

### Striking Chords with Big Deals and AI Dreams...



In Q2FY25, Sonata's signed three large deals and six mid-sized contracts that contributed to an order booking of USD 104 million for international business. Significant projects included a healthcare AI and data analytics initiative, a telecom modernization effort, and a banking cloud migration. The company's AI pipeline is valued at USD 67 million, while the Microsoft Fabric pipeline stands at USD 91 million, positioning Sonata favorably in high-growth sectors. Management expects EBITDA margins to recover to low-20% levels by year-end, with a stronger performance anticipated in H2FY25, particularly in the BFSI and U.S. markets, as the company aims to achieve USD 1.5 billion in revenue by FY27.

- International \$ revenue: \$84.6 Mn, +2.3% QoQ / +4.6% YoY and 1% above our estimates.
- International INR revenue at 7,079 Mn, +2.9% QoQ / +5.7% YoY 1% above our estimates.
- Domestic INR revenue at 14,619 Mn, -21% QoQ / +17.5% YoY and +6% above with our estimates
- Consolidated INR revenue at 21,698 Mn, -14.1% QoQ / +13.5% YoY.
- EBITDA (before FX & OI): INR 1,773 Mn, +0.6% QoQ / -10.2% YoY and 1% below our estimates
- EBITDA margins: 8.2%, vs 7% / 10.3% in Q1FY25 / Q2FY24 respectively
- International EBITDA margins: 18.2%, vs 18.7% / 23.1% in Q1FY25 / Q2FY24 respectively
- Domestic EBITDA margins: 3.3%, vs 2.6% / 3.4% in Q1FY25 / Q2FY24 respectively
- PAT: INR 1,065 Mn, +0.8% QoQ / -14.2% YoY and 7% below our estimates
- EPS at INR 3.84 in Q2FY25 vs 3.81 / 4.47 in Q1FY25 / Q2FY24 respectively and versus our estimate of INR 4.1

#### Financial Summary

| Y/E Mar (Rs mn) | FY22   | FY23   | FY24   | FY25E  | FY26E   | FY27E   |
|-----------------|--------|--------|--------|--------|---------|---------|
| Net sales       | 55,534 | 74,491 | 86,131 | 98,134 | 113,535 | 133,025 |
| Margins         | 8.4    | 8.1    | 8.4    | 7.7    | 8.2     | 8.9     |
| PAT (adj)       | 3,764  | 4,516  | 3,085  | 4,962  | 6,655   | 8,902   |
| Growth (%)      | 54.3   | 20.0   | 7.0    | 2.7    | 34.1    | 33.8    |
| EPS             | 13.44  | 16.13  | 17.26  | 17.70  | 23.73   | 31.75   |
| P/E (x)         | 47     | 39     | 37     | 36     | 27      | 20      |
| P/B (x)         | 16     | 14     | 13     | 11     | 9       | 8       |
| EV/EBITDA (x)   | 36     | 29     | 24     | 23     | 19      | 14      |
| RoE (%)         | 34     | 35     | 34     | 31     | 36      | 40      |
| ROCE (%)        | 46     | 34     | 35     | 34     | 40      | 47      |

Source: Dalal & Broacha Research, Company

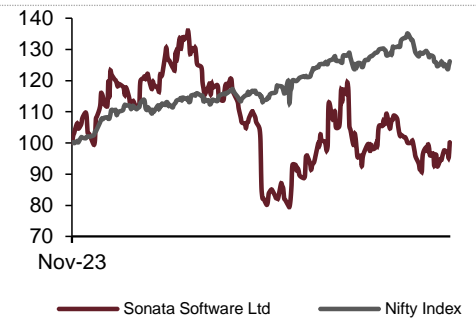
| Rating     | TP (Rs)    | Up/Dn (%) |
|------------|------------|-----------|
| <b>BUY</b> | <b>918</b> | <b>45</b> |

#### Market Data

|                      |           |              |
|----------------------|-----------|--------------|
| Current price        | Rs        | 632          |
| Market Cap (Rs.Bn)   | (Rs Bn)   | 177          |
| Market Cap (US\$ Mn) | (US\$ Mn) | 2,106        |
| Face Value           | Rs        | 1            |
| 52 Weeks High/Low    | Rs        | 870 / 469.05 |
| Average Daily Volume | ('000)    | 176          |
| BSE Code             |           | 53222        |
| Bloomberg            |           | SSOF.IN      |

Source: Bloomberg

#### One Year Performance



Source: Bloomberg

| % Shareholding | Sep-24     | Jun-24     |
|----------------|------------|------------|
| Promoters      | 28.17      | 28.17      |
| Public         | 70.83      | 70.83      |
| <b>Total</b>   | <b>100</b> | <b>100</b> |

Source: Bloomberg

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## Concall Highlights

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- Sonata's international services revenue for Q2FY25 reached USD 84.6 million, showing a 2.3% QoQ increase and a 4.6% YoY increase. The company secured three large deals and six mid-sized deals, resulting in a strong order booking of USD 104 million (1.2x book-to-bill ratio) for international services. These deals include Sonata's first multi-million-dollar project on Microsoft Fabric—a Generative AI modernization initiative for a top 50 global pharmaceutical client, leveraging Sonata's Harmoni AI platform.
- Notable deals included a healthcare contract focused on AI and data analytics, a telecom modernization project using Dynamics and Power Platform, and a major banking project involving cloud migration and data transformation. These strategic wins enhance Sonata's positioning in key sectors, particularly healthcare and BFSI, which drove growth this quarter and are expected to accelerate momentum in H2FY25.
- Sonata is actively expanding its AI-enabled services with an ambition to derive 20% of revenue from AI by 2027. The AI and Generative AI pipeline is currently valued at USD 67 million across 110 clients. Additionally, Sonata's expertise in Microsoft Fabric has built a separate pipeline of USD 91 million across 110 clients. At present, 83% of Sonata's engineers are trained in AI technologies, positioning the company strongly in cloud and AI-driven services.
- EBITDA margin for international services declined slightly to 18.2%, affected by investments in large deals, rebadging costs, and a wage hike impact of 110 bps. Management expects a gradual recovery in margins by Q4FY25 or Q1FY26, aiming to return to low-20% levels as these investments stabilize. Additionally, the large-deal investments and rebadging costs are expected to lead to a temporary margin dilution, with a projected recovery of 60–70 basis points by Q4FY25 or Q1FY26.
- Headcount increased by 289 to a total of 6,908 employees, with a 12-month trailing attrition rate of 13%. The company also onboarded 150 campus hires, and utilization remained steady at 87%. A salary increase was implemented for junior management, with further raises planned for mid- and senior-level employees in Q3FY25.
- Large deals now represent 49% of the active pipeline, with overall pipeline growth of 5% QoQ. Days Sales Outstanding (DSO) remained stable at 45 days for international business and 35 days for domestic business. The company's dividend policy remains consistent, reflecting strong cash flow management despite recent acquisitions and debt-funded investments.
- In Q2FY25, Sonata paid INR 115 crores as a deferred payment related to the Quant Systems acquisition. An additional INR 59.4 crores was paid as a third-year one-off payment for the Encore acquisition, and INR 48.9 crores were allocated to loan repayments. Finance costs for acquisition loans are expected to decrease by 50 basis points in the next quarter as the SOFR rate declines, positively impacting interest expenses. Sonata's cash position was further supported by an IT refund from prior assessments.
- The customer base increased by eight in Q2FY25. The number of clients with a \$3 million annual run rate reached 22, up from 21 in the previous quarter. Additionally, the top 10 clients contributed 63% of revenue in Q2, compared to 50% in the prior quarter, signaling strengthened engagement with key clients.

Outlook:

- Management expects H2FY25 to perform better than H1, primarily due to BFSI, and U.S. geographies. However, the retail and manufacturing sectors may experience a slower recovery due to ongoing inflation and consumer spending challenges. The target to reach USD 1.5 Bn in revenue remains on track for FY27, supported by large deals, M&A integration, and growth in AI and cloud-based services.
- EBITDA margins for international business are targeted to reach the low-20% range by the end of the fiscal year.

Quarterly Deviation Sheet

| (Rs.Mn)                                | Q2FY25        | Q1FY25        | QoQ Growth (%) | Q2FY24        | YoY Growth (%) | Q2FY25E       | Deviation  |
|--|---------------|---------------|----------------|---------------|----------------|---------------|------------|
| <b>International Revenue (\$ Mn)</b>   | <b>85</b>     | <b>83</b>     | <b>2.3%</b>    | <b>81</b>     | <b>4.6%</b>    | <b>84</b>     | <b>1%</b>  |
| International Revenue (Rs Mn)          | 7,079         | 6,878         | 2.9%           | 6,700         | 5.7%           | 6,998         | 1%         |
| Domestic Revenue (Rs Mn)               | 14,619        | 18,494        | -21.0%         | 12,440        | 17.5%          | 13,742        | 6%         |
| <b>Consolidated Revenue (Rs Mn)</b>    | <b>21,698</b> | <b>25,274</b> | <b>-14.1%</b>  | <b>19,126</b> | <b>13.5%</b>   | <b>20,740</b> | <b>5%</b>  |
| Other Income                           | 192           | 189           | 1.6%           | 232           | -17.3%         | 207           |            |
| COGS                                   | 13,990        | 17,873        | -21.7%         | 12,100        | 15.6%          | 13,481        |            |
| Employee Benefits Expense              | 4,048         | 3,692         | 9.6%           | 3,398         | 19.1%          | 3,817         |            |
| Other Expenses                         | 1,888         | 1,948         | -3.1%          | 1,654         | 14.1%          | 1,659         |            |
| Total Expenses                         | 19,926        | 23,513        | -15.3%         | 17,153        | 16.2%          | 18,957        |            |
| <b>EBITDA (Excluding Other Income)</b> | <b>1,773</b>  | <b>1,762</b>  | <b>0.6%</b>    | <b>1,973</b>  | <b>-10.2%</b>  | <b>1,783</b>  | <b>-1%</b> |
| Depreciation and Amortisation          | 329           | 333           | -1.1%          | 333           | -1.3%          | 300           |            |
| <b>EBIT / PBIT</b>                     | <b>1,635</b>  | <b>1,618</b>  | <b>1.1%</b>    | <b>1,872</b>  | <b>-12.6%</b>  | <b>1,690</b>  |            |
| Finance Costs                          | 192           | 200           | -4.2%          | 207           | -7.3%          | 180           |            |
| <b>EBT/ PBT (Before Exceptional)</b>   | <b>1,443</b>  | <b>1,417</b>  | <b>1.8%</b>    | <b>1,665</b>  | <b>-13.3%</b>  | <b>1,510</b>  | <b>-4%</b> |
| Exceptional Items                      | -             | -             |                | -             |                | -             |            |
| Tax Expense                            | 379           | 361           | 4.8%           | 423           | -10.6%         | 362           |            |
| <b>Net Profit after Tax</b>            | <b>1,065</b>  | <b>1,056</b>  | <b>0.8%</b>    | <b>1,242</b>  | <b>-14.2%</b>  | <b>1,148</b>  | <b>-7%</b> |
| <b>Adj. PAT</b>                        | <b>1,065</b>  | <b>1,056</b>  | <b>0.8%</b>    | <b>1,242</b>  | <b>-14.2%</b>  | <b>1,148</b>  |            |
| Earning Per Share                      | 3.84          | 3.81          | 0.8%           | 4.47          | -14.3%         | 4.1           |            |
| Adj Earning Per Share                  | 3.84          | 3.81          | 0.8%           | 4.47          | -14.3%         | 4.1           | <b>-7%</b> |
| No of Shares Diluted (mn)              | 277.6         | 277.6         |                | 277.5         |                | 277.6         |            |
| <b>Margins Analysis (%)</b>            |               |               | <b>bps</b>     |               | <b>bps</b>     |               |            |
| Gross Margins                          | 35.5%         | 29.3%         | 624            | 36.7%         | -121           | 35.0%         | 52         |
| EBITDA Margins (Excl OI)               | 8.2%          | 7.0%          | 120            | 10.3%         | -215           | 8.6%          | -43        |
| EBIT Margins                           | 7.5%          | 6.4%          | 114            | 9.8%          | -225           | 8.1%          | -61        |
| Adj PAT Margins                        | 4.9%          | 4.1%          | 72             | 6.4%          | -155           | 5.5%          | -61        |
| Effective Tax Rate %                   | 26.2%         | 25.5%         | 75             | 25.4%         | 79             | 24.0%         | 222        |
| <b>Cost Analysis (%)</b>               |               |               | <b>bps</b>     |               | <b>bps</b>     |               |            |
| COGS as a % to sales                   | 64.5%         | 70.7%         | -624           | 63.3%         | 121            | 65.0%         | -52        |
| EE Cost as a % to sales                | 18.7%         | 14.6%         | 405            | 17.8%         | 89             | 18.4%         | 25         |
| Other exps as a % to sales             | 8.7%          | 7.7%          | 99             | 8.6%          | 5              | 8.0%          | 70         |

Source: Dalal & Broacha Research, Company

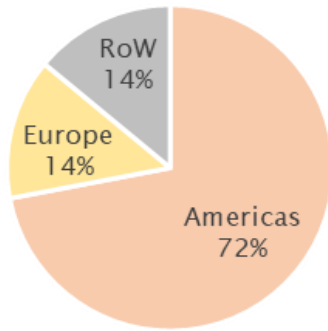
## Valuation & Outlook

- Sonata Software is well-positioned to capitalize on growing digital transformation opportunities domestically and its high-margin, advanced technology offerings internationally. While challenges persist in the U.S. retail and manufacturing sectors, Sonata's recent growth in BFSI and Healthcare sectors highlights its adaptability and strength in these high-growth areas. Supported by numerous large and mid-sized deal wins, Sonata's growth is expected to move toward the top quartile industry growth rate in H1FY26, with H2FY25 anticipated to outperform H1FY25. Management remains focused on achieving a \$1.5 billion revenue target by FY27, with EBITDA margins projected to stabilize in the low 20% range by year-end as the margin impact from employee rebadging and other large deal costs diminishes.
- Sonata's **pipeline strength** reinforces its growth outlook:
  - The Microsoft Fabric pipeline doubled from the previous quarter to USD 90 million, signaling significant traction in this area.
  - The Generative AI pipeline is robust at USD 67 million across 110+ clients, and management expects 20% of revenue to stem from AI over the next three years.
  - Large deals now constitute 47% of Sonata's active pipeline, with 49+ deals under pursuit, bolstering its position in high-growth areas such as cloud and data, which now represent over 50% of the pipeline.
- In the mid-cap IT sector, Sonata stands out with one of the highest EPS CAGRs, of 22% from FY24 to FY27, coupled with attractive valuation metrics. It trades at a forward FY27 P/E ratio of 20x, underscoring a compelling growth and return profile. With its targeted expansions in AI, cloud, and digital services, Sonata is set to continue delivering high return ratios, aligning well with the evolving demands of digital transformation across sectors.

**Sonata Software is currently trading at 35.7x / 26.6x / 19.9x FY25e / FY26e / FY27e EPS respectively. Considering these factors, we recommend a BUY rating and propose using an SOTP valuation method. We suggest a target multiple of 35x FY27e P/E for the international business (which equates to 1.3x PEG from FY24-27) and 12x FY27e P/E for the domestic business (representing 1x PEG from FY24-27), arriving at a target price of INR 918.**

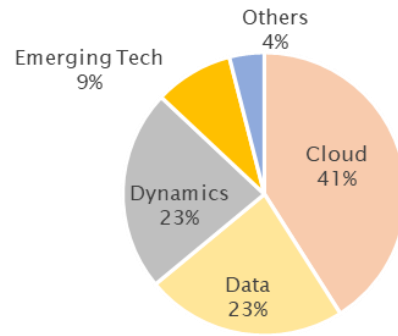
| Vertical      | Multiple | Valuation           | TP         |
|---------------|----------|---------------------|------------|
| International | 35x      | 1.3x PEG            | 817        |
| Domestic      | 12x      | 1x PEG              | 101        |
|               |          | <b>Target Price</b> | <b>918</b> |

**Exhibit 1: Geography wise (International)**



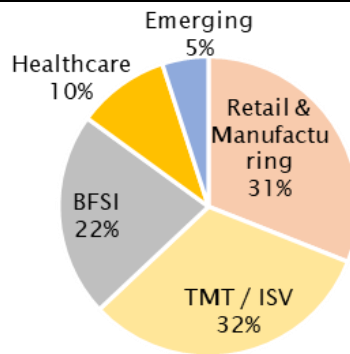
Source: Company, Dalal & Broacha Research

**Exhibit 2: Vertical wise (International)**



Source: Company, Dalal & Broacha Research

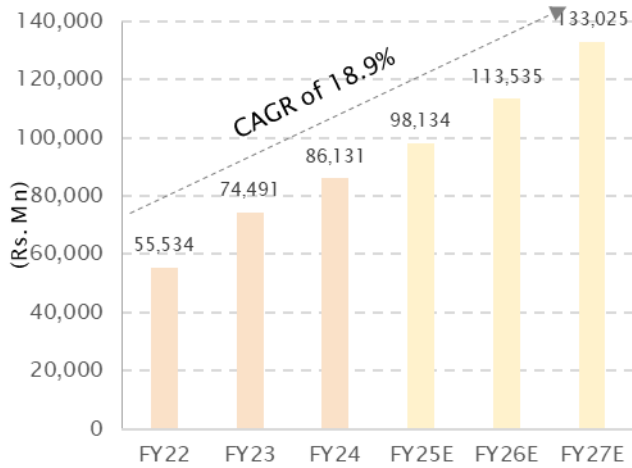
**Exhibit 3: Go To Market Strategy (GTM) Segmentation (International)**



Source: Company, Dalal & Broacha Research

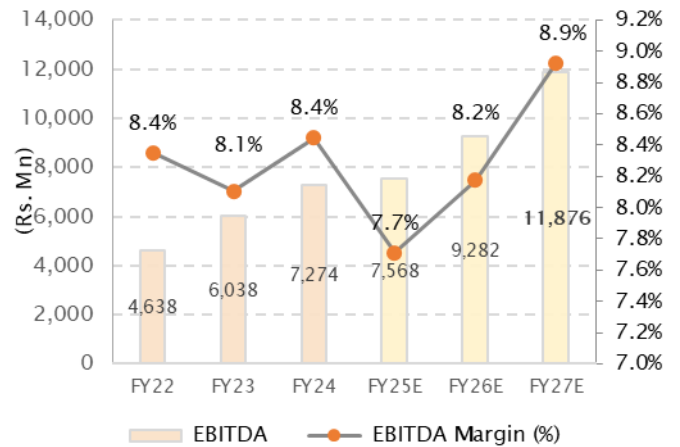
Financials

Exhibit 4: Sales Trajectory



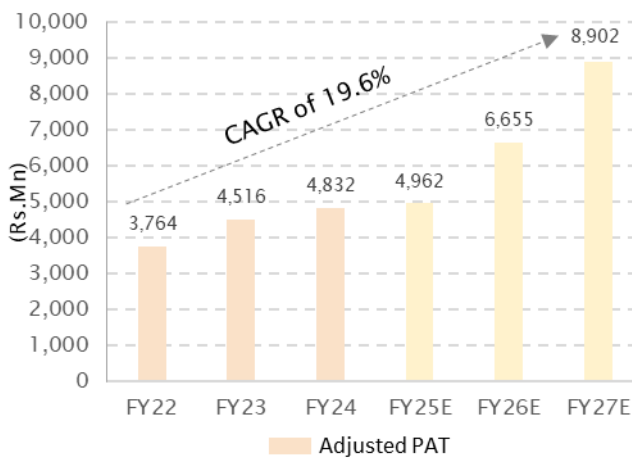
Source: Company, Dalal & Broacha Research

Exhibit 5: EBITDA Trajectory



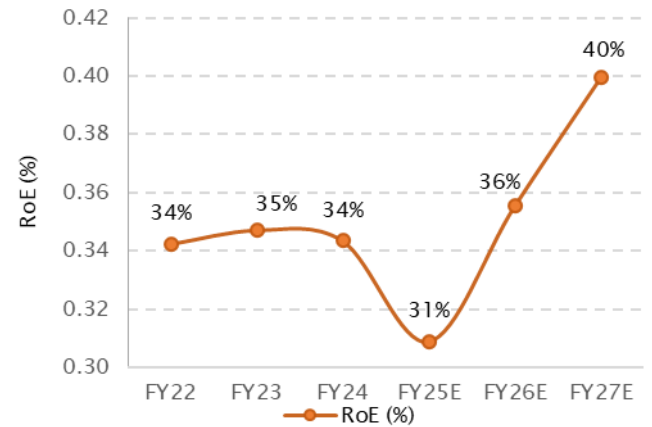
Source: Company, Dalal & Broacha Research

Exhibit 6: Adj PAT Trajectory



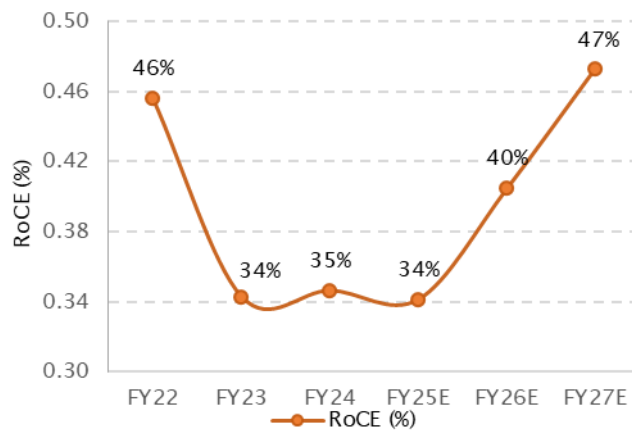
Source: Company, Dalal & Broacha Research

Exhibit 7: ROE % Trajectory



Source: Company, Dalal & Broacha Research

Exhibit 8: ROCE % Trajectory



Source: Company, Dalal & Broacha Research

Exhibit 9: Annual Peer Comparison

| Company Name      |            | Birlasoft * | Mastek * | Zensar * | Persistent (DnB) | Persistent* | Sonata (DnB) | Sonata * |
|-------------------|------------|-------------|----------|----------|------------------|-------------|--------------|----------|
| CMP (₹)           |            | 575         | 2,970    | 739      | 5,696            | 5,696       | 628          | 628      |
| Mcap (₹ Mn)       |            | 158,804     | 91,682   | 167,602  | 887,690          | 887,690     | 175,995      | 175,995  |
| Revenue (₹ Mn)    | FY24       | 52,781      | 30,548   | 49,018   | 98,216           | 98,216      | 86,131       | 86,131   |
|                   | FY25E      | 55,052      | 35,026   | 52,701   | 117,218          | 117,255     | 98,134       | 99,865   |
|                   | FY26E      | 61,141      | 40,646   | 58,501   | 138,902          | 138,224     | 113,535      | 117,126  |
|                   | FY27E      | 68,357      | 46,236   | 65,657   | 158,695          | 162,550     | 133,025      | 133,984  |
| EBITDA (₹ Mn)     | FY24       | 8,362       | 5,087    | 8,717    | 17,243           | 17,243      | 7,274        | 7,274    |
|                   | FY25E      | 7,342       | 5,770    | 8,280    | 19,827           | 20,013      | 7,568        | 8,062    |
|                   | FY26E      | 8,924       | 6,909    | 9,543    | 24,569           | 24,815      | 9,282        | 10,816   |
|                   | FY27E      | 10,659      | 7,850    | 10,841   | 29,036           | 29,964      | 11,876       | 12,310   |
| EBITDA Margin (%) | FY24       | 15.8%       | 16.7%    | 17.8%    | 17.6%            | 17.6%       | 8.4%         | 8.4%     |
|                   | FY25E      | 13.3%       | 16.5%    | 15.7%    | 16.9%            | 17.1%       | 7.7%         | 8.1%     |
|                   | FY26E      | 14.6%       | 17.0%    | 16.3%    | 17.7%            | 18.0%       | 8.2%         | 9.2%     |
|                   | FY27E      | 15.6%       | 17.0%    | 16.5%    | 18.3%            | 18.4%       | 8.9%         | 9.2%     |
| PAT (₹ Mn)        | FY24       | 6,238       | 3,110    | 6,650    | 10,935           | 10,935      | 4,832        | 4,832    |
|                   | FY25E      | 5,633       | 3,727    | 6,438    | 13,473           | 13,513      | 4,962        | 5,163    |
|                   | FY26E      | 6,806       | 4,288    | 7,346    | 17,345           | 16,999      | 6,655        | 7,136    |
|                   | FY27E      | 8,202       | 5,101    | 8,513    | 20,689           | 20,862      | 8,902        | 8,528    |
| Adj EPS           | FY24       | 22.3        | 97.3     | 29.1     | 74.1             | 71.1        | 17.4         | 17.4     |
|                   | FY25E      | 20.3        | 117.0    | 28.4     | 86.4             | 87.6        | 17.7         | 18.9     |
|                   | FY26E      | 24.7        | 140.6    | 32.4     | 111.3            | 110.4       | 23.7         | 25.7     |
|                   | FY27E      | 29.5        | 163.9    | 37.2     | 132.7            | 135.4       | 31.7         | 30.6     |
| PE (x)            | FY24       | 25.8        | 30.5     | 25.4     | 76.8             | 80.1        | 36.0         | 36.0     |
|                   | FY25E      | 28.4        | 25.4     | 26.0     | 65.9             | 65.0        | 35.5         | 33.3     |
|                   | FY26E      | 23.3        | 21.1     | 22.8     | 51.2             | 51.6        | 26.4         | 24.4     |
|                   | FY27E      | 19.5        | 18.1     | 19.9     | 42.9             | 42.1        | 19.8         | 20.5     |
| ROE (%)           | FY24       | 23%         | 16%      | 20%      | 25%              | 25%         | 34%          | 34%      |
|                   | FY25E      | 17%         | 16%      | 17%      | 25%              | 25%         | 31%          | 34%      |
|                   | FY26E      | 18%         | 17%      | 17%      | 28%              | 27%         | 36%          | 38%      |
|                   | FY27E      | 20%         | 18%      | 18%      | 28%              | 28%         | 40%          | 38%      |
| Revenue CAGR      | (FY24-27E) | 9%          | 15%      | 10%      | 17%              | 18%         | 16%          | 16%      |
| EBITDA CAGR       | (FY24-27E) | 8%          | 16%      | 8%       | 19%              | 20%         | 18%          | 19%      |
| PAT CAGR          | (FY24-27E) | 10%         | 18%      | 9%       | 24%              | 24%         | 23%          | 21%      |
| EPS CAGR          | (FY24-27E) | 10%         | 19%      | 9%       | 21%              | 24%         | 22%          | 21%      |

\*Bloomberg Consensus

Source: Company, Bloomberg, Dalal & Broacha Research

## Financials

| P&L (Rs mn)                         | FY22         | FY23         | FY24         | FY25E        | FY26E        | FY27E         |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Net Sales                           | 55,534       | 74,491       | 86,131       | 98,134       | 113,535      | 133,025       |
| Operating Expenses                  | -40,231      | -54,557      | -58,197      | -66,529      | -76,337      | -89,127       |
| Employee Expense                    | -7,370       | -9,331       | -13,346      | -16,356      | -18,833      | -22,711       |
| Other Expenses                      | -3,295       | -4,565       | -7,314       | -7,682       | -9,083       | -9,312        |
| <b>Operating Profit</b>             | <b>4,638</b> | <b>6,038</b> | <b>7,274</b> | <b>7,568</b> | <b>9,282</b> | <b>11,876</b> |
| Depreciation                        | -473         | -591         | -1,319       | -1,052       | -937         | -1,031        |
| <b>PBIT</b>                         | <b>4,164</b> | <b>5,447</b> | <b>5,955</b> | <b>6,516</b> | <b>8,345</b> | <b>10,845</b> |
| Other income                        | 1,020        | 708          | 1,255        | 861          | 908          | 1,267         |
| Interest                            | -181         | -185         | -850         | -665         | -497         | -398          |
| PBT                                 | 5,004        | 5,969        | 6,360        | 6,712        | 8,756        | 11,714        |
| PBT (post exceptional)              | 5,004        | 5,970        | 4,614        | 6,712        | 8,756        | 11,714        |
| Provision for tax                   | -1,239       | -1,454       | -1,529       | -1,749       | -2,101       | -2,811        |
| <b>Reported PAT</b>                 | <b>3,764</b> | <b>4,516</b> | <b>3,085</b> | <b>4,962</b> | <b>6,655</b> | <b>8,902</b>  |
| <b>Adj. PAT (excl Exceptionals)</b> | <b>3,764</b> | <b>4,516</b> | <b>4,832</b> | <b>4,962</b> | <b>6,655</b> | <b>8,902</b>  |

| Balance Sheet (Rs mn)         | FY22          | FY23          | FY24          | FY25E         | FY26E         | FY27E         |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Equity capital                | 104           | 139           | 278           | 280           | 280           | 280           |
| Reserves                      | 10,888        | 12,868        | 13,785        | 15,779        | 18,441        | 22,002        |
| <b>Net worth</b>              | <b>10,992</b> | <b>13,007</b> | <b>14,063</b> | <b>16,060</b> | <b>18,722</b> | <b>22,283</b> |
| <b>Non Current Liabilites</b> | <b>1,660</b>  | <b>8,929</b>  | <b>6,496</b>  | <b>5,860</b>  | <b>5,038</b>  | <b>4,281</b>  |
| <b>Current Liabilites</b>     | <b>12,940</b> | <b>21,633</b> | <b>30,933</b> | <b>29,415</b> | <b>32,267</b> | <b>36,650</b> |
| <b>TOTAL LIABILITIES</b>      | <b>25,593</b> | <b>43,569</b> | <b>51,491</b> | <b>51,335</b> | <b>56,027</b> | <b>63,213</b> |
| Fixed Assets                  | 1,006         | 5,519         | 4,766         | 4,737         | 5,103         | 5,527         |
| Goodwill                      | 2,207         | 10,984        | 11,135        | 11,135        | 11,135        | 11,135        |
| Right of Use Assets           | 1,056         | 828           | 810           | 675           | 553           | 445           |
| Financial Assets              | 518           | 559           | 512           | 578           | 647           | 733           |
| Deferred Tax Asset            | 261           | -             | 884           | 911           | 938           | 966           |
| Other Assets                  | 1,101         | 1,528         | 2,629         | 2,760         | 2,898         | 3,043         |
| <b>Current Assets</b>         | <b>19,443</b> | <b>24,151</b> | <b>30,756</b> | <b>30,539</b> | <b>34,753</b> | <b>41,364</b> |
| Current investments           | 1,448         | 2,058         | 2,321         | 2,553         | 2,808         | 3,089         |
| Inventories                   | 29            | 288           | 980           | 827           | 949           | 1,108         |
| Cash & Bank Balances          | 7,337         | 4,174         | 5,360         | 5,519         | 6,021         | 7,978         |
| Other bank balances           | 359           | 3,129         | 3,290         | -             | -             | -             |
| Loans and Advances            | -             | 253           | -             | -             | -             | -             |
| Other Financial Assets        | 532           | 141           | 546           | 573           | 602           | 632           |
| Other Current Assets          | 518           | 1,746         | 2,209         | 2,516         | 2,911         | 3,411         |
| <b>TOTAL ASSETS</b>           | <b>25,593</b> | <b>43,569</b> | <b>51,491</b> | <b>51,335</b> | <b>56,027</b> | <b>63,213</b> |

Source: : Dalal &amp; Broacha Research, Company



| Cashflow (Rs mn)            | FY22          | FY23          | FY24          | FY25E         | FY26E         | FY27E         |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| PBT                         | 5,004         | 5,970         | 4,614         | 6,712         | 8,756         | 11,714        |
| Depreciation                | 473           | 591           | 1,319         | 1,052         | 937           | 1,031         |
| Net Chg in WC               | 175           | 2,089         | 3,547         | -3,732        | -160          | -91           |
| Taxes                       | -1,559        | -1,754        | -2,623        | -1,749        | -2,101        | -2,811        |
| Others                      | 409           | -4,212        | -4,051        | 1,541         | 1,658         | 1,903         |
| <b>CFO</b>                  | <b>4,502</b>  | <b>2,684</b>  | <b>2,805</b>  | <b>3,824</b>  | <b>9,090</b>  | <b>11,745</b> |
| Capex                       | -1,032        | -13,062       | 407           | -134          | -533          | -607          |
| Net Investments made        | -847          | -651          | -216          | -13           | -             | -             |
| Others                      | 1,046         | 5,159         | -734          | -             | -             | -             |
| <b>CFI</b>                  | <b>-833</b>   | <b>-8,553</b> | <b>-543</b>   | <b>-147</b>   | <b>-533</b>   | <b>-607</b>   |
| Change in Share capital     | -             | 35            | 139           | -             | -             | -             |
| Change in Debts             | -517          | 4,556         | 1,807         | -1,335        | -1,522        | -938          |
| Others                      | 723           | -538          | -839          | 794           | -2,540        | -2,902        |
| <b>CFF</b>                  | <b>-2,706</b> | <b>1,868</b>  | <b>-1,085</b> | <b>-3,518</b> | <b>-8,055</b> | <b>-9,182</b> |
| <b>Total Cash Generated</b> | <b>963</b>    | <b>-4,002</b> | <b>1,177</b>  | <b>158</b>    | <b>502</b>    | <b>1,957</b>  |
| <b>Cash Opening Balance</b> | <b>6,407</b>  | <b>7,337</b>  | <b>4,174</b>  | <b>5,360</b>  | <b>5,519</b>  | <b>6,021</b>  |
| <b>Cash Closing Balance</b> | <b>7,369</b>  | <b>3,335</b>  | <b>5,351</b>  | <b>5,519</b>  | <b>6,021</b>  | <b>7,978</b>  |

| Ratios                   | FY22  | FY23  | FY24  | FY25E | FY26E | FY27E |
|--------------------------|-------|-------|-------|-------|-------|-------|
| OPM                      | 8.4   | 8.1   | 8.4   | 7.7   | 8.2   | 8.9   |
| NPM                      | 6.7   | 6.0   | 5.5   | 5.0   | 5.8   | 6.6   |
| Tax rate                 | -24.8 | -24.4 | -33.1 | -26.1 | -24.0 | -24.0 |
| Net Sales                | 31.3  | 34.1  | 15.6  | 13.9  | 15.7  | 17.2  |
| Operating Profit         | 22.2  | 30.2  | 20.5  | 4.0   | 22.7  | 27.9  |
| PBIT                     | 22.6  | 30.8  | 9.3   | 9.4   | 28.1  | 30.0  |
| PAT                      | 54.3  | 20.0  | 7.0   | 2.7   | 34.1  | 33.8  |
| <b>Per Share (Rs.)</b>   |       |       |       |       |       |       |
| Net Earnings (EPS)       | 13.44 | 16.13 | 17.26 | 17.70 | 23.73 | 31.75 |
| Cash Earnings (CPS)      | 15.13 | 18.24 | 15.73 | 21.45 | 27.07 | 35.42 |
| Dividend                 | 21.00 | 15.75 | 7.90  | 10.62 | 14.24 | 19.05 |
| Book Value               | 39.26 | 46.45 | 50.22 | 57.27 | 66.76 | 79.46 |
| <b>Valuation Ratios</b>  |       |       |       |       |       |       |
| P/E(x)                   | 47    | 39    | 36.6  | 35.7  | 26.6  | 19.9  |
| P/B(x)                   | 16    | 14    | 13    | 11    | 9     | 8     |
| EV/EBIDTA(x)             | 36    | 29    | 24    | 23    | 19    | 14    |
| Div. Yield(%)            | 3.32  | 2.49  | 1.25  | 1.68  | 2.25  | 3.01  |
| FCF Yield(%)             | 1.60  | -3.60 | 5.54  | 1.13  | 3.72  | 4.84  |
| <b>Return Ratios (%)</b> |       |       |       |       |       |       |
| ROE                      | 34%   | 35%   | 34%   | 31%   | 36%   | 40%   |
| ROCE                     | 46%   | 34%   | 35%   | 34%   | 40%   | 47%   |
| RoIC                     | 175%  | 54%   | 64%   | 40%   | 50%   | 63%   |

Source: Dalal & Broacha Research, Company

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