

Equities

25 June 2012 | 18 pages

Indian IT Services

INR Support Overriding Tough Macro

■ Industry Overview

- **BFSI demand is getting tougher** — Management meetings/commentary suggest a continuing difficult environment in BFSI, particularly in investment banking. While this was factored into 1Q expectations and hence the quarter may be in line operationally, this will likely be a challenge beyond 1Q. With the macro uncertainty continuing, some amount of price pressure in coming quarters cannot be ruled out.
- **Retail/Manufacturing should grow faster** — Retail/manufacturing deals are ramping up and this continues to be the silver lining in the near term. Growth in retail/manufacturing is expected to partly offset the weakness in BFSI. Among other verticals, we expect some weakness in Pharma and Services, as well.
- **Decision making not easing significantly** — Decision-making cycles have not eased meaningfully — given the continuing macro uncertainty. Discretionary spending has witnessed some easing but still remains slow compared to historic levels — based on our conversations with most companies. Improved decision making/discretionary spends are required to achieve 10-15% consensus revenue growth expectations, in our view.
- **Thoughts on currency/valuations** — INR continues to support EPS, but the demand situation gets tougher (consensus estimates are marginally down despite ~24% INR depreciation yoy). But we maintain our sector view, with the negatives largely priced in (Infosys at ~15x 1yr forward vs ~23x in April 2011). We recently trimmed our FY13 \$-terms revenue est by ~2% for Tier Is led by business headwinds/cross currency, and would not be surprised if Infy trims FY13 revenue guidance (CTSH did it and other companies do not guide for full year).
- **Prefer HCLT/Infosys** —We believe Tier I cos can grow at ~10-15% CAGR over next 3-5 years and the high ROIC/cashflow generation/recurring nature of the business is a positive. INR depreciation should help in the near term. EPS should also benefit from M&A/buybacks (high cash on books). HCLT (~12.3x FY13E with good share gains, stable margins) and Infosys (~14.7x FY13E, low expectations) remain our top picks.

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Figure 1. Indian IT Services

Company Name	RIC Code	CIRA Rating	MCap (\$ m)	CMP (Rs)	P/E FY13E	P/E FY14E	EV/EBITDA FY13E	EV/EBITDA FY14E
Infosys	INFY.BO	1	25,312	2,492	14.7	13.6	9.6	9.1
TCS	TCS.BO	2	42,609	1,225	17.5	16.1	13.0	12.2
Wipro	WIPR.BO	1	17,573	402	14.7	12.7	10.5	9.4
HCL Tech	HCLT.BO	1	5,941	482	12.3	11.1	7.7	7.3

Source: CIRA estimates; Tech Mahindra Estimates do not include contribution from Satyam

See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

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Citi Economics team assumes a slight uptick in US GDP growth in 2012, and the euro region to move into recession in 2H

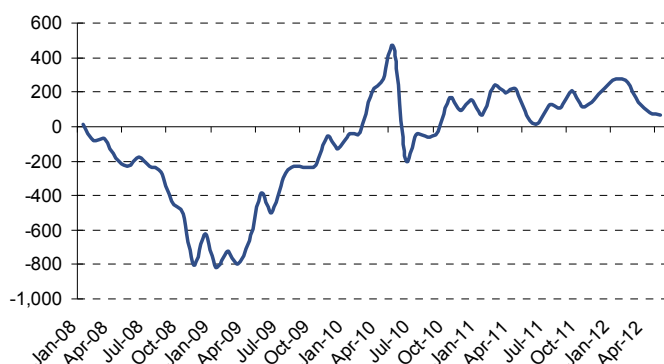
Swings in the US employment data may be exaggerated – Recent employment surveys are more favorable

Macro – lack of clarity continues to impact decisions

US economic recovery, while continuing to advance at a modest pace, is delicately poised. Our US economist team forecasts a GDP growth of ~2% (with an assumption of ~1% decrease in euro activity). Upsides to US growth outlook are checked by financial headwinds and ongoing fiscal drag.

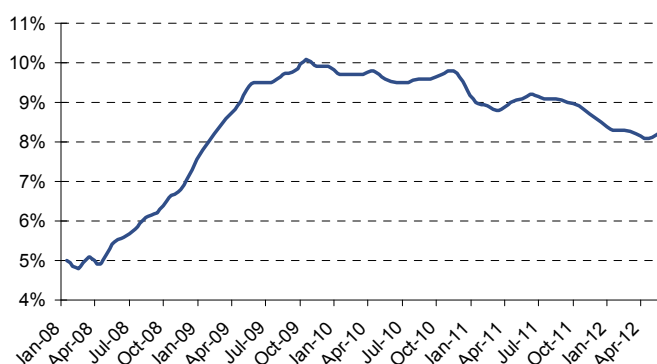
- **Recent letdown in consumer activity** – US retail sales data released recently showed a decline in May, on the back of a drop in April – the first instance of back-to-back declines in two years. Increasingly, questions are being raised on whether the softening in retail sales is fundamentally linked to employment/income.
- **Jobs data – Sharp downswing Exaggerated?** While the payroll employment data has shown a sharp fall over the last two months after a healthy pick-up through October, recent hiring surveys suggest that these sharp moves may have been exaggerated. The [Manpower Employment Outlook Survey](#) (covers more than 18,000 U.S. employers across 13 industries) and the NFIB Survey (National Federation of Independent Business) show the most favorable readings yet in the current upturn as both job openings and hiring plans rose in May.

Figure 2. US change in payroll employment ('000s; monthly)



Source: US Bureau of Labor Statistics, Citi Investment Research and Analysis

Figure 3. US Unemployment Rate (%; monthly)



Source: US Bureau of Labor Statistics, Citi Investment Research and Analysis

- **Gasoline/Housing provide comfort** – Earlier concerns about rising gasoline prices have dissipated as pressures have eased (gasoline prices in the CPI fell by an estimated 7% in May). Housing indicators also continue to transition from deeply depressed levels toward modest growth.

In the euro area, while Q1 was ahead of expectations leading to a marginal upward revision in 2012 GDP forecast, our economics team expects the region to move into recession in 2H.

Citi expects probability of Grexit between 50-75% within the next 12-18 months

- **Unsurprisingly, Greece is a major talking point** – Our economics team expects that the probability of Grexit ranges between 50% and 75% within the next 12 to 18 months. While the New Democracy Party (ND), Pasok and Dimar agreed to form a coalition and ND Leader Antonis Samaras was sworn-in as Prime Minister, the initial statements of lead government representatives highlight that there is no strong will to implement the currently requested measures.
- **Germany remains Steady** – After the Q1 GDP gains, Citi has revised forecasts upward to 1.4%. However, our economist expects exports to remain capped with the recent escalation of the euro area crisis. But higher-than-expected wage

agreements recently and further drop in financing costs are expected to result in stronger domestic demand.

- **ECB could cut rates in July** – A recent interview with the FT suggested that the Governing Council discussed interest rate cuts at the June meeting and is expected to do so at the next meeting in July.

Figure 4. Citi – GDP Growth Forecasts Summary

GDP Forecasts	2011	2012F	2013F
United States	1.7%	2.1%	2.1%
Euro Area - Real GDP	1.5%	-0.6%	-0.7%*
Germany, France and Italy	3.1%	1.4%	1.0%
Spain, Greece, Ireland and Portugal	0.7%	-2.2%	-2.6%
UK	0.6%	-0.2%	0.5%
Australia	2.0%	2.8%	3.5%

Source: Citi Investment Research and Analysis; *2013F base case for euro area assumes Greece exit

For a more detailed macro commentary by region, kindly refer our [Global Economic Outlook and Strategy - May 2012](#).

Investment banking/capital markets
demand weak – not surprising – trading
activity has been weak across the globe

BFS demand getting tougher

Our recent interactions with managements suggest a continuing weakness in the BFS vertical, particularly around capital markets/investment banking.

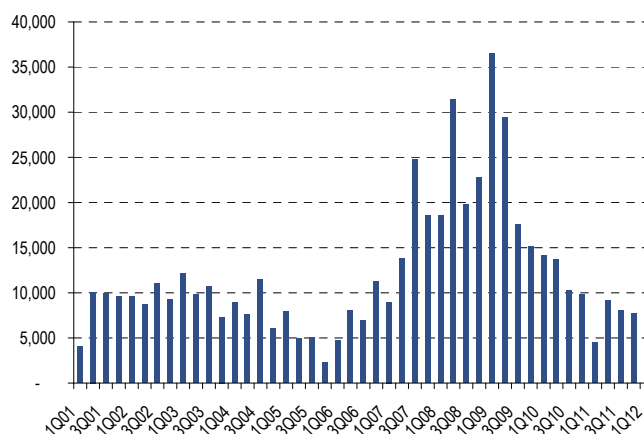
- **Trading volumes under pressure** – Bond trading volumes in the US are down ~55% over 2007-11. On the equities side, value of shares traded in the NYSE Composite index has dropped ~60% from peak levels in 2007. In the aftermath of the global financial crisis, large financial institutions responded with several rounds of cost reductions (headcount cuts being a key barometer).

Figure 5. Total value of shares traded for members of the NYA index (\$ bn)



Source: Bloomberg, Citi Investment Research and Analysis

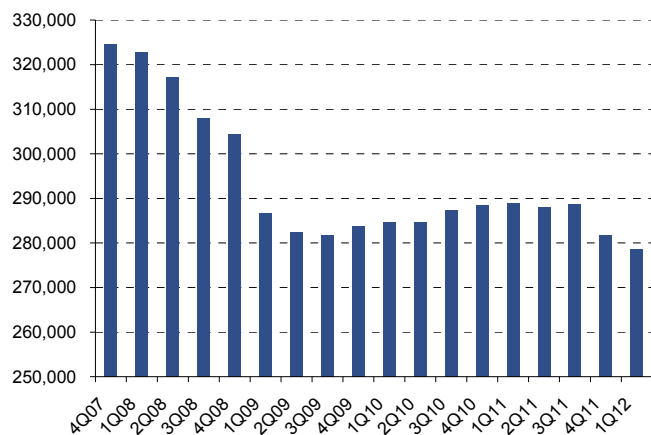
Figure 6. Extended mass layoffs in the US Finance & Insurance sector shot up in CY08/09



Source: BLS, Citi Investment Research and Analysis

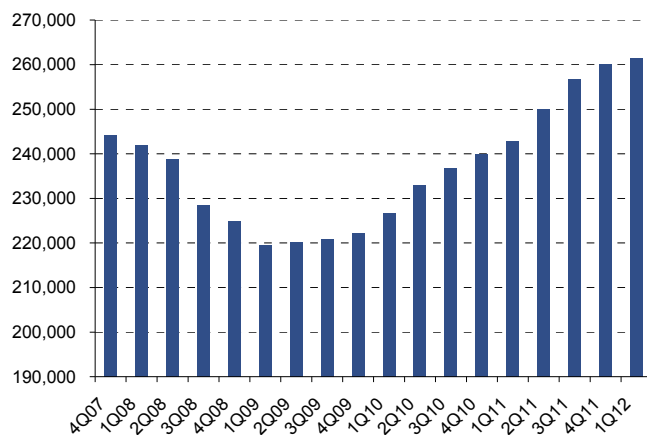
- **Cost Pressures for all the large banks** – With business under pressure, leading banks shifted their focus to costs. Headcount was cut materially from peak CY07 levels during the financial crisis.

Figure 7. Bank of America – Employee Strength



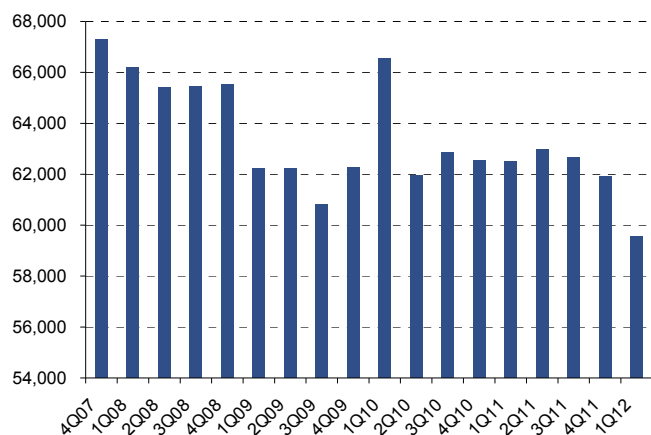
Source: Company, Citi Investment Research and Analysis; Figures adjusted for acquired companies

Figure 8. JP Morgan – Employee Strength



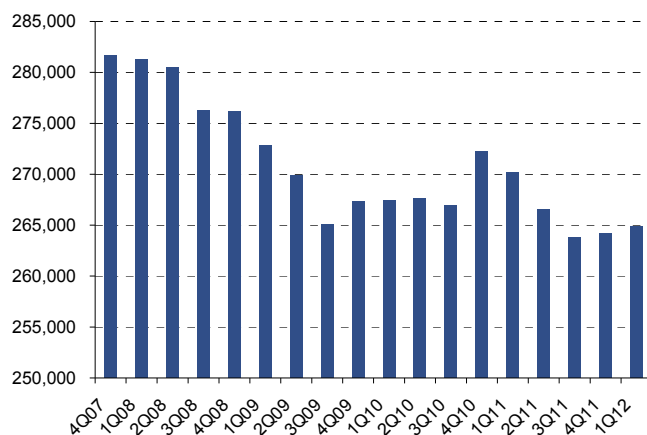
Source: Company, Citi Investment Research and Analysis; Figures adjusted for acquired companies

Figure 9. Morgan Stanley – Employee Strength



Source: Company, Citi Investment Research and Analysis; Figures adjusted for acquired companies; Figures from 2Q10 restated ex Van Kampen employees

Figure 10. Wells Fargo – Employee Strength



Source: Company, Citi Investment Research and Analysis; Figures adjusted for acquired companies

- **Cost pressures have persisted** – After a brief respite in late 2010/early 2011, business in the banking space has failed to take off materially. Companies have thus once again reiterated their focus on cost reductions and have outlined broad targets in several investor/media forums.

Figure 11. Summary of some globally announced cost-reduction initiatives

Financial Institution	Heads	Cost Saving Targets (\$bn)	Comments
US			
Bank of America	~30,000	\$5.0 (Phase 1)	BAC eliminating 30K positions across firm over several years. Phase 1 targets Consumer segment (18% expenses or \$5.0 bn). Commercial & I-Bank & Wealth Management targeted in Phase 2 of cuts reportedly ~\$3 bn (~10% of expense base). Phase 2 begins 2Q12.
JP Morgan	Unclear	Unclear	Assessing cutting costs from operations & technology across Ibank and Treasury Security Services from a \$1.6 billion expense base.
Goldman Sachs	~1,000	\$1.4	\$1.4 bn in cuts or ~1K heads; 3% of total. Also 2011 will include higher percent of partner retirements.
Morgan Stanley	~1,600	\$1.4	\$1.4 bn in cost cutting by 2014. 1,600 Investment Bank positions to be eliminated.
Continental Europe			
Deutsche Bank	~500	Unclear	500 positions in Corporate & Inv Bank from slow business volumes.
Credit Suisse	~3,500	\$2.20	Cuts across all business in 2011, ~7% of total heads. 2,000 job cuts achieved since 2Q11 (inline with target). ~\$2 bn saves: 70% from I-Bank 20% Private Bank, 10% Asset Mgmt ~75% of planned run-rate achieved by 1Q12 Additional cost saves to come from streamlining infrastructure, implementing vendor management initiative, and Clariden Leu (private bank) integration
UBS	~3,500	\$2.20	3.5K cuts, with half from I-Bank (~10% of IB heads)
BNP Paribas	~1,000	\$0.70	Planning cuts from structured finance & capital markets, ~7% of total. 1/3 France, 2/3 international. Over 60% of workforce adaptation plan completed by 1Q12.
Societe Generale	~500	\$0.35	500 job cuts expected per press reports.
Credit Agricole	~2,350	\$0.50	2,350 jobs to be cut; 1,750 in the Investment Bank.
UK			
Barclays	~3,000	\$3.0	3,000 headcount reductions through 2011, of which half in IB. \$1.8 bn run rate of planned £3.0 bn of cost saves already achieved.
RBS	~3,500	Unclear	3,500 headcount reduction in GBM over 3 years. Exiting cash equities, corporate broking, ECM and M&A. Downsizing in structured credit and rates.
HSBC	~30,000	\$2.5-3.5	30k jobs (10% global workforce), distributed across the business. \$2.1bn run-rate of cost saves already achieved. Expect to reach upper-end of \$2.5-3.5bn target.
Japan			
Nomura	Unclear	\$1.2	Reviewing loss making European operations acquired from LEH (losses for 6 consecutive quarters)

Source: Citi Investment Research and Analysis, Media Reports

- **Would impact IT spends as well** – Unsurprisingly, there is renewed pressure from BFSI clients. Our industry interaction suggests that some clients are looking again at annual budgets and that is resulting in further pressure on IT spends.

Will retail/manufacturing hold up?

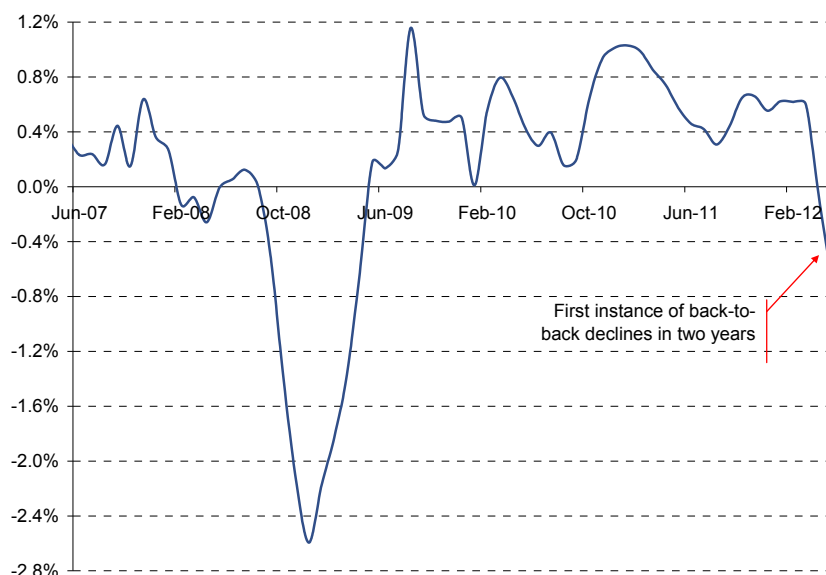
Retail/manufacturing helping in the near term – will it continue?

Most companies in our coverage are seeing retail/manufacturing deals ramping up and expect this to at least partly offset the weakness in BFSI. Macro data points in early 2012 have also been supportive ([Link to Federal Reserve release](#)). Utility output, after plunging during the warm winter, continued to rebound in May by 0.8% after a 5.3% surge in April, and now likely reflects normalization. However, recent data points have not been so favorable.

Data have been mixed – need to cut costs has driven offshore adoption

US retail sales data released recently showed a decline in May, on the back of a drop in April – the first instance of back-to-back declines in two years. Industrial production also fell 0.1% in May after a 1.0% jump in April, slightly weaker than consensus expectations. Manufacturing production fell 0.4% after a 0.7% gain in April. Small declines across components were widespread after gains in April. Autos also posted a large 1.5% decline in May after a 4.0% surge.

Figure 12. US Retail Sales MoM Growth (%) – Held up well in Jan-Mar, now cracking?



Source: US Census Bureau, Citi Investment Research and Analysis; Data shows 5 month moving average.

Decision making still tough

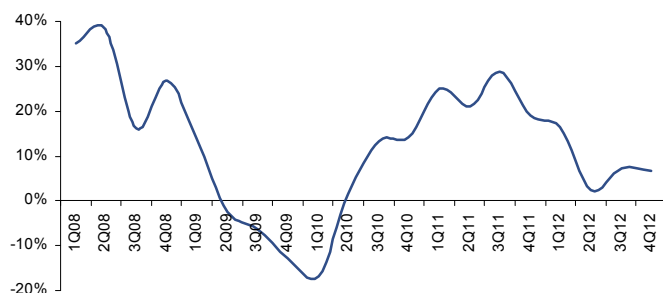
Decision-making has not eased materially – as companies were expecting earlier in the year

In its recent analyst day, Wipro highlighted continued delays in decision making ([Analyst Meet in Mumbai – Key Takeaways](#)).

Another key point has been the client focus on aggressively saving costs on “run the business” projects to fund “change the business” projects. Moreover, as the pattern of IT spending evolves towards higher share of change-the-business kind of spends in the medium to long term, ownership of IT spending is also shifting towards CFO/business managers – leading to additional layers for securing approvals.

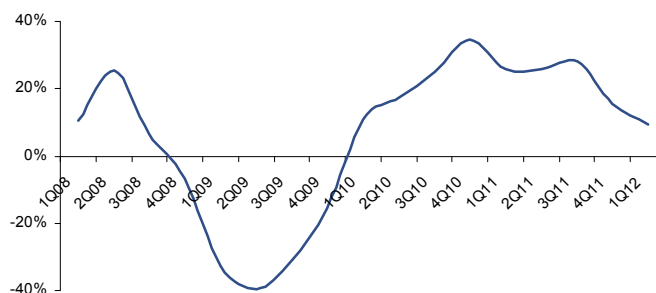
License data from SAP and Oracle suggests a meaningful moderation in license sales – not surprising given the high base and the tough environment.

Figure 13. Oracle – License Growth (YoY)



Source: Company Reports, Citi Investment Research and Analysis

Figure 14. SAP – License Growth (YoY)



Source: Company Reports, Citi Investment Research and Analysis

Recently trimmed revenues further to factor in cross currency and weakness in some segments

EPS estimates helped by weaker INR; we now use Rs. 53.2/\$ for our FY13 forecasts

Valuations look quite reasonable in the historical context; growth rates have also moderated

Impact on Indian IT – Revenue estimates trimmed

Higher-than-expected pressure in BFSI spends and slower decision making are likely to put further pressure on revenue growth in FY13. While Nasscom's full-year guidance is a starting point, we believe downside risks exist in light of low Q1 guidance by Infy/Wipro and continued macro uncertainty. Even Nasscom has suggested it will revisit the estimates later in the year.

Accordingly, we have recently trimmed our revenue growth estimates marginally, also impacted by adverse cross currency movements. Our FY13 \$-term revenue growth estimates for the top four IT services companies are now at ~5-13% (~8-15% earlier).

EPS estimates – USD/INR offset lower revenue growth

Over the past year, the rupee has been the key support for EPS even as the macro situation deteriorated. Since May 2011, while the rupee has depreciated ~24%, consensus FY13 EPS estimates are largely unchanged, while FY14 estimates have been cut ~3-14%.

Figure 15. Consensus has cut EPS estimates even as INR has depreciated ~24%

	FY13 EPS			FY14 EPS		
	31-May-11	31-May-12	Upgrade	31-May-11	31-May-12	Upgrade
TCS	62.5	65.1	4%	76.0	73.4	-3%
Infosys	169.4	163.3	-4%	210.1	181.4	-14%
Wipro	28.1	26.2	-7%	33.8	29.6	-12%
HCLT	39.2	38.6	-1%	46.8*	43.9	-6%
USD INR	45.1	56.0	24%	45.1	56.0	24%

Source: IBES, Citi Investment Research and Analysis estimates

We have now incorporate revised USD/INR exchange forecasts, directionally in line with our economics team. We factor in ~Rs53.22/51 for FY13/14E vs ~Rs51.23/50 earlier. This offsets the impact of lower revenue growth – our EPS estimates marginally moved up.

What about valuations?

BSEIT is now trading at ~15.5x one year forward vs an average of ~18.5x since the last downturn. INR depreciation is expected to act as a key support in the near term. Our strategist is Neutral on Indian IT Services.

Figure 16. BSEIT – One year forward rolling PE chart



Source: Bloomberg, Citi Investment Research and Analysis

Reverse DCF still pricing in good growth over the next few years – highest in the case of TCS

What is Reverse DCF suggesting?

Reverse DCF now implies ~10-16% 10-year EBIT CAGR (4.5% terminal growth), largely in line with the ~9-16% range seen around September 2011. The implied growth is highest in TCS at ~16%.

Figure 17. Reverse DCF – What are Stocks Pricing In?

	Infosys	TCS	Wipro	HCLT
10 year EBIT growth (%)	10.6%	16.0%	12.8%	12.0%
Terminal growth rate	4.5%	4.5%	4.5%	4.5%
Discounting Assumptions				
Cost of capital	13.7%	13.7%	13.4%	14.0%
Target Debt/Equity	0.0%	0.0%	0.0%	0.0%
Cost of Equity	13.7%	13.7%	13.4%	14.0%
Risk free rate	8.3%	8.3%	8.3%	8.3%
Equity risk premium	6.0%	6.0%	6.0%	6.0%
Beta - Bloomberg	0.90	0.91	0.85	0.95
Discounted Cash Flow				
DCF value	2,492	1,225	402	482

Source: Bloomberg, Citi Investment Research and Analysis

Our preference ladder is unchanged – (1) HCL Tech (2) Infosys (3) Wipro (4) TCS

HCLT/Infosys remain top picks

Our preference ladder remains unchanged – (1) HCL Tech (2) Infosys (3) Wipro (4) TCS. We believe highest upsides are available in HCL Tech post the recent correction on concerns regarding management changes.

We are also positive on Infosys – our comfort stems more from relatively moderate valuations rather than immediate catalysts in the business. However, our recent conversations with management suggest that the company is cognizant of the broader aspects which have led to an underperformance in the immediate past, and is taking corrective actions on the same.

We believe downside risks are higher in the case of TCS – 2H will be the key to watch out for. Assuming 0% growth from the BFSI segment in FY13E, TCS requires ~22% growth from the rest of the business to meet CIRA estimates vs ~8.5% in the case of Infosys.

Figure 18. A slowdown in BFSI is likely to impact TCS more, all other things being equal

Share of BFSI	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13E
TCS								
Overall Revenue Growth	37.8%	39.1%	37.5%	5.2%	5.4%	29.1%	24.2%	12.4%
BFSI Revenue Growth	49.7%	48.2%	42.0%	3.3%	11.1%	26.6%	21.5%	0.0%
Share of BFSI	41.2%	42.2%	43.6%	42.3%	44.9%	44.3%	43.1%	38.3%
Non-BFSI Revenue Growth	29.4%	32.4%	34.0%	6.6%	0.7%	31.2%	26.3%	21.8%
Share of Non-BFSI	58.8%	57.8%	56.4%	57.7%	55.1%	55.7%	56.9%	61.7%
Infosys								
Overall Revenue Growth	35.2%	43.6%	35.1%	11.7%	3.0%	25.7%	15.8%	5.5%
BFSI Revenue Growth	41.0%	49.2%	29.3%	6.0%	3.2%	32.5%	13.3%	0.0%
Share of BFSI	36.0%	37.4%	35.8%	34.0%	34.0%	35.8%	35.1%	33.3%
Non-BFSI Revenue Growth	32.0%	40.3%	38.4%	14.6%	2.9%	22.0%	17.1%	8.5%
Share of Non-BFSI	64.0%	62.6%	64.2%	66.0%	66.0%	64.2%	64.9%	66.7%

Source: Citi Investment Research and Analysis estimates; BFSI growth rates for TCS are not strictly comparable due to some reclassification in between.

HCL Technologies

Valuation

Our target price is Rs585 based on ~14.5x Sep'13E EPS. This is higher than the mid-point of the 5-20x band that the stock has traded in over the past three years. We believe a higher multiple is justified given HCLT's improved positioning in the sector (in terms of sale and capabilities), better service portfolio (post Axon acquisition). We believe PE remains the most appropriate valuation measure given HCLT's profitable track record.

Risks

The key risks to our investment thesis on HCL Tech are: (1) any significant appreciation of the rupee against the USD/EUR/GBP; (2) a sharp slowdown in the US/Global economy; (3) acquisition-related risks; and (4) the strategy of pursuing large deals could have negative margin implications.

If any of these risk factors has a greater downside impact than we anticipate, the share price will likely have difficulty attaining our target price.

Infosys Ltd

Valuation

Our Rs2,825 target price for Infosys is based on 16x Sep'13E EPS. This is at a ~15% discount to the 5-year average 12-month forward earnings and factors in deceleration in growth and macro overhang. Our estimates continue to assume a certain PE premium to the market; this is justified, in our view, given the strong FCF and ROIC for Infosys vs. the overall market. We believe PE remains the most appropriate valuation measure given Infosys' profitability record and higher earnings visibility.

Risks

The key downside risks to our investment thesis on Infosys are: (1) any significant appreciation of the rupee against the USD/EUR/GBP; (2) pressure on billing rates; and (3) a prolonged slowdown in the US economy.

If any of these risk factors has a greater downside impact than we anticipate, the share price will likely have difficulty attaining our target price.

Tata Consultancy Services

Valuation

Our target price of Rs1,310 is based on ~18x Sep'13E EPS. We estimate TCS' earnings will grow at a ~18% CAGR over FY12-14E, and believe the stock should trade closer to the higher end of its historical three-year trading range of 7-24x 12-month forward earnings. We believe PE remains the most appropriate valuation measure, given TCS' past profitability and future earnings visibility.

Risks

The key downside risks to our investment thesis on TCS are: (1) any significant appreciation of the rupee against the USD/EUR/GBP; (2) a prolonged recession in the US; and (3) any margin-dilutive acquisition. Key upside risks to our investment thesis on TCS are: (1) any significant depreciation of the rupee against the USD/EUR/GBP; (2) aggressive pent-up demand from corporates in the US; and (3) any margin-accretive acquisition.

If any of these risk factors has a greater downside impact than we anticipate, the share price will likely have difficulty attaining our target price. Conversely, if the impact of any of these upside risks is greater than we anticipate, the stock could exceed our target price.

Wipro

Valuation

Our target price of Rs470 is based on ~16x Sep'13E EPS. Our target multiple is derived from a PE-band analysis of Wipro's historical trading pattern and peer group valuations. Wipro has traded at 8-22x over the past three years. Wipro's management restructuring should result in recovery in growth but at the same time, the overall macro is challenging. Given this background, we believe Wipro should trade slightly higher than the midpoint of its 3-year trading band. PE is the most appropriate valuation measure, in our view, given Wipro's profitability and earnings visibility.

Risks

The key risks to our investment thesis on Wipro are: (1) An extended slowdown in the US/Global economy; (2) Any significant appreciation of the rupee against the USD/EUR/GBP; and (3) Any margin dilutive acquisition. If any of these risk factors has a greater downside impact than we anticipate, the share price will likely have difficulty attaining our target price.

Appendix A-1

Analyst Certification

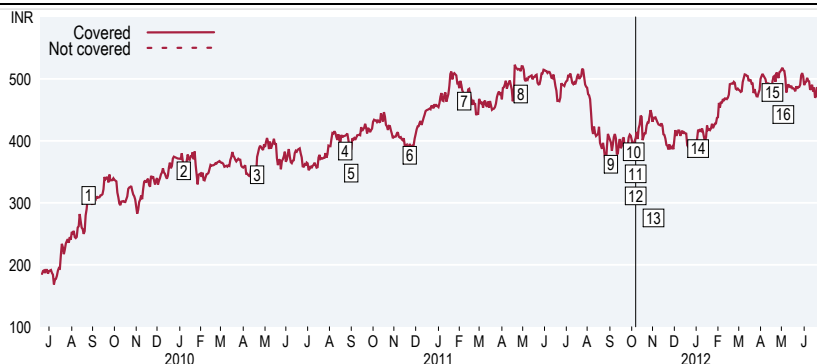
The research analyst(s) primarily responsible for the preparation and content of this research report are named in bold text in the author block at the front of the product except for those sections where an analyst's name appears in bold alongside content which is attributable to that analyst. Each of these analyst(s) certify, with respect to the section(s) of the report for which they are responsible, that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc and its affiliates. No part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst in this report.

IMPORTANT DISCLOSURES

HCL Technologies (HCLT.BO)

Ratings and Target Price History Fundamental Research

Analyst: Surendra Goyal, CFA



Date	Rating	Target Price	Closing Price
1 26-Aug-09	2M	*345.00	301.55
2 7-Jan-10	2M	*435.00	360.50
3 21-Apr-10	*1M	435.00	374.10
4 24-Aug-10	*1L	*495.00	408.50
5 1-Sep-10	1L	*480.00	386.55
6 23-Nov-10	1L	*510.00	394.95

* Indicates change

Date	Rating	Target Price	Closing Price
7 8-Feb-11	1L	*560.00	465.50
8 28-Apr-11	1L	*595.00	512.45
9 2-Sep-11	1L	*505.00	397.35
10 5-Oct-11	1L	*510.00	395.10
11 7-Oct-11	Stock rating system changed		
12 7-Oct-11	*1	510.00	404.65

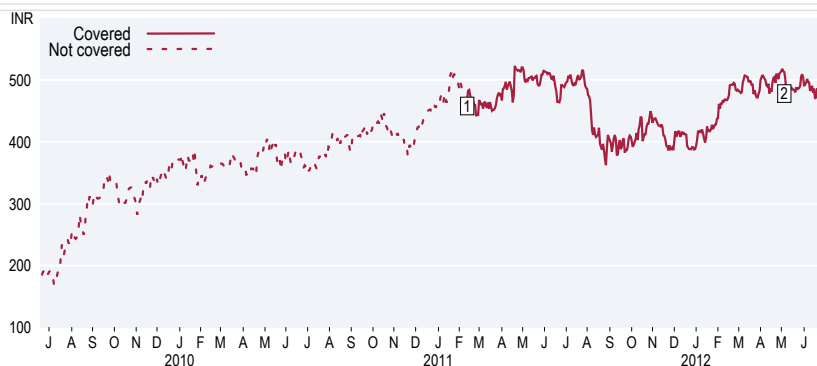
Date	Rating	Target Price	Closing Price
13 2-Nov-11	1	*515.00	438.20
14 4-Jan-12	1	*550.00	418.10
15 18-Apr-12	1	*570.00	495.55
16 3-May-12	1	*585.00	514.10

Rating/target price changes above reflect Eastern Standard Time

HCL Technologies (HCLT.BO)

Ratings and Target Price History Best Ideas Research Relative Call (3 Month)

Analyst: Surendra Goyal, CFA



Date	Rating	Target Price	Closing Price
1 11-Feb-11	*ADD MP	-	469.95

* Indicates change

Date	Rating	Target Price	Closing Price
2 4-May-12	*REM MP	-	512.85

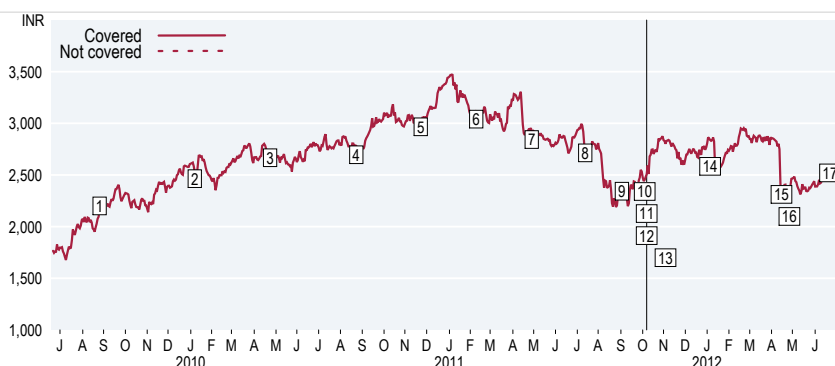
Rating/target price changes above reflect Eastern Standard Time

Infosys Ltd (INFY.BO)

Ratings and Target Price History

Fundamental Research

Analyst: Surendra Goyal, CFA



	Date	Rating	Target Price	Closing Price
1	26-Aug-09	*2L	*2,290.00	2,181.35
2	7-Jan-10	2L	*2,785.00	2,525.25
3	23-Apr-10	2L	*2,935.00	2,728.10
4	24-Aug-10	2L	*3,065.00	2,765.50
5	23-Nov-10	2L	*3,220.00	3,013.30
6	9-Feb-11	2L	*3,430.00	3,127.00

* Indicates change

	Date	Rating	Target Price	Closing Price
7	28-Apr-11	2L	*3,230.00	2,931.55
8	13-Jul-11	2L	*3,125.00	2,784.20
9	2-Sep-11	2L	*2,570.00	2,315.55
10	5-Oct-11	2L	*2,650.00	2,454.30
11	7-Oct-11	Stock rating system changed		
12	7-Oct-11	*2	2,650.00	2,507.05

	Date	Rating	Target Price	Closing Price
13	3-Nov-11	2	*2,890.00	2,802.15
14	5-Jan-12	2	*3,110.00	2,838.90
15	16-Apr-12	2	*2,700.00	2,369.35
16	26-Apr-12	*1	*2,750.00	2,358.20
17	22-Jun-12	1	*2,825.00	2,475.10

Rating/target price changes above reflect Eastern Standard Time

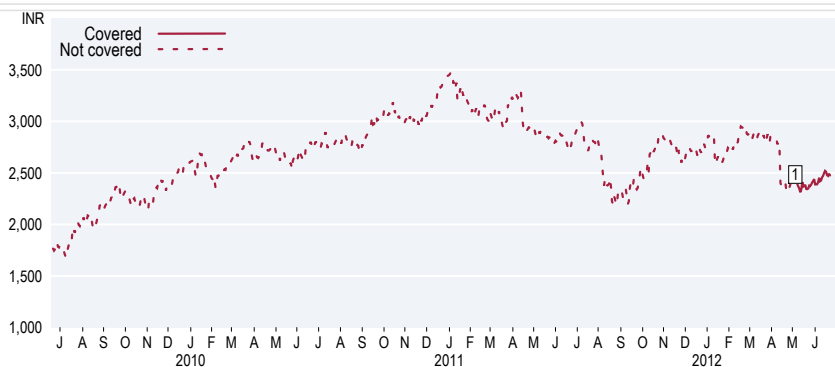
Infosys Ltd (INFY.BO)

Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: Surendra Goyal, CFA



	Date	Rating	Target Price	Closing Price
1	4-May-12	*ADD MP	-	2,441.15

* Indicates change

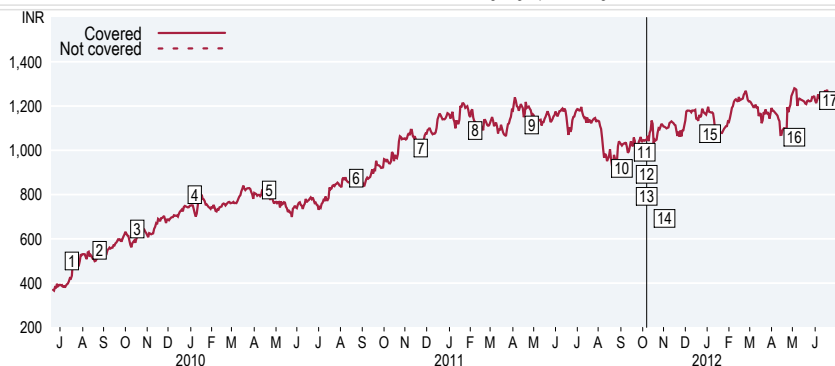
Rating/target price changes above reflect Eastern Standard Time

Tata Consultancy Services (TCS.BO)

Ratings and Target Price History

Fundamental Research

Analyst: Surendra Goyal, CFA



	Date	Rating	Target Price	Closing Price
1	17-Jul-09	1L	*525.00	433.60
2	26-Aug-09	1L	*630.00	548.30
3	19-Oct-09	1L	*695.00	599.00
4	7-Jan-10	1L	*855.00	714.65
5	22-Apr-10	*2L	855.00	785.30
6	24-Aug-10	2L	*930.00	868.90

* Indicates change

	Date	Rating	Target Price	Closing Price
7	23-Nov-10	2L	*1,080.00	1,032.20
8	8-Feb-11	2L	*1,185.00	1,128.45
9	28-Apr-11	2L	*1,260.00	1,160.05
10	2-Sep-11	2L	*1,110.00	1,021.65
11	5-Oct-11	2L	*1,140.00	1,043.50
12	7-Oct-11	Stock rating system changed		

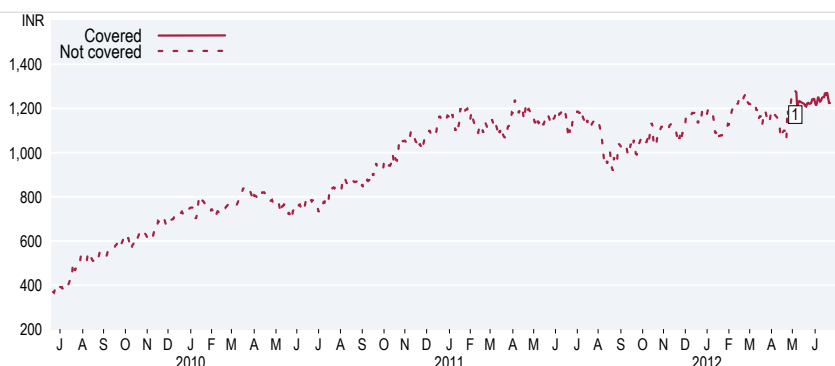
	Date	Rating	Target Price	Closing Price
13	7-Oct-11	*2	1,140.00	1,048.70
14	2-Nov-11	2	*1,160.00	1,106.30
15	5-Jan-12	2	*1,275.00	1,172.45
16	3-May-12	2	*1,290.00	1,280.35
17	22-Jun-12	2	*1,310.00	1,224.80

Rating/target price changes above reflect Eastern Standard Time

Tata Consultancy Services (TCS.BO)

Ratings and Target Price History Best Ideas Research Relative Call (3 Month)

Analyst: Surendra Goyal, CFA



	Date	Rating	Target Price	Closing Price
1	4-May-12	*ADD LP	-	1,278.10

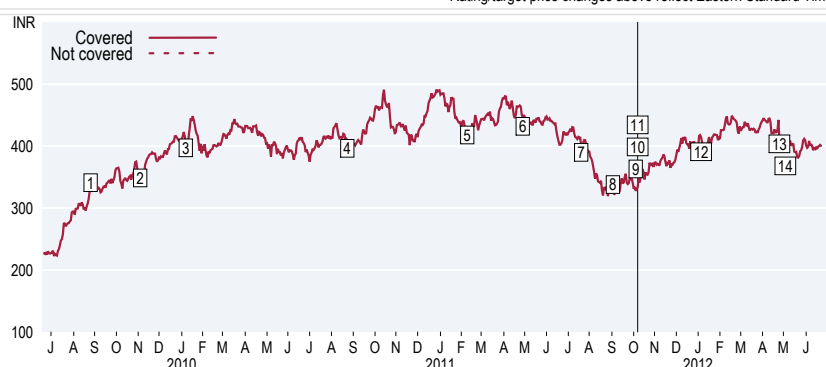
* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Wipro (WIPR.BO)

Ratings and Target Price History Fundamental Research

Analyst: Surendra Goyal, CFA



	Date	Rating	Target Price	Closing Price
1	26-Aug-09	*1L	*372.00	334.35
2	4-Nov-09	1L	*408.00	357.48
3	7-Jan-10	1L	*486.00	406.53
4	24-Aug-10	1L	*490.00	408.75
5	9-Feb-11	1L	*515.00	423.35

* Indicates change

	Date	Rating	Target Price	Closing Price
6	28-Apr-11	1L	*525.00	446.70
7	20-Jul-11	1L	*510.00	398.60
8	2-Sep-11	1L	*410.00	334.10
9	5-Oct-11	1L	*420.00	327.90
10	7-Oct-11	Stock rating system changed		

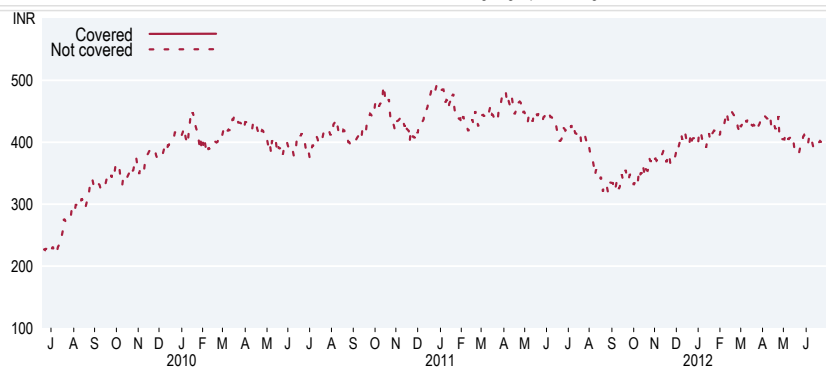
	Date	Rating	Target Price	Closing Price
11	7-Oct-11	*1	420.00	333.80
12	5-Jan-12	1	*475.00	414.35
13	25-Apr-12	1	*465.00	410.15
14	3-May-12	1	*470.00	412.30

Rating/target price changes above reflect Eastern Standard Time

Wipro (WIPR.BO)

Ratings and Target Price History Best Ideas Research Relative Call (3 Month)

Analyst: Surendra Goyal, CFA



* Indicates change

Rating/target price changes above reflect Eastern Standard Time

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Data current as of 31 Mar 2012

	12 Month Rating			Relative Rating		
	Buy	Hold	Sell	Buy	Hold	Sell
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