INFOSYS LTD.

Concerns on growth appear overdone

Infosys' stock declined 8.4% post results as the market digested flat revenue guidance (q/q in US$ terms) for the Mar-12 quarter. Clearly, weak macro is leading to postponement of budget decisions and, hence, increases the uncertainty for the sector. Management, thus, has to be prudent in its guidance. Furthermore, the March quarter is also seasonally weaker – nine out of the past 10 years, the March quarter q/q growth has been weaker than December with an average gap of 2%. Our positive view on Infosys is based on its low earnings volatility, which makes it an excellent investment in the today's uncertain environment. Valuations are at the lower end of the band and a slight change in US macro environment could significantly alter perceptions on the stock. We maintain our 1-OW rating and price target of Rs3,320.

Dec-11 results were good. US$ revenue growth of +3.4% q/q (+4.4% in constant currency) was in line with our estimates. Strong margin expansion lead to 3.6% beat on EPS. Surprisingly, Europe was a key driver with 14 new deals and 16.8% q/q growth.

Mar-12 guidance disappoints. Mar-12 q/q guidance points to flat quarter as the FY12 US$ revenue guidance was revised down to y/y growth of 16.4% from 17-19% earlier. On a rate of Rs52/US$, FY12 EPS guidance was revised up to Rs147.13.

Growth concerns appear overdone; retain 1-OW. We believe that visibility of the business has reduced (as is evident in the lower guidance and a lack of budget finalisations by clients); however, the underlying trends are not that weak. Lateral hiring remains strong, and management talked about improving pricing. Contrary to earlier episodes of low visibility, which were accompanied by US recessions, we believe that the current period could be a more muddle-through economic environment in US.

*Voting has begun for the **2012 Institutional Investor All-Asia, All-China and All-India Research Team surveys.** Barclays Capital would welcome your support. If you have not received a form, you can go to the link below to request one: http://www.institutionalinvestor.com/rankingassistance.*

INFY.NS: Quarterly and Annual EPS (INR)

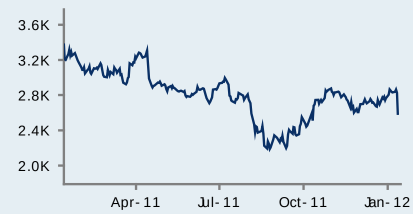
	2011	2012			2013			Change y/y	
FY Mar	Actual	Old	New	Cons	Old	New	Cons	2012	2013
Q1	N/A	30.14A	30.14A	N/A	40.17E	38.78E	N/A	N/A	29%
Q2	N/A	33.36A	33.36A	N/A	43.18E	42.60E	N/A	N/A	28%
Q3	N/A	41.04E	41.51A	N/A	45.65E	44.25E	N/A	N/A	7%
Q4	N/A	42.68E	41.98E	N/A	48.11E	46.01E	N/A	N/A	10%
Year	N/A	147.20E	147.00E	N/A	177.10E	171.60E	N/A	N/A	17%
P/E	N/A		17.6			15.1			

Source: Barclays Capital

Stock Rating	**1-OVERWEIGHT** Unchanged
Sector View	**2-NEUTRAL** Unchanged
Price Target	**INR 3320.00** Unchanged
Price (12-Jan-2012)	INR 2588.60
Potential Upside/Downside	+28%
Tickers	INFO IN / INFY.NS
Market Cap (INR mn)	1486342
Shares Outstanding (mn)	574.19
Free Float (%)	82.61
52 Wk Avg Daily Volume (mn)	1.5
Dividend Yield (%)	1.4
Return on Equity TTM (%)	25.81
Current BVPS (INR)	519.29

Source: FactSet Fundamentals

Price Performance	Exchange-BSE
52 Week range	INR 3388.00-2169.00



Link to Barclays Capital Live for interactive charting

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COMPANY SNAPSHOT

Infosys Limited — Asia ex-Japan Software & IT Services

Income statement (INRmn)	2011A	2012E	2013E	2014E	CAGR
Revenue	275,010	341,117	392,085	440,765	17.0%
EBITDA	89,640	109,431	128,319	144,635	17.3%
EBIT	81,020	100,006	117,540	132,837	17.9%
Pre-tax income	93,130	116,970	135,507	155,570	18.7%
Net income	68,230	83,987	98,104	112,693	18.2%
EPS (INR)	119.45	147.00	171.60	197.10	18.2%
Diluted shares (mn)	571.18	571.37	571.55	571.75	0.0%

Margin and return data (%)					Average
EBITDA margin	32.6	32.1	32.7	32.8	32.6
EBIT margin	29.5	29.3	30.0	30.1	29.7
Pre-tax margin	33.9	34.3	34.6	35.3	34.5
Net margin	24.8	24.6	25.0	25.6	25.0
ROIC	48.5	49.5	51.7	53.5	50.8
ROA	23.1	24.6	23.9	22.9	23.6
ROE	27.1	28.6	28.3	27.1	27.8

Balance sheet and cash flow (INRmn)					CAGR
Fixed assets	57,170	60,783	62,005	62,206	2.9%
Cash and equivalents	168,780	195,152	247,899	310,747	22.6%
Total assets	312,630	369,510	450,583	532,972	19.5%
Current liabilities	36,230	49,892	67,296	76,548	28.3%
Long term liabilities	3,370	4,710	4,710	4,710	11.8%
Total liabilities	312,630	369,510	450,583	532,972	19.5%
Net debt/(funds)	(168,780)	(195,152)	(247,899)	(310,747)	NA
Shareholders' equity	273,030	314,907	378,577	451,714	18.3%
Change in working capital	(5,550)	(2,726)	(7,533)	(6,608)	NA
Cash flow from operations	71,300	90,686	101,350	117,883	18.2%
Capital expenditure	(12,240)	(13,038)	(12,000)	(12,000)	NA
Free cash flow	59,060	77,647	89,350	105,883	21.5%

Valuation and leverage metrics					Average
P/E (x)	23.5	19.1	16.4	14.2	18.3
EV/EBITDA (x)	16.0	12.9	10.6	9.0	12.1
FCF yield (%)	3.7	4.8	5.6	6.6	5.2
EV/sales (x)	5.2	4.1	3.5	2.9	3.9
Price/BV (x)	5.9	5.1	4.2	3.6	4.7
Dividend yield (%)	2.1	1.6	1.8	2.1	1.9
Total debt/capital (%)	0.0	0.0	0.0	0.0	-
Net debt/EBITDA (x)	(1.9)	(1.8)	(1.9)	(2.1)	(1.9)

Selected operating metrics				
Total headcount	112,707	127,803	139,038	152,948
Volume growth (%)	23.4	11.6	15.0	11.4
Pricing growth (%)	2.6	4.9	(1.2)	1.1
Onsite as % of revenues (%)	51.2	50.4	50.6	50.3

Source: Company data, Barclays Capital estimates

Stock Rating	**1-OVERWEIGHT**
Sector View	**2-NEUTRAL**
Price (05-Oct-2011)	**Rs 2,589**
Price Target	**Rs 3,320**
Ticker	**INFO IN / INFY.NS**

Investment case

Why a 1-Overweight? We expect Infosys to sustain revenue growth in the high teens for the next five years on the back of its strong value proposition. This should allow the shares to trade at 17.5x forward P/E, leading us to our target price of Rs3,320

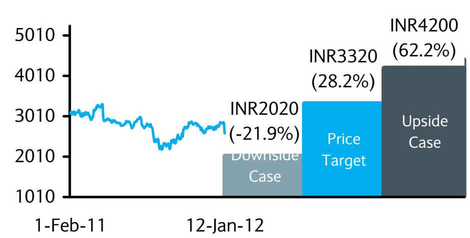
Upside case — Rs 4,200

Strong rebound in discretionary IT spending could lead to a more positive revenue and margin scenarios. This would improve both EPS (~10%) and multiples (to 20x) and hence the shares could trade close to Rs4,200

Downside case — Rs 2,020

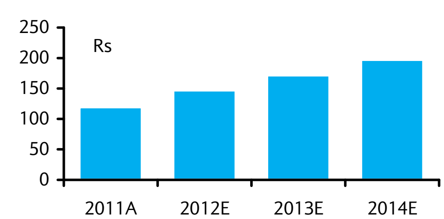
A weaker macro scenario could lead to both EPS downgrades (down ~15%) and multiple compression (to 12.5x), indicating a share price of Rs2,020

Upside/downside scenarios



Source: Thomson Reuters Datastream, Barclays Capital est.

EPS projections



Note: FY end Mar

Dec-11 quarter results review

Quarterly results positive

Infosys revenue of US$1,806mn (+3.4% q/q, +13.9% y/y, +4.4% in constant currency) was in line with our recent expectations with the 300bps margin expansion coming in significantly ahead and driving the EPS beat. The 11% average move in the exchange rate caused a +4.4 ppts impact on margins, which was partly negated by the -1.4 ppts impact from increased costs.

Figure 1: Infosys – summary profit & loss statement in INR

INR mn	Dec-10	Sep-11	Dec-11 actual	% q/q	% y/y	Dec-11 estimates	Actual / Estimates
Revenue	71,060	80,990	92,980	14.8%	30.8%	92,957	0.0%
Gross profit	30,430	33,550	40,100	19.5%	31.8%	38,992	2.8%
EBITDA	23,650	25,140	31,320	24.6%	32.4%	29,922	4.7%
EBIT	21,470	22,810	28,990	27.1%	35.0%	27,451	5.6%
Non operating income	2,900	3,870	4,220	9.0%	45.5%	4,179	1.0%
PBT	24,370	26,680	33,210	24.5%	36.3%	31,629	5.0%
Tax expense	6,570	7,620	9,490	24.5%	44.4%	8,731	8.7%
Net Profit	17,800	19,060	23,720	24.4%	33.3%	22,899	3.6%
EPS (INR)	31.16	33.36	41.51	24.4%	33.2%	40.07	3.6%
EBITDA margin	33.3%	31.0%	33.7%			32.2%	
EBIT margin	30.2%	28.2%	31.2%			29.5%	
INR/US$	44.8	46.3	51.4			51.5	

Source: Company data, Barclays Capital estimates

Figure 2: Infosys – summary profit & loss statement in US$

US$ m	Dec-10	Sep-11	Dec-11 actual	% q/q	% y/y	Dec-11 estimates	Actual / Estimates
Revenue	1,585	1,746	1,806	3.4%	13.9%	1,805	0.1%
Gross profit	679	725	776	7.1%	14.3%	757	2.5%
EBIT	479	493	560	13.7%	16.9%	533	5.1%
Net Profit	397	412	458	11.3%	15.3%	445	3.0%
EPS (US$)	0.70	0.72	0.81	11.0%	15.1%	0.78	2.8%

Source: Company data, Barclays Capital estimates

Mar-12 and FY12 guidance – disappointing on US$ growth

Infosys' Mar12 guidance could be a tad disappointing with a flat growth projected. Consequently for FY12, the US$ revenue guidance was revised down to 16.4% y/y from an earlier range of 17-19%. Despite this currency moves continuing to support the rupee financials, the rupee revenue guidance for FY12 was raised to Rs342.7-342.9bn (from Rs335.01-340.88bn earlier) and EPS to Rs147.13 from Rs143.02-145.26 earlier. Note that the rupee guidance has been made on a rate of Rs52/US$.

Figure 3: Infosys – guidance for FY2012

	Guidance	Implied growth (y/y)
Revenue (Rs)	342.73-342.94 bn	24.6-24.7%
EPS (Rs)	147.13	23.2%
Revenue (USD)	7.029-7.033 bn	16.4%
EPS (USD)	3.0	14.5%

Source: Company data, Barclays Capital

Figure 4: Infosys – guidance for revenue growth q/q in US$

US$ mn	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12 guidance
Lower	1,585	1,602	1,671	1,746	1,806	1,806
Upper	1,585	1,602	1,671	1,746	1,806	1,810
% q/q						
Lower	6.0%	1.1%	4.3%	4.5%	3.4%	0.0%
Upper	6.0%	1.1%	4.3%	4.5%	3.4%	0.2%

Source: Company data, Barclays Capital

Figure 5: Infosys – guidance for EPS growth q/q in Rs

	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12 guidance
EPS (Rs)	31.2	31.8	30.1	33.4	41.5	42.1
Lower	2.5%	2.1%	-5.3%	10.7%	24.4%	1.5%

Source: Company data, Barclays Capital

Seasonality also to blame for the slowdown in Mar-12

A quick look at the q/q revenue growth rates in US dollars for Infosys in the Dec quarter and March quarter suggests that March quarter is usually weaker than the December quarter. In fact, **Mar was weaker than Dec for nine out of the past 10 years**. The only exception was post 9/11 when Dec was weaker than Mar.

Figure 6: Infosys – q/q revenue growth rates (US$ terms)

	Dec quarter	Mar quarter
Last year	6.05%	1.08%
Last 3 years	2.97%	0.67%
Last 5 years	5.02%	2.49%
Last 10 years	6.36%	4.38%

Source: Barclays Capital

Uncertainty looms on client orders but a recession doesn't appear imminent

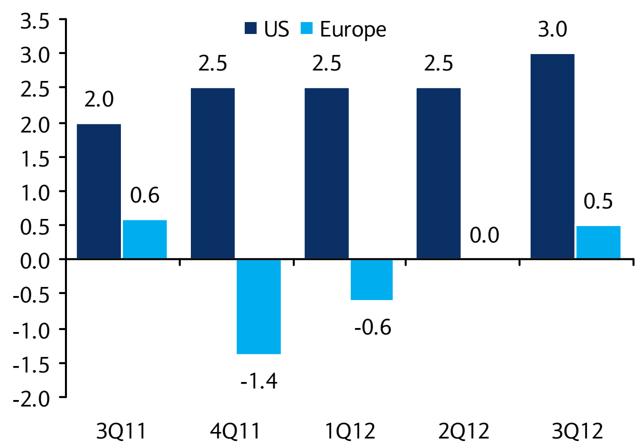
We would highlight that all previous slowdowns in growth have been associated with recessions – the tech bubble burst in 2001-03 and the financial crisis of 2008. The current slowdown is probably the first one that is happening because of clients' indecision given the muddled macro (and pending US elections) even though the global macro economy will continue to grow but albeit at a slow pace.

In such a context, revenue visibility could improve rapidly given the following:

- Infosys' 64% revenue exposure to the US and the better-than-expected state of the macroeconomic recovery there.
- The pace of client and new deal signings in Europe stemming from the slowdown that is showing faster rates of outsourcing.

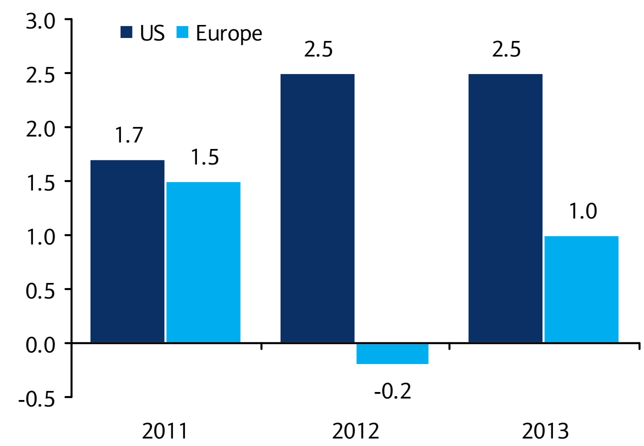
In Figures 7 and 8, we illustrate the improving trends in GDP for the two regions per our current forecasts.

Figure 7: Real GDP growth, % over previous period, SAAR



Source: Barclays Capital estimates

Figure 8: Real GDP, % annual change



Source: Barclays Capital estimates

Europe was the major driver of growth; no major change in the vertical mix

Europe grew by 13.7% q/q and 16.8% in constant currency terms with the company signing 14 new deals in the region of which two had a TCV of more than US$500mn. North America saw relatively modest growth of 0.9% q/q and 1.1% in cc. Among the verticals, growth was fairly well distributed throughout.

Figure 9: Infosys – revenue breakdown by geography and industry vertical

	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Revenue by geography											
North America	64.7%	65.9%	66.6%	66.1%	67.3%	65.8%	64.7%	63.7%	64.2%	65.3%	63.7%
Europe	24.7%	23.2%	21.9%	22.5%	20.3%	21.8%	21.8%	22.1%	21.3%	20.5%	22.6%
India	0.9%	1.2%	1.2%	1.4%	1.7%	2.1%	2.2%	2.7%	2.6%	2.2%	2.1%
ROW	9.7%	9.7%	10.3%	10.0%	10.7%	10.3%	11.3%	11.5%	11.9%	12.0%	11.6%
Revenue by vertical											
BFSI	33.0%	33.5%	34.6%	34.8%	36.1%	35.4%	36.2%	35.7%	35.4%	35.3%	35.3%
Manufacturing	20.5%	19.3%	19.3%	20.2%	19.5%	18.9%	19.6%	20.4%	20.3%	20.2%	20.4%
Retail	13.2%	14.1%	13.1%	13.0%	13.2%	14.4%	14.5%	14.5%	16.1%	15.6%	15.2%
Telecom	16.9%	16.2%	16.2%	15.3%	14.1%	13.3%	12.5%	11.9%	10.6%	10.4%	9.8%
Utilities	5.7%	5.9%	6.1%	5.8%	6.0%	6.3%	6.1%	5.8%	5.7%	5.7%	6.0%
Transportation & Logistics	2.3%	2.3%	1.8%	1.8%	1.8%	1.8%	1.8%	2.1%	1.8%	1.7%	2.0%
Services	4.9%	5.0%	5.1%	4.9%	4.8%	5.2%	5.0%	5.2%	4.8%	5.6%	5.9%
Others	3.5%	3.7%	3.8%	4.2%	4.5%	4.7%	4.3%	4.4%	5.3%	5.5%	5.4%

Source: Company data, Barclays Capital

Client additions and new deals remain healthy

The company added 49 new clients in the quarter, taking the total new client additions for the past nine months to 120, which we view as a healthy trend in the midst of the current uncertainty. In addition, the company also signed five large deals with two having a TCV of more than US$500mn.

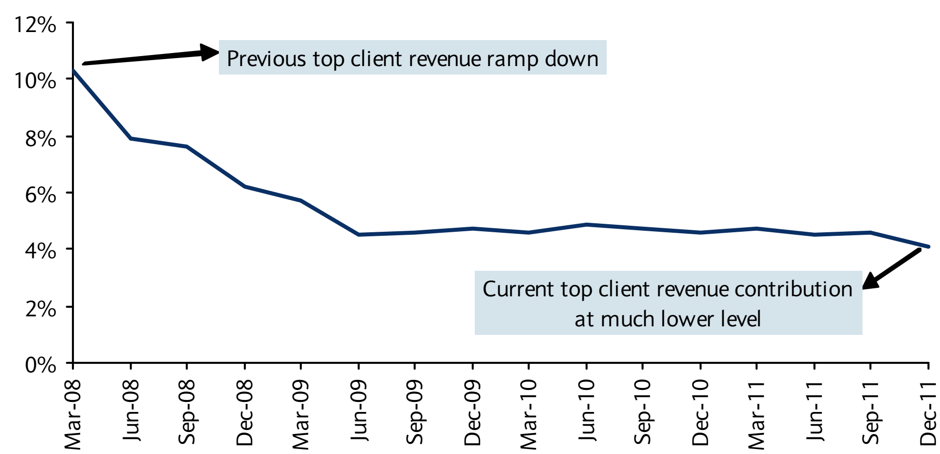
Figure 10: Infosys – key client metrics

	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Top client's contribution to revenue	4.5%	4.6%	4.7%	4.6%	4.9%	4.7%	4.6%	4.7%	4.5%	4.6%	4.1%
Top 5 clients' contribution to revenue	16.3%	16.5%	17.6%	15.8%	15.4%	15.8%	15.4%	15.4%	15.9%	15.9%	15.0%
Top 10 clients' contribution to revenue	25.8%	26.2%	27.5%	25.8%	26.1%	26.7%	25.7%	24.9%	25.2%	25.2%	24.5%
Number of active clients	569	571	568	575	590	592	612	620	628	647	665
Clients added in the period	27	35	32	47	38	27	40	34	26	45	49

Source: Company data, Barclays Capital

One concern on the client metrics could be the falling share of revenue of the top client which could be equated to historical ramp down at a large telecom client that hampered revenue growth for a few quarter. We believe that the much smaller share of revenue of the current top client along with healthy new client addition and ramp ups should mitigate such a risk.

Figure 11: Infosys – Percentage revenue contribution of top client



Source: Company data, Barclays Capital

Lateral hiring a positive even though attrition rate decrease falls short

Infosys' lateral hiring showed a significant pick up, a sign that deal flow continues to be healthy although with some delay, which should provide some reassurance on the growth trends into next year. The company hired 3,863 laterals vs 2,318 the previous quarter.

The attrition rate saw a marginal decline although it is still a concern as despite a gross addition of 9,655 employees; the net addition was only 3,266.

Figure 12: Infosys – key employee metrics

	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Total Employees (Consolidated)	103,905	105,453	109,882	113,796	114,822	122,468	127,779	130,820	133,560	141,822	145,088
S/W professionals (IT Services and Consulting)	80,613	82,533	87,578	89,947	90,926	98,446	104,187	106,696	108,340	115,419	118,794
Billable	72,605	72,935	73,754	76,828	79,125	82,266	86,847	92,183	94,755	95,169	98,113
Banking Product Group	2,664	2,800	4,345	4,730	5,029	5,178	5,721	6,220	6,838	7,738	8,086
Trainees	5,344	6,798	9,479	8,389	6,772	11,002	11,619	8,293	6,747	12,512	12,595
Support	6,622	6,887	5,430	5,917	5,287	5,462	5,614	6,011	6,404	6,638	6,869
Infosys BPO	16,670	16,033	16,874	17,932	18,609	18,560	17,978	18,113	18,816	19,765	19,425
Gross additions	3,538	6,069	8,719	9,313	8,859	14,264	11,067	8,930	9,922	15,352	9,655
Net additions	(945)	1,548	4,429	3,914	1,026	7,646	5,311	3,041	2,740	8,262	3,266
Laterals hired	390	1,064	1,420	2,041	2,942	4,138	5,212	3,591	4,044	2,318	3,863
Attrition (IT Services and Consulting)	11.1%	10.9%	11.6%	13.4%	15.8%	17.1%	17.5%	17.0%	15.8%	15.6%	15.4%
Voluntary attrition (Standalone)	8.2%	7.5%	8.3%	10.4%	13.4%	15.2%	15.7%	15.5%	14.8%	14.7%	14.5%

Source: Company data, Barclays Capital

Volume growth and pricing trends remain healthy

For onsite, pricing was +2.3% on constant currency terms and +1.4% in US dollar terms while for offshore, pricing was +0.3% in cc and down +0.6% in US$ terms. For the past year, pricing has increased by 5%, and for the FYTD, pricing has gone up by 6.1%, showing that the company's investments into the platform and products business is bearing fruit and improving the deal portfolio quality.

Core volumes were up 3.1% q/q of which onsite volumes were up 1.4% and offshore volumes were up 3.8% q/q.

Figure 13: Infosys – volume and pricing data

	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Effort - Person-months											
Onsite	44,231	44,435	46,686	49,183	52,630	58,650	59,991	59,891	63,982	66,998	67,917
Offshore	105,730	108,953	116,069	122,049	131,649	138,828	143,685	140,853	144,710	151,169	156,956
Billed	149,961	153,388	162,755	171,232	184,279	197,479	203,676	200,743	208,692	218,167	224,873
Non-billed	69,465	61,739	55,208	54,574	51,923	45,056	49,466	72,853	76,190	67,906	69,580
Training	13,921	22,285	27,931	28,309	19,919	25,820	34,082	32,394	24,686	32,452	38,040
Total professionals	233,347	237,411	245,894	254,114	256,121	268,355	287,223	305,990	309,569	318,525	332,493
Support	14,798	14,486	13,958	13,920	14,858	16,802	17,117	17,847	19,441	20,013	19,833
Total	248,145	251,898	259,852	268,034	270,979	285,158	304,341	323,837	329,010	338,538	352,326
Per-capita Billed revenue productivity (USD)											
Onsite	140,612	142,438	145,290	144,452	146,086	150,669	152,759	153,880	155,185	152,651	154,818
Offshore	55,654	55,974	56,387	54,903	52,672	52,796	54,175	56,130	55,840	57,548	57,181
Blended	80,713	81,021	81,889	80,624	79,351	81,864	83,212	85,264	86,298	86,754	86,670

Source: Company data, Barclays Capital

Currency trends continued to remain favourable

Exchange rates have been a key driver of rupee earnings in the past, and our new revenue and EPS forecasts are now based on a rate of Rs52/US$. With the hedging policy for Infosys remaining the most consistent and conservative among the IT services sector – with hedging done only for the next two quarters of receivables – the company should continue to get the maximum tailwind from the rupee's depreciation. Infosys had foreign exchange hedges of US$877mn at the end of the Dec-11 quarter (12% of FY12E revenue) vs US$743mn at the end of the previous quarter.

Figure 14: Currency trends

	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Avg USD-INR rate	48.82	48.39	46.62	45.91	45.58	46.48	44.83	45.25	44.78	46.30	51.37
Period end USD-INR rate	47.91	48.11	46.53	44.90	46.45	44.94	44.71	44.60	44.70	48.98	53.11

Source: Barclays Capital

Estimate changes and valuations

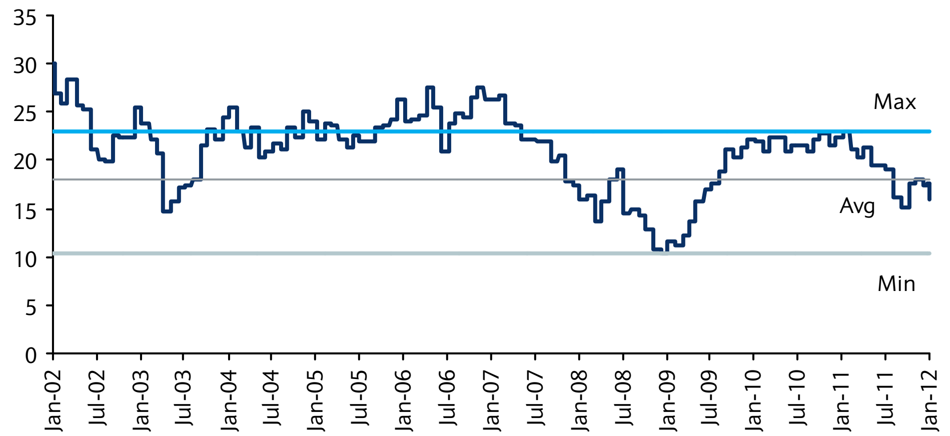
We change our numbers to reflect the marginal slowdown in growth we estimate for the quarter ending Mar-12 and the uncertainty in the current macroeconomic situation into FY13. Despite this, the stock remains inexpensive on valuations, in our view, and we like its low earnings volatility. We retain our 1-OW rating and 12-month price target of Rs3,320.

Figure 15: Infosys – changes to Barclays Capital estimates

	Previous estimates			Revised estimates			% change		
Rs mn	FY3/12E	FY3/13E	FY3/14E	FY3/12E	FY3/13E	FY3/14E	FY3/12E	FY3/13E	FY3/14E
Rs/US$	48.5	48.5	48.0	48.4	48.5	48.0	-0.3%	0.0%	0.0%
Revenue	344,342	402,828	459,214	341,117	392,085	440,765	-0.9%	-2.7%	-4.0%
Revenue (US$ mn)	7,097	8,306	9,567	7,053	8,084	9,183	-0.6%	-2.7%	-4.0%
y/y revenue growth (US$)	**17.5%**	**17.0%**	**15.2%**	**16.8%**	**14.6%**	**13.6%**			
Gross profit	143,645	174,412	199,538	143,104	167,976	192,488	-0.4%	-3.7%	-3.5%
Gross profit margin	41.7%	43.3%	43.5%	42.0%	42.8%	43.7%			
EBITDA	109,458	132,727	148,843	109,431	128,319	144,635	0.0%	-3.3%	-2.8%
EBITDA margin	**31.8%**	**32.9%**	**32.4%**	**32.1%**	**32.7%**	**32.8%**			
EBIT (Rs mn)	99,891	121,948	137,045	100,006	117,540	132,837	0.1%	-3.6%	-3.1%
EBIT margin	**29.0%**	**30.3%**	**29.8%**	**29.3%**	**30.0%**	**30.1%**			
Net profit	84,125	101,238	115,703	83,987	98,104	112,693	-0.2%	-3.1%	-2.6%
Net margins	24%	25%	25%	25%	25%	26%			
EPS (Rs/share)	**147.2**	**177.1**	**202.4**	**147.0**	**171.6**	**197.1**	-0.2%	-3.1%	-2.6%

Source: Barclays Capital estimates

Figure 16: Infosys – 12-month forward P/E vs. max, min and average since 2008



Source: Datastream, Barclays Capital

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Primary Stocks (Ticker, Date, Price)

Infosys Ltd. (INFY.NS, 12-Jan-2012, INR 2588.60), 1-Overweight/2-Neutral

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1-Overweight - The stock is expected to outperform the unweighted expected total return of the sector coverage universe over a 12-month investment horizon.

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3-Negative - sector coverage universe fundamentals/valuations are deteriorating.

Below is the list of companies that constitute the "sector coverage universe":

Asia Ex-Japan Software & IT Services		
HCL Technologies (HCLT.NS)	Infosys Ltd. (INFY.NS)	Tata Consultancy Services (TCS.NS)
Wipro Limited (WIPR.NS)		

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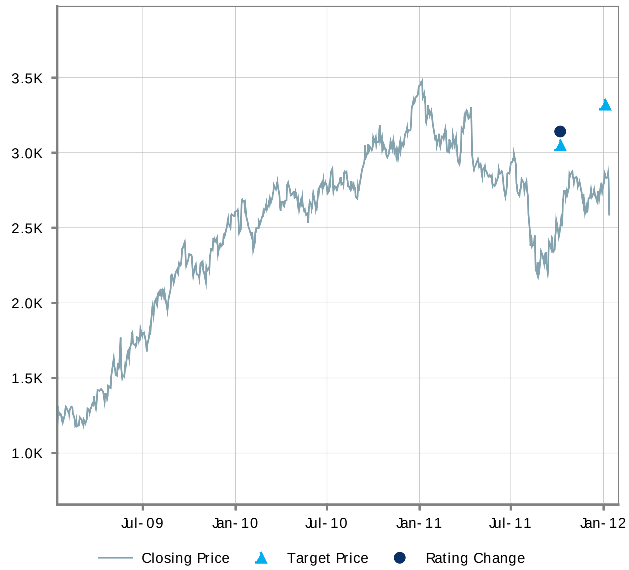
Infosys Ltd. (INFO IN / INFY.NS)

	Stock Rating	Sector View
INR 2588.60 (12-Jan-2012)	**1-OVERWEIGHT**	**2-NEUTRAL**

Rating and Price Target Chart - INR (as of 12-Jan-2012)



Link to Barclays Capital Live for interactive charting

Currency=INR

Date	Closing Price	Rating	Price Target
04-Jan-2012	2864.60		3320.00
07-Oct-2011	2454.30	1-Overweight	3050.00

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