



DALAL & BROACHA
STOCK BROKING PVT. LTD.

Analyst: Mayank Babla (022) 67141442

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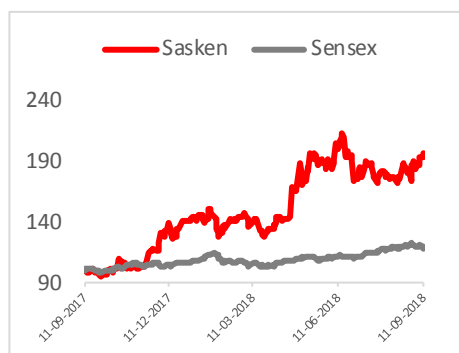
Not Rated

Current Price	1005
Target Price	Not Rated
52 Week Range	480/1140

Key Share Data

Market Cap (Rs.bn)	17.8
Market Cap (US\$ mn)	247.22
No of o/s shares (mn)	17.1
Face Value	10
Monthly Avg. Vol(BSE+NSE) Nos	28
BSE Code	532663
NSE Code	SASKEN
Bloomberg	SASKEN:IN

Price performance



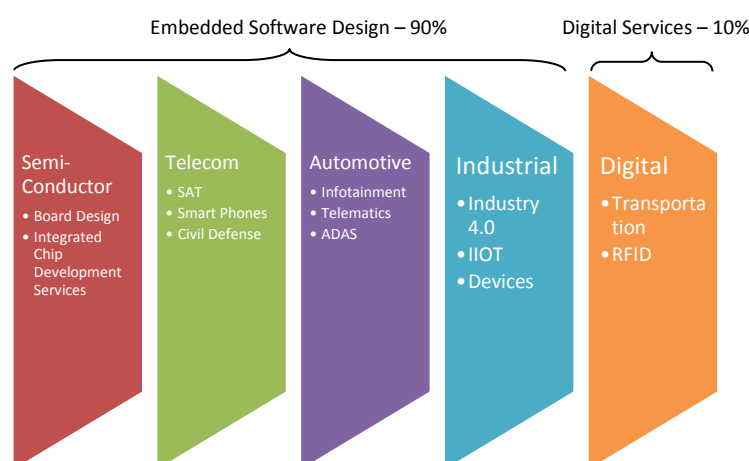
% Shareholding	Jun-18	Mar-18
Promoters	42.4	42.4
Public	57.59	57.59
Others		
Total	100	100

We recently met with Sasken Technologies and following are the key observations:

Increase in breadth and depth of service offerings to enable Sasken to reach wider audience

Sasken Tech's transition from Communication focused play to a multi vertical presence in FY15 has helped the company to revive growth from an average of -6% between FY13 to FY15 to 3 year CAGR of 6% between FY16 to FY18. Sasken is now present in 5 verticals namely Semi-conductors, Telecommunications, Automotive, Consumer Electronics and Industrial. In terms of Horizontals, Sasken derives 90% of its revenue from Embedded Software Design (ESD) and 10% from Digital Services

Sasken Technology Offerings



5 by 5 Vision: In FY17, Sasken laid out the 5x5 vision which stands for “5 years, 5 Verticals and \$250 Mn Revenue”. This translates into a 5 year revenue CAGR of 29% (FY17 US Dollar revenue at 69 Mn). Although it is a colossal task to achieve, we believe that the company can deliver a high double digit growth in USD revenues over the next 5 years based on following rationales:

- presence in verticals which are experiencing a healthy double digit growth as far as Product Engineering spend is concerned. (i) **Communications** is a high growth segment on account of Sasken's deep domain expertise and continuous evolution of technology from 3G to 4G to 5G, etc. ; (ii) **Automotive industry** is experiencing high PES spend due to high demand environment in **ADAS, infotainment and Telematics** – all of the segments which Sasken is present in ; (iii) **Industrial segment** is experiencing low to mid teens growth on account of **Industry 4.0** ; (iv) Semiconductor segment is currently growing at mid-teens over the past 3 years
- Sales personnel have been doubled from 10 to 20 over the last 2 years
- Reinvigorated and highly experienced leadership team

Valuations

At CMP of INR 998, Sasken Tech is trading at a PE of 18.3x on TTM basis. Given the transition in and expansion of verticals and service offerings, presence in high growth product engineering space and driven by strong leadership team, we believe that the company can deliver a minimum 15% CAGR growth in USD revenues coupled with steady margins of 15-16%. We remain positive on the company's prospects and will be releasing a detailed report shortly.



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YE March (INR Mn)	FY14	FY15	FY16	FY17	FY18
Revenue	4566.5	4266.9	4852	4672.8	5030.2
Growth YoY (%)	-9%	-7%	14%	-4%	8%
Operating Expenses	250	228.4	253.5	135.7	117.1
Employee Cost	3060.4	3150	3427.6	3320.9	3505.4
Power/Electricity Charges	52.3	45.5	46.1	44.5	45.4
Selling and Administration Exp.	632.1	482.3	607.5	414.1	383.6
Miscellaneous Expenses	26	975.6	407.1	257.9	284.2
Total Expenditure	4032.6	4886.4	4743.7	4173.1	4335.7
EBITDA	533.9	-619.5	108.3	499.7	694.5
Interest	2	1.4	1.9	0	0
Depreciation	125.4	112	66	66.1	62.2
Other Income	315.3	2894.7	2854.8	530.2	364.3
Profit Before Tax	721.8	2161.8	2895.2	963.8	996.6
Tax	209.9	980.1	818.7	61.6	174.4
Deferred Tax	-2.9	-13.9	13.6	55.3	-2.1
Net Profit	514.8	1195.6	2062.9	846.9	824.3
Extraordinary Items	53.2	1567.4	1676.8	258.4	12.9
Adjusted Net Profit	461.5	-371.8	386.1	588.5	811.3
Adjusted EPS	20.8	51.6	110.5	49.5	47.5
EBITDA Margin	11.7%	-14.5%	2.2%	10.7%	13.8%
Net Profit Margin	10.1%	-8.7%	8.0%	12.6%	16.1%

YE March (INR Mn)	FY14	FY15	FY16	FY17	FY18
Sources of Funds:					
Share Capital	212.8	213.4	177.2	171.1	171.1
Reserves Total	3827	4256	4812.9	5444.2	6039.1
Total Shareholders Funds	4075.9	4469.4	4990.1	5615.3	6210.2
Total Debt	12.2	11.1	11.8	0	0
Other Liabilities	77.1	69.1	56.7	71.6	81.2
Total Liabilities	4165.2	4549.6	5058.6	5686.9	6291.4
Application of Funds:					
Gross Block	5235.1	4357.2	4642.9	434.8	499.4
Less: Accumulated Depreciation	1962	3932.8	1784.6	56.4	126.9
Less: Impairment of Assets	2004.4	0	2456.4	0	0
Net Block	1268.7	424.4	401.9	378.4	372.5
Capital Work in Progress	0	0.1	1.3	0.6	0.2
Investments	1335.1	1951.5	3514.6	3742.7	4592.3
Current Assets, Loans & Advances					
Inventories	20.9	4.5	24.7	0	0
Sundry Debtors	927.6	699.3	962.8	777.4	786.9
Cash and Bank	340.6	1259	233.8	352.4	434.3
Loans and Advances	393.5	419.9	429.1	575.5	456.1
Total Current Assets	1682.6	2382.7	1650.4	1705.2	1677.4
Less : Current Liabilities and Provisions					
Current Liabilities	420.6	446	792.9	451.4	677.5
Provisions	392.5	594	525.3	486.1	369
Total Current Liabilities	813.1	1039.9	1318.2	937.5	1046.5
Net Current Assets	869.5	1342.8	332.1	767.8	630.9
Deferred Tax Assets	111.8	127.6	114	92	97.6
Deferred Tax Liabilities	0	0	0	62.7	24.3
Net Deferred Tax	111.8	127.6	114	29.3	73.3
Other Assets	580.1	703.1	694.7	768.1	622.2
Total Assets	4165.1	4549.6	5058.6	5686.9	6291.4
Contingent Liabilities	1149.6	888.9	625.5	709.4	659.4



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