

Bharti Infratel

BSE SENSEX	S&P CNX
38,964	11,588
Bloomberg	BHIN IN
Equity Shares (m)	1,897
M.Cap.(INRb)/(USDb)	479 / 6.7
52-Week Range (INR)	334 / 239
1, 6, 12 Rel. Per (%)	-3/-5/-17
12M Avg Val (INR M)	1252
Free float (%)	46.5

Financials & Valuations (INR b)

Y/E Mar	2019	2020E	2021E
Net Sales	145.8	144.3	149.9
EBITDA	60.0	60.8	64.5
PAT	25.2	34.1	32.8
EPS (INR)	13.6	18.4	17.7
Gr. (%)	-0.3	35.5	-3.8
BV/Sh (INR)	78.5	79.6	79.9
RoE (%)	16.0	23.3	22.2
RoCE (%)	13.2	19.1	18.6
P/E (x)	19.0	14.1	14.6
P/BV (x)	3.3	3.2	3.2
EV/EBITDA (x)	7.6	7.4	6.8

Estimate change



TP change



Rating change


CMP: INR259 TP: INR280 (+8%)
Neutral

Muted tenancy adds drag earnings; outlook still blurred

- **Decline in both rental/energy EBITDA:** Bharti Infratel's (BHIN) second-quarter performance was below our expectations. On a pre-Ind-AS 116 basis, pro forma consol. revenue/EBITDA declined by 1.9%/1.4% QoQ to INR35.6b/INR14.8b (3%/3.5% miss). Rental and energy revenue dropped 4.4% and 3.6% QoQ to INR21.6b and INR14b, respectively. Further, rental EBITDA declined 1.4% QoQ to INR14.8b, with the margin contracting 40bp QoQ to 67.7%. Energy EBITDA turned into a loss of INR45m with a margin contraction of 570bp QoQ to -0.3%. Overall, EBITDA margin improved 20bp QoQ to 41.5%, led by a favorable mix of rental EBITDA. PAT rose 14.6% QoQ to INR9.7b led by lower tax rates.
- **Concall highlights:** (a) BHIN has still not received approval from the DoT for the merger with Indus. The company has scheduled a board meeting on 24th Oct'19 to take a decision on the way forward. (b) Revenue for tenancy exit charges contributed INR1b (4% of revenue) and would be received until the next 2.5-3 years. (c) Energy margin shrank due to the seasonality factor and renewals of some contracts. On a full-year basis, it should be in the range of 0% to 3%.
- **Growth outlook still blurred:** Despite management's confidence on future opportunities in additional streams such as IoT, small cell and data centers, we remain cautious about the growth prospects given the consolidation in the industry and the increasing reach of competitors like RJio. We have largely maintained our EBITDA estimates and built in EBITDA growth of 1.2%/6.2% to INR60.8b/INR64.5b for FY20/F21.
- **Valuation view:** We maintain our **Neutral** rating with a TP of INR280 (prior: INR275), implying EV/tenancy of INR2.9m and EV/EBITDA of 8x for FY21. However, the stock trades at 7x FY20/21E EBITDA with ~6% dividend yield, which should provide a floor for any material downside risk.

Quarterly Performance

Y/E March	FY19				FY20				FY19	FY20E	2Q	Var
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			FY20E	(%)
Revenue from operations	36,735	36,683	36,402	36,003	36,297	35,612	36,002	36,417	1,45,823	1,44,326	36,729	-3.0
YoY Change (%)	4.2	0.6	-0.4	-1.7	-1.2	-2.9	-1.1	1.2	8.6	-1.0	0.1	
Total Expenditure	21,539	21,819	21,361	21,092	21,298	20,817	20,633	20,826	85,811	83,575	21,404	-2.7
EBITDA	15,196	14,864	15,041	14,911	14,999	14,795	15,368	15,591	60,012	60,751	15,326	-3.5
Margins (%)	41.4	40.5	41.3	41.4	41.3	41.5	42.7	42.8	41.2	42.1	41.7	
Depreciation	5,389	5,625	5,727	5,498	5,390	5,284	5,414	5,414	22,239	21,501	5,517	
Interest	-285	-442	-601	-243	-118	58	-116	-287	-1,571	-463	-116	
Other Income	609	557	460	408	651	349	415	415	2,034	1,831	461	
PBT before EO expense	10,701	10,238	10,375	10,064	10,378	9,802	10,486	10,880	41,378	41,544	10,385	-5.6
Extra-Ord expense	0	357	0	0	0	0	0	0	357	0	0	
PBT	10,701	9,881	10,375	10,064	10,378	9,802	10,486	10,880	41,021	41,544	10,385	-5.6
Tax	4,321	3,883	3,891	3,988	1,946	140	2,639	2,739	16,083	7,464	2,659	
Rate (%)	40.4	39.3	37.5	39.6	18.8	1.4	25.2	25.2	39.2	18.0	25.6	
Reported PAT	6,380	5,998	6,484	6,076	8,432	9,662	7,846	8,142	24,938	34,080	7,727	25.0
Adj PAT	6,380	6,215	6,484	6,076	8,432	9,662	7,846	8,142	25,155	34,080	7,727	25.0
YoY Change (%)	-3.9	-2.7	10.8	-4.3	32.2	55.5	21.0	34.0	-8.4	35.5	24.3	
Margins (%)	17.4	16.9	17.8	16.9	23.2	27.1	21.8	22.4	17.3	23.6	21.0	

E: MOFSL Estimates

Aliasgar Shakir – Research Analyst (Aliasgar.Shakir@motilaloswal.com); +91 22 6129 1565

Suhel Shaikh – Research Analyst (Suhel.Ahmad@MotilalOswal.com); +91 22 5036 2611

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

Revenue/EBITDA down 2%/1% QoQ (on LTL – pre-Ind-AS 116 basis)

- Pro forma consol. revenue fell 2% QoQ to INR35.6b due to a decline in both rental revenue (-4.4% QoQ to INR21.6b) and energy revenue (-3.6% QoQ to INR14b).
- Pro forma consol. EBITDA was down 1.4% QoQ to INR14.8b.
- Rental EBITDA declined 1.4% QoQ to INR14.8b due to lower rentals (-1% QoQ). Energy EBITDA turned into a loss of INR45m due to a decline in energy revenue and higher energy costs (+2% QoQ).
- EBITDA margin expanded 20bp QoQ to 41.5% (20bp miss) on a favorable mix of rental EBITDA. Rental EBITDA margin shrank 40bp QoQ to 67.7%, while energy EBITDA margin contracted 570bp QoQ to -0.3%.
- PBT was down 6% QoQ to INR9.8b. (6% miss); however, PAT was up 14.5% QoQ to INR9.7b due to lower taxes.
- Capex for 2QFY20 stood at INR5b (INR4.2b in 1QFY20).

Key operating metrics

- Consol. co-location adds remained positive at 159 but remained dismal v/s already subdued colocation adds of 523 in 1QFY20.
- Average sharing factor stood at 1.86x v/s 1.87x in 1QFY20. Peak was at 2.41x in eight quarters back with 220k colocations.
- Gross co-location adds fell to 1,265 (v/s 1,479 in 1QFY20), while exits stood at 1,106 (v/s 956 in 1QFY20).
- Further, there are 3,750 co-locations exits (v/s 3,566 QoQ) which have been excluded from tenancies as per notices received, but actual exits have not happened yet.
- Rentals per tenant (per month) were down 1% QoQ at INR40,719. It had surprised with a 7% jump in 1QFY20 and 25% since 4QFY18.
- Total towers stood at 93,421 – net increase of 789 towers QoQ.

Valuation and view

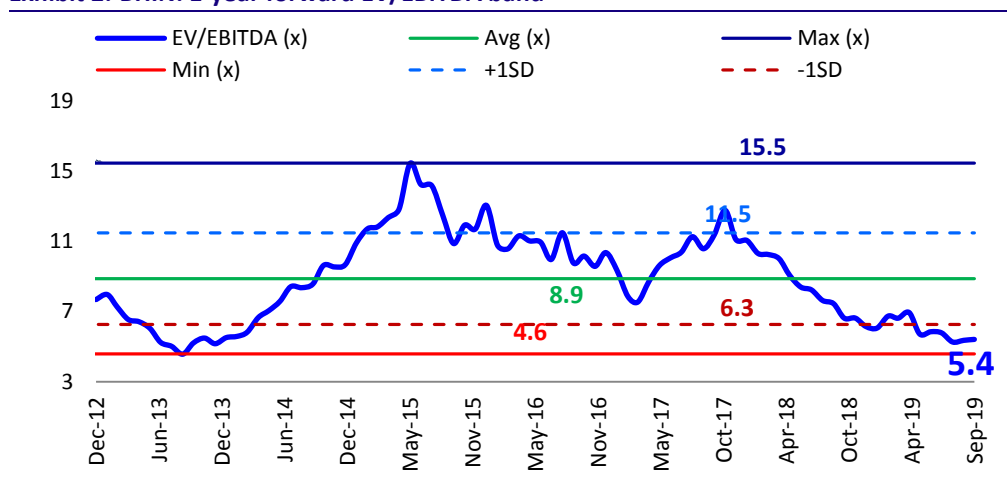
We maintain our **Neutral** rating with a TP of INR280 (prior: INR275), implying EV/tenancy of INR2.9m and EV/EBITDA of 8x for FY21E. However, the stock trades at 7x FY20/21E EBITDA with ~6% dividend yield, which should provide a floor for any material downside risk.

Exhibit 1: Bharti Infratel – SOTP Valuation

	Value (INR b)	Value (INR/share)	Implied FY21 EV/Tenancy (INR m)	Implied FY21 EV/EBITDA (x)
Standalone (DCF based)	274	148	3.5	8.0
Indus (DCF based)	621	336	2.6	8.3
Indus value (42%)	261			
Indus value post holding co discount of 20%	209	113	2.1	6.7
Total Enterprise value	483	261	2.7	7.5
Net Debt	-35	-19		
Shares o/s (b)	1.8			
Equity value	518	280	2.9	8.0
CMP		258		
Upside		8%		

Source: MOFSL, Company

Exhibit 2: BHIN: 1-year forward EV/EBITDA band



Source: Bloomberg, MOFSL

2QFY20 earnings call highlights

Key highlights

- Given the delay in the completion of the Indus merger due to the pending DoT approval, the board has called for a meeting on 24th Oct'19 to take a decision on the way forward.
- Revenues for tenancy exit charges contributed INR1b (4% of revenue) and would be received until the next 2.5-3 years.
- Energy margins shrank due to (a) seasonality factor and (b) renewals of some contracts. However, on a full-year basis, it should be between 0%-3%.
- Net debt for Indus was INR40b as of 2QFY20; newer tax regime is adopted from FY20, so the effective tax rate would be 25.17% v/s expected 34%.
- For Indus, rental revenue declined due to a one-off in 1QFY20. Thus, the current rental revenue run-rate should be the new base.

Merger with Indus

- Bharti Infratel still has not received approval from the DoT for the merger with Indus. The company scheduled a board meeting on 24th Oct'19 to take a decision on the way forward.
- Management mentioned that this delay in approval is due to regulatory procedural issues.

Operational highlights

- The company has decided to move to the newer tax regime from FY20.
- On an LTL basis, consolidated revenue declined by 2% QoQ to INR35.6b and EBITDA dropped by 1% QoQ to INR14.8b. EBITDA margin was 41.5%, up 20bp from the previous quarter.
- Consolidated PAT on an LTL basis (pre-Ind-AS 116 and 35% tax) was INR7,290, up 14% YoY. Operating cash flow (LTL basis) was up 1% YoY.
- Energy margin shrank due to (a) seasonality factor and (b) renewals of some contracts. On a full-year basis, management is confident that energy margins should be in the range of 0% to 3%.
- Consol. tower and co-locations stood at 93,421 and 1,73,406, respectively; average sharing factor was 1.86.
- On a consolidated basis, revenue from tenancy exit charges was INR1b for 2QFY20 and INR1.5b assuming 100% Indus share. This would be received for the next 2.5 years.
- Net debt for Indus was INR40b as of 2QFY20.
- For Indus, rental revenue declined due to a one-off in 1QFY20. Thus, the current rental revenue run-rate should be the new base.

Industry outlook

- During this quarter, EY released a report called NextGen infraCop – unlocking new business opportunities, which talks about exploring new opportunities beyond traditional tower business such as IoT, fibres, small cells, edge data centres, data centres and smart cities.
- With positive net addition, we see the impact from exits to be largely behind.
- Management showed conviction that new technologies would be required in 4 to 5 years for providing digital platforms in a cost-effective manner.

- More than 50,000 villages are still not under coverage and the government is focused on reducing that number.
- Besides coverage, sites are required for capacity additions.
- In-building solution as a product exists from 2G times and contributes very low to the company's revenue. However, management sees a huge potential in this product.

Others

- BHIN's CFO, Balasubramanian S, has decided to leave the company and would serve until 5th Dec'19.
- Lots of 3G network is being used for 4G.
- Management reiterated its leadership position in the tower business.
- Management mentioned that RJio would need to evaluate its next phase of roll-out.
- BHIN has taken some debt in anticipation of payout to Vodafone Idea for exit from the merged entity.

Exhibit 3: Pro forma consolidated performance (INR m)

Consolidated P&L (INR m)	2QFY19	1QFY20	2QFY20	YoY%	QoQ%	2QFY20E	v/s est (%)
Consolidated Revenue	36,683	36,297	35,612	-2.9	-1.9	36,729	-3.0
-Rent	21,201	22,606	21,620	2.0	-4.4	22,444	-3.7
-Energy and other reimbursements	15,482	14,513	13,991	-9.6	-3.6	14,285	-2.1
Operating Expenses	21,819	21,298	20,817	-4.6	-2.3	21,404	-2.7
Consolidated EBITDA	14,864	14,999	14,795	-0.5	-1.4	15,326	-3.5
EBITDA margin (%)	40.5	41.3	41.5	102bps	22bps	41.7	-18bps
Depreciation and amortization	5,625	5,390	5,284	-6.1	-2.0	5,517	-4.2
EBIT	9,239	9,609	9,511	2.9	-1.0	9,809	-3.0
Net finance cost	-999	-769	-291	-70.9	-62.2	-577	-49.5
Profit Before Taxes & Exceptional items	10,238	10,378	9,802	-4.3	-5.6	10,385	-5.6
Exceptional item	-357	0	0	NM	NM	0	NM
Profit Before Taxes	9,881	10,378	9,802	-0.8	-5.6	10,385	-5.6
Tax	3,883	1,946	140	-96.4	-92.8	2,659	-94.7
Effective Tax Rate (%)	39.3	18.8	1.4	-3787bps	-1732bps	25.6	-2417bps
Pro forma Profit After Tax	5,998	8,432	9,662	61.1	14.6	7,727	25.0
Adj. PAT	6,215	8,432	9,662	55.5	14.6	7,727	25.0

Energy/Non-energy mix	2QFY19	1QFY20	2QFY20	YoY%	QoQ%	2QFY20E	v/s est (%)
Rental EBITDA	13,840	15,044	14,839	7.2	-1.4	15,063	-1.5
Rental EBITDA margin (%)	67.2	68.1	67.7	50bps	-38bps	68.6	-96bps
Energy EBITDA	1,024	777	-45	-104.4	-105.8	262	-117.2
Energy EBITDA margin (%)	6.6	5.4	-0.3	-694bps	-568bps	1.8	-216bps

Source: MOFSL, Company

Exhibit 4: KPI's performance

Revenue Drivers	2QFY19	1QFY20	2QFY20	YoY%	QoQ%	2QFY20E	v/s est (%)
Consolidated							
Total Towers (nos)	92,123	92,632	93,421	1.4	0.9	92,966	0.5
Total Co-locations (nos)	1,74,512	1,73,247	1,73,406	-0.6	0.1	1,73,767	-0.2
Average sharing factor	2.04	1.87	1.86	-8.7	-0.4	1.87	-0.3
Sharing revenue per operator per month (INR)	36,599	42,591	42,160	15.2	-1.0	42,158	0.0
Bharti Infratel Standalone							
Total Towers (nos)	39,946	40,636	41,050	2.8	1.0	40,886	0.4
Total Co-locations (nos)	78,275	76,119	76,176	-2.7	0.1	76,219	-0.1
Average sharing factor	2.06	1.88	1.86	-9.6	-0.9	1.87	-0.2
Sharing revenue per operator per month (INR)	38,687	44,623	46,095	19.1	3.3	44,177	4.3
Indus Towers (100% basis)							
Total Towers (nos)	1,24,230	1,23,799	1,24,692	0.4	0.7	1,23,999	0.6
Total Co-locations (nos)	2,29,136	2,31,256	2,31,500	1.0	0.1	2,32,256	-0.3
Average sharing factor	2.02	1.86	1.86	-8.0	0.0	1.87	-0.4
Sharing revenue per operator per month (INR)	34,961	40,989	39,082	11.8	-4.7	40,579	-3.7

Source: MOFSL, Company

Exhibit 5: QoQ tenancy analysis

	2QFY19	1QFY20	2QFY20	YoY%	QoQ%
Opening co-locations	2,00,778	1,72,724	1,73,247	-13.7	-14.0
Gross Adds	1,503	1,479	1,265	-15.8	-1.6
Exits	27,769	956	1,106	-96.0	-96.6
Net Add/(Deletions)	-26,266	523	159	-100.6	-102.0
Closing co-locations	1,74,512	1,73,247	1,73,406	-0.6	-0.7

Source: MOFSL, Company

Exhibit 6: Rental revenue/EBITDA ex-exit charges

	2QFY19	1QFY20	2QFY20	YoY%	QoQ%
Rental revenue	21,201	22,606	21,620	2.0	-4.4
Exit penalty charges	0	553	1,010	NM	82.6
Rental revenue (ex-exit charges)	21,201	22,053	20,610	-2.8	-6.5
Rental EBITDA (ex-exit charges)	13,840	14,491	13,829	-0.1	-4.6
EBITDA margin (%)	65.3%	65.7%	67.1%	182bps	139bps
Sharing revenue per operator per month (INR)	34,961	42,559	39,636	13.4	-6.9

Exhibit 7: Summary of estimate change

	FY20E	FY21E		FY20E	FY21E
Total towers (000's)			Revenue (INR b)		
Old	93.6	95.4	Old	147.0	150.9
Actual/New	94.1	95.9	Actual/New	144.3	149.9
Change (%)	0.5	0.5	Change (%)	-1.8	-0.7
Total co-locations (000's)			EBITDA (INR b)		
Old	175.0	178.7	Old	61.3	62.5
Actual/New	174.6	178.3	Actual/New	60.8	64.5
Change (%)	-0.2	-0.2	Change (%)	-0.9	3.1
Sharing revenue per operator (INR 000's/month)			EBITDA margin (%)		
Old	42.3	42.2	Old	41.7	41.4
Actual/New	42.6	43.9	Actual/New	42.1	43.0
Change (%)	0.7	4.1	Change (%)	40bps	158bps
EPS (INR)			PAT (INR b)		
Old	17.0	16.7	Old	31.8	30.8
Actual/New	18.3	17.7	Actual/New	34.1	32.8
Change (%)	7.3	6.5	Change (%)	7.3	6.5

Source: MOFSL, Company

Exhibit 8: BHIN-Indus post-merger pro forma financials (INR b)

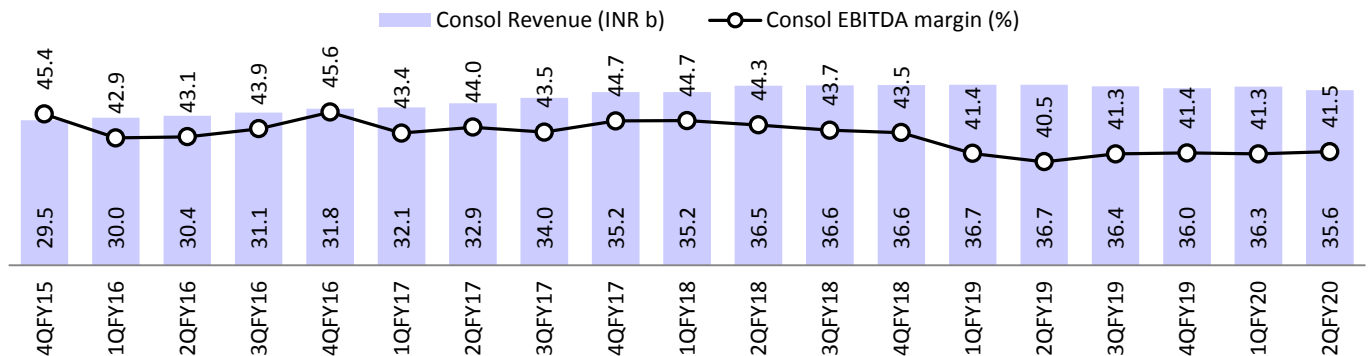
	FY18	FY19	FY20E*	FY21E
Revenue from operations	254	253	251	261
-Rental Revenue	156	145	153	159
-Energy Reimbursements	98	108	98	101
Operating Expenditure				
Power and fuel	89	99	98	99
Rent	25	25	24	24
Employee benefits expenses	8	8	8	8
Repair and maintenance expenses	16	14	13	14
Other expenses	6	6	5	5
Charity and donation	1	1	1	1
Total Opex	145	153	149	152
EBITDA	108	100	101	109
EBITDA margin	43%	39%	40%	42%
Depreciation	40	38	38	39
EBIT	69	62	63	70
EBIT margin	27%	24%	25%	27%
Net Finance cost/(Finance Income)	2	2	0	4
Exceptional Item	-1	-1	0	0
PBT	70	63	64	74
Total tax expense	23	20	22	25
Effective tax rate (%)	32%	32%	34%	34%
PAT	47	42	42	49
EPS (INR)	26	23	16	18

*Assuming cash election by Vodafone Idea and Providence

Source: MOFSL, Company

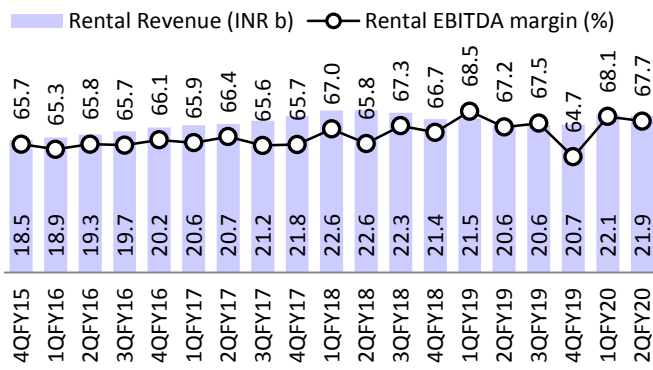
Story in charts

Exhibit 9: Consol. revenue dropped 2% QoQ; EBITDA margin expanded 20bp QoQ (INR b, %)



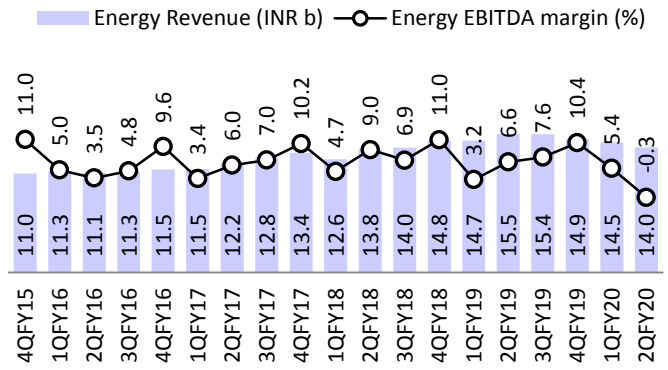
Source: MOFSL, Company

Exhibit 10: Rental revenue declined 4.4% QoQ (INR b, %)



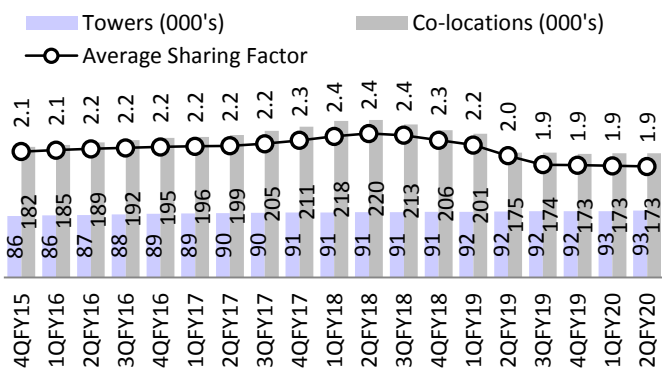
Source: MOFSL, Company

Exhibit 11: Energy revenue fell 3.6% QoQ (INR b, %)



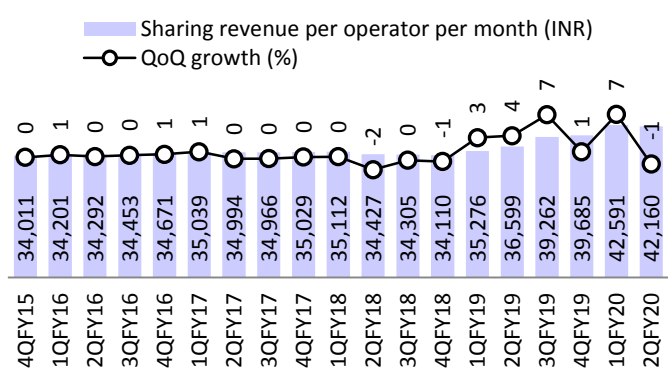
Source: MOFSL, Company

Exhibit 12: Tenancies stood flat QoQ

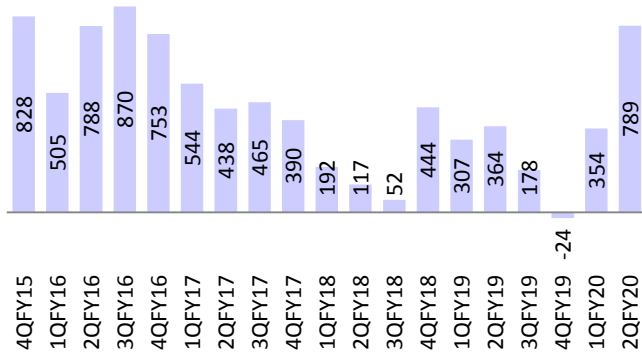


Source: MOFSL, Company

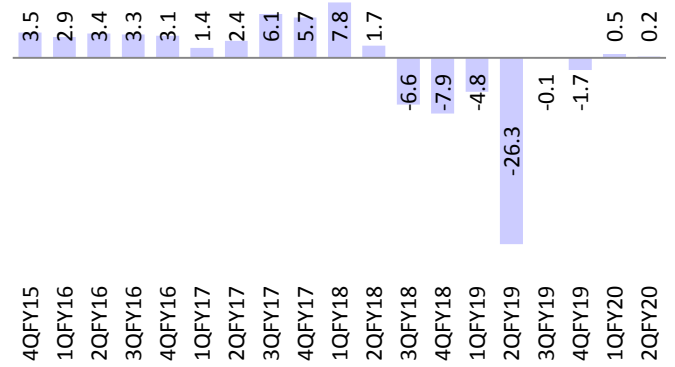
Exhibit 13: Sharing revenue per operator per month dropped 1% QoQ (INR)



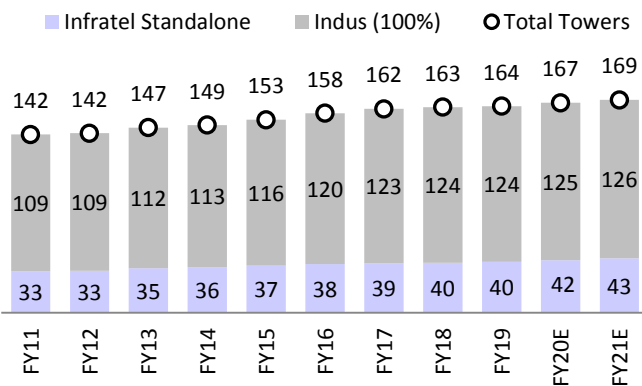
Source: MOFSL, Company

Exhibit 14: Witnessed net 789 towers adds QoQ


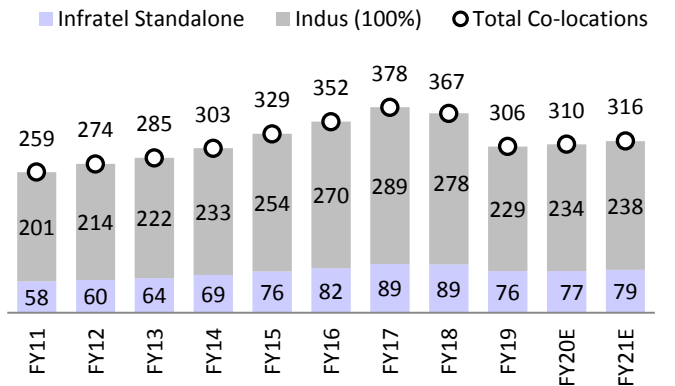
Source: MOFSL, Company

Exhibit 15: Witnessed net 0.2k tenancy adds QoQ ('000)


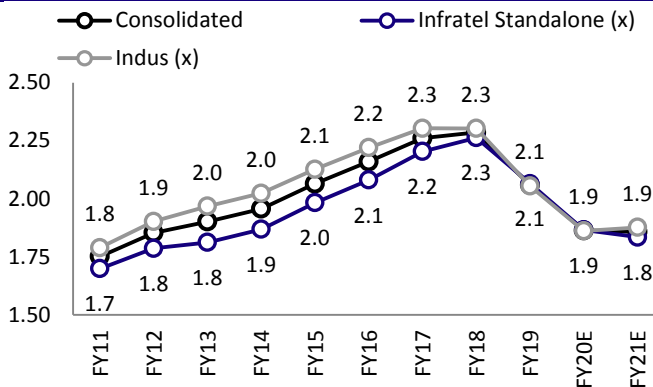
Source: MOFSL, Company

Exhibit 16: BHIN – Tower portfolio break-up (000s)


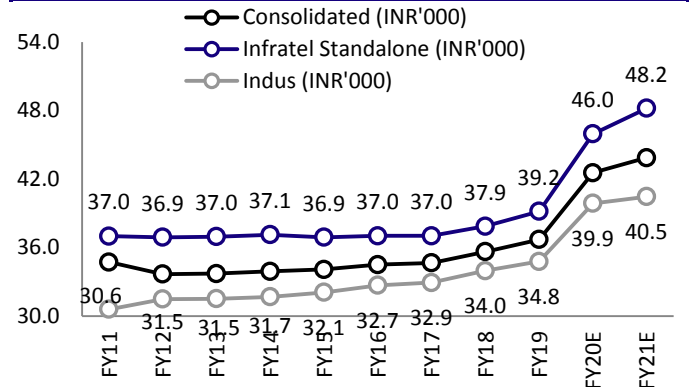
Source: MOFSL, Company

Exhibit 17: BHIN – Co-locations break-up (000s)


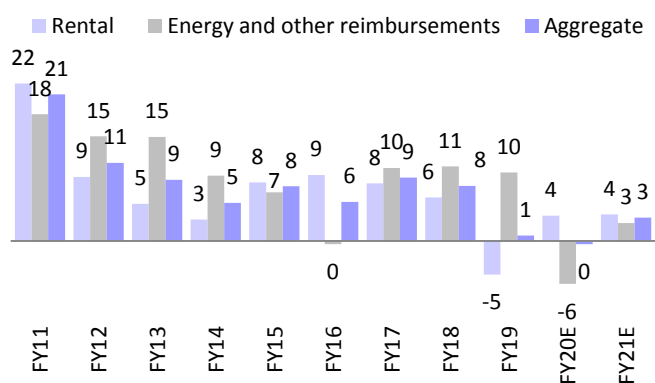
Source: MOFSL, Company

Exhibit 18: Average sharing factor (x)


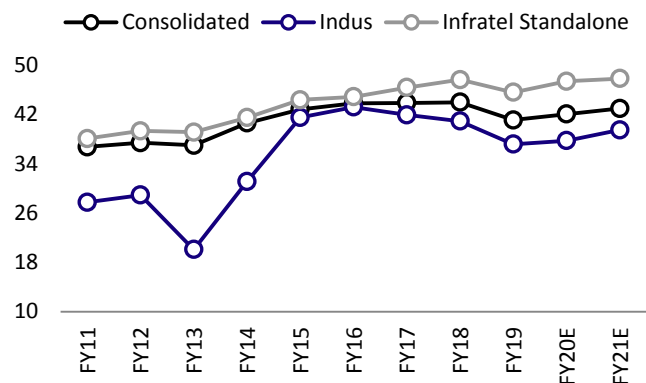
Source: MOFSL, Company

Exhibit 19: Sharing revenue per operator (INR 000s/month)


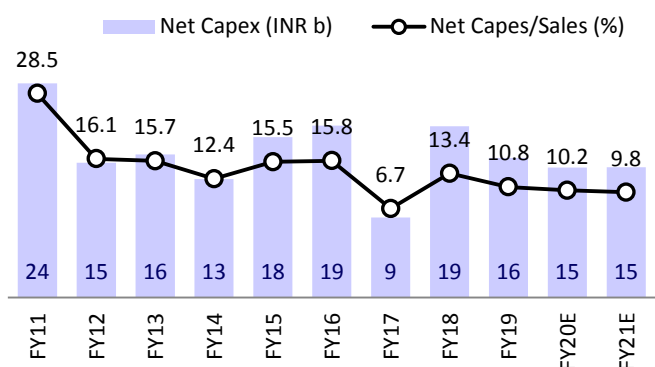
Source: MOFSL, Company

Exhibit 20: Consolidated revenue growth (%)

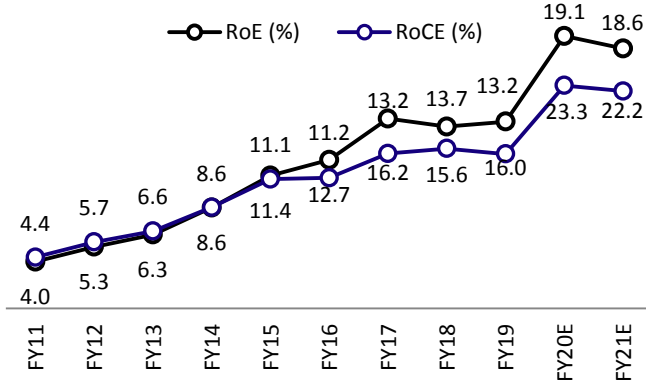
Source: MOFSL, Company

Exhibit 21: EBITDA margin (%)

Source: MOFSL, Company

Exhibit 22: Net capex intensity expected to moderate

Source: MOFSL, Company

Exhibit 23: Return ratios continue improving (%)

Source: MOFSL, Company

Exhibit 24: Bharti Infratel – A Snapshot

	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Towers (000s)								
Consolidated	83	86	89	91	91	92	94	96
YoY (%)	2	3	3	2	1	0.9	2.0	1.9
Net additions	1.3	2.5	2.9	1.8	0.8	0.8	1.8	1.8
-Infratel Standalone	0.8	1.3	1.3	0.6	0.4	0.9	1.2	1.5
-Indus	1.2	2.9	3.9	2.8	0.9	-0.1	1.5	0.8
Co-locations (000s)								
Consolidated	167	182	195	211	206	173	175	178
YoY (%)	7	9	7	8	-2	-16.0	1.1	2.1
Net additions	10.6	15.1	12.7	15.6	-5.0	-32.9	1.9	3.7
-Infratel Standalone	5.6	6.7	5.8	7.6	-0.6	-12.3	0.2	2.0
-Indus	12.0	20.0	16.5	18.9	-10.5	-48.9	4.0	4.0
Average sharing factor (x)								
Consolidated	2.0	2.1	2.2	2.3	2.3	2.1	1.9	1.9
-Infratel Standalone	1.9	2.0	2.1	2.2	2.3	2.1	1.9	1.8
-Indus	2.0	2.1	2.2	2.3	2.3	2.1	1.9	1.9
Sharing revenue per operator (INR '000/month)								
Consolidated	33.9	34.1	34.5	34.7	35.6	36.7	42.6	43.9
YoY (%)	0.6	0.5	1.2	0.5	2.8	3.0	16.0	3.1
-Infratel Standalone	37.1	36.9	37.0	37.0	37.9	39.2	46.0	48.2
-Indus	31.7	32.1	32.7	32.9	34.0	34.8	39.9	40.5
Revenue break-up (INR b)								
Rental revenue	65.8	71.3	77.9	84.3	89.5	85.2	88.3	91.6
YoY (%)	3.0	8.3	9.4	8.2	6.2	-4.8	3.6	3.8
-Bharti Infratel standalone	29.6	32.1	35.0	38.0	40.4	38.8	42.2	44.9
-Indus	86	94	103	110	116	106	111	114
Energy and other reimbursements	42.5	45.4	45.2	49.9	55.2	60.6	56.9	58.3
YoY (%)	9.3	6.9	-0.5	10.4	10.6	9.8	-6.2	2.6
-Bharti Infratel standalone	20.4	21.8	20.8	22.9	25.8	29.4	26.2	27.1
-Indus	52.3	55.8	59.0	64.8	71.8	78.7	71.4	74.2
Total revenue (INR b)	108	117	123	134	145	146	144	150
YoY (%)	5.4	7.8	5.7	8.9	7.9	0.6	-1.0	3.9
-Bharti Infratel standalone	50	54	56	61	66	68	68	72
-Indus	139	150	162	175	187	185	182	189
EBITDA (INR b)	44	50	54	59	64	60	61	64
YoY (%)	15.6	13.7	8.1	9.0	8.2	-5.9	1.2	6.2
EBITDA margin (%)	40.6	42.9	43.9	43.9	44.0	41.2	42.1	43.0
EBITDA per tower (INR m)	0.5	0.6	0.6	0.7	0.7	0.7	0.7	0.7

Source: MOFSL, Company

Financials and Valuations

Consolidated - Income Statement

(INR Million)

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Revenue from Operations	1,08,267	1,16,683	1,23,314	1,34,237	1,44,896	1,45,823	1,44,326	1,49,936
Change (%)	5.4	7.8	5.7	8.9	7.9	0.6	-1.0	3.9
Power and fuel	40,612	41,950	42,598	46,533	50,772	56,384	55,080	56,138
Rent	8,886	9,460	10,322	11,628	12,615	12,551	12,856	13,078
Employee benefits expenses	3,670	3,997	4,279	4,679	5,002	4,914	4,934	5,188
Other Expenses	11,098	11,235	12,006	12,428	12,706	11,962	10,704	11,035
Total Expenditure	64,266	66,642	69,205	75,268	81,095	85,811	83,575	85,439
% of Sales	59.4	57.1	56.1	56.1	56.0	58.8	57.9	57.0
EBITDA	44,001	50,041	54,109	58,969	63,801	60,012	60,751	64,497
Margin (%)	40.6	42.9	43.9	43.9	44.0	41.2	42.1	43.0
Depreciation	21,259	21,847	22,235	22,626	23,462	22,239	21,501	22,451
EBIT	22,742	28,194	31,874	36,343	40,339	37,773	39,250	42,047
Int. and Finance Charges	3,997	2,902	-1,847	-4,414	0	-1,571	-463	55
Other Income	4,487	5,223	2,048	1,455	2,423	2,034	1,831	1,831
PBT bef. EO Exp.	23,232	30,515	35,769	42,212	42,762	41,378	41,544	43,822
EO Items	0	0	0	0	-500	-357	0	0
PBT after EO Exp.	23,232	30,515	35,769	42,212	42,262	41,021	41,544	43,822
Total Tax	8,053	10,591	13,293	14,742	17,325	16,083	7,464	11,030
Tax Rate (%)	34.7	34.7	37.2	34.9	41.0	39.2	18	25.2
Minority Interest	0	0	0	0	0	0	0	0
Reported PAT	15,179	19,924	22,476	27,470	24,937	24,938	34,080	32,792
Adjusted PAT	15,179	19,924	22,476	27,470	25,232	25,155	34,080	32,792
Change (%)	51.6	31.3	12.8	22.2	-8.1	-0.3	35.5	-3.8
Margin (%)	14.0	17.1	18.2	20.5	17.4	17.3	23.6	21.9

Consolidated - Balance Sheet

(INR Million)

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Equity Share Capital	18,893	18,938	18,967	18,496	18,496	18,496	18,496	18,496
Total Reserves	1,61,489	1,51,262	1,64,512	1,36,369	1,51,048	1,26,749	1,28,646	1,29,255
Net Worth	1,80,382	1,70,200	1,83,479	1,54,865	1,69,544	1,45,245	1,47,142	1,47,751
Total Loans	26,836	17,131	10,767	22,249	22,402	29,242	29,185	29,185
Deferred Tax Liabilities	11,249	12,247	12,249	7,150	6,223	6,153	6,153	6,153
Capital Employed	2,18,467	1,99,578	2,06,495	1,84,264	1,98,169	1,80,640	1,82,480	1,83,089
Net Fixed Assets	1,53,205	1,48,121	1,44,868	1,36,326	1,30,740	1,25,871	1,19,072	1,11,364
Capital WIP	1,527	2,260	2,245	2,568	4,066	2,485	2,485	2,485
Total Investments	74,803	58,822	38,811	56,211	67,850	47,973	47,973	47,973
Curr. Assets, Loans & Adv.	56,821	62,344	83,265	53,350	37,207	46,167	54,730	63,857
Account Receivables	3,075	3,532	1,916	3,664	9,185	14,883	14,864	15,240
Cash and Bank Balance	1,655	9,120	31,916	22,970	759	1,371	10,704	18,824
Loans and Advances	52,091	49,692	49,433	26,716	27,263	29,913	29,162	29,793
Curr. Liability & Prov.	67,889	71,969	62,694	64,191	41,694	41,856	41,780	42,591
Account Payables	1,894	1,342	959	17,387	18,580	20,991	20,926	21,740
Other Current Liabilities	45,422	43,694	41,139	40,699	16,448	13,547	13,537	13,524
Provisions	20,573	26,933	20,596	6,105	6,666	7,318	7,318	7,327
Net Current Assets	-11,068	-9,625	20,571	-10,841	-4,487	4,311	12,950	21,267
Appl. of Funds	2,18,467	1,99,578	2,06,495	1,84,264	1,98,169	1,80,640	1,82,480	1,83,089

E: MOFSL Estimates

Financials and Valuations

Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Basic (INR)								
EPS	8.0	10.5	11.8	14.9	13.6	13.6	18.3	17.7
Cash EPS	19.3	22.1	23.6	27.1	26.3	25.6	29.9	29.9
BV/Share	95.5	89.9	96.7	83.7	91.7	78.5	79.6	79.9
DPS	4.4	11.0	3.0	16.0	14.0	15.0	15.0	15.0
Payout (%)	63.5	121.0	29.2	125.0	120.5	129.1	95.1	98.1
Valuation (x)								
P/E		24.5	21.8	17.4	18.9	19.0	14.1	14.6
Cash P/E		11.7	10.9	9.5	9.8	10.1	8.6	8.6
P/BV		2.9	2.7	3.1	2.8	3.3	3.2	3.2
EV/Sales		3.8	3.5	3.1	3.0	3.1	3.1	2.9
EV/EBITDA		8.8	7.9	7.1	6.8	7.6	7.4	6.8
Dividend Yield (%)	1.7	4.2	1.2	6.2	5.4	5.8	5.8	5.8
FCF per share	13.8	11.5	12.9	10.6	9.1	1.3	22.2	21.8
Return Ratios (%)								
RoE	8.6	11.4	12.7	16.2	15.6	16.0	23.1	22.2
RoCE	8.6	11.1	11.2	13.2	13.7	13.2	19.1	18.6
RoIC	9.6	13.6	15.2	20.0	20.9	18.1	25.6	26.8
Working Capital Ratios								
Fixed Asset Turnover (x)	0.7	0.8	0.9	1.0	1.1	1.2	1.2	1.3
Asset Turnover (x)	0.5	0.6	0.6	0.7	0.7	0.8	0.8	0.8
Inventory (Days)	0	0	0	0	0	0	0	0
Debtor (Days)	10	11	6	10	23	37	38	37
Creditor (Days)	6	4	3	47	47	53	53	53
Leverage Ratio (x)								
Current Ratio	0.8	0.9	1.3	0.8	0.9	1.1	1.3	1.5
Interest Cover Ratio	5.7	9.7	-17.3	-8.2	NA	-24.0	-84.8	761.7
Net Debt/Equity	-0.3	-0.3	-0.3	-0.4	-0.3	-0.1	-0.2	-0.3

Consolidated - Cash Flow Statement

(INR Million)

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
OP/(Loss) before Tax	23,232	30,515	36,207	35,797	42,262	41,021	41,544	43,822
Depreciation	21,259	21,847	22,693	11,657	23,462	22,239	21,501	22,451
Interest & Finance Charges	3,864	2,946	2,181	365	0	-1,571	-463	55
Direct Taxes Paid	-4,345	-8,420	-11,547	-7,961	-17,325	-16,083	-7,464	-11,030
(Inc)/Dec in WC	1,160	-1,655	630	-1,017	-28,565	-8,186	694	-197
CF from Operations	45,170	45,233	50,164	38,841	19,834	37,420	55,812	55,101
Others	-5,646	-5,338	-6,218	-10,179	16,430	-19,158	0	0
CF from Operating incl EO	39,524	39,895	43,946	28,662	36,264	18,262	55,812	55,101
(Inc)/Dec in FA	-13,389	-18,144	-19,433	-9,060	-19,374	-15,789	-14,702	-14,743
Free Cash Flow	26,135	21,751	24,513	19,602	16,890	2,473	41,110	40,358
(Pur)/Sale of Investments	-35,977	17,588	25,887	8,913	-11,639	19,877	0	0
Others	25,904	17	7,504	970	5,680	5,291	3,257	3,257
CF from Investments	-23,462	-539	13,958	823	-25,333	9,379	-11,445	-11,486
Issue of Shares	57	490	338	-19,969	0	0	0	0
Inc/(Dec) in Debt	-4,254	-7,601	-8,755	0	154	6,840	-57	0
Interest Paid	-3,805	-3,010	-2,180	0	0	1,571	463	-55
Dividend Paid	-7,003	-21,755	-15,676	-6,679	-30,038	-32,183	-32,183	-32,183
Others	0	0	0	0	0	0	0	0
CF from Fin. Activity	-15,005	-31,876	-26,273	-26,648	-29,885	-23,772	-31,777	-32,238
Inc/Dec of Cash	1,057	7,480	31,631	2,837	-18,954	3,869	12,590	11,377
Opening Balance	598	1,640	285	20,133	19,713	-2,498	-1,886	7,447
Closing Balance	3,009	7,982	31,916	22,970	759	1,371	10,704	18,824

E: MOFSL Estimates

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Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website www.motilaloswal.com. CIN no.: L67190MH2005PLC153397. Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai-400 064. Tel No: 022 7188 1000.

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