ARIHANT capital markets ltd.

Date: 11th May 2010

Allied Digital Services Ltd.

BUY

CMP: Rs.225 **Target Price: 303** **Industry: Information Technology**

Stock Info	
Market Capital	Rs.1157.7 cr
Free float	Rs.623 cr
Equity Capital	Rs.23.2 cr
Avg Trading Vol.	57941 (Qtly)
52 WK High/Low	279.7/121.5
Face Value	Rs. 5

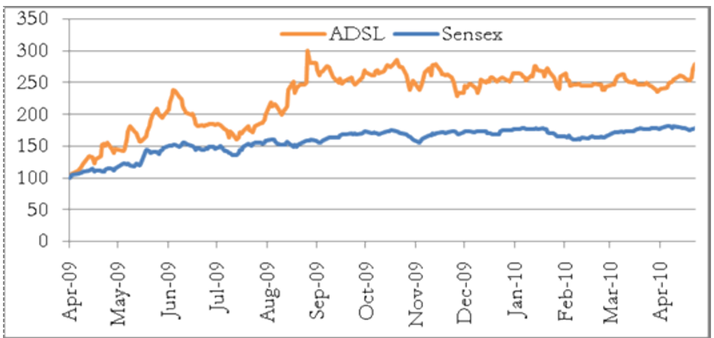
BSE Group	B/BSE 500
BSE Code	532875
NSE Symbol	ADSL
Bloomberg	ALDS IN
Reuters	ADIS.BO
BSE Sensex	17147
NSE Nifty	5139

Shareholding Pattern (31st Mar.'10)	
Promoters	43.4%
Domestic Institutions	8.7%
Foreign Institutions	28.5%
Non Promoters Corp.	10.4%
Public & Others	8.9%
Govt. Holdings	0.0%

Key Investment Positives

- **Expertise and focus on IMS to drive growth:** IMS is a relatively untapped niche vertical that is fast coming up globally. It is estimated that the total IMS market is more than a $100 bn one—which is as big as the traditional market that the Indian IT industry has been addressing over the last two decades. ADSL with their core competency being in IMS, a well established IMS infrastructure in the form of SOC and NOC as well as employees with required expertise is well-poised to capture a huge chunk of this emerging market.
- **Non-linear revenue model to provide resilient margins:** Most of the Indian IT companies derive their revenues from the people-billing model which put pressure on margins due to rising employee cost. However, ADSL business model is amazingly non-linear and proof of it has been its revenue growth that has grown at a much faster pace than its number of employees.
- **New acquisitions to contribute to incremental revenue, also fill in gaps in offerings:** The two acquisitions made by ADSL namely EnPointe Global Services (EPGS) and Digicomp will bring in new clients, better expertise and fill gaps in offerings thus helping the company to grow its incremental revenue. Moreover, the company is on the lookout for more acquisitions to expand its geographical reach.
- **Good revenue visibility:** ADSL's order book at the end of FY10 stood at Rs.544cr of which solution constituted Rs.110cr while services constituted Rs.434cr. The healthy order pipeline gives revenue visibility.
- **"Reference customer" to increase revenue flow:** The acquisitions made by ADSL has gone a long way in creating good visibility for it as they have been able to acquire customers solely on the goodwill of the acquired companies. It has infact also helped ADSL in reducing its marketing expenses. The recent Lenovo deal will also go a long way in creating better visibility among top-clients.
- **Valuation:** At CMP, the stock is trading at 7.8xFY11E and 6.4xFY12E earnings of Rs.28.8 and Rs.34.9per share respectively. Being a company that is concentrated on a niche and a fast upcoming vertical, we expect the company to register spectacular growth in the coming years. We believe the market for IMS will grow at a phenomenal pace in the coming years—more so because of the recession which has increased clients' need to cut down on cost. IMS offers the best option to clients to manage their IT infrastructure at a minimum expense. We expect ADSL to be a major beneficiary from such a scenario owing to its preparedness and ready expertise in this field and therefore expect it to grow its revenue at a fast pace.

We thereby initiate coverage on Allied Digital Service with a 'Buy' rating based on a DCF based target price of Rs.303 per share. We base our revenue growth estimate on a growing market for IMS, an ever growing list of clients and an increasing order book.



Particulars (Rs. in cr)	FY10	FY11E	FY12E
Net Revenue	697.5	823.6	966.6
Growth %	*26.3*	*18.1*	*17.4*
Net Profit	106.1	134.0	162.4
Growth %	*37.9*	*26.3*	*21.2*
EPS (Rs)	26.1	28.8	34.9
P/E	8.6	7.8	6.4
P/BV	0.9	0.8	0.6

Background

Founded in 1995, Allied Digital Services Ltd. (ADSL) is an information technology infrastructure management and technical support services outsourcing company. It primarily acts as a support-partner for IT infrastructure products such as desktops, laptops, servers, network software, routers and the like.

Allied delivers its services through its own facilities and centres spread across 132 cities in India and follows a 'direct' model rather than a franchisee model. It has an employee base of more than 3000. The company had also made a significant entry into the US market through the inorganic route with its acquisition of EnPointe Global Service.

Domestically, the company has a list of clients across verticals such as BFSI, telecom and manufacturing, which increasingly and constantly require considerable hardware maintenance and technical support services, providing further opportunities for the growth of the company. This is supported by the fact that PC and laptop shipments increased in India even as the growth, worldwide, tapered down a bit during the downturn. Government, Education and Banking verticals have helped sustain growth. With the economic downturn on the wane we can only expect this growth to pick up further in the coming years.

The company with two decades of experience in technology and enterprise IT infrastructure implementation, as also management and consulting on complex IT and business systems is well placed to take good advantage of future growth in these sectors.

Business Model

Allied Digital Services Ltd. (ADSL) has a business model which is futuristic in nature. As compared to most of the IT vendors whose revenue is linearly proportional to the number of employees, Allied's business model is amazingly non-linear in nature. It's direct support model and an established remote management infrastructure enables it to provide the same set of services as other IT vendors at a significantly competitive pricing.

The company mainly has two types of business offerings namely, solutions and services. Earlier years, a majority of its' revenues used to come from solutions. However, in the recent times the company's services share of revenues has shown a sharp uptick. The company further aims to improve its share of revenue from services going ahead into the future as it provides better margins to the company.

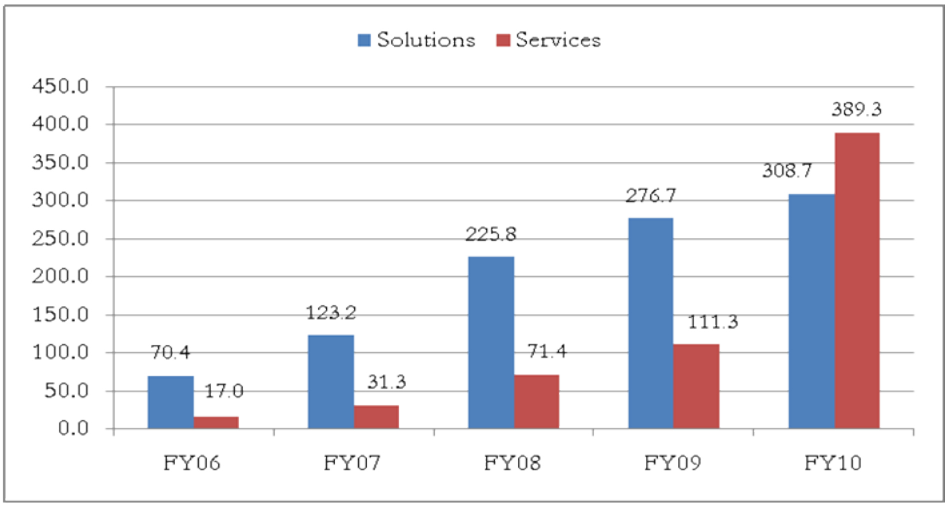


Fig: Solution and services revenues

The solutions business of ADSL is operated mainly on turnkey basis wherein ADSL designs the entire spectrum of IT infrastructure on which various applications such as ERP are run. It can be also classified as system integration (SI) wherein ADSL sets up the entire IT infrastructure in an organization on which applications such as ERP and others can be run. After the completion of the project the client takes over the set-up. ADSL thereby gets an AMC (Annual Maintenance Contract) which is equivalent to ~15 per cent of contract value.

In services, ADSL provides mostly SLA (Service Level Agreement) based IMS services wherein ADSL sets some sort of target in terms of uptime (availability of the IT assets/applications) requirement and cost that will have to be incurred—which is generally 30-40 per cent lesser than the current cost incurred by the company on its IT infrastructure. The SLA is formed in such a way that with time (mostly on a year on year basis) ADSL increases uptime and at the same time decrease the cost the client has to incur on maintaining its IT infrastructure. The company generally signs a three year agreement with its clients and also keeps a floor pricing with respect to its billing rates.

The IMS service provided by ADSL is significantly competitive in comparison to some of the top-tier IT vendors who provides the same set of services on the people-billing model. The company has been able to achieve this by assessing client's IT infrastructure and therefore arriving at an optimal onsite:remote mix. The optimal onsite:remote mix makes it possible for ADSL to keep the number of onsite engineers at the very minimal and much less in comparison to the top-tier IT vendors. With time as the company gains a level of comfort with the client's IT infrastructure, the number of engineers stationed onsite is decreased even further. This reduces the overall cost for ADSL which in turn is passed to the client and the good thing being—without any compromise on the quality of service provided.

The company's management discovered quite early that ~80% of the IT problems encountered in an organization are software in nature and do not really require the attendance of an onsite engineer. Thus expert remote support was enough to keep an organisation's IT infrastructure up and running all the time. This had a number of benefits not only in terms of lower pricing and higher uptime but also in the quality of service provided. Later on, they also found that a majority of these software problems were quite common or recurring in nature. They therefore started developing "patches" for such problems. Patches can be defined as a piece of software designed to solve common problems which are dispatched from remote to the client site as and when required (or in other words, a patch is a quick-repair job). This further helped in reducing the problem solving time and also made it possible for the remote consultants to devote time to other problems or "tickets" (Queries or problems sent by clients are called ticket in software parlance), thus increasing overall productivity.

In the subsequent years, the company built up a good knowledge base consisting of these patches. Therefore, the company went one step further and developed an "auto-resolution engine" which had the capacity to identify a problem that has been solved before, find the required patch to resolve it and dispose the same to the client's base. This has also been a huge success and the management has informed us that currently around 78% of the tickets gets resolved through this automated managed service. Thus the company has been hugely successful in making their revenues non-linear in nature in this manner.

For its remote management service, the company has set up a facility in Mahape consisting of Network Operation Centre (NOC) and Information Security Operation Centre (SOC). The main function of the NOC is to provide round-the-clock remote network management services to customers. It monitors and manages a wide variety of device, platforms and applications. The SOC on the other hand monitors and proactively manages entire information lifecycles. For SOC, ADSL has a tie-up with e-Cop which enjoys a leadership position in SOC services in Singapore. The NOC and SOC were started with 50and 30 seats respectively.

A majority of the company's revenue comes from the domestic market. Though in the recent times, due to the acquisition of US-based EnPointe Global Services (EPGS) in July 2008, the percentage revenue from the international market has gone up to currently 12.7 per cent in FY09 from a mere 2.77 per cent in FY08. EPGS is an IT infrastructure management service provider and is a wholly owned subsidiary of EnPointe Technologies Sales Inc, which in turn is a subsidiary of NASDAQ-listed EnPointe Technologies. ADSL has a 80.5 per cent stake in EPGS. At the time of acquisition EPGS' revenue was ~$40mn which has increased to more than $50mn in the recent times. This acquisition has helped ADSL to up-sell and cross-sell its offerings to the various marquee clients of EPGS.

The company previously in April 2008 had also acquired a majority stake (51%) in a Bangalore-based company named Digicomp. It mainly provides component repair services to IT and Telecommunication hardware makers and is basically complementary to the software services provided by ADSL. As ADSL did not have facility to repair hardware, therefore if any hardware component of its clients needed mending, it was generally sent to the country of its origin. But with Digicomp onboard, it has become possible to save both cost and time significantly as all repairing work is handled by it.

Industry Scenario

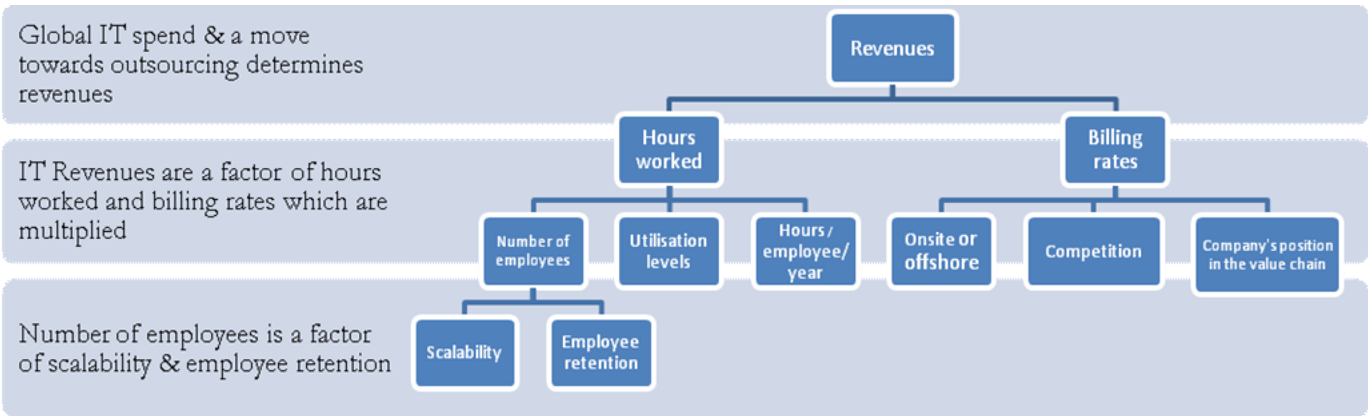
The Indian software industry is a US$60bn industry and is mainly export-driven, with exports contributing to more than 50 per cent of the revenue in this sector. According to estimates of National Association of Software and Services Companies (NASSCOM), total revenues from software and services during FY'08 were more than US$50 bn—an increase of more than 30 per cent over the total revenues of FY'07. A large English speaking population and low employee costs as compared to other countries have been the foundation upon which the Indian software sector has evolved over the years.

The following table illustrates the growth of the Indian IT sector:

	2005-'06	2006-'07	*Growth(%)*	2007-'08	*Growth(%)*	2008-'09	*Growth(%)*
Exports	24.2	31.8	31.4%	40.9	28.6%	47.3	15.7%
Domestic	13.2	16.2	22.7%	23.1	42.6%	24.3	5.2%
Total as % of GDP	4.6	5.2	13.1%	5.5	5.8%	5.8	5.5%

*Source: Nasscom in $bn

There are a number of factors that goes into determining the revenue generated by an IT company. Below we illustrate the revenue model of an IT company:



Source: Arihant Research Fig: Business model of an IT company

The major expense that is incurred in this sector is the wage-bill of the employees, which generally constitutes 40 per cent or more of the total expenses of any software company in India.

A software company can increase revenues by adding employees and/or by increasing utilisation i.e. number of employees actually working on projects as a percentage of total employee base. The ability to add new employees will however depend on the company's scalability i.e. the ability to absorb and train the new employees. For this purpose, the company also must have good physical infrastructure in place and also an experienced management with good vision, so that the cost incurred on the new employees added can be recovered at the earliest. The IT sector has seen a steady rise in jobs even in a year that saw job-cuts in other sectors. Since employees are the most prized possession of an IT company, retaining quality employees becomes a major issue for them.

In the recent times, owing to the global slowdown, the IT sector has taken a beating. The massive re-organisation in the US financial services has led to closures, bailouts and mergers of companies under this sector. This is likely to result in lowered down spending by the financial companies of the US. Since a third of the revenues of the Indian software sector come from the Banking, Financial Services and Insurance (BFSI) vertical, the revenues of the Indian IT companies will came under pressure for the beter part of FY'10.

However, going forward owing to the low base effect of FY'10 we believe that there is significant opportunity for the numbers to demonstrate better growth in FY'11. Also, once the global recovery happens the Indian IT companies will benefit the most and will definitely give excellent returns.

Investment rationale

1. Expertise and focus on IMS to drive growth

Infrastructure Management Service is a niche vertical that is fast coming up globally. It is also a market which is largely untapped in nature. It is estimated that the total IMS market is a more than a $100 billion market which is almost as big as the traditional market that the Indian IT industry has been addressing over the last two decades.

Almost the entire Indian IT services industry depends on three categories of services. The first segment is system integrations, which includes packaged application implementation, custom application development and integration. The market size for this is approximately $98 billion. The second segment is application outsourcing, which includes support and maintenance services. This market is estimated to be close to $15 billion. The third segment is IT consulting, which includes strategic consulting, business process consulting and change management. This space is estimated to be worth close to $25 billion. But as traditional markets have started entering the commodity phase, Indian players have no other choice but to expand the scope of the markets they are addressing. So basically the Indian IT services providers have flourished inside a market size of approximately $120 billion.

Now if we take a look at IT infrastructure outsourcing then it is estimated that Mainframe-related outsourcing is a $29 billion market, Network-related outsourcing is a $7 billion market, while the desktop outsourcing market is a $18 billion market. If we add to this the distributed environment related outsourcing market estimated to be close to $57 billion the total figure comes to be more than $110 billion—close to the same market size Indian players have been addressing over the years with falling margins!

With a very few Indian companies playing in the IMS market, the potential for growth is huge. The recent trend is also positive with a number of North American and European firms looking at Indian off-shore vendors in order to cut cost and improve productivity on the infrastructure side. Even medium sized firms are also coming forward and off-shoring their IT needs in order to cut down on costs.

We therefore believe that the IMS market in time will become a larger market than the ADM market. ADSL with their core competency being in IMS—with a well established IMS infrastructure in the form of SOC and NOC, as well as employees with required expertise is well-poised to capture a huge chunk of this market.

2. Non-linear revenue model to provide resilient margins

Currently, most of the Indian IT market derives its revenues from the people-billing model. This model do not only put pressure on margins due to rising employee cost but also create other issues like retention of quality employees and overall management of a large employee base as the company starts growing bigger. Though, a number of initiatives have been taken to create a model which is non-linear in nature it has not yet been able to scale up. However, ADSL has clearly managed to differentiate itself from the other IT vendors on this front. Its revenue has grown at a much faster pace than its number of employees. Moreover, the business model of ADSL is such that with time it is able to increase its profit margin by decreasing the number of onsite employees and shifting work off-shore. Its auto-resolution engine also goes a long way in helping the company decrease cost as well as increase productivity. In addition to it, non-linear models also create an incentive for higher productivity and more efficient use of resources.

3. New acquisitions to contribute to incremental revenue, also fill in gaps in offerings

The company has made two acquisitions in the recent past namely EnPointe Global Services (EPGS) and Digicomp. At the time of acquisition EPGS had 32 clients of which 11 were Fortune 1000 clients. Moreover, the fact that EPGS continue to receive marketing and business support from its previous parent company En Pointe Technologies Sales Inc has helped ADSL to cross-sell and upsell its services to the huge client base of the EnPoint group. ADSL continue to benefit from the credibility that EnPoint has built up over more than 15 years of its operation in the US.

ADSL also acquired a majority stake in Digicomp Complete Solutions Pvt Ltd, a Bangalore based company which mainly provides component repair services to IT and telecom hardware makers. Digicomp complements ADSL's services portfolio by providing local hardware repair facility to its clients thus reducing their cost as well as repair time. Currently, the company is on the lookout more acquisitions which will further enhance its portfolio of offerings in the IMS domain. The deal with Lenovo wherein all maintenance services will be provided by ADSL will also increase its kitty.

4. Good revenue visibility

ADSL's current order book at the end of FY10 stood at Rs.544cr out of which Solutions constituted Rs.110cr while Services constituted Rs.434cr. The healthy order pipeline gives revenue visibility. The services order book is to be executed in a period of 12 months while the solutions order book is for a period of 3 months. The company's management has expressed confidence that both its solutions as well as services order book will continue to grow at a faster run-rate than it has grown in the last financial year as the global economy is on the recovery path and more and more clients are showing a strong inclination towards the services offered by ADSL as it helps clients to cut down on their IT expenses.

5. "Reference customer" to increase revenue flow

The acquisitions made by ADSL has gone a long way in creating good visibility for it as they have been able to acquire customers solely on the goodwill of the acquired company. It has infact also helped ADSL in reducing its marketing expenses. In the recent times the company's tie-up with OEM manufacturers Lenovo has given it a chance to take a piggy-back ride on Lenovo's penetration and address the same market space along with it.

Key Concerns

1. Security concerns

The main concern that we have is the security issue that is associated with having one's infrastructure being managed remotely. This might be the reason why most clients prefer having their infrastructure managed by onsite engineers and rather than having their data transferred to a third party location. However, ADSL has done well to quell such fears of its clients with time.

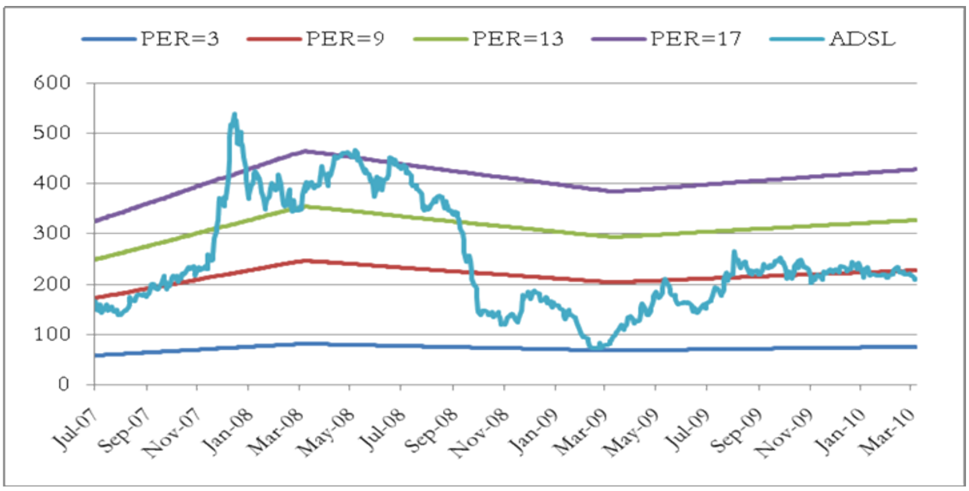
Valuation

ADSL's software capability entails the entire spectrum of the IT delivery chain right from data centre management, server management to security and application management. The company differentiates itself from other IT players by doing all these at a fraction of a price that is charged by other vendors. We believe with the recession just getting over and making cost-cutting even more important ADSL will see its business grow at a fast pace. Moreover, the company is also scouting for acquisitions in the IMS space preferably Europe to expand its geographic reach and client base. This will further help the company to grow.

The company has been constantly growing its order book at a healthy pace and going ahead it can only increase further. We expect the company to post a YoY revenue increase of 18.1 per cent and 17.4 per cent in FY11E and FY12E respectively. Therefore based on a WACC assumption of 10.1 per cent and a terminal growth rate of 3 per cent, our DCF model has yielded a one-year target price of Rs.303 per share.

At the CMP, the stock will be available at 7.8xFY11E and 6.4xFY12E earnings. At the target price, the stock will trade at 10.5xFY11E and 8.7xFY12E respectively. We believe therefore believe the stock is available at very cheap valuations as compared to its peers in the IT sector. We thereby initiate coverage on Allied Digital Service with a 'Buy' rating.

PE Band



Source: Arihant Research

Fig: PE band of ADSL

Q4 FY10 result

Rs in cr.	Q4FY10	Q4FY09	YoY%chng.	Q3FY10	QoQ%chng.
Net Sales	193.41	158.9	21.7%	178.84	8.1%
Other Operating Income	0.03	1.38	-97.8%	0.07	-57.1%
Other Income	1.96	0.62	216.1%	1.58	24.1%
Total Income	195.4	160.9	21.4%	180.49	8.3%
Total Expenditure	154.12	132.6	16.2%	143.24	7.6%
PBIDT	41.28	28.3	45.9%	37.25	10.8%
Interest	1.08	1.55	-30.3%	1.18	-8.5%
PBDT	40.2	26.75	50.3%	36.07	11.4%
Depreciation	2.49	1.54	61.7%	2.65	-6.0%
PBT	37.71	25.21	49.6%	33.42	12.8%
Tax	6.22	2.93	112.3%	5.73	8.6%
Reported Profit After Tax	31.49	22.28	41.3%	27.69	13.7%
Effective Tax rate %	*16.5%*	*11.6%*	*41.9%*	*17.1%*	*-3.8%*
Minority Interest After NP	0.48	0.25	92.0%	0.52	-7.7%
Net Profit after Minority Interest	31.01	22.03	40.8%	27.17	14.1%
EPS (Unit Curr.)	*6.68*	*10.28*	*-35%*	*6.24*	*7.1%*
EPS (Adj)(Unit Curr.)	*6.68*	*5.14*	*30%*	*6.24*	*7.1%*

Profit and Loss Statement (consolidated)

Y/E March (Rs. in cr)	FY09	FY10	FY11E	FY12E
Net Sales	**552.1**	**697.5**	**823.6**	**966.6**
YoY%	*86.9*	*25.5*	*18.1*	*17.4*
Other operating inc.	3.7	0.5	7.9	7.9
Total income	***555.8***	***697.9***	***831.6***	***974.6***
Purchase of traded goods	349.2	433.6	510.9	593.0
Employee cost	73.7	81.5	92.0	106.6
Depreciation	***4.9***	***8.6***	***11.0***	***13.0***
Other exp.	33.3	44.2	47.6	53.0
Total exp.	**461.1**	**567.9**	**661.5**	**765.6**
Other Income	2.2	3.84	2.0	3.0
Profit before int. & exp. item	**96.9**	**133.9**	**172.1**	**211.9**
Interest	5.6	5.3	6.0	6.0
Excep. items	2.7	0.0	0.0	0.0
Tax	16.7	20.8	30.0	41.5
Effective tax rate%	*17.8*	*16.2*	*18.1*	*20.2*
Net Profit	77.2	107.8	136.1	164.5
Minority int.	0.3	1.7	2.1	2.1
Profit after minority int.	**76.9**	**106.1**	**134.0**	**162.4**
YoY%	*76.6*	*37.9*	*26.3*	*21.2*

Cash Flow Statement Extract

Y/E March (Rs.in cr)	FY09	FY10E	FY11E	FY12E
Profit before taxation	93.9	128.6	166.1	205.9
Add: Depreciation	4.4	8.6	11.0	13
Interest & financial charges	5.6	-9.7	-10.2	-6.0
Other items	-2.1	0.0	0.0	0.0
(Inc.)/Dec in WC	-74.7	-10.5	3.3	-9.2
Direct Taxes	-26.9	-20.8	-30.0	-41.5
Net cash provided by operating activities	**0.3**	**96.3**	**140.2**	**162.3**
(Inc)/ Dec in FA	-58.1	-37.9	-21.2	-20.0
Int. & Dividend received	2.0	2.0	2.0	2.0
Other items	-65.6	-13.7	0.0	0.0
Cash Inflow/ (outflow) from Investments	**-121.7**	**-49.6**	**-19.2**	**-17.9**
Issue of equity shares	62.2	231.6	0.0	0.0
Other items	68.8	-9.6	-10.2	-6.0
Cash Inflow/ (outflow) from Financing	**130.9**	**222.1**	**-10.2**	**-6.0**
Net Cash Inflow/ (outflow)	**9.5**	**268.8**	**110.7**	**138.3**
Cash at beginning	6.9	16.5	285.2	395.9
Net Cash carried forward	**16.5**	**285.5**	**395.9**	**534.2**

Balance Sheet

Y/E Mar. (Rs. in cr)	FY09	FY10E	FY11E	FY12E
Sources of Funds:				
Equity Capital (FV-5)	18.1	23.2	23.2	23.2
Reserves	298.2	619.1	746.7	917.2
Minority interest	3.6	3.6	3.6	3.6
Shareholder's Equity				
Total Debt	90.1	90.0	91.0	92.0
Deferred Tax Liability	1.6	1.6	1.6	1.6
Total Liabilities	**411.7**	**737.5**	**866.1**	**1037.7**
Application of Funds:				
Gross Block	50.8	88.8	110.0	130.0
Less: Acc. depreciation	9.1	17.7	28.7	41.7
Net Block	*41.7*	*71.0*	*81.3*	*88.3*
CWIP	33.9	33.9	33.9	33.9
Goodwill	112.5	112.5	112.5	112.5
Investments	5.0	5.0	5.0	5.0
Current Assets:				
Inventories	10.6	15.3	20.3	23.8
Debtors	227.2	267.5	293.3	331.0
Cash and equivalent	16.5	285.2	395.9	534.2
Loans and Advances	33.0	41.0	48.0	57.0
Total	*287.3*	*609.1*	*757.6*	*950.4*
Current Liabilities	50.4	68.9	89.1	103.1
Provisions	18.4	25.0	35.0	45.0
Net current asset	*218.6*	*515.1*	*633.5*	*802.3*
Total Assets	**411.7**	**737.5**	**866.1**	**1037.7**

Important Ratios

Y/E March	FY09	FY10E	FY11E	FY12E
Performance Ratios				
EBIDTA %	18.3	20.4	22.0	23.1
Net Profit %	13.8	15.2	16.1	16.7
Sales/share (SPS)(Rs.)	209.9	265.1	313.2	367.5
Price/SPS	1.2	0.9	0.7	0.6
Dividend %	20	20	20	20
Cash per share	3.6	61.4	85.2	114.9
Assets Turnover	1.3	0.9	1.0	0.9
Du Pont Analysis				
PAT / Net Sales	0.1	0.2	0.2	0.2
Net Sales / Assets	1.3	0.9	1.0	0.9
Assets / Equity	1.3	1.1	1.1	1.1
ROE %	24.2	16.5	17.2	17.1
Valuation Ratios				
Diluted EPS	21.8	26.1	28.8	34.9
Cash EPS	23.2	28.3	31.2	37.7
P/E	11.2	9.4	7.8	6.4
P/BV	1.4	1.0	0.8	0.6
EV/ EBIDTA	3.4	3.1	1.6	0.7
EV/ Sales	0.6	0.6	0.3	0.2
ROCE%	24.7	19.3	21.1	21.7

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Tel: (91-731) 3016100
Fax: (91-731) 3016199

Stock Rating Scale

		Absolute Return
BUY	:	>20%
ACCUMULATE	:	12-20%
HOLD	:	5-12%
REDUCE	:	<5%

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