

Bharti Airtel

Estimate change



TP change



Rating change



CMP: INR890

TP: INR1,020 (+15%)

Buy

Steady earnings growth offsets elevated capex

- BHARTI reported a steady quarter. Consolidated EBITDA grew 5% QoQ, aided by 4%/6% growth in India Mobile revenue/EBITDA on a healthy 3.3% increase in ARPU. Despite high capex (India capex of INR105b, doubled in last 5-6 quarters), FCF increased to INR24b from INR7.9b QoQ, led by strong OCF. Subsequently, net debt declined by INR38b.
- In the near term, BHARTI could see soft earnings growth and subdued FCF due to high opex and limited potential for a tariff hike, market share gain and 4G led mix benefits. However, over the next 2-3 years, BHARTI is well poised to gain from sector consolidation and tariff hikes. Reiterate our BUY rating on the stock.

India Mobile/Africa EBITDA (CC) growth at 6%/3% QoQ

- **Strong ARPU-led EBITDA growth in India business (in line):** After weak growth in the last few quarters, India Mobile EBITDA saw a strong 6% QoQ growth in 1QFY24 (consol EBITDA up 4.8% QoQ), led by a 3.3% ARPU increase (4G-led mix benefits, increase in minimum recharge plan and higher no of days) and strong 76% incremental EBITDA margin.
- **Home business was the silver lining,** with 6% QoQ growth in revenue and steady growth in EBITDA for the last 12 quarters. BHARTI has expanded its network to 1,225 cities from merely 100 cities in FY20, with 2.5x growth in subscribers in the last three years.
- **High OCF drives FCF and debt reduction, though capex remains elevated:** Despite elevated capex (consol/India Mobile capex of INR105b/INR78.3b, doubled in last 5-6 quarters), FCF increased to INR24b from INR7.9b QoQ, led by strong OCF and lower Africa capex. Subsequently, net debt declined by INR38b vs. INR22b reduction last quarter, and could further fall by 10% through the INR160b right issue call money.
- **Superior network capability:** BHARTI's data traffic and subscribers are >50% lower than Reliance Jio's (RJio), yet it continues to add broadband/overall sites significantly (26k/12k in 1QFY24), along with accelerated fiberization.
- **Soft revenue growth and elevated capex could limit FCF growth:** The limited potential for tariff hikes, market share gains and 4G-led mix benefits, along with elevated capex, could limit near-term FCF, but long-term consolidation in the market augurs well for BHARTI.

Key highlights from the management commentary

- Monetization levers remain intact, with 1) a shift from feature phones to smartphones, and from prepaid to postpaid, 2) data monetization, and 3) price hikes. BHARTI has achieved its INR200 ARPU goal and now targets a longer-term ARPU goal of INR300.



Bloomberg	BHARTI IN
Equity Shares (m)	5673
M.Cap.(INRb)/(USD\$)	5167.9 / 62.4
52-Week Range (INR)	902 / 681
1, 6, 12 Rel. Per (%)	2/3/16
12M Avg Val (INR M)	5098

Financials & Valuations (INR b)

INRb	FY23	FY24E	FY25E
Net Sales	1,391	1,558	1,709
EBITDA	713	819	921
Adj. PAT	76	126	192
EBITDA Margin (%)	51.2	52.6	53.9
Adj. EPS (INR)	13.6	22.5	34.3
EPS Gr. (%)	115	66	52
BV/Sh. (INR)	139	194	228

Ratios

Net D:E	2.7	1.5	1.0
RoE (%)	10.5	13.6	16.2
RoCE (%)	10.0	10.4	12.5
Div. Payout (%)	0.0	0.0	0.0

Valuations

EV/EBITDA (x)	10.1	8.2	6.9
P/E (x)	65.5	39.5	26.0
P/BV (x)	6.4	4.6	3.9
Div. Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	55.0	55.0	55.9
DII	19.7	19.9	20.2
FII	21.5	21.0	18.6
Others	3.8	4.0	5.3

FII Includes depository receipts

- Capex will remain elevated due to the frontloading of capex in 1QFY24 and probably 2QFY24. It expects major capex will be done by Nov/Dec'23. The company is not deploying any 4G capacity capex other than coverage related capex, i.e., rollout of rural sites.
- In the short to medium term, BHARTI will use cash to essentially deliver sources of finance, reduce interest costs and pay dividends. There is no necessity to call for residual rights monies.
- Since most of the costs are fixed, the company can witness operating leverage kick in, supported by a) the war-on-waste program, which reduces opex; and b) capacity investments in rural areas.

Valuation and view

- In the near term, BHARTI's earnings growth is expected to soften to ~2% QoQ, unlike average 5% growth seen in the last eight quarters. This could be attributed to moderating 4G mix benefits, low probability of tariff hikes and lower market share gains.
- These factors, along with increased capex intensity (factoring in INR377b/394b capex in FY24/25 toward 5G rollout and rural coverage), could moderate FCF generation and the pace of deleveraging in the near term. Accordingly, the stock may remain range bound in the near term.
- However, over the next 2-3 years, it has an opportunity to grow EBITDA by 40-50% and reduce net debt by 50%. It is well poised to gain from sector tailwinds coming from a.) market share gains, b.) ARPU growth led by premiumization of customers and tariff hikes, and c.) non-wireless segments.
- We value BHARTI on FY25E basis, assigning an EV/EBITDA ratio of 10x/5x to the India Mobile/Africa business, and arrive at our SoTP-based TP of INR1,020 (vs. INR950 earlier). We reiterate our BUY rating on the stock.

Consolidated - Quarterly Earning Model

										(INR b)		
Y/E March	FY23				FY24E				FY23	FY24E	FY24E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	Var (%)
Revenue	328	345	358	360	374	385	394	404	1,391	1,558	371	1.0
YoY Change (%)	22.2	21.9	19.9	14.3	14.1	11.4	10.1	12.2	19.4	12.0	13.0	
Total Expenditure	163	169	174	173	178	183	187	191	679	739	177	0.8
EBITDA	165	176	185	187	196	202	207	213	713	819	194	1.1
YoY Change (%)	27.3	27.4	25.5	16.6	18.6	14.9	12.4	13.8	23.9	14.9	17.2	8
Depreciation	88	89	93	94	97	107	108	118	364	430	100	-3.5
Net Finance cost	45	49	47	52	56	52	52	55	193	214	51	9.2
Other Income	4	6	-1	9	9	10	11	12	17	42	10	-4.3
PBT before EO expense	36	43	44	50	53	54	58	51	172	217	52	1.1
Extra-Ord expense	0	0	7	0	34	0	0	0	7	34	0	
PBT	36	43	37	50	19	54	58	51	166	183	52	-64.5
Tax	11	13	11	8	3	13	14	13	43	44	13	-74.5
Rate (%)	31.3	30.2	29.2	15.7	18.0	24.8	24.8	24.8	25.8	24.0	25.0	
Minority Interest & P/L of Asso. Cos.	9	8	10	12	-1	10	11	19	39	39	10	
Reported PAT	16	21	16	30	16	30	33	20	83	100	29	-45.0
Adj PAT	15	21	20	26	29	30	33	20	82	112	29	-1.0
YoY Change (%)	469.4	245.7	147.0	39.4	91.3	47.6	64.8	-23.5	131.2	37.3	93.2	

E: MOFSL Estimates

Results in detail

- Consol. revenue stood at INR375.4b, strong 4% QoQ growth (in line). India Mobile and Africa operations reported 4.3%/2.6% growth, with a healthy 3.3% increase in India's ARPU.
- **Consol. EBITDA stood at INR196b, up 4.8% QoQ (in line)**, with strong 6% QoQ growth in India Mobile, garnering 76% incremental EBITDA margin.
- Consol. EBITDA margin stood at 52.3%, up 40bp QoQ. India Mobile saw 90bp improvement.
- Consol. PAT after minority was down 38% QoQ at INR16.1b. Adjusted (for exceptional) consol. PAT post minority stood at INR29b vs. INR25b QoQ (est. INR29.3b).

India Mobile EBITDA up 6% QoQ (in line); steady ARPU growth and healthy 76% incremental margin

- **Revenue at INR203.9b grew 4.3% QoQ (in line) on the back of 3.3% ARPU growth to INR200 and 1% subscriber growth to 338.6m.**
- 4G subs adds remained moderate at 5.6m vs. the earlier run rate of ~7m, reaching 229.7m subscribers (2.5% QoQ), i.e., 68% of total subscribers.
- RJio revenue grew 3% QoQ and the company added 9.2m subscribers vs. BHARTI's 3.1m subs adds.
- **ARPU increased by 3.3% QoQ to INR200, which could be attributed to 4G-led mix improvement, a tariff hike in minimum recharge plans, and higher no. of days in 1QF24.**
- **EBITDA was up 6% QoQ at INR111.7b (in line)**, with a 90bp margin improvement to 54.8%.
- Data traffic grew 7.2% QoQ to 14.9t GB, with 21.1GB/user. Bharti's data usage per subscriber is 20% below RJio's and data subscribers far below.
- Churn stayed at 2.8% vs. 3.3% in 2QFY23 (RJio churn at 1.8%).
- MOU increased 1.4% QoQ to 1138 mins, while RJio voice consumption is at 1,006 mins.

Africa continues to see steady numbers

- Africa revenue/EBITDA saw healthy growth of 2.6%/2.8% to INR113.2b/INR55.4b (CC).
- Subs/ARPU grew 4%/2% QoQ.

Home business reach continues to increase

- The Home business continued to see strong growth, with 12%/6% QoQ growth in revenue/EBITDA. Subscriber growth was healthy at 7% QoQ, but ARPU continued to soften by 1% QoQ to INR608 from INR800 in FY20 with increased offtake for low-price plans.
- Reach has increased to 1,225 cities (26 cities added in the quarter) from hardly 100+ cities in FY20.
- Enterprise revenue/EBITDA grew 5.6%/1.5% QoQ to INR50.5b/INR20b. Against this, TCOM saw 7%/5% revenue/EBITDA growth.
- Digital EBITDA grew 4.5% QoQ to INR4.3b.

High OCF drives FCF and debt reduction, though capex remains elevated

- Capex at INR105b remained elevated, though it reduced by INR9.5b (INR342b/INR256b in FY23/FY22). India capex and particularly India Mobile capex increased to INR93.3b/INR78.3b (vs. INR90b/INR66b in 4QFY23).
- OCF increased 6% QoQ to INR129b, led by steady earnings growth. Further, lower capex (on consol level) led to higher FCF of INR24.1b vs. merely INR7.9b in 3QFY23 (INR47b in 4QFY22). However, India Mobile operating FCF reduced to INR33.3b vs. INR38.8b earlier.
- Net debt (excl lease liability) declined INR38.3b to INR1488b.
- Lease Liability too reduced to INR589b from INR604b. Subsequently, overall net debt declined by INR54b to INR2077.3b, with an annualized net debt-to-EBITDA ratio at 2.6x vs. 2.8x earlier.
- BHARTI is yet to receive INR160b (right issue call money), which could reduce net debt by about 8%.

Airtel Africa valuation remains compelling, can add to Bharti SoTP:

Airtel Africa is trading at 3.5x EV/EBITDA on FY23 and 2.8x on FY25E. Further, if we exclude the ~11% stake sold in the Mobile Money business to MasterCard and TPG Group at a 12x valuation, the remaining Airtel Africa business (over ~12% growth annually) is valued at 2.8x on FY23 and 2.2x on FY25E. Airtel Africa has consistently delivered strong earnings growth for the last 3-4 years, with a ~19% CAGR over FY19-23. A strong balance sheet with low leverage and healthy FCF further adds to the strong capabilities. On a 5x multiple, it could be 8% upside for BHARTI. Our SOTP-based TP for BHARTI is INR1,020, including INR113/share value for Airtel Africa at 5x EV/EBITDA on FY25E.

Exhibit 1: SoTP-based valuation on a FY25E basis

	EBITDA (INR b)	Ownership	Proportionate EBITDA (INR b)	EV/EBITDA	Fair Value (INR b)	Value/Share
India SA business (excl. towers)	662	100%	662	10	6,818	1202
Tower business (20% discount to fair value)		48.0%			175	31
Africa business	259	55.2%	143	5	643	113
Less net debt					1852	326
Total Value					5785	1020
Shares o/s (b)	5.7					
CMP						890
Upside (%)						15

Source: Company, MOFSL

**Highlights from the management commentary****Key highlights**

- Monetization levers remain intact, with 1) a shift from feature phones to smartphones, and from prepaid to postpaid, 2) data monetization, and 3) price hikes. BHARTI has achieved its INR200 ARPU goal and now targets a longer-term ARPU goal of INR300.
- Capex will remain elevated due to the frontloading of capex in 1QFY24 and probably 2QFY24. It expects major capex will be done by Nov/Dec'23. The company is not deploying any 4G capacity capex other than coverage related capex, i.e., rollout of rural sites.

- In the short to medium term, BHARTI will use cash to essentially deliver sources of finance, reduce interest costs and pay dividends. There is no necessity to call for residual rights monies.
- Since most of the costs are fixed, the company can witness operating leverage kick in, supported by a) the war-on-waste program, which reduces opex; and b) capacity investments in rural areas.

Detailed notes

Strategy

- It targets to leverage green energy in rural expansion, which will reduce diesel emission in the network by ~48%.
- War-on-waste program: India network opex declined by 50bp despite aggressive rollouts (identified 150k sites that cost more than 100k per month). It has taken measures to reduce the cost by a) reallocation, b) rental negotiations, and c) solar batteries. The operating cost per site per month is now actually lower vs. prior quarters.
- 5G radio rollout, transport infrastructure, broadband rollout and data centers, all have massive opportunities for future growth.
- It focuses on the first 150 cities and rural India. In rural BHARTI has identified 60k villages to expand the network and win 4G subscribers, while in top 150 cities, it will focus on a) postpaid broadband customers, which are more than 80%, and b) almost 100% of B2B customers.
- Leveraging data science to estimate demand across all our businesses so that customer leakage is minimal.
- Airtel Finance has begun testing in marketplaces. AI and ML models prepared by Airtel had been tested by banks and NBFC and they are leveraging Airtel models.

Performance

- EBITDAM expansion was aided by 50bp QoQ improvement owing to the war-on-waste program.
- BHARTI added 5.6m 4G subscribers and saw growth in post-paid subscribers, contributing ~26% of overall net adds (833k) for the quarter.
- It has achieved the INR200 **ARPU** goal, and now aims for a longer-term ARPU goal of INR300. The organic increase in ARPU was due to a) premiumisation, b) prepaid to postpaid movement which almost doubled ARPU, and c) data consumption and monetization.
- The company lost 28k customers in the **DTH segment** due to seasonality, led by the pullback of cricket.
- **Airtel business** won multiple deals during the quarter, including a banking customer and cloud service for a state government.
- **Payments Bank** reached a quarterly revenue rate of INR4b. Deposit growth stood at 48% YoY.
- **Digital businesses** are on track to achieve an annual run rate of INR12b
- Higher SG&A is especially due to B2B business as the seasonality is involved in 1QFY24, though it will normalize in 2Q-4Q.

Risk of Jio phone

- Feature phones account for 80% of BHARTI's total revenue. The company shifts its focus to 4G customers from 2G customers.
- As per the management, a postpaid customer changes a phone in every four years and the price of Jio phone is expensive than other phones.
- BHARTI does not plan to build any feature phone.

5G penetration

- Seeing 30% of the offload from 4G networks to 5G networks, which is still less.
- 5G shipments are ~48% of total shipments and moving slowly.

Capex

- Not putting any 4G capacity capex other than the rollout of rural sites, i.e., coverage-related capex.
- Due to the capex frontloading, capex remains high for 1QFY24 and probably 2QFY24.
- The percentage of capex to revenue needs to be at the level that can be self-sustainable and can lead to monetization of ARPU.
- BHARTI expects the major rural rollout by Nov/Dec'23. The cost of network is lower in rural markets.
- In the short to medium term, the use of cash is essentially to deliver sources of finance, reduce the interest cost and pay dividends. There is no necessity to call for rights residual monies.

Postpaid

- Only 6% of BHARTI customers use postpaid in India, whereas in markets like Brazil/Thailand the number is high at 40-50%.
- So the opportunity is vast in this segment and it should be a growth lever.

SA vs. NSA

- NSA technology gives 30% improvement in coverage. Also, the mobile phone user has an adequate bandwidth of 4-6 mbps. So if the company provides speed of +4 mbps, it will be indifferent unless downloading a heavy file.

Exhibit 2: Segmental business performance (INR m)

	1QY23	4QFY23	1QFY24	YoY%	QoQ%	1QFY24E	v/s Est (%)
Revenue							
Mobile India	182	195	204	11.9	4.3	203	0.5
Home	9	11	12	25.4	6.0	12	0.0
Enterprise	44	48	51	15.8	5.6	49	2.6
Digital TV	7	7	7	-1.1	1.6	7	-0.5
South Asia	1	1	1	40.0	15.9	1	15.5
Africa	97	110	113	16.6	2.6	113	0.3
Eliminations	-12	-13	-12	0.0	-3.0	-14	-13.9
Consolidated Revenue	328	360	375	14.4	4.2	371	1.2
EBITDA							
Mobile India	93	105	112	19.7	6.1	110	1.4
Home	5	6	6	18.9	6.0	6	-0.8
Enterprise	17	20	20	17.4	1.5	20	-2.3
Digital TV	5	4	4	-10.8	4.5	4	2.4
South Asia	0	0	0	3.1	-18.8	0	-21.9
Africa	47	54	56	18.3	3.4	55	1.0
Eliminations	-2	-2	-2	-13.4	8.4	-2	-21.3
Consolidated EBITDA	165	187	196	18.6	4.8	194	1.1
EBITDA margin (%)							
Mobile India	51.2	53.8	54.8	356bps	93bps	54.2	51bps
Home	53.2	50.4	50.4	-275bps	3bps	50.8	-37bps
Enterprise	39.0	41.1	39.5	56bps	-160bps	41.5	-197bps
Digital TV	63.9	56.0	57.6	-628bps	162bps	56.0	162bps
Mobile South Asia	-16.3	-17.1	-12.0	430bps	513bps	-17.8	576bps
Africa	48.8	49.1	49.5	68bps	41bps	49.1	38bps
Consolidated EBITDA margin	50.4	51.9	52.3	196bps	42bps	52.3	9bps
Depreciation and amortization	88	94	97	9.9	2.6	100	-3.5
Operating income	77	93	99	28.4	7.0	94	6.1
Other income and share of JV/Associate	4	9	9	164.3	5.9	10	-4.3
Net finance cost	45	52	56	24.4	8.7	51	9.2
Proforma Profit Before Taxes	36	50	53	46.7	5.1	52	1.1
Exceptional Items	0	0	34	NM	NM	0	NM
Proforma Tax	11	8	3	-70.4	-57.8	13	-74.5
Effective Tax Rate (%)	31.3	15.7	6.3	NM	-940.2	25.0	-18.7
Proforma Profit After Tax	25	42	15	-38.4	-64.0	39	-61.1
Proforma Minority Interest	9	12	-1	-110.7	-107.6	10	-109.4
Net Profit post Minority	16	30	16	0.3	-46.4	29	-45.0
Adj. Net Profit post Minority	15	26	29	91.3	11.9	29	-1.0

Exhibit 3: India Mobile operating matrix

India - Wireless KPIs	1QFY23	4QFY23	1QFY24	YoY%	QoQ%	1QFY24E	v/s Est (%)
Wireless traffic (b min)	1079	1124	1149	6.5	2.2	1143	0.5
Total subscribers (m)	327	335	339	3.4	0.9	337.1	0.4
Data subscribers (m)	213	233	238	11.7	2.4	251.3	-5.2
4G subscribers	200.8	216.7	229.7	14.4	6.0		
ARPU (INR)	183	193	200	9.3	3.6	199	0.6
MOU (min)	1104	1122	1138	3.1	1.4	1133	0.4
Data Traffic (b MB)	12,561	14,248	15,273	21.6	7.2	15,660	-2.5
Data usage/sub (MB)	19,930	20,762	21,606	8.4	4.1	21,571	0.2
Monthly churn (%)	3.0	2.8	2.8	-20bps	0bps	2.8	0bps

Source: MOFSL, Company

Exhibit 4: Revisions to our estimates**Bharti Airtel: Summary of Estimate Change****Revenue consolidated (INR b)**

	FY24E	FY25E
Old	1538	1690
New	1558	1709
Change (%)	1.3	1.1

EBITDA consolidated (INR b)

Old	803	898
New	819	921
Change (%)	2.1	2.6

EBITDA margin consolidated (%)

Old	52.2	53.1
New	52.6	53.9
Change (bp)	38	76

India Mobile Revenue (INR b)

Old	841	930
New	846	934
Change (%)	0.5	0.4

India Mobile EBITDA (INR b)

Old	456	512
New	469	530
Change (%)	3	3

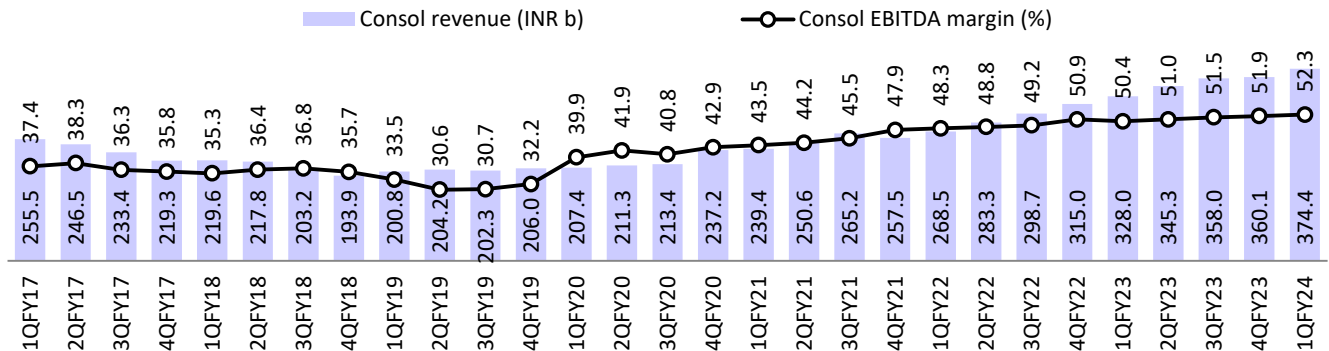
India Mobile EBITDA margin (%)

Old	54.2	55.1
New	55.5	56.7
Change (bp)	128	161

Source: Company, MOFSL

Story in charts

Exhibit 5: Consolidated revenue up 4% QoQ; margin improved 40bp



Source: MOFSL, Company

Exhibit 6: India Mobile revenue up 4% QoQ led by ARPU

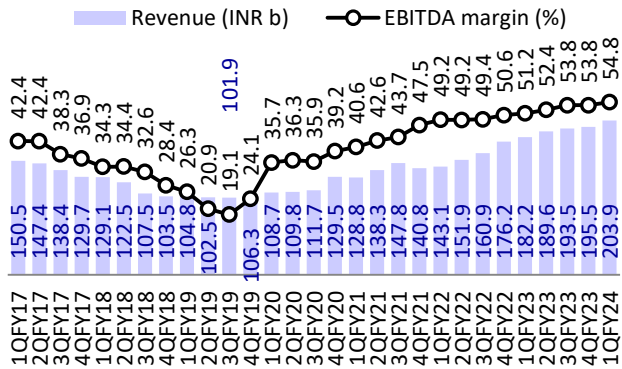


Exhibit 7: Africa revenue up 3% QoQ led by ARPU growth

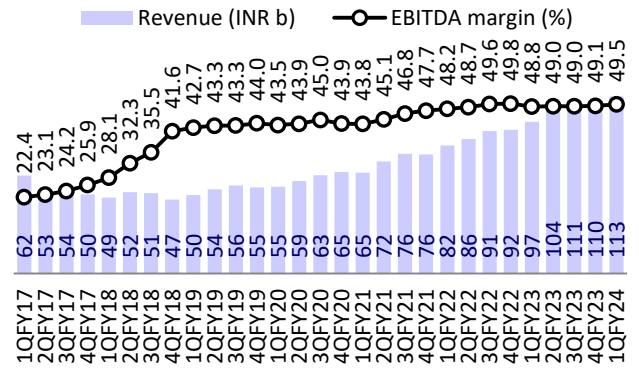


Exhibit 8: India Mobile ARPU up 4% QoQ while subs up 1%

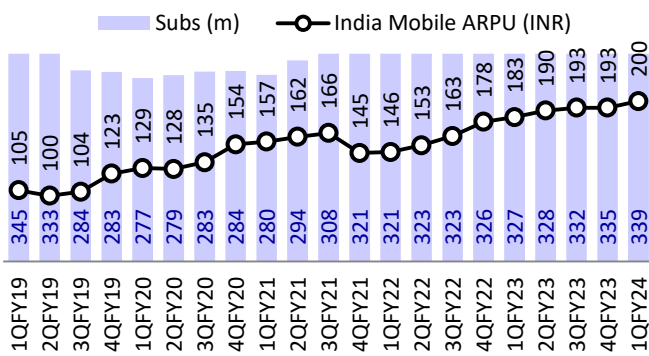


Exhibit 9: Africa ARPU up 4% QoQ while subs up 2% QoQ

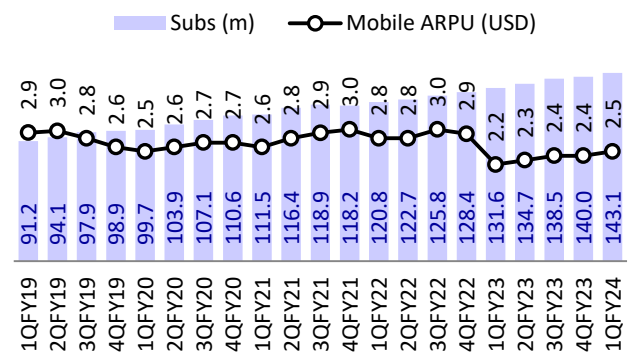
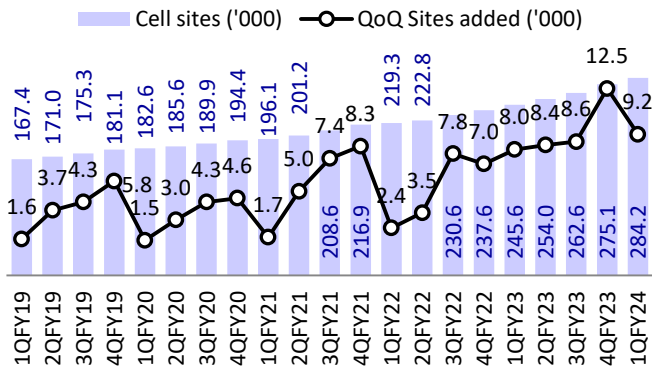
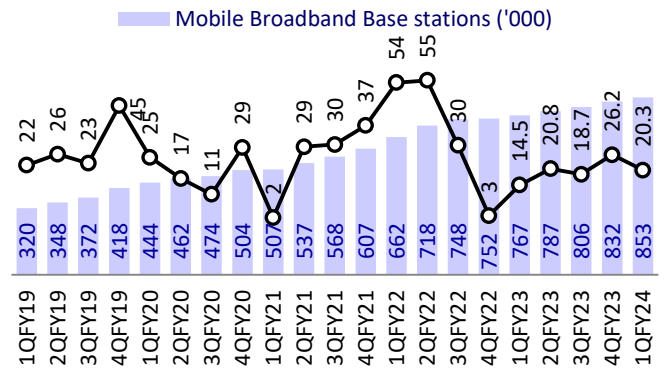
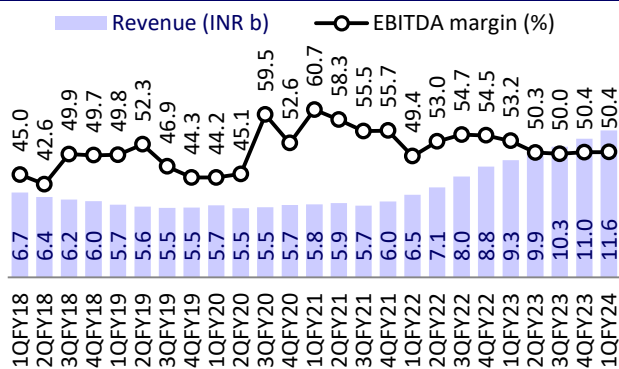


Exhibit 10: India Mobile total cell site base and quarterly additions

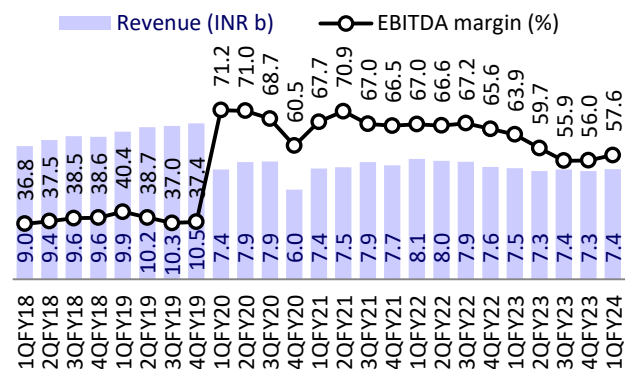
Source: Company, MOFSL

Exhibit 11: India Mobile broadband base stations and quarterly additions

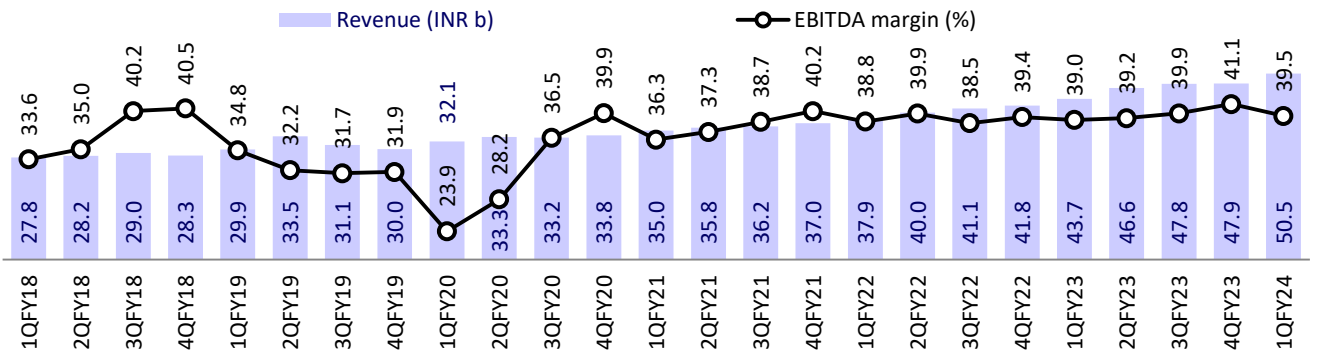
Source: Company, MOFSL

Exhibit 12: Revenue from Telemedia business up 6% QoQ

Source: Company, MOFSL

Exhibit 13: Revenue from Digital TV business up 2% QoQ

Source: Company, MOFSL

Exhibit 14: Revenue from the Enterprise business up 6% QoQ

Source: MOFSL, Company

Exhibit 15: Business mix

Revenue (INR b)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Mobile	566	463	416	460	556	632	761	846	934
Telemedia	28	25	22	22	23	30	40	50	57
Enterprise	109	113	125	132	144	161	186	211	232
Others (incl South Asia)	49	46	47	34	35	36	32	34	37
Africa	220	191	215	242	289	351	423	468	505
Total revenue	1032	904	892	947	1074	1210	1442	1609	1765
Eliminations and others	78	78	84	72	50	44	51	51	56
Consolidated revenue	955	826	808	875	1024	1165	1391	1558	1709
YoY%	-1	-13	-2	8	17	14	19	12	10
EBITDA (INR b)									
Mobile	227	151	94	170	243	314	402	469	530
Telemedia	13	12	11	11	13	16	21	25	29
Enterprise	34	42	41	43	55	63	74	84	93
Others (incl South Asia)	10	10	13	20	21	20	17	17	19
Africa	51	68	93	107	133	172	207	230	259
Total EBITDA	364	315	285	388	483	585	720	825	929
Eliminations and others	-11	-14	-26	-28	-24	-10	-8	-7	-8
Consolidated EBITDA	353	301	258	360	459	575	713	818	921
YoY%	4	-15	-14	40	27	25	24	15	13
Consolidated EBITDA margin (%)	37.0	36.4	31.9	41.4	45.1	49.4	51.2	52.6	53.9
Capex (INR b)									
Consolidated capex	384	267	305	221	334	424	388	377	394
YoY%	42	-30	14	-28	51	27	-8	-3	4
Capex/Sales (%)	40	32	38	25	33	36	28	24	23

Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement								(INR b)	
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Total Income from Operations	955	826	808	869	1,006	1,165	1,391	1,558	1,709
Change (%)	-1.1	-13.4	-2.2	7.6	15.7	15.8	19.4	12.0	9.7
Total Expenditure	601	526	550	509	552	590	679	739	788
% of Sales	63.0	63.6	68.1	58.6	54.9	50.6	48.8	47.4	46.1
EBITDA	353	301	258	360	454	575	713	819	921
Margin (%)	37.0	36.4	31.9	41.4	45.1	49.4	51.2	52.6	53.9
Depreciation	198	192	213	276	294	331	364	430	467
EBIT	156	108	44	85	160	244	348	389	454
Int. and Finance Charges	77	81	96	135	151	166	193	214	205
Other Income	10	13	5	16	6	30	17	42	59
PBT bef. EO Exp.	89	41	-47	-34	14	108	172	217	308
EO Items	-12	-8	29	-402	-159	17	-7	-34	0
PBT after EO Exp.	77	33	-17	-437	-145	125	166	183	308
Total Tax	35	11	-34	-123	89	42	43	44	62
Tax Rate (%)	45.1	33.2	197.4	28.2	-61.7	33.5	25.8	24.0	20.2
Profit from discontinued operations	0.0	0.0	0.0	7.1	110.6	0.0	0.0	0.0	0.0
Minority Interest	4	11	13	15	27	41	39	39	54
Reported PAT	38	11	4	-322	-151	43	83	100	192
Adjusted PAT	44	14	-35	-41	-7	35	76	126	192
Change (%)	-9.5	-68.6	-350.3	16.6	-82.3	-590.2	115.5	65.8	52.0
Margin (%)	4.7	1.7	-4.3	-4.7	-0.7	3.0	5.5	8.1	11.2

Consolidated - Balance Sheet								(INR b)	
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	20	20	20	27	27	28	28	28	28
Total Reserves	655	675	694	744	562	638	747	1,056	1,247
Net Worth	675	695	714	771	590	666	776	1,084	1,276
Minority Interest	69	88	135	250	223	254	289	328	382
Total Loans	1,073	1,113	1,254	1,176	1,628	1,697	2,260	2,161	2,059
Lease liabilities	0	0	0	306	0	0	0	0	0
Deferred Tax Liabilities	-17	-22	-83	-263	-222	-217	-205	-205	-205
Capital Employed	1,799	1,875	2,021	2,241	2,218	2,399	3,119	3,367	3,511
Net Fixed Assets	1,891	1,589	1,684	1,690	2,292	2,500	3,268	3,215	3,142
Goodwill on Consolidation	0	328	333	346	0	0	0	0	0
Capital WIP	0	52	88	40	0	0	0	0	0
Right of use assets	0	0	0	259	0	0	0	0	0
Total Investments	182	180	176	278	329	367	392	392	392
Curr. Assets, Loans&Adv.	234	327	382	724	617	552	596	949	1,207
Inventory	0	1	1	2	0	0	3	3	3
Account Receivables	47	59	43	46	36	41	40	54	49
Cash and Bank Balance	13	48	62	136	81	61	72	393	643
Loans and Advances	173	219	276	541	500	450	482	499	512
Curr. Liability & Prov.	507	602	641	1,097	1,020	1,020	1,137	1,189	1,230
Account Payables	497	577	621	621	1,020	1,020	849	901	942
Provisions	10	25	20	476	0	0	288	288	288
Net Current Assets	-273	-275	-259	-373	-403	-468	-541	-240	-23
Appl. of Funds	1,799	1,875	2,021	2,241	2,218	2,399	3,119	3,367	3,511

Financials and valuations

Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Basic (INR)									
EPS	11.1	3.5	-8.7	-7.5	-1.3	6.3	13.6	22.5	34.3
Cash EPS	60.6	51.6	44.7	43.1	52.2	65.5	78.8	99.5	117.8
BV/Share	168.8	173.9	178.7	141.4	107.3	119.1	138.8	193.9	228.2
DPS	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	12.7	43.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)									
P/E	80.1	254.9	-101.8	-119.2	-679.2	141.0	65.5	39.5	26.0
Cash P/E	14.7	17.2	19.9	20.7	17.0	13.6	11.3	8.9	7.6
P/BV	5.3	5.1	5.0	6.3	8.3	7.5	6.4	4.6	3.9
EV/Sales	4.8	5.6	5.9	7.1	6.4	5.7	5.1	4.3	3.7
EV/EBITDA	13.1	15.4	18.4	17.2	14.2	11.5	10.1	8.2	6.9
Dividend Yield (%)	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Return Ratios (%)									
RoE	6.6	2.0	-5.0	-5.5	-1.1	5.6	10.5	13.6	16.2
RoCE	5.3	4.6	-2.5	3.7	12.8	8.0	10.0	10.4	12.5
RoIC	5.4	4.5	-2.6	3.5	14.4	8.6	11.2	11.3	14.3
Working Capital Ratios									
Fixed Asset Turnover (x)	0.5	0.5	0.5	0.5	0.4	0.5	0.4	0.5	0.5
Asset Turnover (x)	0.5	0.4	0.4	0.4	0.5	0.5	0.4	0.5	0.5
Inventory (Days)	0	0	0	1	0	0	1	1	1
Debtor (Days)	18	26	19	19	13	13	10	13	10
Creditor (Days)	190	255	281	261	370	320	223	211	201
Leverage Ratio (x)									
Current Ratio	0.5	0.5	0.6	0.7	0.6	0.5	0.5	0.8	1.0
Interest Cover Ratio	2.0	1.3	0.5	0.6	1.1	1.5	1.8	1.8	2.2
Net Debt/Equity	1.4	1.4	1.5	1.5	2.5	2.3	2.7	1.5	1.0

Consolidated - Cash Flow Statement

(INR b)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
OP/(Loss) before Tax	77	33	-17	-428	-31	125	166	183	308
Depreciation	198	192	213	277	297	331	364	430	467
Interest & Finance Charges	95	93	110	137	149	165	188	214	205
Direct Taxes Paid	-32	-14	-12	-23	-22	-22	-38	-44	-62
(Inc)/Dec in WC	-27	6	-55	-166	30	-14	-31	27	33
CF from Operations	311	311	239	-203	423	585	649	811	951
Others	-19	-12	-39	384	59	-35	4	0	0
CF from Operating incl EO	292	299	201	181	482	550	653	811	951
(Inc)/Dec in FA	-384	-267	-305	-221	-334	-424	-388	-377	-394
Free Cash Flow	-92	31	-105	-40	148	127	265	434	557
(Pur)/Sale of Investments	-1	-33	1	-88	38	-5	-20	0	0
Others	69	40	19	5	27	10	16	0	0
CF from Investments	-316	-260	-285	-305	-269	-419	-392	-377	-394
Issue of Shares	1	0	99	462	7	10	-5	208	0
Inc/(Dec) in Debt	9	40	106	-180	-118	-19	-113	-99	-102
Interest Paid	-59	-44	-76	-110	-71	132	-67	-214	-205
Dividend Paid	-9	-33	-47	-18	-27	-14	-36	0	0
Others	53	56	13	37	-40	-257	-24	-7	0
CF from Fin. Activity	-4	19	95	191	-249	-148	-245	-113	-307
Inc/Dec of Cash	-28	58	10	68	-36	-17	16	321	250
Opening Balance	18	-10	41	54	131	91	74	90	411
Closing Balance	-10	41	54	131	91	74	90	411	661
Less :- Bank overdraft	-23	-7	-8	-5	10	13	18	18	18
Net Closing Balance	13	48	62	136	81	61	72	393	643

E: MOFSL Estimates

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