

Tata Communications

Estimate change



TP change



Rating change



Bloomberg	TCOM IN
Equity Shares (m)	285
M.Cap.(INRb)/(USD\$)	487.4 / 5.9
52-Week Range (INR)	1957 / 1157
1, 6, 12 Rel. Per (%)	-8/28/30
12M Avg Val (INR M)	1103

Financials & Valuations (INR b)

INR b	FY23	FY24E	FY25E
Net Sales	178.4	212.7	250.1
EBITDA	43.2	56.0	76.9
Adj. PAT	17.3	25.8	45.5
EBITDA Margin (%)	24.2	26.3	30.8
Adj. EPS (INR)	60.7	90.7	159.5
EPS Gr. (%)	17.1	49.4	75.9
BV/Sh. (INR)	53.3	106.3	147.8

Ratios

Net D:E	3.7	1.3	0.4
RoE (%)	141.5	113.7	125.6
RoCE (%)	20.6	27.4	40.7
Payout (%)	34.6	11.0	6.3

Valuations

EV/EBITDA (x)	12.6	9.4	6.6
P/E (x)	28.1	18.8	10.7
P/BV (x)	32.1	16.1	11.6
Div. Yield (%)	1.2	0.6	0.6
FCF Yield (%)	5.4	3.8	5.1

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	58.9	58.9	58.9
DII	13.6	14.1	13.9
FII	17.5	17.2	17.0
Others	10.1	9.9	10.2

FII Includes depository receipts

CMP: INR1,710

TP: INR1,630 (-5%)

Neutral

Earnings soft due to weak data business

- Tata Communications (TCOM) reported a subdued quarter with revenue/EBITDA of +2/-1% YoY (in line). Data segment saw a 2% drop in EBITDA, primarily due to client churn in its key vertical, CPAAS. WC too surged due to VIL's high receivables.
- Management's endeavor to drive growth has diluted margins, including the loss-making acquisitions. However, the long-term focus on margin-accretive growth remains intact. We have built in revenue/EBITDA CAGR of 18%/ 33% over FY23-25E. **We reiterate our Neutral rating on the stock. We would closely monitor the improvement in earnings growth trajectory.**

EBITDA down 1% QoQ (4% miss)

- TCOM's consol. revenue grew 2% QoQ to INR 48.7b (in line), led by a 2% QoQ improvement in both the data and voice segments. **Adjusted for the Switch revenue of INR1.5b, consol revenue grew 1% QoQ.**
- Consol. EBITDA declined 1% QoQ to INR10.2b (4% miss) due to an increase in network cost, and partly offset by a drop in other expenses. Margin contracted 60bp QoQ to 20.8% (80bp miss). **Adjusted for the Switch loss of INR67m, consol. EBITDA dipped 1% QoQ, and margins stood at 21.7%.**
- A dip in other income by 87% QoQ to INR254m led to a decrease in adj. PAT (after minority) by 42% QoQ to INR 2.2b (35% miss). **Adjusted for the Switch loss of INR386m, PAT declined 37% QoQ to INR2.6b.**
- OCF declined INR11b (56% YoY) in 1HFY24 to INR9b owing to: a) INR8.5b increase in WC (partly attributed to VIL) and b) INR1.7b (-8% YoY) decline in EBITDA to INR20b.
- Capex of INR9.8b and the acquisition of INR5.2b in 1HFY24 led to a negative FCF of INR6b (vs. +INR14.6b in 1HFY23). Gross debt rose 2% YoY in 1HFY24 to INR77b, and net debt grew 22% YoY to INR70b during the quarter.
- The company reported a RoCE of 23.3% in 2QFY24 vs. 28.3% in FY23.

Key takeaways from the management interaction

- **Margin trajectory:** Management believes short-term margin and RoCE would decrease to below 20% due to M&A, and the increase in mix of digital portfolio. However, long-term target remains within 23-25%.
- **Deal wins:** The funnel is improving vs. slowdown in the last year; order booking improved in 1HFY24 but is less than expected because of macroeconomic and geopolitical uncertainties.
- **Capex:** Cash capex would be higher than accrued capex. The organic capex is likely to remain within the guidance range of USD250-300m.
- **Inorganic deals:** The company is looking forward to the opportunity in AI and ML; hence, it is in discussion with NVidia for AI infrastructure in India.

Valuation and view

- We have modeled a revenue/EBITDA CAGR of 18%/33% over FY23-25E, factoring in Kaleyra and Switch Enterprise numbers.
- The company has set an ambitious growth target of INR280b in revenue by FY27E in digital portfolio, which would be supported by both organic and inorganic initiatives.
- Inorganic acquisitions led to a higher net debt of INR70b (22% YoY). However, TCOM's strong FCF of INR20-25b annually would allow it to scout for growth opportunities with a healthy RoCE target of over 20%.
- We maintain our **Neutral rating** with a revised TP of INR1,630 due to the improved growth visibility led by the acquisitions (assigned 10x/3x EBITDA to the Data/Voice businesses). Sustained improvement in earnings growth visibility will be the key for valuation re-rating.

Cons. Quarterly Earnings Model**(INR b)**

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	Est Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE	
Revenue	43.1	44.3	45.3	45.7	47.7	48.7	57.4	58.9	178.4	212.7	48.9	0
YoY Change (%)	5.1	6.2	8.2	7.2	10.7	10.0	26.7	29.0	6.7	19.3	15.7	
Total Expenditure	32.3	33.0	34.5	35.3	37.5	38.6	43.5	44.6	135.2	156.8	38.3	1
EBITDA	10.8	11.3	10.8	10.3	10.2	10.2	13.9	14.3	43.2	56.0	10.6	-4
YoY Change (%)	9.2	1.5	-0.5	-1.1	-4.9	-10.1	28.6	38.3	2.2	29.7	0.9	
Depreciation	5.4	5.5	5.5	6.2	5.8	6.1	6.1	6.5	22.6	24.5	6.1	-1
Interest	0.8	1.0	1.2	1.3	1.3	1.4	1.4	1.4	4.3	5.5	1.3	8
Other Income	2.3	0.4	0.3	0.6	1.9	0.3	1.3	2.2	3.6	5.7	1.3	-80
PBT before EO expense	6.9	5.2	4.3	3.5	5.0	3.0	7.6	8.6	19.9	31.7	4.5	-33
Exceptional (gain)/loss	0.0	-0.8	0.0	0.0	0.0	0.0	0.0	0.0	-0.8	0.0	0.0	
PBT	6.9	5.9	4.3	3.5	5.0	3.0	7.6	8.6	20.6	31.7	4.5	-33
Tax	1.6	0.7	0.4	0.3	1.3	0.8	1.9	2.2	3.0	6.1	1.1	
Rate (%)	22.9	11.1	10.1	8.1	25.9	26.1	25.0	25.0	14.4	19.4	25.0	
MI & P/L of Asso. Cos.	-0.1	0.0	-0.1	-0.1	-0.1	0.0	-0.1	-0.1	-0.3	-0.3	0.1	
Reported PAT	5.4	5.3	3.9	3.3	3.8	2.2	5.8	6.6	18.0	25.9	3.4	-35
Adj PAT	5.4	4.6	3.9	3.3	3.8	2.2	5.8	6.6	17.2	18.4	3.4	-35
YoY Change (%)	87.2	10.5	1.9	-15.5	-30.2	-51.5	46.5	102.8	16.5	7.0	6.7	

E: MOFSL Estimates

Balance sheet and cash flow analysis

- OCF declined INR11b (56% YoY) in 1HFY24 to INR9b owing to: a) INR8.5b increase in WC (partly attributed to VIL) and b) INR1.7b (-8% YoY) decline in EBITDA to INR20b during the quarter.
- Capex of INR9.8b and the acquisition of INR5.2b in 1HFY24 led to a negative FCF of INR6b (vs. +INR14.6b in 1HFY23).
 - FCF yields stood at 7% for FY23.
- Gross debt rose 2% YoY in 1HFY24 to INR77b, and net debt grew 22% YoY to INR70b during the quarter.
 - Net debt/EBITDA stood at 2x vs. 1.4x in FY23.
- The company reported a RoCE of 23.3% in 2QFY24 vs. 28.3% in FY23.

Segmental highlights

- Data revenue, the key driver of revenue that contributed 82%/90% of consol. revenue/EBITDA, grew 2% QoQ at INR39.9b (in-line). Adjusted for the Switch revenue, data revenue inched up 1% QoQ to INR38.4b
 - Data EBITDA reported 2% QoQ decline, and margin stood at 20.8% (down 60bp QoQ). Adjusted for the Switch loss, data EBITDA declined 2% QoQ to INR9.2b and reported 21.7% margin.
 - Within the segment, the core connectivity (64% contribution) grew 2% QoQ, and DPS (36% contribution) rose 3% QoQ
 - Within DPS, Media revenue doubled YoY to INR3b
- Voice segment increased 2% QoQ to INR4.3b
- EBITDA was flat QoQ at INR625m leading to a contraction in margin by 30bp QoQ to 14.5%
- Others segment grew 2% QoQ to INR4.5b and the EBITDA was up 20% QoQ to INR400m, with a margin of 9%.

Exhibit 1: Valuation-based on Mar'25 EBITDA

Particulars	FY25E
EBITDA (INR m)	47,477
Multiple (x)	10.2
Voice EBITDA (INR m)	2,124
Multiple (x)	3
Data EBITDA (INR m)	45,353
Multiple (x)	10
Enterprise Value (INR m)	4,82,126
Net Debt (INR m)	16,694
Equity value (INR m)	4,65,432
No. of shares (m)	285
Equity value/share (INR)	1,630
Upside/(Downside) (%)	-5%
CMP (INR)	1,710

Source: MOFSL, Company



Key takeaways from the management interaction

Key highlights

- **Margin trajectory:** Management believes short-term margin and RoCE would decrease to below 20% due to M&A, and the increase in mix of digital portfolio. However, long-term target remains within 23-25%.
- **Deal wins:** The funnel is improving vs. slowdown in the last year; order booking improved in 1HFY24 but is less than expected because of macroeconomic and geopolitical uncertainties.
- **Capex:** Cash capex would be higher than accrued capex. The organic capex is likely to remain within the guidance range of USD250-300m.
- **Inorganic deals:** The company is looking forward to the opportunity in AI and ML; hence, it is in discussion with NVidia for AI infrastructure in India.

Detailed summary

Strategy

- The customer interaction market is likely to report 25%+ CAGR, creating a market opportunity of USD27m. Acquisition of Switch and Kaleyra will help TCOM increase its product offerings in the market.
- The company is looking forward to the opportunity in AI and ML. Hence, it is in discussion with NVidia for AI infrastructure in India.
- Acquisition of Kaleyra helped the company increase the product offerings and enter into new geographies.
- TCOM continues to invest in the underlying capabilities (both sub-marine and terrestrial) in terms of augmenting capacities and new routes.

Financials

- India revenue continues to grow at double digits, and international revenue continues to gain momentum steadily.
- WC increased due to: a) a delay in payment by one of its large customers, and b) a delay in TDS filing that made TCOM ineligible to take credit.
- Cash capex would be higher than accrued capex. The organic capex is expected to remain within the guidance range of USD250-300m.
- Management expects DPS to contribute 40% of data revenue aided by Kaleyra and Switch.

Impact on EBITDA

- Factors would lead to a decline in EBITDA in the short term: a) organic mix towards digital portfolio (low-margin business), which will continue to remain a drag and b) impact of M&A
- Management expects the margin to contract below 20% and RoCE below 20% in the short term. However, the long-term target remains within the 23-25% range.

Macro environment

- The funnel is improving vs. slowdown in the last year; order booking improved in 1HFY24 but is less than expected because of macroeconomic and geopolitical uncertainties.
- However, the level of interaction with customers globally is improving; though the customer conversion rate is fluctuating.

Exhibit 2: Quarterly performance

Quarterly performance (INR m)	2QFY23	Q1FY24	2QFY24	YoY (%)	QoQ (%)	2QFY24E	v/s est (%)
Revenue	44,307	47,714	48,725	10.0	2.1	48,856	-0.3
Operating Expenses	33,011	37,473	38,571	16.8	2.9	38,297	0.7
EBITDA	11,297	10,240	10,155	-10.1	-0.8	10,558	-3.8
EBITDA Margins (%)	25.5%	21.5%	20.8%	-466bps	-62bps	21.6%	-77bps
Depreciation	5,516	5,797	6,051	9.7	4.4	6,112	-1.0
Interest	978	1,310	1,374	40.5	4.9	1,269	8.3
Other Income	366	1,886	254	-30.7	-86.6	1,287	-80.3
Exceptional Items loss/(gain)	-764	-20	0	NM	NM	0	NM
PBT	5,933	5,039	2,983	-49.7	-40.8	4,464	-33.2
Tax	659	1,306	779	18.3	-40.4	1,116	-30.2
Effective Tax Rate (%)	11.1%	25.9%	26.1%			25.0%	
PAT	5,274	3,732	2,204	-58.2	-41.0	3,348	-34.2
MI & P/L in Associates	50	85	8	-83.7	-90.4	73	
PAT after Minority	5324	3817	2,212	-58.4	-42.0	3,421	-35.3
Adjusted PAT	4560	3797	2,212	-51.5	-41.7	3,421	-35.3

Source: MOFSL, Company

Exhibit 3: Detailed segmental quarterly performance

Particulars	2QFY23	Q1FY24	2QFY24	YoY (%)	QoQ (%)	2QFY24E	v/s est (%)
Revenues							
Voice segment	5,245	4,183	4,287	-18.3	2.5	4,062	5.5
Others	4,136	4,409	4,493	8.6	1.9	4,658	-3.5
Data segment	34,926	39,121	39,945	14.4	2.1	40,135	-0.5
Total Revenue	44,307	47,714	48,725	10.0	2.1	48,856	-0.3
EBITDA							
Voice segment	1,010	621	625	-38.1	0.6	599	4.3
Margin (%)	19.3%	14.8%	14.6%	-468bps	-27bps	14.7%	-17bps
Others	216	334	400	84.8	19.6	353	13.2
Margin (%)	5.2%	7.6%	8.9%	367bps	132bps	7.6%	132bps
Data segment	10,070	9,285	9,130	-9.3	-1.7	9,606	-5.0
Margin (%)	28.8%	23.7%	22.9%	-598bps	-88bps	23.9%	-108bps
Total EBITDA	11,296	10,240	10,154	-10.1	-0.8	10,558	-3.8
Margin (%)	25.5%	21.5%	20.8%	-465bps	-62bps	21.6%	-77bps

Exhibit 4: Quarterly performance by adjusting Switch revenue and EBITDA

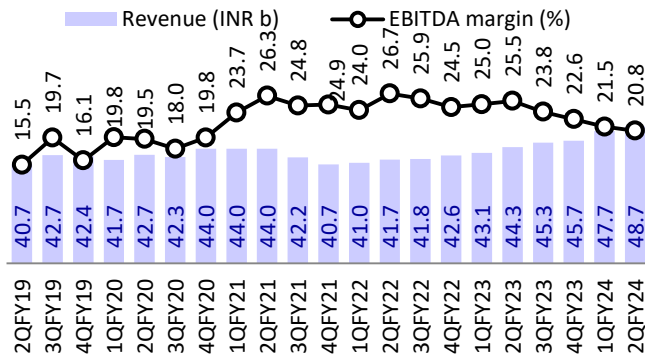
Particulars (INRm)	2QFY23	Q1FY24	2QFY24	YoY (%)	QoQ (%)
Total Revenue	44,307	46,746	47,182	6.5	0.9
Data segment	34,926	38,153	38,402	10.0	0.7
Total EBITDA	11,296	10,344	10,221	-9.5	-1.2
Margin (%)	25.5%	22.1%	21.7%	-383bps	-47bps
Data segment	10,070	9,389	9,197	-8.7	-2.0
Margin (%)	28.8%	24.6%	23.9%	-488bps	-66bps
PAT after Minority	5324	4119	2,598	-51.2	-36.9
Margin (%)	12.0%	8.8%	5.5%	-651bps	-330bps
Adjusted PAT	4560	4099	2,598	-43.0	-36.6

Exhibit 5: Summary of our estimate revisions

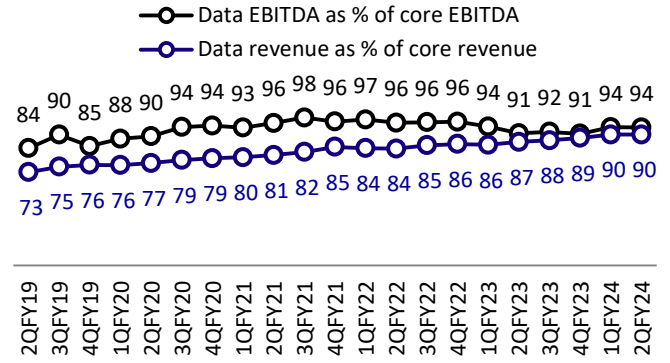
	FY24E	FY25E
Global Voice revenue (INR b)		
Old	16.0	14.3
Actual/New	16.7	15.0
Change (%)	4.1	5.4
Global Data revenue (INR b)		
Old	162.8	182.5
Actual/New	163.4	183.6
Change (%)	0.4	0.6
Core revenue (INR b)		
Old	197.6	218.8
Actual/New	212.7	250.1
Change (%)	7.7	14.3
Core EBITDA (INR b)		
Old	42.9	49.3
Actual/New	48.5	46.6
Change (%)	13.0	-5.4
Voice EBITDA (INR b)		
Old	2.4	2.0
Actual/New	2.4	2.1
Change (%)	3.2	4.2
Data EBITDA (INR b)		
Old	39.1	45.3
Actual/New	37.9	43.3
Change (%)	-3.0	-4.4
Core EBITDA margin (%)		
Old	21.7	22.5
Actual/New	22.8	18.6
Change (%)	109bps	-388bps
PAT (INR m)		
Old	15.0	18.6
Actual/New	18.4	15.1
Change (%)	22.7	-18.4
EPS (INR)		
Old	52.7	65.1
Actual/New	64.6	53.1
Change (%)	22.7	-18.4

Source: MOFSL, Company

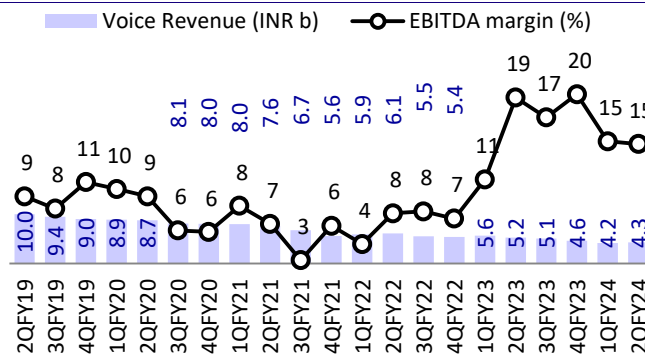
Story in charts

Exhibit 6: Revenue up 2% QoQ, EBITDA margin down 70bp


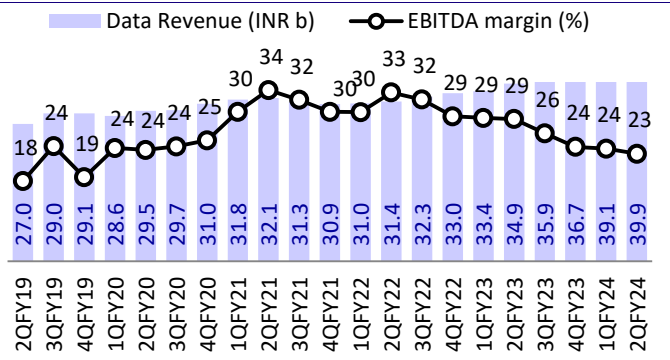
Source: MOFSL, Company

Exhibit 7: Data segment continued to lead Revenue/EBITDA


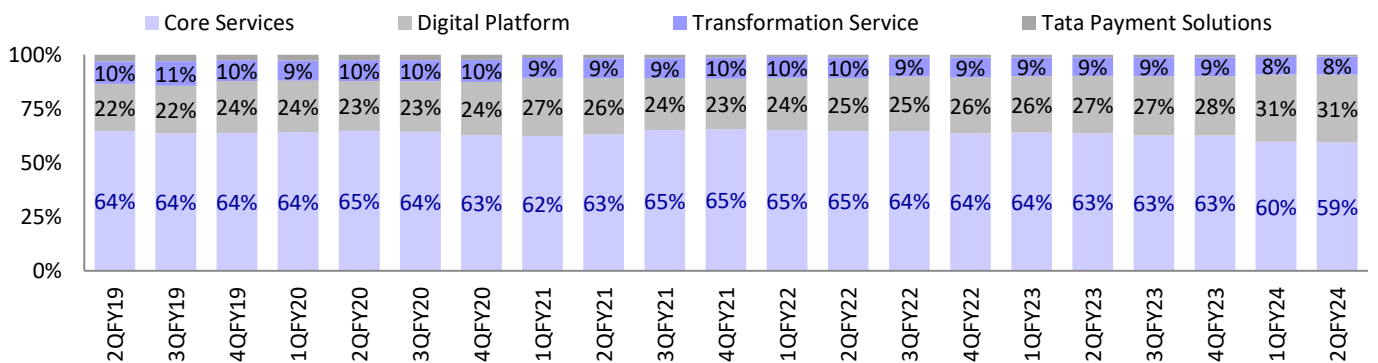
Source: MOFSL, Company

Exhibit 8: Voice revenue grew 2% QoQ, margin down 30bp


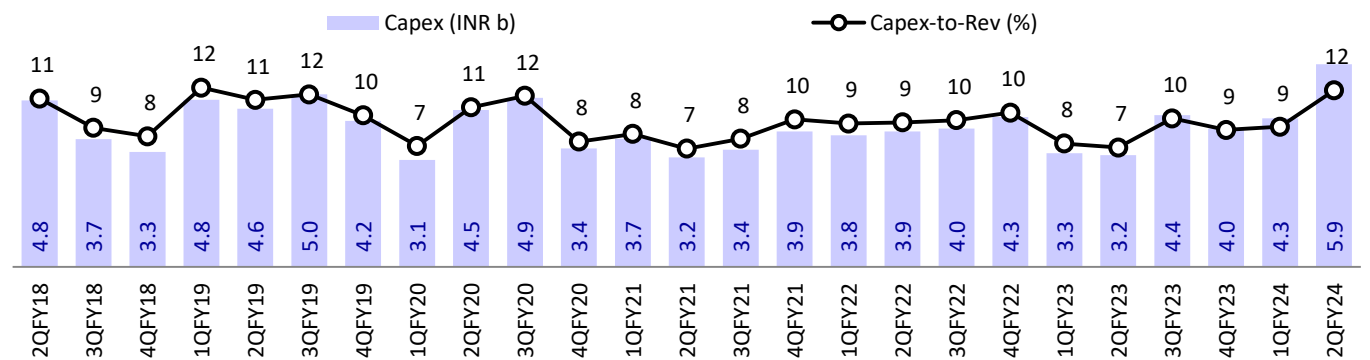
Source: MOFSL, Company

Exhibit 9: Data revenue up 2% QoQ, margin down 90bp


Source: MOFSL, Company

Exhibit 10: Revenue contribution from various segments; DPS continued to grow


*revised as per the new reporting structure. Source: MOFSL, Company

Exhibit 11: Quarterly capex trend


Source: MOFSL, Company

Financials and valuations

Consolidated - Income Statement

(INRb)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Total Income from Operations	167.7	165.2	170.7	171.0	167.2	178.4	212.7	250.1
Change (%)	-4.8	-1.5	3.3	0.2	-2.2	6.7	19.3	17.6
Network Cost	79.0	71.6	67.8	63.3	62.0	63.8	72.5	81.5
Staff Cost	29.8	29.6	30.4	30.5	30.4	36.0	43.4	46.5
Operating & Other Expense	34.8	36.6	39.6	34.6	32.6	35.5	40.9	45.2
Total Expenditure	143.6	137.8	137.8	128.4	125.0	135.2	156.8	173.2
% of Sales	85.6	83.4	80.7	75.1	74.7	75.8	73.7	69.2
EBITDA	24.1	27.4	32.9	42.6	42.3	43.2	56.0	76.9
Margin (%)	14.4	16.6	19.3	24.9	25.3	24.2	26.3	30.8
Depreciation	19.1	20.7	23.6	23.1	22.0	22.6	24.5	25.9
EBIT	5.1	6.8	9.3	19.5	20.2	20.6	31.5	51.0
Int. and Finance Charges	3.4	4.0	4.7	4.2	3.6	4.3	5.5	5.6
Other Income	2.6	0.6	0.7	1.6	3.3	3.6	5.7	4.8
PBT bef. EO Exp.	4.2	3.4	5.3	16.8	19.9	19.9	31.7	50.2
EO Items	-3.8	0.0	-3.9	-0.7	0.1	0.8	0.0	0.0
PBT after EO Exp.	0.5	3.4	1.4	16.1	20.0	20.6	31.7	50.2
Total Tax	3.5	2.7	2.3	3.5	5.2	3.0	6.1	5.0
Tax Rate (%)	778	80	162	22	26	14	19	10
Minority Interest	0.2	1.5	0.0	0.0	0.0	-0.3	-0.3	-0.3
Reported PAT	-3.3	-0.8	-0.9	12.5	14.8	18.0	25.9	45.5
Adjusted PAT	0.3	-0.6	3.0	13.3	14.8	17.3	25.8	45.5
Change (%)	-89.0	-288.6	-582.2	340.2	11.5	17.1	49.4	75.9
Margin (%)	0.2	-0.4	1.8	7.8	8.8	9.7	12.1	18.2

Consolidated - Balance Sheet

(INRb)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
Total Reserves	2.1	-4.7	-15.6	-1.7	6.4	12.3	27.4	39.3
Net Worth	5.0	-1.8	-12.8	1.2	9.3	15.2	30.3	42.1
Minority Interest	0.0	0.1	0.0	0.3	0.3	0.3	0.3	0.3
Total Loans	95.4	106.8	81.6	98.0	79.0	75.3	77.3	76.3
Lease liabilities	0.0	0.0	39.9	14.4	12.2	10.4	10.4	10.4
Deferred Tax Liabilities	-0.5	-0.9	-2.5	-2.8	-1.9	-3.2	-3.2	-3.2
Capital Employed	100.0	104.2	106.3	111.0	98.9	98.0	115.1	126.0
Gross Block	288.7	116.6	129.1	151.3	170.4	190.3	213.5	234.7
Less: Accum. Deprn.	180.7	5.0	28.6	51.7	73.8	96.4	120.8	146.8
Net Fixed Assets	108.0	111.6	100.5	99.6	96.6	93.9	92.7	88.0
Right to use assets	0.0	0.0	16.0	13.3	11.5	10.0	10.0	10.0
Goodwill on Consolidation	0.0	0.9	0.9	1.1	1.1	1.2	1.2	1.2
Capital WIP	5.2	4.1	4.5	6.1	8.7	11.5	14.6	14.6
Total Investments	12.5	14.9	15.6	22.3	15.7	19.5	19.5	19.5
Curr. Assets, Loans&Adv.	69.4	67.2	72.0	67.8	61.0	66.0	92.0	120.9
Inventory	0.3	0.8	0.7	0.3	0.4	1.6	1.2	1.4
Account Receivables	28.9	29.7	32.3	26.1	25.8	27.4	32.1	37.7
Cash and Bank Balance	13.0	8.5	9.1	9.3	7.4	10.6	29.9	50.6
Loans and Advances	27.3	28.2	29.9	32.1	27.3	26.4	28.9	31.2
Curr. Liability & Prov.	95.1	94.4	103.2	99.3	95.6	103.9	114.8	128.1
Account Payables	34.7	36.9	38.4	32.4	30.1	32.8	35.0	37.7
Other Current Liabilities	54.8	51.5	57.3	60.0	57.9	62.7	69.9	78.8
Provisions	5.7	6.0	7.5	6.9	7.7	8.5	9.9	11.6
Net Current Assets	-25.7	-27.2	-31.2	-31.5	-34.6	-37.9	-22.8	-7.3
Appl. of Funds	100.0	104.2	106.3	111.0	98.9	98.0	115.1	126.0

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Basic (INR)								
EPS	1.2	-2.2	10.6	46.5	51.8	60.7	90.7	159.5
Cash EPS	68.0	70.4	93.3	127.7	129.2	140.1	176.5	250.5
BV/Share	17.5	-6.4	-44.9	4.1	32.5	53.3	106.3	147.8
DPS	4.5	4.5	4.0	14.0	20.7	21.0	10.0	10.0
Payout (%)	387.3	-205.4	37.9	30.1	39.9	34.6	11.0	6.3
Valuation (x)								
P/E	1,471.1	-780.0	161.8	36.8	33.0	28.1	18.8	10.7
Cash P/E	25.1	24.3	18.3	13.4	13.2	12.2	9.7	6.8
P/BV	97.5	-267.9	-38.1	421.8	52.5	32.1	16.1	11.6
EV/Sales	3.3	3.5	3.4	3.3	3.3	3.0	2.5	2.0
EV/EBITDA	23.1	20.8	17.8	13.3	13.1	12.6	9.4	6.6
Dividend Yield (%)	0.3	0.3	0.2	0.8	1.2	1.2	0.6	0.6
FCF per share	-8.4	-27.1	36.5	64.5	89.7	103.2	70.7	89.6
Return Ratios (%)								
RoE	3.2	-39.3	-41.2	-227.9	283.3	141.5	113.7	125.6
RoCE	3.8	1.5	-5.8	14.8	16.3	20.6	27.4	40.7
RoIC	2.1	1.9	-7.5	20.2	21.3	28.5	47.3	99.5
Working Capital Ratios								
Fixed Asset Turnover (x)	0.6	1.4	1.3	1.1	1.0	0.9	1.0	1.1
Asset Turnover (x)	1.7	1.6	1.6	1.5	1.7	1.8	1.8	2.0
Inventory (Days)	1	2	2	1	1	3	2	2
Debtor (Days)	63	66	69	56	56	56	55	55
Creditor (Days)	76	81	82	69	66	67	60	55
Leverage Ratio (x)								
Current Ratio	0.7	0.7	0.7	0.7	0.6	0.6	0.8	0.9
Interest Cover Ratio	1.5	1.7	2.0	4.6	5.6	4.8	5.7	9.1
Net Debt/Equity	14.0	-45.9	-7.6	69.9	7.3	3.7	1.3	0.4

Consolidated - Cash Flow Statement

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
(INRb)								
OP/(Loss) before Tax	0.5	3.4	-0.8	12.5	20.0	20.6	24.3	19.8
Depreciation	19.1	20.7	23.6	23.1	22.0	22.6	24.5	25.9
Interest & Finance Charges	3.4	4.0	4.7	4.2	3.6	4.3	5.5	5.6
Direct Taxes Paid	-3.5	-2.7	-2.8	-5.0	0.9	-2.0	-6.1	-5.0
(Inc)/Dec in WC	2.4	-3.3	-2.5	-5.5	-4.7	-0.6	4.1	5.1
CF from Operations	21.8	22.0	22.1	29.4	41.8	45.0	52.2	51.5
Others	-8.8	-6.6	3.1	2.4	0.2	-1.1	-5.7	-4.8
CF from Operating incl EO	13.1	15.4	25.2	31.8	42.0	43.8	46.5	46.7
(Inc)/Dec in FA	-15.4	-23.2	-14.9	-13.4	-16.5	-14.4	-26.4	-21.2
Free Cash Flow	-2.4	-7.7	10.4	18.4	25.6	29.4	20.1	25.5
(Pur)/Sale of Investments	11.8	-2.4	-0.5	-6.9	9.4	-4.1	0.0	0.0
Others	2.6	-0.3	0.0	0.3	-1.9	0.1	5.7	4.8
CF from Investments	-1.0	-25.8	-15.3	-20.0	-8.9	-18.4	-20.7	-16.4
Issue of Shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inc/(Dec) in Debt	-4.1	11.4	-4.0	-8.4	-27.8	-13.0	2.0	-1.0
Interest Paid	-3.4	-4.0	-3.9	-2.5	-2.5	-3.5	-5.5	-5.6
Dividend Paid	-2.0	0.0	-1.5	-1.1	-4.0	-5.9	-3.3	-3.3
Others	-0.3	-1.5	0.0	0.5	-0.6	0.1	0.3	0.3
CF from Fin. Activity	-9.9	6.0	-9.4	-11.6	-34.9	-22.2	-6.5	-9.6
Inc/Dec of Cash	2.2	-4.4	0.6	0.2	-1.8	3.2	19.3	20.7
Opening Balance	10.8	13.0	8.5	9.1	9.3	7.4	10.6	29.9
Closing Balance	13.0	8.5	9.1	9.3	7.4	10.6	29.9	50.6

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at

<http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act") and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263;

www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000.

Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.