growth in DLM. We expect margin to decline due to wage hike which will be offset by DLM growth & INR appreciation.
EBITDA margin (%)	12.9%	13.3%	13.7%	-37 bps	-80 bps	
EBIT margin (%)	10.7%	9.2%	11.3%	149 bps	-57 bps	
Adjusted net profit	1,185	903	1,271	31.3%	-6.8%	
EPS	9.5	8.0	11.3	18.0%	-16.2%	
<b>Persistent (Nov 4)</b>						
Revenues (US\$m)	125	120	118	4.4%	5.7%	
Revenues	8,786	8,321	8,355	5.6%	5.2%	We expect PSYS' to post 4.4% QoQ USD revenue growth which will be mainly led by IP led business & recovery in ISV business. We expect Margin to decline by 80 bps due to wage hike (~250bp) partially offset by visa seasonality. We expect ILFS provisioning will likely to continue.
EBITDA	1,186	1,202	1,437	-1.3%	-17.5%	
EBITDA margin (%)	13.5%	14.4%	17.2%	-94 bps	-370 bps	
EBIT margin (%)	9.0%	9.8%	12.4%	-80 bps	-343 bps	
Adjusted net profit	802	825	882	-2.8%	-9.1%	
EPS	10.0	10.3	11	-2.8%	-9.1%	
<b>LTI (Oct 17)</b>						
Revenues (US\$m)	360	357	329	1.0%	9.6%	We expect muted revenue growth of 1% QoQ USD (1.4% CC QoQ) growth & cross currency headwind of ~40bps. Revenue growth is likely to be impacted mainly due to 1) pressure on top client in BFS based in US, 2) Ramp down of a client based in South Africa. Margin decline on wage hikes and lower utilization as hiring was done to support ramp ups for 3Q. South African bank has put new strategy or refreshing its strategy which is leading to volatility in spending. 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	25,323	24,849	23,312	1.9%	8.6%	
EBITDA	4,280	4,579	4,790	-6.5%	-10.7%	
EBITDA margin (%)	16.9%	18.4%	20.5%	-153 bps	-365 bps	
EBIT margin (%)	15.4%	16.0%	19.0%	-57 bps	-357 bps	
Adjusted net profit	3,525	3,555	4,003	-0.8%	-11.9%	
EPS	20.0	20.4	23.0	-2.0%	-12.9%	

Source: Company, PL

#### Exhibit 4: Currency Movements

	USD/INR	GBP/INR	EUR/INR	EUR/USD	GBP/USD	AUD/USD	JPY/USD
Average Q2FY20	70.3	86.7	78.2	1.1	1.2	0.69	0.01
Average Q1FY20	69.6	89.4	78.2	1.1	1.3	0.70	0.01
Change (%)	(1.1)	3.1	(0.1)	1.0	4.3	2.2	(2.4)

Source: Bloomberg, PL

**Exhibit 5: Model Sheet**

Company Name	Market Cap (INR Bn)	Rating	TP (Rs)	Target Multiple	USD Revenue Growth CAGR (FY19E-21E)	EPS Growth CAGR (FY19E-21E)
<b>Tier 1 Companies</b>						
TCS	7,947.1	BUY	2,273	22.5x	10.1%	10.3%
Infosys	3,495.6	Acc	783	18.5x	9.4%	10.1%
Wipro	1,440.9	Reduce	236	14.5x	3.6%	7.0%
HCL Tech	1,483.5	BUY	1,210	14x	12.1%	8.4%
Tech M	634.8	Reduce	619	12x	4.8%	3.1%
<b>Tier 2 Companies</b>						
LTI	262.6	Acc	1,665	17x	10.0%	6.7%
Mindtree	115.8	Reduce	687	14x	9.1%	3.4%
NIIT Tech	86.2	Acc	1,445	16x	12.7%	17.2%
Persistent	45.1	HOLD	534	11x	6.5%	5.0%
LTTS	157.6	Acc	1,709	20x	13.6%	8.2%
Cyient	51.3	Hold	507	12x	4.3%	-1.5%
Mphasis	184.5	Acc	1,038	15x	11.0%	11.0%
Hexaware	113.5	Hold	347	14x	18.2%	13.3%
Zensar	49.3	Acc	249	13x	11.6%	18.5%

Source: Company, PL

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Cyient	Hold	500	544
2	HCL Technologies	BUY	1,210	1,058
3	Hexaware Technologies	Hold	347	371
4	Infosys	Accumulate	782	727
5	L&T Technology Services	Accumulate	1,693	1,599
6	Larsen & Toubro Infotech	Accumulate	1,701	1,576
7	Mindtree	Reduce	755	750
8	Mphasis	Accumulate	1,042	960
9	NIIT Technologies	Accumulate	1,445	1,354
10	Persistent Systems	Hold	520	561
11	Redington (India)	BUY	114	107
12	Sonata Software	Accumulate	400	352
13	Tata Consultancy Services	BUY	2,291	2,133
14	TeamLease Services	Hold	3,203	3,079
15	Tech Mahindra	Reduce	610	640
16	Wipro	Reduce	238	260
17	Zensar Technologies	Accumulate	260	217

**PL's Recommendation Nomenclature**

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

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