

October 20, 2021

Q2FY22 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	BUY		BUY	
Target Price	994		936	
Sales (Rs. m)	63,241	75,842	66,369	75,918
% Chng.	(4.7)	(0.1)		
EBITDA (Rs. m)	6,020	7,086	6,240	7,154
% Chng.	(3.5)	(1.0)		
EPS (Rs.)	43.5	51.2	43.5	50.1
% Chng.	-	2.2		

Key Financials - Standalone

Y/e Mar (Rs bn)	FY21	FY22E	FY23E	FY24E
Sales (Rs. m)	42,281	51,967	63,241	75,842
EBITDA (Rs. m)	3,794	4,645	6,020	7,086
Margin (%)	9.0	8.9	9.5	9.3
PAT (Rs. m)	2,440	3,581	4,518	5,323
EPS (Rs.)	23.5	34.5	43.5	51.2
Gr. (%)	(11.9)	46.8	26.2	17.8
DPS (Rs.)	11.7	17.2	21.7	25.6
Yield (%)	1.3	1.9	2.4	2.8
RoE (%)	31.0	36.7	39.7	39.8
RoCE (%)	38.8	39.7	45.8	46.9
EV/Sales (x)	2.1	1.7	1.4	1.1
EV/EBITDA (x)	23.4	18.8	14.3	11.8
PE (x)	39.1	26.6	21.1	17.9
P/BV (x)	10.5	9.1	7.8	6.6

Key Data

SOFT.BO | SSOF IN

52-W High / Low	Rs.1,030 / Rs.300
Sensex / Nifty	61,260 / 18,267
Market Cap	Rs.96bn/ \$ 1,289m
Shares Outstanding	105m
3M Avg. Daily Value	Rs.737.29m

Shareholding Pattern (%)

Promoter's	29.36
Foreign	16.49
Domestic Institution	13.04
Public & Others	41.11
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	4.5	58.2	162.6
Relative	(0.3)	23.2	73.8

Aniket Pande

aniketpande@plindia.com | 91-22-66322300

Aditi Patil

aditipatil@plindia.com |

Steady growth momentum to continue...

Quick Pointers:

- Share of Digital revenue in IITS business at 70% (vs 68% in 1Q22 and 60% in 2Q21) has consistently increased over last several quarters.
- Segmental IITS EBITDA margin at 28.7% is higher by 200bps QoQ, after adjusting 1Q22 margins for one-time gain in the quarter and in-line with 4Q21 margin of 28.4%

International IT Services (IITS) revenue came at \$49.4 mn, +11% QoQ USD, 26.7% YoY USD above our estimate of \$48.06 mn, +8% QoQ USD. Organic growth was also robust at 5% QoQ USD. Encore contributed \$2.7 mn (2 months' revenue post integration) vs \$3mn run-rate per quarter in CY20. Growth was led by strong recovery in Retail (non-essential) + 38.9% QoQ USD, followed by Retail (Essential) (+8.7% QoQ USD) and ISV (+5.9% QoQ USD). Travel is recovering slowly (+4.2 QoQ USD). Domestic Product Services (DPS) business growth at +16% +YoY was lower than average ~27% YoY growth for last four quarters.

Segmental IITS EBITDA margin at 28.7%, was higher by ~200bps QoQ after adjusting for one time gain in other income in 1Q and stable compared to 28.4% margins in 4Q21. Sonata ramped up hiring with net-addition of 313 employees this quarter (in-line with their target to add ~300 resources per quarter). They also added 287 employees from Encore acquisition. Supply side pressures in IITS business such as higher attrition (~23-25%), higher hiring costs and probable compensation hike to retain talent are expected to weigh down margins in H2FY22. However, consolidated EBIT margin is expected to remain stable at ~8% in FY22 aided by higher consolidated margin of 11.6% in 2Q22. (due to higher DPS EBITDA margin of 5.6% +214 bps QoQ)

Sonata has scaled up recruitment team, is investing in senior talent and formed large deal team to benefit from strong broad-based demand momentum. Our EPS estimates change marginally by 2.2% in FY24 and remain largely unchanged for FY22 & 23. We value Sonata on 21X Sep23 EPS of INR 47.4 to arrive at changed TP of INR 994 (earlier: 936). Sonata is currently trading at 21/18X on FY23/24 earnings of INR 43/51 with Revenue/EPS CAGR of 18%/22% over FY22-24E. Maintain Buy.

- Strong growth in IITS revenues post softness in 1Q:** International IT Services (IITS) revenue came at \$49.4 mn, +11% QoQ USD, 26.7% YoY USD above our estimate of \$48.06 mn, +8% QoQ USD. Organic growth was also robust at 5% QoQ USD. Encore contributed \$2.7 mn (2 months' revenue post integration) vs \$3mn run-rate per quarter in CY20.
- Growth was driven by digital based competencies like Managed Cloud Services (+22.9% QoQ USD), Data & Analytics (+12% QoQ USD), IMS (11.1% QoQ USD), Microsoft Dynamic Services (+11.5% QoQ USD) and Modern Validation and Dev Eng. Mgmt. Ser (+11.8% QoQ USD). Digital revenue

In IITS, share of digital revenue has consistently improved for last several quarters from 38% in 4Q20 to 70% in 2Q22. Higher share of digital revenue drives higher margins in IITS business (Segmental EBITDA margin at ~28%)

continued to growth and now accounts to 70% of total revenue. Share of Platformation revenue also increased to 22% (vs 20% in 1Q21).

- In terms of verticals, Retail (non-essential) led the growth with 38.9% QoQ USD, followed by Retail (Essential) (+8.7% QoQ USD), ISV (+5.9% QoQ USD), Distribution and Manufacturing (+5.3% QoQ USD), Travel is recovering slowly (+4.2 QoQ USD).
- **Demand momentum continues to be strong in IITS business:** Management mentioned that demand momentum is broad-based across all geographies and verticals. They are also investing in senior talent and have on-boarded senior leaders in Cyber Security and Cloud practice. They have also created large deal team last quarter to benefit from strong demand tailwinds.
- **Softness in DPS:** Domestic Product Services (DPS) business growth at +16% +YoY was lower than average ~27% YoY growth for last four quarters. Share of cloud led revenue 77%, +100 bps QoQ, and that of annuity revenue increased to 75%, +100 bps QoQ. Work with new alliances AWS and GCP is also progressing well.
- **Steady IITS segmental EBITDA margins maintained above 25%:** IITS EBITDA margin at 28.7%, -129bpsQoQ was lower compared to last quarter because in 1Q had gain from reversal of provision of INR 121.7 mn for EPFO. Adjusting 1Q margins for this one time gain, 2Q margins is higher by ~200 bps and in-line with 28.4% margins in 4Q21. Utilization improved by 100bps QoQ. Supply side pressures such as higher attrition (~23-25%), higher hiring costs and probable compensation hike to retain talent are expected to weigh down margins in H2FY22.
- DPS EBITDA margin was higher at 5.6% (vs 3.7% in 2Q21) due to lower revenue. DPS EBITDA came at INR 337 (+4% QoQ). Management expects DPS EBITDA to grow by average 4-5% every quarter.
- Consolidated EBITDA margins stood at 12.8%, +480bps QoQ, +192bps YoY much above our estimates (Ple: 10%) driven by DPS EBITDA margins at 5.6% (+214 bps QoQ, +182 bps YoY)
- Consolidated PAT is at INR 911.7 mn +5.1% QoQ, +59.4% YoY (Ple: INR 798 mn).
- **Softness in new client addition; strong growth in top 5 clients:** Sonata added 8 new clients in this quarter. (vs 13 in 1Q22). Revenue growth was strong for top 5 clients at 9.1% QoQ, 28% YoY. Encore added 5 new clients with revenue run-rate greater than \$1Mn taking total clients with \$1Mn+ revenue to 36.
- **Ramped up hiring:** Sonata ramped up hiring with net-addition of 313 employees this quarter (in-line with their target to add ~300 resources per quarter). In addition to this, 287 employees from Encore acquisition were also added this quarter. Sonata has scaled up recruiting team from about 15 to 50 and also outsourced some of the recruitments. They are also looking at Tier2&3 cities in India and some other countries for sourcing talent. They plan to continue the similar hiring momentum in H2FY22.

- Sustained improvement in DSO:** Rigour in cash collections led to further improvement in consolidated DSO by 3 days to 35 (vs 38 in 1Q22 and 55 in 2Q21). Lower DSO was led by reduction in DPS DSO by 7 days at 32 (vs 39 in 1Q22 & 63 in 2Q21) and stable IITS DSO at 38 days. (vs 37 days in 1Q22).

Exhibit 1: Q2FY22 Result Summary

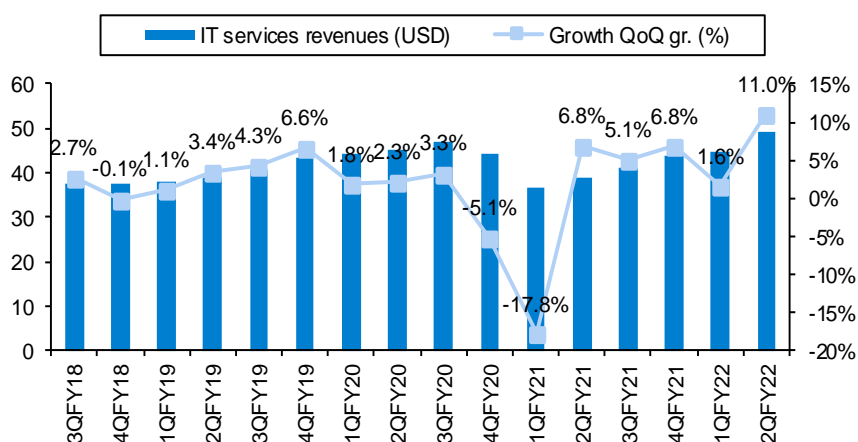
Particulars (Rs mn)	2QFY22	1QFY22	QoQ gr.	2QFY21	YoY gr.	PL Est	Var (Act vs Pl)
IT services Revenues (USD mn)	49.4	44.5	11.0%	39.0	26.7%	48.1	2.8%
IT services Revenues (INR mn)	3608	3239	11.4%	2881	25.2%	3556	1.5%
Domestic Products (USD mn)	83	130	-36.2%	71	17.0%	102	-19.0%
Domestic Products (INR mn)	6055	9462	-36.0%	5235	15.7%	7570	-20.0%
Total consol Revenues(INR mn)	9632	12685	-24.1%	8038	19.8%	11126	-13.4%
Consol EBITDA	1231	1010	21.9%	873	41.0%	1117	10.1%
<i>Consolidated EBITDA Margins (%)</i>	<i>12.8%</i>	<i>8.0%</i>	<i>482 bps</i>	<i>10.9%</i>	<i>192 bps</i>	<i>10.0%</i>	<i>273 bps</i>
PAT	912	867	5.1%	572	59.4%	798	14.2%
EPS	8.8	8.3	5.1%	5.5	59.3%	7.7	14.2%

Source: Company, PL

Exhibit 2: Change in Estimates

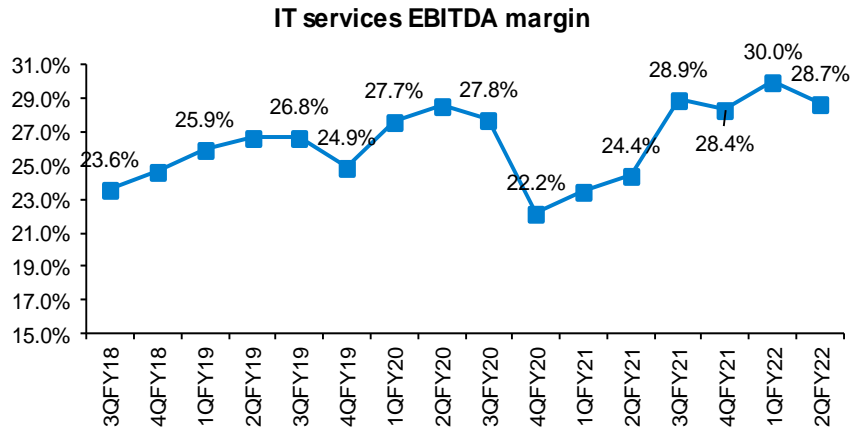
	FY22E	FY23E	FY24E
USD revenues (US\$ m)			
- New	707	832	985
- Old	759	873	986
<i>Change (%)</i>	<i>-6.8%</i>	<i>-4.7%</i>	<i>-0.1%</i>
EBIT Margin			
- New	8.1%	8.9%	8.8%
- Old	8.0%	8.8%	8.9%
<i>Change (%)</i>	<i>17 bps</i>	<i>9 bps</i>	<i>-8 bps</i>
Recurring EPS - Fully diluted (Rs)			
- New	34.5	43.5	51.2
- Old	34.9	43.5	50.1
<i>Change (%)</i>	<i>-1.2%</i>	<i>0.0%</i>	<i>2.2%</i>

Source: PL

Exhibit 3: Strong growth in IT services


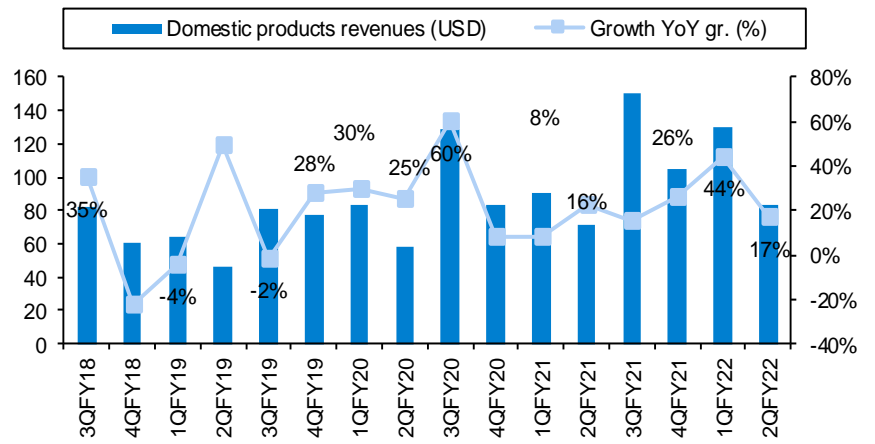
Source: Company, PL

Exhibit 4: IT services segmental EBITDA margin maintained above 28%



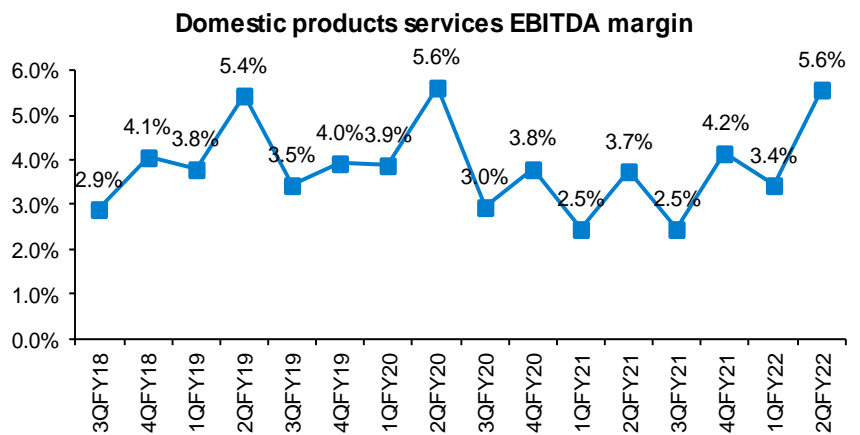
Source: Company, PL

Exhibit 5: Softness in domestic products business



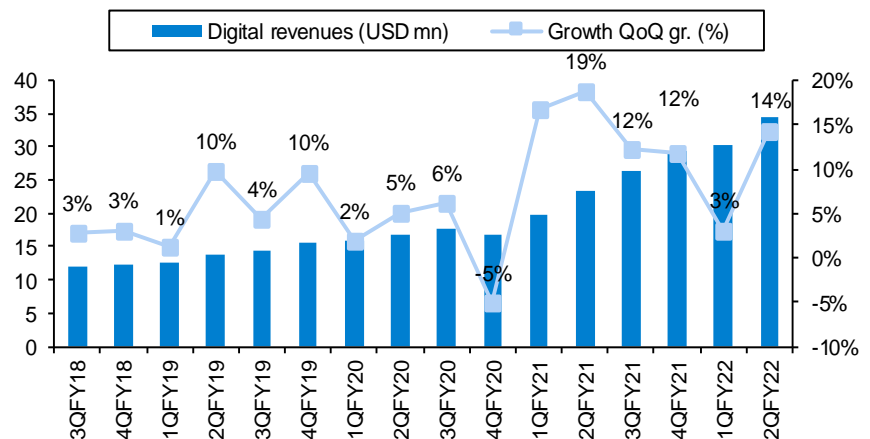
Source: Company, PL

Exhibit 6: Higher DPS EBITDA margins led by seasonality



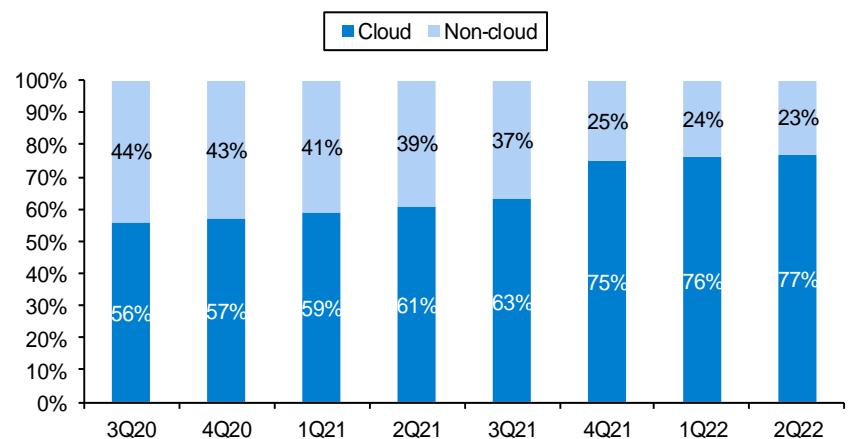
Source: Company, PL

Exhibit 7: IITS digital revenue continues to grow at strong pace



Source: Company, PL

Exhibit 8: Increasing share of cloud in DPS revenues



Source: Company, PL

Exhibit 9: IITS vertical wise revenues

USD in Mn	2QFY22	1QFY22	QoQ gr.	2QFY21	YoY gr.
ISV	15.5	14.6	5.9%	11.4	35.3%
Travel	4.8	4.6	5%	3.9	23%
Others	8.2	7.9	2.9%	9.8	-17%
Distribution & Manufacturing	9.8	9.3	5%	7.8	26%
Retail (Essential)	4.4	4.0	9%	2.9	52%
Retail (Non-essential)	1.2	0.9	39%	0.9	44%
Commodity business and Service industry	3.2	3.1	3%	2.3	40%
Total	47.1	44.5	6%	39.0	21%
-as a % of sales					
ISV	31%	33%	-150 bps	29%	200 bps
Travel	10%	10%	-60 bps	10%	-30 bps
Others	17%	18%	-130 bps	25%	-870 bps
Distribution & Manufacturing	20%	21%	-110 bps	20%	-10 bps
Retail (Essential)	9%	9%	-20 bps	7%	150 bps
Retail (Non-essential)	3%	2%	50 bps	2%	30 bps
Commodity business and Service industry	7%	7%	-50 bps	6%	60 bps

Source: Company, PL

Exhibit 10: International IT business service line wise revenues

USD in Mn	2QFY22	1QFY22	QoQ gr.	2QFY21	YoY gr.
Data & Analytics	6.5	5.83	12%	4.84	35%
Managed Cloud Services	5.3	4.32	22%	3.28	61%
IMS & Cloud	2.2	2.00	11%	2.18	2%
Microsoft Digital Platformation Services	10.0	9.12	9%	7.49	33%
Microsoft Dynamic Services	14.5	13.04	11%	10.88	33%
Modern Validation and Dev Eng Mgmt Ser	4.9	4.36	12%	4.80	2%
Open Source Digital Platform Services	5.4	5.16	4%	3.74	44%
Other ERP Services	0.3	0.36	-17%	0.90	-67%
Other Services	0.3	0.31	-5%	0.94	-68%
Total	49.4	44.5	11%	39.0	27%
-as a % of sales					
Data & Analytics	13%	13%	10 bps	12%	80 bps
Managed Cloud Services	11%	10%	100 bps	8%	230 bps
IMS & Cloud	5%	5%	0 bps	6%	-110 bps
Microsoft Digital Platformation Services	20%	21%	-30 bps	19%	100 bps
Microsoft Dynamic Services	29%	29%	10 bps	28%	150 bps
Modern Validation and Dev Eng Mgmt Ser	10%	10%	10 bps	12%	-240 bps
Open Source Digital Platform Services	11%	12%	-70 bps	10%	130 bps
Other ERP Services	1%	1%	-20 bps	2%	-170 bps
Other Services	1%	1%	-10 bps	2%	-180 bps

Source: Company, PL

Exhibit 11: IITS Revenue contribution by Geography (%)

Revenue mix geography (%)	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22
America	58	56	55	56	53	54	54	64	51	52	51	51	53
Europe	30	32	32	30	30	30	30	16	26	26	25	25	24
RoW	12	12	13	14	17	16	16	20	23	22	24	24	23

Source: Company, PL

Exhibit 12: IITS Client Metrics

Revenue mix by clients (%)	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22
Top 5 Clients	61	61	61	59	59	57	57	53	55	54	53	58	57
Top 10 Clients	69	69	68	66	65	66	64	59	61	62	61	65	64
Top 20 Clients	77	78	76	75	73	75	73	69	71	71	71	73	72

Source: Company, PL

Exhibit 13: Headcount metrics

Headcount	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22
IT Services	3679	3812	3886	4000	4036	4028	4066	3966	3744	3851	3956	4101	4693
Products	157	155	156	150	143	149	145	145	141	146	146	149	157
Total	3836	3967	4042	4150	4179	4177	4211	4111	3885	3997	4102	4250	4850
International Services	42	40	41	41	44	42	47	57	47	36	36	37	38
Domestic Products	48	42	47	33	43	47	52	59	63	57	49	39	32
Total DSO Days	45	41	44	37	44	45	50	58	55	47	43	38	35

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
Net Revenues	42,281	51,967	63,241	75,842
YoY gr. (%)	13.0	22.9	21.7	19.9
Employee Cost	29,916	36,761	44,066	53,448
Gross Profit	12,365	15,206	19,175	22,394
Margin (%)	29.2	29.3	30.3	29.5
SG&A Expenses	-	-	-	-
Other Expenses	2,317	3,227	3,611	4,171
EBITDA	3,794	4,645	6,020	7,086
YoY gr. (%)	1.8	22.4	29.6	17.7
Margin (%)	9.0	8.9	9.5	9.3
Depreciation and Amortization	396	414	396	396
EBIT	3,398	4,231	5,624	6,690
Margin (%)	8.0	8.1	8.9	8.8
Net Interest	154	181	180	180
Other Income	277	687	541	541
Profit Before Tax	3,522	4,737	5,984	7,051
Margin (%)	8.3	9.1	9.5	9.3
Total Tax	1,082	1,156	1,466	1,727
Effective tax rate (%)	30.7	24.4	24.5	24.5
Profit after tax	2,440	3,581	4,518	5,323
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	2,440	3,581	4,518	5,323
YoY gr. (%)	(11.9)	46.8	26.2	17.8
Margin (%)	5.8	6.9	7.1	7.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,440	3,581	4,518	5,323
YoY gr. (%)	(11.9)	46.8	26.2	17.8
Margin (%)	5.8	6.9	7.1	7.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,440	3,581	4,518	5,323
Equity Shares O/s (m)	104	104	104	104
EPS (Rs)	23.5	34.5	43.5	51.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
Non-Current Assets				
Gross Block	1,477	1,567	1,657	1,747
Tangibles	1,000	1,072	1,144	1,216
Intangibles	477	495	513	531
Acc: Dep / Amortization	-	-	-	-
Tangibles	-	-	-	-
Intangibles	-	-	-	-
Net fixed assets	1,477	1,567	1,657	1,747
Tangibles	1,000	1,072	1,144	1,216
Intangibles	477	495	513	531
Capital Work In Progress	1	1	1	1
Goodwill	1,759	1,759	1,759	1,759
Non-Current Investments	301	401	501	601
Net Deferred tax assets	189	189	189	189
Other Non-Current Assets	1,050	1,050	1,050	1,050
Current Assets				
Investments	654	704	754	804
Inventories	-	-	-	-
Trade receivables	6,158	7,569	9,211	11,046
Cash & Bank Balance	6,771	8,044	9,704	11,698
Other Current Assets	383	383	383	383
Total Assets	19,469	22,393	25,936	30,005
Equity				
Equity Share Capital	104	104	104	104
Other Equity	8,951	10,383	12,190	14,320
Total Network	9,055	10,487	12,294	14,423
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	897	897	897	897
Trade payables	6,510	8,001	9,737	11,677
Other current liabilities	1,987	1,987	1,987	1,987
Total Equity & Liabilities	19,469	22,393	25,936	30,005

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
PBT	3,521	4,737	5,984	7,051
Add. Depreciation	396	414	396	396
Add. Interest	146	181	180	180
Less Financial Other Income	277	687	541	541
Add. Other	(145)	(687)	(541)	(541)
Op. profit before WC changes	3,919	4,645	6,020	7,086
Net Changes-WC	1,840	81	94	105
Direct tax	(1,332)	(1,156)	(1,466)	(1,727)
Net cash from Op. activities	4,426	3,570	4,647	5,463
Capital expenditures	(523)	(90)	(90)	(90)
Interest / Dividend Income	95	687	541	541
Others	(713)	(150)	(150)	(150)
Net Cash from Inv. activities	(1,141)	447	301	301
Issue of share cap. / premium	-	-	-	-
Debt changes	(181)	-	-	-
Dividend paid	(407)	(2,149)	(2,711)	(3,194)
Interest paid	(34)	(181)	(180)	(180)
Others	(611)	-	-	-
Net cash from Fin. activities	(1,232)	(2,330)	(2,891)	(3,374)
Net change in cash	2,054	1,687	2,057	2,390
Free Cash Flow	3,903	3,480	4,557	5,373

Source: Company Data, PL Research

Key Financial Metrics

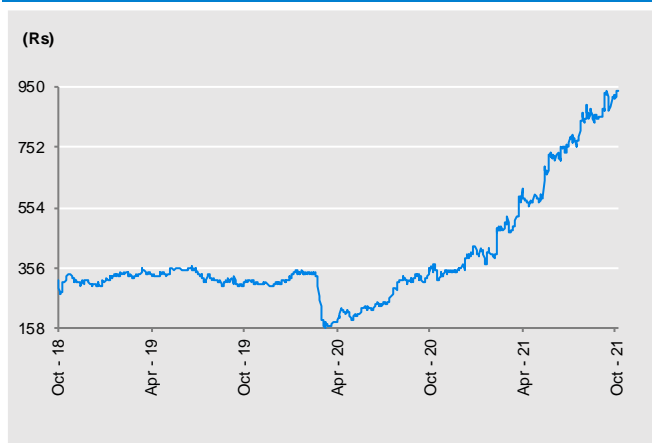
Y/e Mar	FY21	FY22E	FY23E	FY24E
Per Share(Rs)				
EPS	23.5	34.5	43.5	51.2
CEPS	27.3	38.5	47.3	55.0
BVPS	87.1	100.9	118.3	138.8
FCF	37.6	33.5	43.9	51.7
DPS	11.7	17.2	21.7	25.6
Return Ratio(%)				
RoCE	38.8	39.7	45.8	46.9
ROIC	93.2	121.3	155.4	179.2
RoE	31.0	36.7	39.7	39.8
Balance Sheet				
Net Debt : Equity (x)	(0.7)	(0.7)	(0.8)	(0.8)
Debtor (Days)	53	53	53	53
Valuation(x)				
PER	39.1	26.6	21.1	17.9
P/B	10.5	9.1	7.8	6.6
P/CEPS	27.3	38.5	47.3	55.0
EV/EBITDA	23.4	18.8	14.3	11.8
EV/Sales	2.1	1.7	1.4	1.1
Dividend Yield (%)	1.3	1.9	2.4	2.8

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY21	Q4FY21	Q1FY22	Q2FY22
Net Revenue	13,962	10,757	12,685	9,632
YoY gr. (%)	12.9	15.8	33.2	19.8
Raw Material Expenses	10,755	7,434	9,346	5,956
Gross Profit	3,207	3,323	3,339	3,676
Margin (%)	23.0	30.9	26.3	38.2
EBITDA	1,110	1,031	1,010	1,231
YoY gr. (%)	1.2	24.1	29.4	41.0
Margin (%)	7.9	9.6	8.0	12.8
Depreciation / Depletion	99	94	99	117
EBIT	1,010	937	911	1,114
Margin (%)	7.2	8.7	7.2	11.6
Net Interest	46	36	44	47
Other Income	33	189	282	135
Profit before Tax	997	1,091	1,148	1,202
Margin (%)	7.1	10.1	9.1	12.5
Total Tax	458	260	281	290
Effective tax rate (%)	46.0	23.8	24.5	24.1
Profit after Tax	538	831	867	912
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	538	831	867	912
YoY gr. (%)	(29.0)	34.3	73.8	59.4
Margin (%)	3.9	7.7	6.8	9.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	538	831	867	912
YoY gr. (%)	(29.0)	34.3	73.8	59.4
Margin (%)	3.9	7.7	6.8	9.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	538	831	867	912
Avg. Shares O/s (m)	104	104	104	104
EPS (Rs)	5.2	8.0	8.3	8.8

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	05-Oct-21	BUY	936	883
2	07-Aug-21	BUY	927	842
3	06-Aug-21	BUY	834	842
4	02-Jul-21	BUY	834	757
5	18-Jun-21	BUY	834	711
6	13-May-21	BUY	674	586
7	05-Apr-21	BUY	537	522
8	08-Feb-21	BUY	503	406
9	04-Jan-21	BUY	437	393
10	23-Nov-20	BUY	427	339

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Affle (India)	BUY	1,411	1,123
2	Coforge	BUY	5,496	5,338
3	Cyient	BUY	1,315	1,160
4	HCL Technologies	BUY	1,386	1,251
5	Infosys	BUY	2,004	1,709
6	L&T Technology Services	BUY	5,621	5,132
7	Larsen & Toubro Infotech	BUY	6,710	5,906
8	Mindtree	BUY	4,804	4,364
9	Mphasis	BUY	3,690	3,089
10	Persistent Systems	BUY	3,994	3,714
11	Redington (India)	BUY	202	146
12	Sonata Software	BUY	936	883
13	Tata Consultancy Services	BUY	4,113	3,936
14	TeamLease Services	BUY	4,892	4,645
15	Tech Mahindra	BUY	1,551	1,399
16	Wipro	BUY	728	673
17	Zensar Technologies	BUY	496	479

PL's Recommendation Nomenclature (Absolute Performance)

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



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3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

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