

Aurionpro Solutions Ltd.

Information Technology | NB IT Thematic Conference

NOT RATED

CMP: Rs1,739 | Target Price (TP): NA | Upside: NA

December 24, 2024

Expansion strategy to support growth momentum

We hosted Aurionpro's Director for Strategy and Planning, Mr. Alban Bellenger and the IR Head and Company Secretary, Mr. Ninad Kelkar at the NB IT thematic conference on 16-12-2024.

- **Business and Strategic Focus:** 1) Its expansion strategy includes entering the U.S. and European markets and leveraging partnerships, such as its successful collaboration with Finastra. 2) Focused investments in customer experience and UI/UX enhancements for existing offerings, alongside new partnerships with U.S. software players and sales channels. 3) Sustainability financing gaining traction, with the launch of an ESG solution targeted at the lending segment within banking.
- **Growth and Financial Outlook:** 1) Data centre business expected to maintain double-digit growth. 2) IT services profitability shows regional variation (higher in the U.S./Europe vs. Asia), but product margins remain consistent. EBITDA margins projected at 20-22% over the next 2-3 years, supported by R&D investments (~6-7% of revenue). 3) AMCs with banks ensure consistent revenue growth through inflation-linked clauses and long-term relationships.
- **Key wins and market position:** 1) Dominant presence in transaction banking in India and Eastern Africa, securing significant deals like the ₹100-crore contract with SBI and another with Canara Bank. 2) Strong foothold in payment solutions, licensing its stack to payment companies and banks in the U.S.
- **Products and capabilities:** 1) Expanded hardware manufacturing capabilities for automated fare collection and ticketing systems, with facilities in Singapore, Istanbul, India, and Malaysia. 2) Subsidiary Auropay recently secured an RBI-approved payment aggregator license, strengthening transit payment solutions in the B2B space.
- **Valuation:** At the CMP, the company trades at 53x FY25 EPS at an expected EPS of INR 32.5/share (+30% YoY). Revenue and EPS grew at a CAGR of ~33% over FY21 to FY24. For FY22/FY23/FY24 the company traded at 60x/43x/36x respectively.

Inorganic Growth and Innovation: 1) Acquired Arya.AI six months ago, integrating AI to enhance product offerings and pricing while exploring further acquisitions for geographic and solution expansion. 2) Prefers building international partnerships over investing heavily in sales teams for faster and more cost-effective market penetration.

Company Data and Valuation Summary

Reuters	APSL.BO
Bloomberg	AUPS IN Equity
Mkt Cap (Rsbn/US\$bn)	95.9 / 1.1
52 Wk H / L (Rs)	1,992 / 891
ADTV-3M (mn) (Rs/US\$)	110.1 / 1.3
Stock performance (%) 1M/6M/1yr	11.1 / 24.4 / 58.2
Nifty 50 performance (%) 1M/6M/1yr	1.0 / (8.4) / 9.7

Shareholding	4QFY24	1QFY25	2QFY25
Promoters	29.9	26.9	26.9
DII's	0.7	1.6	1.4
FII's	6.3	12.9	13.9
Others	63.1	58.6	57.8
Pro pledge	16.7	5.9	0.0

Financial and Valuation Summary

Particulars (Rsmn)	FY21	FY22	FY23	FY24
Revenue (Rsmn)	3,740	5,050	6,593	8,875
YoY Growth %	-19.7	35.0	30.6	34.6
EBITDA Margin %	22.4%	22.1%	22.0%	21.8%
EBIT (Rsmn)	-556	974	1,292	1,728
% of sales	-14.9%	19.3%	19.6%	19.5%
PAT (Rsmn)	-1,176	756	1,023	1,429
PAT Margin (%)	-31.4%	15.0%	15.5%	16.1%
YoY Growth %	-467.6%	-164.3%	35.4%	39.7%
FDEPS (Rs)	-43.4	30.9	42.7	50.8
ROE (%)	-26.7	20.6	22.9	20.0
Post Tax ROCE (%)	-8.1	13.9	16.7	14.9
Post Tax ROIC (%)	-9.6	17.8	20.9	19.1
P/E (x)	-43.0	53.3	40.7	33.7
EV/EBITDA	58.7	43.2	31.0	23.3
P/BV (x)	14.5	12.2	9.1	4.9

Source: Bloomberg, Company, Nirmal Bang Institutional Equities Research

Key Links: Latest Sector update: [Sector Update](#)

Please refer to the disclaimer towards the end of the document

Financials

Exhibit 1: Income statement

Y/E March (Rsmn)	FY20	FY21	FY22	FY23	FY24
Net Sales	4,656	3,740	5,050	6,593	8,875
-Growth (%)	-10.8	-19.7	35.0	30.6	34.6
Cost of Sales & Services	3,810	2,903	3,937	5,143	6,940
EBITDA	847	838	1,114	1,451	1,934
EBITDA Margin (%)	18.2	22.4	22.1	22.0	21.8
Depreciation	416	1,394	140	159	206
EBIT	431	-556	974	1292	1728
EBIT Margin (%)	9.2	-14.9	19.3	19.6	19.5
Interest Expense	183	158	78	108	131
Other income (net)	98	30	51	43	91
PBT	346	-685	947	1,228	1,688
-PBT margin (%)	7.4	-18.3	18.7	18.6	19.0
Provision for tax	26	29	191	204	259
Effective tax rate (%)	7.5	-2.6	20.2	16.6	15.3
Net profit	320	-714	756	1,023	1,429
-Growth (%)	-46.9	-323.2	-205.9	35.4	39.7
-Net profit margin (%)	6.9	(19.1)	15.0	15.5	16.1
Average Shares o/s	12	26	26	24	25

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 3: Balance sheet

Y/E March (Rsmn)	FY20	FY21	FY22	FY23	FY24
Equity capital	228	228	228	228	247
Reserves & surplus	5,206	3,137	3,741	4,749	9,052
Net worth	5,434	3,365	3,969	4,977	9,299
Minority Interest	876	31	67	173	160
Other liabilities	(86)	102	86	111	349
Total loans	555	496	322	290	42
Lease Liabilities	-	-	-	-	-
Total liabilities	6,778	3,994	4,444	5,552	9,849
Goodwill	-	-	-	-	-
Net block (incl. CWIP)	3,170	1,431	1,445	2,127	4,485
Investments	417	359	404	359	1
Deferred tax asset - net	-	-	-	-	-
Other non-current assets	136	125	92	147	115
Intangible Assets	1,291	0	11	30	215
Capital WIP	48	134	128	33	13
Other Financial Assets	111	88	187	137	136
Cash & bank balance	323	386	577	428	2,687
Other current Assets	3,857	3,546	3,556	5,140	6,270
Total current assets	4,180	3,932	4,133	5,568	8,957
Total current liabilities	2,575	2,075	1,957	2,849	4,073
Net current assets	1,605	1,857	2,176	2,719	4,884
Total assets	6,778	3,994	4,444	5,552	9,849

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 2: Cash flow

Y/E March (Rsmn)	FY20	FY21	FY22	FY23	FY24
EBIT	431	(556)	974	1,292	1,728
(Inc.)/dec. in working capital	(930)	1,141	120	(863)	(320)
Cash flow from operations	(500)	585	1,094	429	1,408
Other income	98	30	51	43	91
Depreciation & amortization	416	1,394	140	159	206
Financial expenses	(183)	(158)	(78)	(108)	(131)
Tax paid	(26)	(29)	(191)	(204)	(259)
Dividends paid	-	-	65	60	61
Net cash from operations	(194)	1,821	1,081	380	1,377
Capital expenditure	316	(761)	(1,240)	701	2,406
Net cash after capex	122	1,060	(160)	1,081	3,783
Inc./(dec.) in debt	(6)	(60)	(174)	(32)	(248)
(Inc.)/dec. in investments	(214)	64	5	(25)	309
Equity issue/(Share Buyback)	-	-	-	-	-
Cash from financial activities	(221)	5	(169)	(56)	60
Others	(3,857)	(3,546)	(3,556)	(5,140)	(6,270)
Opening cash	468	323	386	577	428
Closing cash	323	386	577	428	2,687
Change in cash	(145)	63	191	(149)	2,259

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 4: Key ratios

Y/E March	FY20	FY21	FY22	FY23	FY24
Per Share (Rs)					
EPS	13.8	-43.4	30.9	42.7	52.8
FDEPS	13.8	-43.4	30.9	42.7	50.8
Dividend Per Share	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
Book Value	441	128	153	206	379
Dividend Payout Ratio (incl DT)	0	0	0	0	0
Return ratios (%)					
RoE	6.1	-26.7	20.6	22.9	20.0
Post Tax RoCE	5.0	-8.1	13.9	16.7	14.9
Post Tax ROIC	5.8	-9.6	17.8	20.9	19.1
Turnover Ratios					
Asset Turnover Ratio	0.5	0.6	0.8	0.8	0.6
Debtor Days (incl. unbilled Rev)	105	101	94	110	120
Working Capital Cycle Days	111	154	107	126	100
Valuation ratios (x)					
PER	135.1	-43.0	53.6	40.7	33.7
P/BV	4.2	14.5	12.2	9.1	4.9
EV/EBTDA	27.6	58.7	43.2	31.0	23.3
EV/Sales	5.0	13.1	9.5	6.8	5.1
Net Debt/Equity	0.1	0.0	-0.1	0.0	-0.3
M-cap/Sales	4.9	13.1	9.6	6.8	5.3

Source: Company, Nirmal Bang Institutional Equities Research

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HOLD -5% to 14%

SELL < -5%

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