

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	BHARTI IN
Equity Shares (m)	6083
M.Cap.(INRb)/(USDb)	8628 / 102.8
52-Week Range (INR)	1539 / 847
1, 6, 12 Rel. Per (%)	2/18/39
12M Avg Val (INR M)	7556

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Net Sales	1,500	1,650	1,896
EBITDA	783	872	1,064
Adj. PAT	113	181	309
EBITDA Margin (%)	52.2	52.8	56.1
Adj. EPS (INR)	19.7	31.4	53.8
EPS Gr. (%)	37	60	71
BV/Sh. (INR)	147	219	274

Ratios

Net D:E	2.4	1.2	0.7
RoE (%)	14.2	17.7	22.5
RoCE (%)	9.6	12.0	14.8
Div. Payout (%)	0.0	0.0	0.0

Valuations

EV/EBITDA (x)	13.4	11.5	9.0
P/E (x)	75	47	27
P/BV (x)	10.0	6.7	5.4
Div. Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	53.2	53.5	55.0
DII	19.3	19.4	19.7
FII	24.7	24.4	21.5
Others	2.9	2.8	3.8

FII Includes depository receipts

CMP: INR1,444 TP: INR1,650 (+14%) Buy

Capex moderates; deleveraging continues

- Bharti Airtel (BHARTI) reported in-line revenue/EBITDA growth of 2%/3% QoQ for its India business, supported by 0.6%/1.0% QoQ subscriber/ARPU growth. BHARTI continued with its deleveraging exercise, aided by healthy FCF generation during the quarter. Capex moderated at INR80b.
- Over the next 2-3 years, BHARTI is well poised to gain from sector consolidation and tariff hikes and drive strong FCF generation. We maintain our estimates for FY25/26. **Reiterate BUY with an SoTP-based TP of INR1,650.**

India Mobile and Africa's EBITDA (CC) at +3%/+2% QoQ

- Consol. revenue/EBITDA rose 2.4%/1.8% QoQ to INR385b/INR197b (in line), led by all segments.
- India Mobile's revenue at INR225b grew 2% QoQ (in line), aided by 1% ARPU growth to INR211 and 0.6% subscriber growth to 355m. EBITDA was up 3% QoQ to INR125b (in line), and margin improved 50bp QoQ to 55.6%.
- Africa's revenue/EBITDA declined 15%/22% QoQ to INR96b/INR44b (reported currency) due to the Naira devaluation. However, in CC terms, revenue/EBITDA grew 5%/2% QoQ to USD1.17b/USD531m.
- Adjusted (for exceptional) consol. PAT (post-minority) stood at INR29b (vs. INR30b QoQ and INR37b estimated).
- FCF (post-interest) stood at INR53b, led by EBITDA growth, WC release, and reduction in capex. The capex declined 24% QoQ to INR800b. FCF generation led to a debt reduction (ex-LL) of INR58b to INR1.35t.

Key highlights from the management commentary

- **Current environment:** BHARTI has seen some modest SIM consolidation in the 2G market. Data users did not witness any major downgrading. The benefits of tariff hikes will flow into the next 2-3 quarters.
- **Capital allocation:** The company does not need to raise the Rights issue money. Overall capex for FY25 will be lower than FY24, and going forward, it will moderate. The organic FCF generation would be used in deleveraging and dividend payments.
- **Enterprise business:** The slowdown has been in the global business as OTT deferred their spending. CPaaS, Cloud, and Security remained the three strong portfolios.
- **Data center:** The data center continued to remain strong domestically, and internationally. Management mentioned the need for parity within Nxtra and Indus Tower, and after that, it can expect consolidation.

Tanmay Gupta - Research Analyst (Tanmay.Gupta@motilaloswal.com)

Research Analyst: Siddhesh Chaudhari (Siddhesh.Chaudhari@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

- We broadly maintain our estimates for FY25/FY26, expecting a 12%/17% CAGR in revenue/EBITDA over FY24-FY26. We expect a 1% compounded decline in subscribers for the next two years due to the expectation of some SIM consolidation as subscriber churn and MNP are still elevated. We have modeled an ARPU CAGR of 18% over FY24-26E, factoring in the recent tariff hikes and the probability of the next round of tariff hikes in FY26.
- The company can grow its EBITDA by ~40% and halve its net debt over the next 2-3 years. It is well poised to benefit from the sector tailwinds, and improved ARPU driven by the premiumization of customers and tariff hikes and non-wireless segments, such as Home and Enterprise.
- Management indicated that FY25 capex should moderate. We believe that cash flow generation will suffice for capex and deleveraging.
- After the tariff hikes, we expect the catalysts for the telecom stocks to be subscriber gains, a reduction in churn, 5G adoption, and an increase in data customers.
- The stock is trading at 9x FY26E consolidated EV/EBITDA, with the India business trading at 9.8x and Africa at 3.6x. We factor in 12%/17% consol. revenue/EBITDA growth over FY24-26E. We assign an FY26E EV/EBITDA of 11x/5x to the India Mobile/Africa businesses and arrive at our SoTP-based TP of INR1,650. **We reiterate our BUY rating.**

Consolidated - Quarterly Earnings Model

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			4QE	Var (%)
Revenue	374	370	379	376	385	403	423	439	1,500	1,650	387	-0.4
YoY Change (%)	14.1	7.3	5.9	4.4	2.8	8.9	11.6	16.7	7.8	10.0	3.3	
Total Expenditure	178	175	181	182	188	193	197	201	717	778	184	2.4
EBITDA	196	195	198	194	197	211	226	238	783	872	203	-3.0
YoY Change (%)	18.6	10.9	7.4	3.6	0.6	8.0	14.1	22.8	9.8	11.3	3.6	-85
Depreciation	97	97	101	101	105	108	109	112	395	434	106	-0.4
Net Finance cost	56	52	66	52	52	53	53	52	226	208	53	-3.2
Other Income	9	9	11	11	13	13	14	15	41	54	12	7.2
PBT before EO expense	53	55	42	52	53	64	78	89	203	284	56	-5.4
Extra-Ord expense	34	16	1	25	-7	0	0	0	76	-7	0	
PBT	19	39	41	28	60	64	78	89	127	291	56	7.7
Tax	3	18	12	7	13	16	19	22	41	70	14	-6.5
Rate (%)	18.0	46.9	30.0	25.6	21.7	24.7	24.7	24.7	32.5	24.1	25.0	
Minority Interest & P/L of Asso. Cos.	-1	8	4	0	6	6	7	9	11	28	5	
Reported PAT	16	13	24	21	42	42	51	58	75	193	37	13.6
Adj PAT	29	30	25	30	29	42	51	58	113	181	37	-20.1
YoY Change (%)	91.3	44.2	25.0	13.9	0.8	41.1	106.2	97.5	38.6	59.8	26.2	

E: MOFSL Estimates

Exhibit 1: SoTP-based valuation on FY26E basis

	EBITDA (INR b)	Ownership	Proportionate EBITDA (INR b)	EV/ EBITDA	Fair Value (INR b)	Value/ Share
India SA business (excl. towers)	859	100%	859	11	9,447	1642
Tower business (20% discount to fair value)		48.0%			408	71
Africa business	205	56.3%	116	5	520	90
Less net debt					851	148
Total Value					9524	1650
Shares o/s (b)	5.8					
CMP						1466
Upside (%)						13

Source: Company, MOFSL

Key points

- **Growth softens (in line):** Consol. revenue/EBITDA increased 2% QoQ each, led by: a) India Mobile's revenue/EBITDA growth of 2%/3% QoQ each (ARPU/subscriber growth at 1%/0.6%) and b) Africa's CC revenue/EBITDA growth of 5/2% QoQ. India Mobile's subscriber growth for the quarter slowed down to 2.3m vs. average additions of 4.2m in the last four quarters.
- **HOME business the silver lining** with 5% QoQ EBITDA growth (led by 5% QoQ subscriber adds). It continues with its steady growth trend in the last 16 quarters. It has expanded in 1,317 cities vs. a mere 100 cities in FY20, with 2.5x growth in subscribers in the last three years. Xstream AirFibre launch should further accelerate growth.
- **Capex moderates, deleveraging continues:** Capex moderated to INR80b (-24% QoQ). India Mobile's capex decreased 20% QoQ to INR48.5b. Subsequently, it repaid a debt of ~INR58b and the debt stood at INR1,351b. This could further reduce by 12% through the INR160b Rights issue call money.
- **Superior network capability:** BHARTI's data traffic and subscriber base are still 20%/40% below RJio's. Still, BHARTI continues to add sites at 10.5k along with accelerated fiberization.

Results in detail

- **Consol. revenue/EBITDA rose 2.4%/1.8% QoQ to INR385b/INR197b (in line), led by all segments.**
- India Mobile/Africa's (in CC) revenue grew 2%/4% QoQ and EBITDA rose 3%/1% QoQ.
- Adjusted (for exceptional) consol. PAT (post-minority) stood at INR29b (vs. INR30b QoQ and INR37b estimated).

India Mobile's revenue/EBITDA up 2/3% QoQ (in line) led by both subscriber and ARPU growth

- **Revenue at INR225b grew 2% QoQ (in line) on the back of 1% ARPU growth to INR211 and 0.6% subscriber growth to 355m.**
- Subscriber growth for the quarter slowed down to 2.3m vs. average additions of 4.2m in the last four quarters.
- **4G subscriber additions were steady at 6.7m vs. an average addition of 7.1m in the last four quarters, reaching 259m subscribers (+3 % QoQ), i.e. 73% of total subscribers.**
- RJio's revenue grew 2% QoQ and it had a net addition of 7.9m subscribers vs. Airtel's 2.3m net subscriber addition.
- **Churn remained elevated** QoQ at 2.8% (RJio lowest at 1.7%).
- **ARPU inched up 1% QoQ (INR2) to INR211**, growth continued to be led by 4G and postpaid-led mix improvement.
- **EBITDA was up 3% QoQ to INR125b (in line)** and margin improved 50bp QoQ to 55.6%. Incremental margin was 79%.
- Data traffic grew 19% QoQ to 19.2t GB with 24.3GB/user. Bharti's data usage/subs stood ~20% below RJio's and data subscribers were far below.
- Bharti's MOU was down 3% QoQ to 1,128 mins, while RJio's voice consumption was 974 mins.
- **India Mobile's capex declined to INR48.5b (vs. INR60.1b QoQ).**

Africa posted growth across all regions

- Africa's revenue/EBITDA declined 15%/22% QoQ to INR96b/INR44b (reported currency) due to the Naira devaluation.
- **However, in CC terms, revenue/EBITDA grew 5%/2% QoQ to USD1.17b/USD531m.**
- The subscriber base grew 1.8% QoQ (+2.7m) to 155.4m and ARPU grew 5% QoQ to USD2.2.
- **Africa's capex declined to INR12.2b (from INR20.2b QoQ).**

Home business continued its growth momentum; Enterprise segment was moderate

- **Home business continued to see strong growth:** Revenue/EBITDA posted 4%/5% QoQ growth. Subscriber growth was healthy at 5% QoQ (this strong growth continued from the last eight quarters), but ARPU continued to decline 1% QoQ to INR572 from INR800 in FY20, with increased offtake at lower price plans.
 - Reach increased to 1,317 cities (+27 cities in the quarter), which was hardly 100+ cities in FY20.
- Enterprise revenue and EBITDA were flat/-5% QoQ to INR55b/INR20b. Against this, TCOM saw 1%/6% QoQ data revenue/EBITDA growth.
- Digital TV Revenue/EBITDA increased 1%/flat QoQ. Revenue growth was led by subscriber additions, while ARPU declined 1% QoQ to INR159.

Deleveraging continues

- Net debt (excluding lease liability) declined INR58b YoY to INR1,351b led by the prepayment of deferred payment liability of INR79b in 1QFY25.
- Lease liability increased to INR675b. Subsequently, the overall net debt reduced by INR51b to INR2,026b, with TTM net debt to EBITDA at 2.6x.
- BHARTI had INR160b (the Rights issue call money) yet to receive, which could reduce the net debt by about 12%.

Others

- Airtel Africa bought back USD19.69m shares, resulting in an increase in Bharti's effective shareholding from 56.12% to 56.33%.

Airtel Africa: Moderate growth led by growth across regions

Revenue/EBITDA up 5/2% QoQ on CC basis

Airtel Africa in 1QFY25, reported revenue/EBITDA grew by 3%/flat QoQ to USD1.17b/ USD515m. In Constant Currency (CC), revenue/EBITDA grew by 5%/2% QoQ to USD1.17b/ USD531m led by growth across region. Subscribers grew 1.8% QoQ (+2.7m net adds) to 155.4m, ARPU grew 5% QoQ to USD 2.2. Higher depreciation and forex fluctuation led interest cost has led to 13% QoQ decline in PAT to USD111m. OCF increased to USD376m (vs. USD277m QoQ) led by a lower capex of USD147m (vs. USD243m QoQ).

Higher crude prices and decrease in Nigeria share hurt EBITDA

- Nigeria's CC revenue reported sequential growth of 5% to USD271m supported by 6% QoQ increase in blended ARPU to USD1.8. This was offset by a 1% QoQ decline in subscriber base to 50m. Voice/Data revenue was +11%/-1% QoQ led by an increase in ARPU. EBITDA declined 2% QoQ to USD131m and margins stood at 48.3% (-320 bps QoQ), this is due to increase in diesel prices (+70% YoY). The churn improved by 50 bps QoQ to 3.2%.
- East Africa's revenue grew by 5% QoQ to USD5,554m led by 4% QoQ growth in subscribers while ARPU remained flat. All segment recorded growth at Voice/Data/Mobile revenue growing 2%/5%/8% QoQ growth resp. EBITDA were up 5% QoQ to USD289m and margins were flat at 52.2%. The churn improved to 3.7% (-80bp QoQ).
- Francophone Africa's CC revenue grew sequentially by 3% to USD346m led by blended ARPU growth of 3% QoQ. Voice/Data/Mobile revenue grew 3%/3%/4% QoQ resp. EBITDA declined 1% QoQ to USD144m and margins declined to 41.6% (-170 bps QoQ). The churn improved by 10 bps QoQ to 6.1%.

Highlights from the management commentary

- **Data centers as new opportunities:** The company would be leveraging its 5,600 km fiber lines and enterprise business customer base along with Nextra India business. Hence, fiber, data centers, and Home businesses would be the growth opportunities for the company.
- **Repayment of HoldCo debt and achieving a zero-debt position:** The company has repaid the bond of USD550m in strategy to reduce external foreign currency debt (86% of the market debt is now in local currency). Capex guidance for the full year remains between USD725m-750m.
- **NIN directive:** Since the directive was issued, 8.7m customers have already been verified. Currently, the company is engaging with ~4.9m customers whose NINs are yet to be verified, with ~USD3-4m of monthly revenue at risk.

Valuation continues to remain compelling

Airtel Africa is trading at 3.6x on FY26. Further, if we exclude the ~11% stake that was sold in the Mobile Money business to MasterCard and TPG Group at a 12x valuation, the remaining Airtel Africa business is valued at 3.0x on FY26. A strong balance sheet with low leverage and healthy FCF further adds to the strong capabilities. Assuming a 5x multiple, there could be a potential 4% upside for BHARTI. Our SOTP-based TP for Bharti stands at INR1650, which includes a value of INR90/share from Airtel Africa at 5x EV/EBTDA for FY26E.



Highlights from the management commentary

SA vs NSA

- The company deployed 5G on NSA architecture which drives down the cost of total ownership.
- Management said the NSA network is consistently seen as delivering the best experience, with 30% more coverage and high speeds, without the need for expensive sub-gigahertz spectrum.
- The company is planning to deploy 5G SA (standalone) technology for fixed wireless access (FWA) within the current quarter.
- The company believes SA technology is important for FWA to deliver a superior experience to customers, particularly for uplink performance and capacity.
- The company's core transport and radio networks are already SA-ready, and they have been running trials of 5G SA network in select regions for many quarters to optimize performance.

Market share

- There are still five circles where the company's market share is weak, primarily due to lower network coverage.
- The company is seeing promising results from its network rollout expansion, which is expected to reduce the coverage gap and improve market share.

Data center

- Data center continued to remain strong domestically and globally.
- Management mentioned the need of parity within both Nextra and Indus Tower, and post that, it can expect consolidation.

Enterprise business:

- The slowdown has been in the global business as OTT deferred the spending.
- CPaaS, Cloud, and Security are the three strong portfolios.
- The company sees strong order book from 2Q and has signed a multi-year contract with CDBT providing SD WAN, secured LAN, etc.
- EBITDAM in the quarter was hit by seasonality.
- CpaaS has slightly lower margin than core connectivity business; however, the EBIT margin is healthy in the CPaaS business because of the low capital requirements.

Competition:

- In the enterprises business, the company faces competitive pressure, especially in reverse auctions for government tenders and public sector units. The pressure is similar to what it has seen over the last three years.

Exhibit 2: Segmental business performance (INR b)

INR b	Q1FY24	Q4FY24	Q1FY25	YoY%	QoQ%	Q1FY25E	v/s Est (%)
Revenue							
Mobile India	204	221	225	10.5	2.1	228	-1.2
Home	12	13	14	17.6	3.9	14	0.2
Enterprise	51	55	55	8.3	0.3	56	-1.7
Digital TV	7	8	8	5.0	1.0	8	-1.7
South Asia	1	1	1	0.7	-2.1	1	-4.3
Africa	113	93	96	-14.8	3.7	95	1.5
Eliminations	-13	-14	-14	4.0	-2.1	-15	-6.0
Consolidated Revenue	374	376	385	2.8	2.4	387	-0.4
EBITDA							
Mobile India	112	122	125	12.2	3.0	127	-1.5
Home	6	7	7	17.2	4.6	7	0.8
Enterprise	20	21	20	-0.6	-4.7	21	-6.5
Passive Infrastructure	0	0	0	NM	NM	0	NM
Digital TV	4	4	4	3.2	0.3	5	-2.4
South Asia	0	0	0	48.2	-37.4	0	-36.9
Others	0	0	0	NM	NM	0	NM
Africa	56	43	44	-22.2	0.9	46	-6.1
Eliminations	-2	-3	-3	61.2	2.1	-3	-2.7
Consolidated EBITDA	196	194	197	0.6	1.8	203	-3.0
EBITDA margin (%)							
Mobile India	54.8	55.1	55.6	85bps	50bps	55.8	-17bps
Home	50.4	49.9	50.2	-19bps	32bps	49.9	32bps
Enterprise	39.5	38.1	36.3	-327bps	-188bps	38.1	-188bps
Passive Infrastructure	-	NM	NM	NM	NM	NM	NM
Digital TV	57.6	57.1	56.6	-95bps	-43bps	57.1	-43bps
Mobile South Asia	-12.0	-27.6	-17.6	-565bps	993bps	-26.8	911bps
Africa	49.5	46.5	45.3	-427bps	-126bps	48.9	-366bps
Consolidated EBITDA margin	52.3	51.5	51.2	-117bps	-32bps	52.5	-135bps
Depreciation and amortization	97	101	105	9.2	4.6	106	-0.4
Operating income	99	93	92	-7.8	-1.3	97	-5.7
Other income and share of JV/Associate	9	11	13	35.9	11.2	12	7.2
Net finance cost	56	52	52	-8.2	-1.0	53	-3.2
Proforma Profit Before Taxes	53	52	53	0.4	1.1	56	-5.4
Exceptional Items	34	25	-7	NM	NM	0	NM
Proforma Tax	3	7	13	293.1	84.2	14	-6.5
<i>Effective Tax Rate (%)</i>	6.3	13.6	24.7	NM	1115.8	25.0	-0.3
Proforma Profit After Tax	15	21	47	210.3	128.1	42	12.4
Proforma Minority Interest	-1	0	6	-704.1	-16500.0	5	4.6
Net Profit post Minority	16	21	42	158.0	100.8	37	13.6
Adj. Net Profit post Minority	26	30	29	12.8	-0.9	37	-20.1

Exhibit 3: India Mobile's operating matrix

India - Wireless KPIs	Q1FY24	Q4FY24	Q1FY25	YoY%	QoQ%	Q1FY25E	v/s Est (%)
Wireless traffic (b min)	1149	1210	1195	4.0	-1.2	1241	-3.7
Total subscribers (m)	339	352	355	4.7	0.6	355	-0.2
Data subscribers (m)	238	261	267	12.1	2.4	282	-5.2
4G subscribers	229.7	252.7	259.4	12.9	2.6		
ARPU (INR)	200	209	211	5.5	1.0	213	-1.0
MOU (min)	1138	1158	1128	-0.9	-2.6	1170	-3.6
Data Traffic (b MB)	15,273	16,146	19,240	26.0	19.2	17,725	8.5
Data usage/sub (MB)	21,606	23,142	24,269	12.3	4.9	21,779	11.4
Monthly churn (%)	2.8	2.4	2.8	0bps	40bps	2.4	40bps

Source: MOFSL, Company

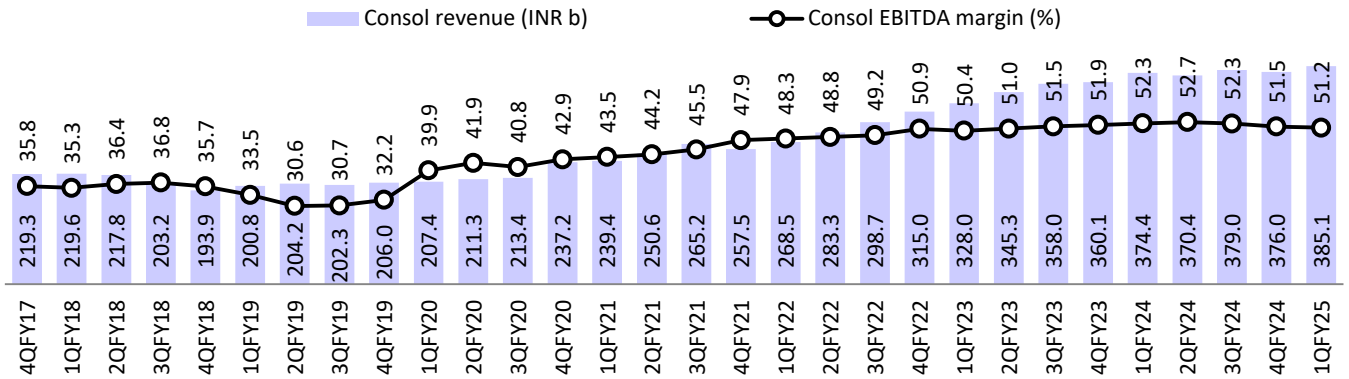
Exhibit 4: Revisions to our estimates

BHARTI AIRTEL: SUMMARY OF ESTIMATE CHANGE	FY25E	FY26E
Revenue consolidated (INRb)		
Old	1654	1884
New	1650	1896
Change (%)	-0.2	0.7
EBITDA consolidated (INRb)		
Old	893	1058
New	872	1064
Change (%)	-2.4	0.6
EBITDA margin consolidated (%)		
Old	54.0	56.1
New	52.8	56.1
Change (bp)	-116	-2
India Mobile Revenue (INRb)		
Old	997	1166
New	992	1185
Change (%)	-0.5	1.6
India Mobile EBITDA (INRb)		
Old	578	713
New	577	733
Change (%)	0	3
India Mobile EBITDA margin (%)		
Old	58.0	61.1
New	58.2	61.9
Change (bp)	18	76
Net Income consolidated (INRb)		
Old	203	303
New	193	309
Change (%)	-5	2

Source: Company, MOFSL

Story in charts

Exhibit 5: Consolidated revenue/EBITDA up 2.4%/1.8% QoQ; margin contracted 32bp QoQ



Source: MOFSL, Company

Exhibit 6: India Mobile's revenue up 2% QoQ, led by ARPU

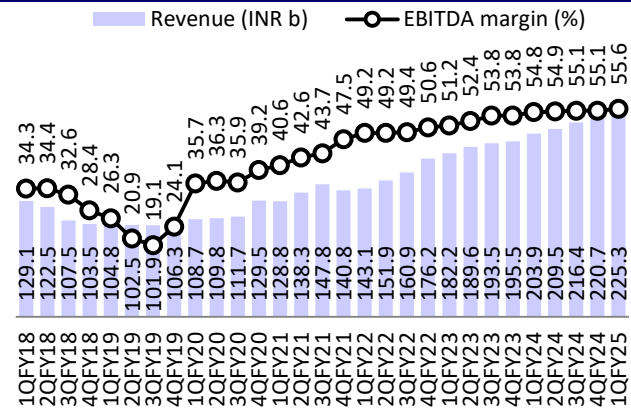


Exhibit 7: Airtel Africa's revenue increased 3.7% QoQ

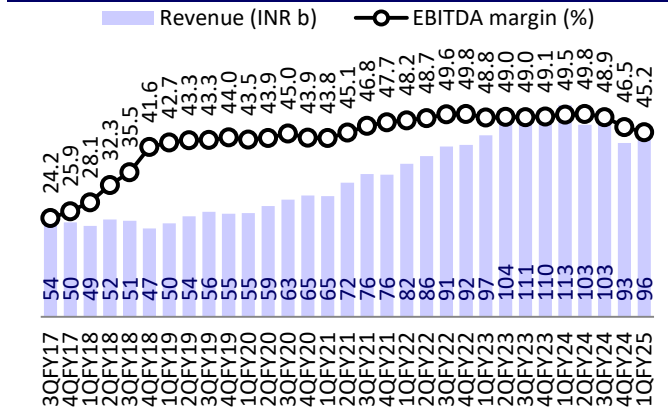


Exhibit 8: India Mobile's subs/ARPU up 0.6%/1% QoQ

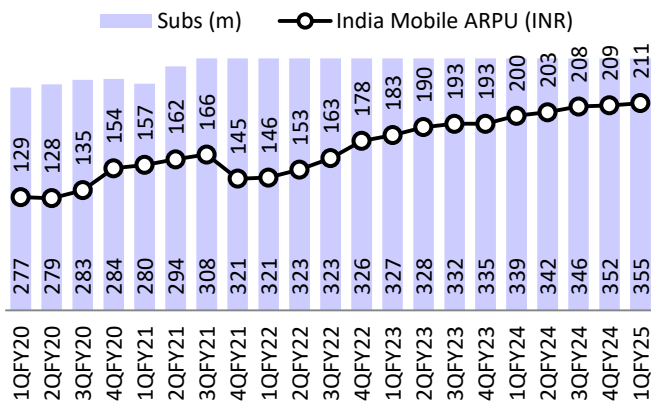


Exhibit 9: Africa's ARPU and subscriber trends

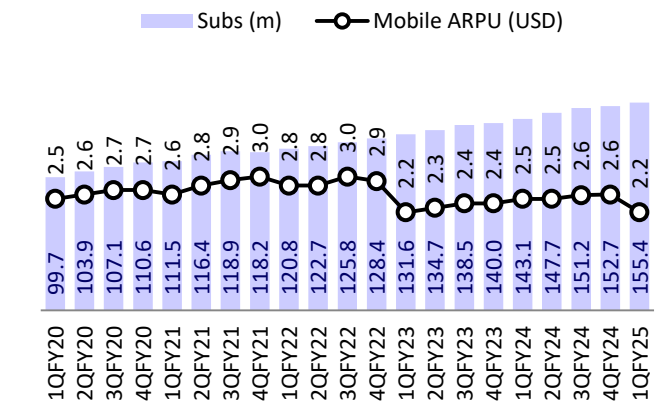
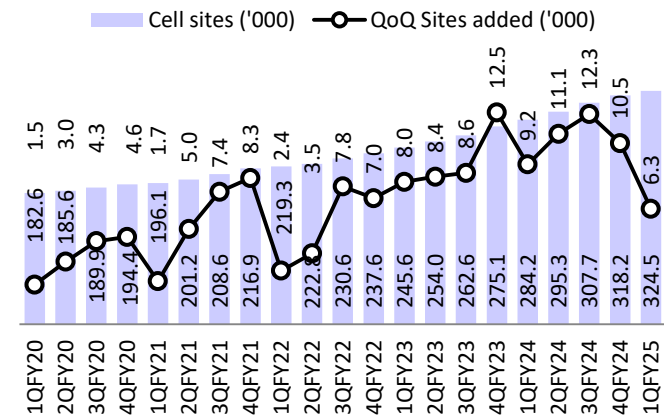
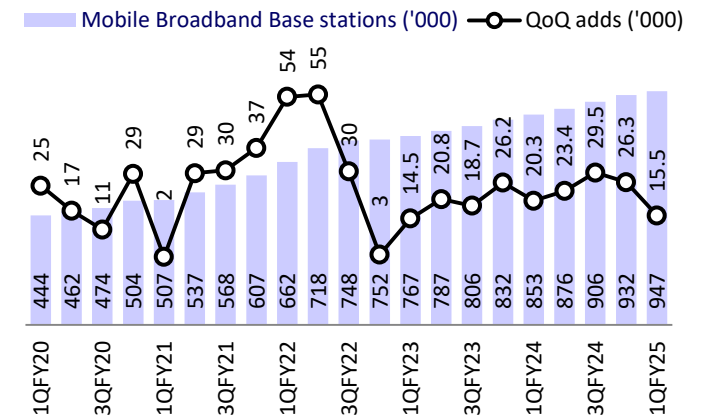


Exhibit 10: India Mobile's total cell site base and quarterly additions



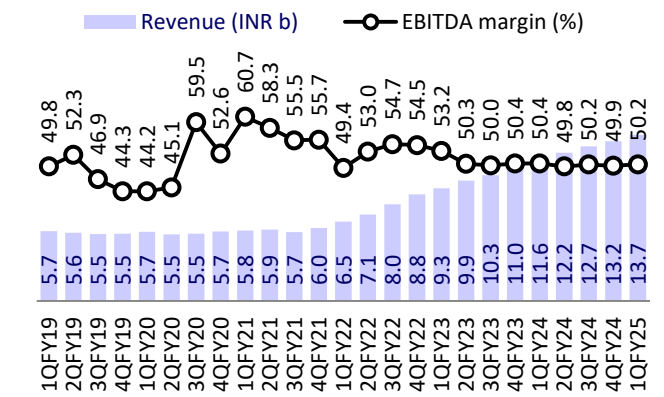
Source: Company, MOFSL

Exhibit 11: India Mobile's broadband base stations and quarterly additions



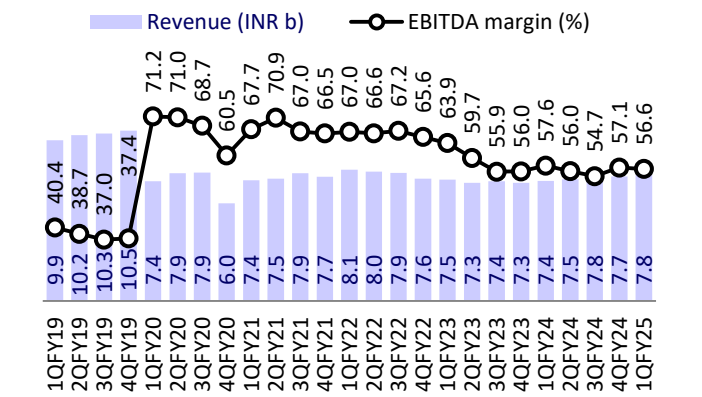
Source: Company, MOFSL

Exhibit 12: Revenue from Telemedia business up 3.9% QoQ



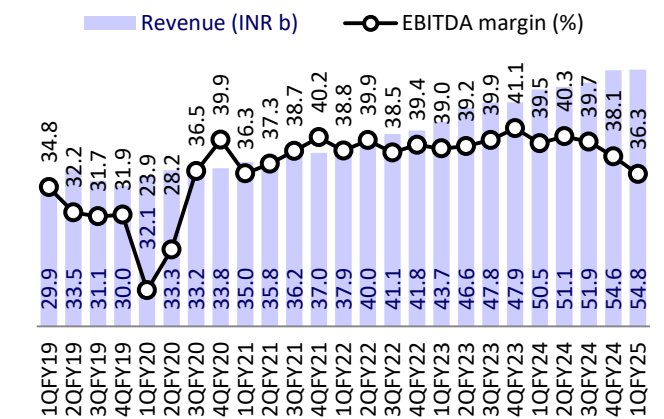
Source: Company, MOFSL

Exhibit 13: Revenue from Digital TV business up 1% QoQ



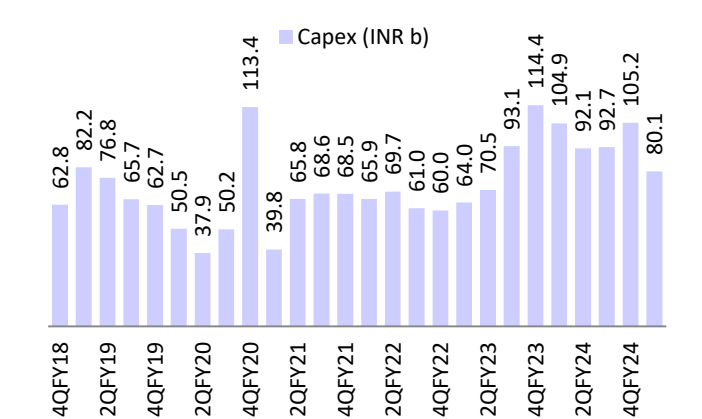
Source: Company, MOFSL

Exhibit 14: Revenue from Enterprise business up 0.3% QoQ



Source: Company, MOFSL

Exhibit 15: Capex moderated (INRb)



Source: Company, MOFSL

Exhibit 16: Business mix

Revenue (INR b)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Mobile	416	460	556	632	761	850	992	1185
Telemedia	22	22	23	30	40	50	57	66
Enterprise	125	132	144	161	186	208	226	244
Others (incl South Asia)	47	34	35	36	32	34	36	39
Africa	215	242	289	351	423	412	398	432
Total revenue	892	947	1074	1210	1442	1554	1710	1966
Eliminations and others	84	72	50	44	51	55	60	70
Consolidated revenue	808	875	1024	1165	1391	1500	1650	1896
YoY%	-2	8	17	14	19	8	10	15
EBITDA (INR b)								
Mobile	94	170	243	314	402	468	577	733
Telemedia	11	11	13	16	21	25	29	33
Enterprise	41	43	55	63	74	82	82	89
Others (incl South Asia)	13	20	21	20	17	17	17	19
Africa	93	107	133	172	207	201	179	205
Total EBITDA	285	388	483	585	720	792	884	1079
Eliminations and others	-26	-28	-24	-10	-8	-9	-12	-15
Consolidated EBITDA	258	360	459	575	713	783	872	1064
YoY%	-14	40	27	25	24	10	11	22
Consolidated EBITDA margin (%)	31.9	41.4	45.1	49.4	51.2	52.2	52.8	56.1
Capex (INR b)								
Consolidated capex	305	221	334	424	388	521	394	394
YoY%	14	-28	51	27	-8	34	-24	0
Capex/Sales (%)	38	25	33	36	28	35	24	21

Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement

(INR b)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Total Income from Operations	869	1,006	1,165	1,391	1,500	1,650	1,896
Change (%)	7.6	15.7	15.8	19.4	7.8	10.0	14.9
Total Expenditure	509	552	590	679	717	778	832
% of Sales	58.6	54.9	50.6	48.8	47.8	47.2	43.9
EBITDA	360	454	575	713	783	872	1,064
Margin (%)	41.4	45.1	49.4	51.2	52.2	52.8	56.1
Depreciation	276	294	331	364	395	434	469
EBIT	85	160	244	348	388	438	595
Int. and Finance Charges	135	151	166	193	226	208	195
Other Income	16	6	30	17	41	54	72
PBT bef. EO Exp.	-34	14	108	172	203	284	472
EO Items	-402	-159	17	-7	-76	7	0
PBT after EO Exp.	-437	-145	125	166	127	291	472
Total Tax	-123	89	42	43	41	70	118
Tax Rate (%)	28.2	-61.7	33.5	25.8	32.5	24.1	25.0
Profit from discontinued operations	7.1	110.6	0.0	0.0	0.0	0.0	0.0
Minority Interest	15	27	41	39	11	28	45
Reported PAT	-322	-151	43	83	75	193	309
Adjusted PAT	-41	-7	35	82	113	181	309
Change (%)	16.6	-82.3	-590.2	131.2	38.6	59.8	71.2
Margin (%)	-4.7	-0.7	3.0	5.9	7.5	11.0	16.3

Consolidated - Balance Sheet

(INR b)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	27	27	28	28	29	29	29
Total Reserves	744	562	638	747	791	1,193	1,502
Net Worth	771	590	666	776	820	1,221	1,531
Minority Interest	250	223	254	289	235	264	309
Total Loans	1,176	1,628	1,697	2,260	2,156	2,054	1,949
Lease liabilities	306	0	0	0	0	0	0
Deferred Tax Liabilities	-263	-222	-217	-205	-201	-201	-201
Capital Employed	2,241	2,218	2,399	3,119	3,010	3,338	3,588
Net Fixed Assets	1,690	2,292	2,500	3,268	3,202	3,162	3,086
Goodwill on Consolidation	346	0	0	0	0	0	0
Capital WIP	40	0	0	0	0	0	0
Right of use assets	259	0	0	0	0	0	0
Total Investments	278	329	367	392	410	410	410
Curr. Assets, Loans&Adv.	724	617	552	596	626	1,024	1,439
Inventory	2	0	0	3	4	4	5
Account Receivables	46	36	41	40	49	49	64
Cash and Bank Balance	136	81	61	72	69	452	835
Loans and Advances	541	500	450	482	505	518	536
Curr. Liability & Prov.	1,097	1,020	1,020	1,137	1,228	1,258	1,348
Account Payables	621	1,020	1,020	849	911	940	1,031
Provisions	476	0	0	288	317	317	317
Net Current Assets	-373	-403	-468	-541	-602	-234	91
Appl. of Funds	2,241	2,218	2,399	3,119	3,010	3,338	3,588

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Basic (INR)							
EPS	-7.5	-1.3	6.3	14.4	19.7	31.4	53.8
Cash EPS	43.1	52.2	65.5	79.8	91.0	109.9	139.2
BV/Share	141.4	107.3	119.1	138.8	146.7	218.5	273.8
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)							
P/E	-196.3	-1,118.7	232.3	102.0	74.6	46.7	27.3
Cash P/E	34.0	28.1	22.4	18.4	16.1	13.3	10.5
P/BV	10.4	13.7	12.3	10.6	10.0	6.7	5.4
EV/Sales	10.7	9.5	8.4	7.5	7.0	6.1	5.0
EV/EBITDA	25.9	21.2	17.1	14.7	13.4	11.5	9.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Return Ratios (%)							
RoE	-5.5	-1.1	5.6	11.3	14.2	17.7	22.5
RoCE	3.7	12.8	8.0	10.0	9.6	12.0	14.8
RoIC	3.5	14.4	8.6	11.2	10.1	13.3	18.5
Working Capital Ratios							
Fixed Asset Turnover (x)	0.5	0.4	0.5	0.4	0.5	0.5	0.6
Asset Turnover (x)	0.4	0.5	0.5	0.4	0.5	0.5	0.5
Inventory (Days)	1	0	0	1	1	1	1
Debtor (Days)	19	13	13	10	12	11	12
Creditor (Days)	261	370	320	223	222	208	198
Leverage Ratio (x)							
Current Ratio	0.7	0.6	0.5	0.5	0.5	0.8	1.1
Interest Cover Ratio	0.6	1.1	1.5	1.8	1.7	2.1	3.1
Net Debt/Equity	1.5	2.5	2.3	2.7	2.4	1.2	0.7

Consolidated - Cash Flow Statement

(INR b)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
OP/(Loss) before Tax	-428	-31	125	166	127	291	472
Depreciation	277	297	331	364	395	434	469
Interest & Finance Charges	137	149	165	188	219	208	195
Direct Taxes Paid	-23	-22	-22	-38	-29	-70	-118
(Inc)/Dec in WC	-166	30	-14	-31	24	15	58
CF from Operations	-203	423	585	649	737	879	1,076
Others	384	59	-35	4	52	0	0
CF from Operating incl EO	181	482	550	653	789	879	1,076
(Inc)/Dec in FA	-221	-334	-424	-388	-521	-394	-394
Free Cash Flow	-40	148	127	265	268	485	682
(Pur)/Sale of Investments	-88	38	-5	-20	12	0	0
Others	5	27	10	16	7	0	0
CF from Investments	-305	-269	-419	-392	-502	-394	-394
Issue of Shares	462	7	10	-5	0	208	0
Inc/(Dec) in Debt	-180	-118	-19	-113	-18	-102	-105
Interest Paid	-110	-71	132	-67	-140	-208	-195
Dividend Paid	-18	-27	-14	-36	-44	0	0
Others	37	-40	-257	-24	-76	0	0
CF from Fin. Activity	191	-249	-148	-245	-278	-102	-300
Inc/Dec of Cash	68	-36	-17	16	0	383	383
Opening Balance	54	131	91	74	90	91	474
Closing Balance	131	91	74	90	91	474	857
Less :- Bank overdraft	-5	10	13	18	21	21	21
Net Closing Balance	136	81	61	72	69	452	835

E: MOFSL Estimates

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") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

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, not 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: INH00000412. 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 dp@grievances@motilaloswal.com.