ANANDRATHI

India I Equities

Technology

Company Update

Change in Estimates ☑ Target ☑ Reco ☑

11 August 2020

Sonata Software

Rating: **Buy**

Target Price: ₹330

Share Price: ₹283

Travel to recover from now; upgrading to a Buy

Hurt by the steep fall in its Travel vertical (4% of revenue, down 85% q/q, 87% y/y), Sonata's $36.5m Q1 revenue slid 18% q/q and y/y. Cost optimisation and an 8.2% EBITDA margin (down only 211bps q/q, 205bps y/y), helped arrest the profit decline to 26% y/y. Sonata believes that Q1 was a bottoming-out quarter and that steady growth would ensue from Q2 FY21. We trim our FY21e/22e revenue but raise FY21/22e profit 7/10% on higher margins and currency. We raise our target multiple to 12.5x FY22e EPS (11x earlier) resulting in a higher target of ₹330 (₹270 earlier) and upgrade our rating to a Buy.

Top travel client to recover as travel demand back on track. Sonata's IT Services revenue (excl. travel) was resilient, declining just 1.7% q/q, and growing 3.8% y/y, showing good traction for its services and clients willingness to spend. However, regarding Travel, the hiccup is now at the government-approval level as 70% of customers who cancelled booking with TUI moved to another destination, indicating demand for travel. Domestic revenues were $90m, up 9% q/q, 8% y/y. We estimate a 14% decline in IT Services in FY21, and 15% growth in FY22.

Margins to be sustainable. IT services' EBITDA margin (adj. for forex gains) came at 24% (vs. 25.7% a year ago, 19.3% the quarter prior). Margins were helped by lower variable pay-outs and voluntary cuts by senior management. This will be reinstated by Q3 as the company expects revenue to gradually recover by then. Therefore, margins would be broadly maintained at current levels. Headcount reduction for the quarter was just 100. The domestic EBITDA margin was 2.5% (vs. 3.8% the previous quarter, 3.9% a year ago). We are building in IT Services margins of 22% in FY21 and FY22.

Upgrading to a Buy; target: ₹330 (12.5x FY22e EPS). Based on some revival in travel-related expenditure in H2, we think the stock is attractive at current valuations (10.7x FY22e EPS, 10% FY22e FCF yield; NIIT Tech trading at 23.5x FY22e EPS and 20% travel exposure). **Risk:** Client concentration

Key financials (YE Mar)	FY18	FY19	FY20	FY21e	FY22e
Sales (₹ m)	24,539	29,609	37,433	36,121	39,590
Net profit (₹ m)	1,925	2,492	2,770	2,379	2,788
EPS (₹)	18.3	23.7	26.3	22.7	26.6
PE (x)	15.5	11.9	10.7	12.5	10.7
EV / EBITDA (x)	11.4	7.9	6.9	7.6	6.4
PBV (x)	4.6	3.9	4.4	4.1	3.8
RoE (%)	31.1	35.1	38.5	34.2	37.0
RoCE (%)	24.4	30.4	29.8	25.1	28.5
Dividend yield (%)	3.7	4.5	6.0	5.2	6.1
Net debt / equity (x)	-0.8	-0.4	-0.5	-0.5	-0.5

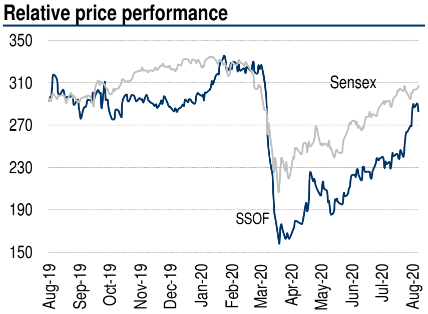
Source: Company, Anand Rathi Research

Key data	SSOF IN / SOFT.BO
52-week high / low	₹355 / 147
Sensex / Nifty	38507 / 11352
3-m average volume	$1.8m
Market cap	₹30bn / $398.3m
Shares outstanding	105m

Shareholding pattern (%)	Jun'20	Mar'20	Dec'19
Promoters	28.2	28.2	28.2
- of which, Pledged	-	-	-
Free float	71.8	71.8	71.8
- Foreign institutions	10.4	11.7	12.3
- Domestic institutions	13.0	13.6	12.4
- Public	48.5	46.5	47.2

Estimates revision (%)	FY21e	FY22e
Sales ($)	(4.1)	(4.5)
EBITDA	11.2	13.2
Net Profit	7.7	10.0

Relative price performance



Source: Bloomberg

Mohit Jain

Research Analyst

Quick Glance – Financials and Valuations

Fig 1 – Income statement (₹ m)

Year-end: Mar	FY18	FY19	FY20	FY21e	FY22e
Revenues ($ m)	**384.4**	**430.8**	**534.4**	**478.6**	**523.9**
Growth (%)	***1***	***12***	***24***	***-10***	***9***
Net revenues	24,539	29,609	37,433	36,121	39,590
Employee & direct costs	20,018	23,517	30,761	29,783	32,404
Gross profit	4,521	6,092	6,672	6,338	7,187
Gross margins %	18.4	20.6	17.8	17.5	18.2
SG&A	2,211	2,736	2,817	2,853	3,062
EBITDA	**2,310**	**3,356**	**3,855**	**3,484**	**4,125**
EBITDA margins (%)	***9.4***	***11.3***	***10.3***	***9.6***	***10.4***
- Depreciation	124	128	365	421	447
Other income	466	301	457	259	165
Interest expenses	48	34	152	133	125
PBT	2,604	3,494	3,795	3,189	3,717
Effective tax rate (%)	*26.2*	*28.8*	*27.0*	*25.4*	*25.0*
+ Associates / (Minorities)	4	4	-	-	-
Net income	**1,925**	**2,492**	**2,770**	**2,379**	**2,788**
WANS	105	105	105	105	105
FDEPS (₹ / sh)	**18.3**	**23.7**	**26.3**	**22.7**	**26.6**

Fig 2 – Balance sheet (₹ m)

Year-end: Mar	FY18	FY19	FY20	FY21e	FY22e
Share capital	104	104	103	103	103
Net worth	6,533	7,683	6,696	7,231	7,858
Debt	187	156	860	860	860
Minority interest	-0	-	-	-	-
DTL/(Assets)	-124	-119	-244	-244	-244
Capital employed	**6,595**	**7,720**	**7,312**	**7,847**	**8,474**
Net tangible assets	231	220	1,186	844	488
Net intangible assets	101	322	238	238	238
Goodwill	807	1,452	1,558	1,558	1,558
CWIP (tang. & intang.)	3	6	-	-	-
Investments (strategic)					
Investments (financial)	1,984	1,464	135	149	164
Current assets (ex cash)	5,613	9,706	8,840	9,601	10,360
Cash	3,472	1,992	3,964	4,038	4,431
Current liabilities	5,616	7,442	8,608	8,580	8,765
Working capital	-3	2,264	232	1,021	1,595
Capital deployed	**6,595**	**7,720**	**7,312**	**7,847**	**8,474**
Contingent liabilities	6,608	3,634	3,755	-	-

Fig 3 – Cash-flow statement (₹ m)

Year-end: Mar	FY18	FY19	FY20	FY21e	FY22e
PBT	2,604	3,494	3,795	3,189	3,717
+ Non-cash items	22	-339	187	295	407
Oper. prof. before WC	2,626	3,155	3,982	3,484	4,125
- Incr. / (decr.) in WC	-904	2,350	-1,005	741	424
Others incl. taxes	-552	-867	-1,289	-858	-1,080
Operating cash-flow	**2,978**	**-62**	**3,698**	**1,884**	**2,621**
- Capex (tang. + intang.)	65	80	85	79	90
Free cash-flow	**2,913**	**-142**	**3,613**	**1,805**	**2,530**
Acquisitions	-134	-383	-43	-	-
- Div.(incl. buyback & taxes)	1,146	1,434	3,541	1,844	2,161
+ Equity raised	0	0	-	0	-
+ Debt raised	-215	-195	704	-	-
- Fin investments	661	-643	-1,382	14	15
- Misc. (CFI + CFF)	76	-29	16	-125	-40
Net cash-flow	681	-1,847	2,099	73	394

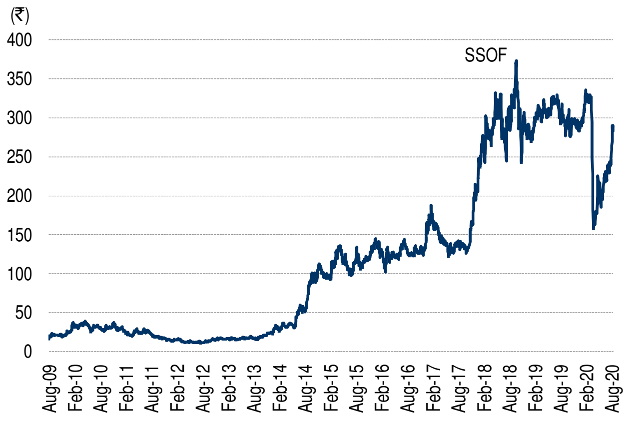
Source: Company, Anand Rathi Research

Fig 4 – Ratio analysis

Year-end: Mar	FY18	FY19	FY20	FY21e	FY22e
P/E (x)	**15.5**	**11.9**	**10.7**	**12.5**	**10.7**
EV / EBITDA (x)	**11.4**	**7.9**	**6.9**	**7.6**	**6.4**
EV / Sales (x)	1.0	0.9	0.7	0.7	0.7
P/B (x)	4.6	3.9	4.4	4.1	3.8
RoE (%)	**31.1**	**35.1**	**38.5**	**34.2**	**37.0**
RoCE (%) - after tax	24.4	30.4	29.8	25.1	28.5
RoIC (%) - after tax	78.5	74.0	53.3	46.1	52.1
DPS (₹ / sh)	**10.5**	**12.8**	**17.0**	**14.6**	**17.2**
Dividend yield (%)	3.7	4.5	6.0	5.2	6.1
Dividend payout (%) - incl. DDT	68.9	64.6	64.6	64.6	64.6
Net debt / equity (x)	-0.8	-0.4	-0.5	-0.5	-0.5
Receivables (days)	65	105	72	82	80
Inventory (days)					
Payables (days)	71	82	61	61	56
CFO : PAT %	**155.0**	**-2.5**	**133.5**	**79.2**	**94.0**

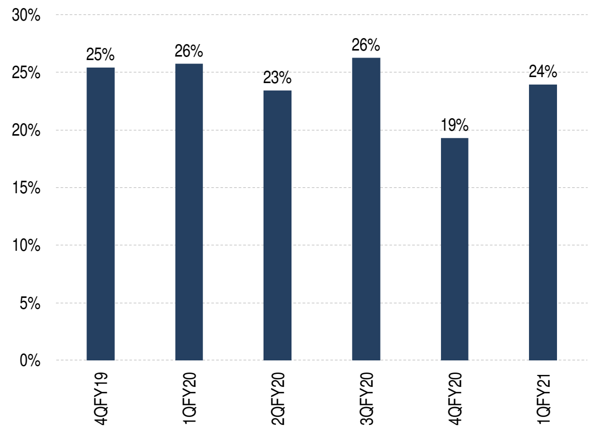
Source: Company, Anand Rathi Research

Fig 5 – Price movement



Source: Bloomberg

Fig 6– IT Services' EBITDA margin (%)



Source: Company

Result Highlights

Q1 FY21 Results at a Glance

Fig 7 – Q1 FY21 results

(₹ m)	Q1 FY20	Q 2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q/Q %	Y/Y %
Consolidated revenues ($ m)	**128**	**103**	**176**	**127**	**127**	***-0.4***	***-0.9***
Y/Y growth (%)	*24*	*20*	*45*	*6*	*-1*		
Consolidated revenue	8,746	7,031	12,369	9,287	9,524	*2.6*	*8.9*
Eff. exchange rate	68.7	69.0	70.5	73.3	75.6	*3.1*	*9.9*
Revenue ($ m) – IT Services	**44.3**	**45.3**	**46.8**	**44.4**	**36.5**	***-17.8***	***-17.6***
Revenue ($ m) – Reselling Services	**83.5**	**57.8**	**129.4**	**82.8**	**90.2**	***8.9***	***8.0***
Employees (EoP)	**4,011**	**4,181**	**4,177**	**4,211**	**4,111**		
Revenue productivity ($ '000 / empl)	11.5	11.2	11.6	10.9	9.2	*-15.7*	*-19.7*
CoR (excl. D&A)	(7,173)	(5,424)	(10,573)	(7,591)	(8,085)	*6.5*	*12.7*
as % of revenues	*-82*	*-77*	*-85*	*-82*	*-85*	*-315 bps*	*-288 bps*
SG&A	(677)	(702)	(699)	(739)	(658)	*-10.9*	*-2.8*
as % of revenues	*-8*	*-10*	*-6*	*-8*	*-7*	*104 bps*	*83 bps*
EBITDA	**896**	**905**	**1,097**	**957**	**781**	***-18.4***	***-12.9***
EBITDA margins %	***10.2***	***12.9***	***8.9***	***10.3***	***8.2***	***-211 bps***	***-205 bps***
EBIT	**807**	**813**	**1,005**	**865**	**679**	***-21.5***	***-15.9***
EBIT margins %	***9.2***	***11.6***	***8.1***	***9.3***	***7.1***	***-219 bps***	***-210 bps***
Other income	168	208	86	(5)	31	*-701.9*	*-81.3*
PBT	936	987	1,048	824	676	*-18.0*	*-27.8*
PBT margins %	*10.7*	*14.0*	*8.5*	*8.9*	*7.1*	*-178 bps*	*-361 bps*
Taxes	(266)	(264)	(290)	(206)	(177)	*-14.5*	*-33.6*
ETR %	*-28*	*-27*	*-28*	*-25*	*-26*	*-108 bps*	*226 bps*
PAT	670	723	759	618	499	*-19.2*	*-25.5*
PAT margins %	*7.7*	*10.3*	*6.1*	*6.7*	*5.2*	*-141 bps*	*-242 bps*

Source: Company, Anand Rathi Research

Fig 8 – Quarterly results (₹ m)

Year-end: Mar	Q1 FY21	% Q/Q	% Y/Y	FY20	FY21	% Y/Y
Sales ($ m) IT services	37	*(17.8)*	*(17.6)*	181	156	*(13.6)*
Sales consolidated	9,524	*2.6*	*8.9*	37,433	36,121	*(3.5)*
EBITDA	781	*(18.4)*	*(12.9)*	3,855	3,484	*(9.6)*
EBITDA margins (%)	*8*	*-211 bps*	*-205 bps*	*10.3*	*9.6*	*-65 bps*
EBIT	679	*(21.5)*	*(15.9)*	3,490	3,063	*(12.2)*
EBIT margins (%)	*7*	*-219 bps*	*-210 bps*	*9.3*	*8.5*	*-84 bps*
PBT	676	*(18.0)*	*(27.8)*	3,795	3,189	*(16.0)*
Tax	(177)	*(14.5)*	*(33.6)*	(1,026)	(810)	*(21.0)*
Tax rate (%)	*(26)*	*-108 bps*	*226 bps*	*(27.0)*	*(25.4)*	*162 bps*
Net income	499	*(19.2)*	*(25.5)*	2,770	2,379	*(14.1)*

Source: Company

Conference-Call Takeaways

Company

- The shift from on-site to offshore has been significant, and is sustainable.
- The recently acquired GAP Busters (revenue: ~A$1.3m) has been severely hit by Covid-19 as it has clients mostly in the retail space. It is into designing platforms for surveys and running analytics and connecting with operational data. Its largest customer is an oil company which has 10,000 locations to survey and analyse.
- The top travel client is coming back and should be at 50% of Q4 FY20 levels as it has already seen sequential growth in Q2 FY21, with steady growth ahead expected. It doesn't use Sonata's IP and hence the overall contribution of IP revenues has inched up in Q1.
- Net cash was ₹1,100m higher q/q.
- Europe was impacted by a decline in the top travel client.
- The company is looking at mining the client bases of Sopris and Scalable.
- 30% of the domestic business is cloud based, 70% is annuity business.
- All discounts to clients have already been taken into account in the Q1 results.
- Management thinks that worst is behind and the company would grow steadily from now, both in revenue and profit. Q2 would see sequential growth.
- 23-24% margins are sustainable in IT Services.

Notes from the last quarters' conference calls

From Q4 FY20

- IT services revenues declined 3.9% q/q in constant currency.
- The recently acquired GAPbusters (revenue:~$9.8m) has also been impacted by Covid-19 as it has mostly clients in the retail space.
- While the top travel client has suspended 85% of its business, Sonata is not seeing issues with the other top-10 clients.
- All its employees are working from home.
- Mortgage and utility companies are starting up new projects on the IT side.
- Overall, its outlook on OPD is positive as it is mostly on the cloud /collaboration side and is more aligned to the non-discretionary side.
- The company will get more visibility and stability, post-Q1.
- It will see higher cost structures in Q1FY20 as some of the employees are stuck at on-site locations.
- Sonata expects to maintain the profitability of its domestic business on an absolute-EBITDA basis.
- Given the new tax regime, the company will decide the mode of distribution of cash in future, but now will conserve cash on the books.

From Q3 FY20

- The company is seeing healthy gross-profit growth in its domestic business and is optimistic about this business.
- Sonata is a value-added reseller domestically; hence, it expects to maintain its profitability on an absolute-EBITDA basis and not on a percentage-margin basis.
- Scalable was flat sequentially and Sopris saw some q/q growth in the quarter. Scalable acquired some new clients in Australia in the quarter.
- IT services headcount addition to resume from next quarter to support growth as utilisation has peaked and the business is linear with no meaningful price increases.
- The company believes that, while top clients may slow down quarterly, leading to fluctuations (such as in OPD and travel in Q3), overall, its outlook on these clients and, thereby, verticals is positive from a medium-term perspective.
- Growth in Q3 was generated by "others", which include BFSI and healthcare, as these are too small to be disclosed separately.
- IT services margins are running ahead of management's comfort zone due to forex gains and extremely optimised operations. The company believes that this can be maintained at ~24% even if these variables turn negative.
- The company has decided to move to the new tax regime. Given the timing and deferred taxes, however, the FY20 tax rate would be higher.
- Attrition has come down q/q.

From Q2 FY20

- The company has appointed a new CFO, JagannathanChakravarthi, earlier CFO of Mindtree and Carborundum Universal.
- Scalable and Sopris will take another 3-4 quarters to be fully integrated and grow. We expect growth from FY21.
- Money has been deployed in the domestic business, where DSO days are more; thus, cash-flow generation has been lower. Management believes that the rise in working capital is due to the weak Indian economy and the credit risk is on the company's balance sheet.
- It expects cash-flows to improve in H2 as receivable days have stabilised or else growth in the domestic business will shrink.
- Revenue growth from Europe is still a challenge due to the weak currency.
- The average on-site billing rate is $75/hr; offshore, $25.
- The company is seeking to strengthen its US sales force.
- Forex gain was ₹106.2m in the quarter.

From Q1 FY20

- In Q1, Scalable and Sopris brought respectively $1m and $1.4m to revenues. During this period, both were EBITDA neutral.

- While revenue growth was slow, management thinks it's just a timing issue and expects growth to return in Q2.
- Revenue growth from Europe/travel was weak, but the company believes it's still growing well, barring currency movements.
- Excl. the Ind-AS impact, the EBITDA margin in IT services was 24% (vs. 27.7% reported). Similarly, for the domestic-products business, the adj. EBITDA margin was 6%, vs. 4% reported.
- The company expects growth in IT services to pick up from Q2.
- Forex gain was ₹92m, vs. a ₹24m loss the quarter prior.

From Q4 FY19

- In Q4, Scalable and Sopris brought respectively $1m and $1.7m to revenue. During this period, both were EBITDA neutral. Management expects revenue from these acquisitions to pick up from this Oct.
- Both Scalable and Sopris are on-site heavy. Management endeavours to move them offshore for better margins.
- Revenue from Scalable largely pertains to the retail and distribution vertical, whereas Sopris is in a new vertical.
- The planned wage hike would be in two phases: one in Q2, the other in Q3. The quantum is likely to be similar to that last year.
- Forex loss was ₹33m, halved from ₹66m the quarter prior.
- Debtor days surged considerably, largely from the domestic business owing to the significant billing at the quarter's end, and will be collected in Q1FY20.
- Of the 3,886 employees in the IT business,427 are on the SG&A side, the rest on the delivery side.
- Of the additions, 75% are net additions; the rest, replacements.
- To drive digital growth (36% of revenues), new members with digital specialisations have been brought on board: GyanBardhanPattnaik from L&T Technology Services, and Sridhar Rao Vedala to drive digital in Europe.

From Q3 FY19

- IBIS revenue was $1.3m, against $1.6 the quarter prior, hurt by the holiday season. Q3 and Q2 FY19 EBITDA margins were respectively ~9.5% and 14-15%. Broadly, on an annual basis, annuity-based revenue would be ~$2m; the rest belongs to project-based revenue, which has led to the volatile performance.
- Cross-currency headwinds impacted IT services revenue; CC growth in IT services was ~5% q/q.
- Revenue of ₹10m came from the Scalable Data System, acquired in Dec'18. The Sopris acquisition is in progress.
- The company has achieved its optimum (86%) utilisation, leaving no scope for further improvement.
- Q3 digital revenue contribution was 35% (32% a year ago).
- Forex loss for the quarter was ₹64m, restricting profit growth for the

quarter to 3% q/q.

- Nine clients were added during Q3, five in the US and two each in Europe and Asia.
- Margins in IT services are likely to be ~22-23%.

From Q2 FY19

- IBIS revenue was ~$2.3m, with an 18% margin.
- Margins in IT services would be ~22-23% in FY19.
- The IT services strategy to provide business solutions along with IPs (Rezopia, Halosys, Brick & Click, Retina) is yielding results. This is a major differentiator for Sonata, and is the basis of its platformation strategy (digital transformation through platform+services).

From Q1 FY19

- Ahead, the IT services margin is likely to be a steady 23.5%, as the company is seeing growth through its IPstrategy, digital spending in retail and support from currency.
- M&A is likely in FY19, which will be small and carried out through internal accruals.
- Sonata invests 2.5–3% of its revenue in IP development. This is done continuously and is likely to continue within this range.

Factsheet

Fig 9 – Revenue split

(%)	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21
ADM	23.0	27.0	26.0	24.0	21.0
Test	16.0	15.0	15.0	14.0	9.0
AX	26.0	26.0	28.0	28.0	34.0
ERP	4.0	4.0	4.0	4.0	3.0
IMS	14.0	12.0	12.0	14.0	14.0
BI	9.0	9.0	8.0	8.0	11.0
E commerce	5.0	5.0	5.0	5.0	5.0
Rezopia	2.0	2.0	2.0	2.0	2.0
Digital	36.0	37.0	38.0	38.0	38.0

Source: Company

Fig 10 – Revenue-split, by domain

(%)	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21
OPD / ISV	28.0	28.0	25.0	27.0	32.0
Travel & Tourism	26.0	27.0	25.0	22.0	4.0
CPG / Retail & Distribution	27.5	26.0	28.0	26.0	29.0
Others	18.5	19.0	22.0	25.0	35.0

Source: Company

Fig 11 – Revenue-split, by region

(%)	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21
North America	56.0	53.0	54.0	54.0	64.0
Europe	30.0	30.0	30.0	30.0	16.0
Asia-Pacific	14.0	17.0	16.0	16.0	20.0

Source: Company

Fig 12 – Revenue-split, by service line

(%)	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21
IT Services	35	44	27	35	29
Domestic business	65	56	73	65	71

Source: Company

Fig 13 – Client profiles (LTM)

Client profiling (%)	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21
Top-5	59.0	59.0	57.0	57.0	52.0
Top-10	66.0	65.0	66.0	64.0	59.0
Top-20	75.0	73.0	75.0	73.0	69.0

Source: Company

Fig 14 – Workforce

Employee movement (%)	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21
Employees (EoP) - IT services	3,863	4,036	4,028	4,066	3,966
Employees (EoP)- asset leveraged	148	145	149	145	145
Net additions (Qtr)	-31	170	-4	34	-100
Utilisation %	*86.2*	*88.0*	*89.0*	*85.0*	*83.0*
Attrition % est.	*17.6*	*16.2*	*15.5*	*16.9*	*11.9*

Source: Company

Fig 15 – Revenue-split, by delivery type and billing rates

Delivery type (%)	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21
On-site	44	44	42	41	38
Offshore	56	56	58	59	62

Source: Company

Valuations

The stock now quotes at 10.7x FY22e EPS of ₹26.6. In FY20 Sonata's IT Services revenue grew 6%. We expect the IT and domestic-product divisions to register respectively 0% and -1% CAGRs over FY20-22. Growth in the domestic segment is more opportunistic, with the focus being only on margins and RoE. In terms of its IT Services, OPD looks better than other divisions and Travel would recover.

We value the stock on a PE basis as the bulk of the profits arises from IT Services. We expect the company to end FY22 with an EPS of ₹26.6. Although we expect a -1% revenue CAGR over FY20-22, the IT Services margin would hold at 22%, given that the recovery in travel is expected soon though retail recovery is likely to be protracted.

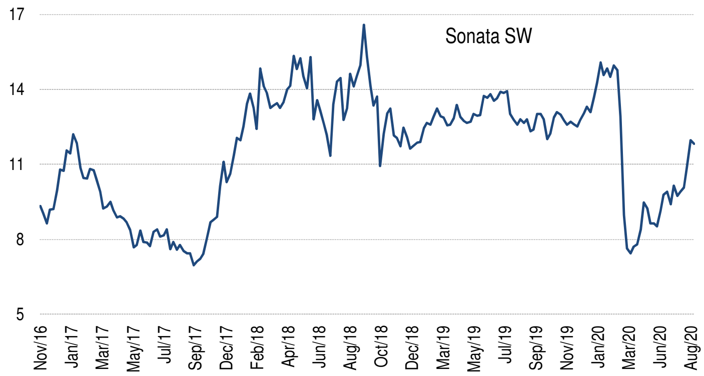
Given that the loss of revenue from its top travel client has already been factored in and that we are hoping for a recovery in H2 when travel restrictions are lifted, we value the company at a target PE of 12.5x FY22e. On the past execution capability of management, we upgrade our recommendation to a Buy. Capital allocation remains rock solid.

Fig 16 – Change in estimates (₹ m)

	FY21			FY22		
	New	Old	Chg %	New	Old	Chg %
Revenues ($ m)	479	499	*(4.1)*	524	549	*(4.5)*
Revenues - IT ($ m)	156	166	*(6.1)*	179	179	*(0.0)*
Revenues	36,121	36,596	*(1.3)*	39,590	40,211	*(1.5)*
EBITDA	3,484	3,133	*11.2*	4,125	3,644	*13.2*
EBITDA margins %	*9.6*	*8.6*	*109 bps*	*10.4*	*9.1*	*136 bps*
EBIT	3,063	2,749	*11.5*	3,678	3,236	*13.7*
EBIT margins %	*8.5*	*7.5*	*97 bps*	*9.3*	*8.0*	*124 bps*
PBT	3,189	2,948	*8.2*	3,717	3,379	*10.0*
Net profit	2,379	2,208	*7.7*	2,788	2,534	*10.0*

Source: Anand Rathi Research

Fig 17– PE band



Source: Bloomberg, Anand Rathi Research

Risk

- Client concentration

Appendix

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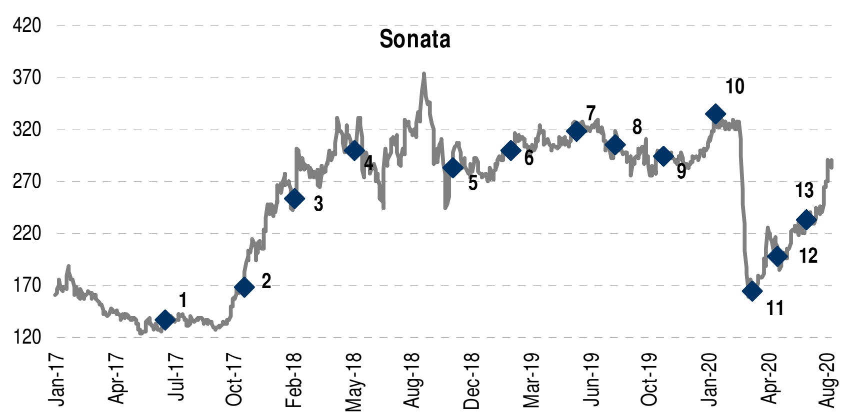

	Date	Rating	TP (₹)	Share Price (₹)
1	05-Jul-17	Buy	220	156
2	15-Nov-17	Buy	240	195
3	09-Feb-18	Hold	320	284
4	23-May-18	Hold	380	341
5	05-Nov-18	Buy	370	310
6	11-Feb-19	Buy	400	310
7	01-Jun-19	Hold	400	355
8	08-Aug-19	Buy	390	315
9	31-Oct-19	Buy	380	315
10	28-Jan-20	Hold	390	349
11	31-Mar-20	Buy	250	164
12	13-May-20	Buy	230	197
13	29-Jun-20	Hold	270	226

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Ratings Guide (12 months)	Buy	Hold	Sell
Large Caps (>US$1bn)	>15%	5-15%	<5%
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