15 November 2019

2QFY20 Results Update | Sector: Telecom

Bharti Airtel

BSE SENSEX	S&P CNX
40,286	11,872
Bloomberg	BHARTI IN
Equity Shares (m)	5,131
M.Cap.(INRb)/(USDb)	1861.1 / 25.9
52-Week Range (INR)	397 / 259
1, 6, 12 Rel. Per (%)	-10/4/16
12M Avg Val (INR M)	2903
Free float (%)	37.3

Financials & Valuations (INR b)

Y/E Mar	2019	2020E	2021E
Net Sales	807.8	850.0	939.5
EBITDA	258.2	349.9	406.2
PAT	-35.0	-28.4	-41.7
EPS (INR)	-8.8	-5.5	-8.1
Gr. (%)	NM	-36.8	46.9
BV/Sh (INR)	178.7	136.8	128.7
RoE (%)	-5.0	-4.0	-6.1
RoCE (%)	-2.5	1.8	1.9
P/E (x)	NM	NM	NM
P/BV (x)	1.9	2.7	2.8
EV/EBITDA (x)	9.6	9.8	8.2

Estimate change	↑
TP change	↔
Rating change	↔

CMP: INR365 TP: INR425 (+16%) Buy

Strong performance amidst headwinds

Debt increases due to provisions toward AGR liability

Strong operating performance

- Despite all the hustle in the telecom space, BHARTI surprised with 7% QoQ EBITDA growth to INR88.6b (10% beat without adjusting for Ind-AS 116 impact). Particularly, India mobile EBITDA trended higher (+3% QoQ) for the third consecutive quarter, led by stable domestic wireless revenue (+1% QoQ) despite seasonal weakness.
- SG&A costs were down INR6b in the quarter. In our view, this trend is largely sustainable as management's efforts on waste and digital initiatives have started bearing fruit. Moreover, net finance cost declined 9% QoQ to INR29.1b, led by the recent deleveraging efforts.
- 4G subscriber adds stood at 8m, taking over 30% incremental market share in a highly competitive market. The big dampener this quarter was INR307b exceptional charge toward AGR liability (license fee/SUC) and Africa pre-IPO investor indemnity, which led to a net loss of INR228.3b. However, recurring adj. loss was at INR11.2b versus our estimate of a net loss of INR14b.

Reaches FCF breakeven – a big positive

- Moderating capex intensity – down nearly 40% from FY19 to a meager INR88.4b in 1HFY20 (20% below our estimate) – coupled with declining debt (excluding AGR liability) led to a reduction in interest cost. Net debt was flat at INR881b.
- Ex exceptional impact, BHARTI has reached FCF breakeven position (post servicing interest cost). However, DOT demand toward the AGR case of INR340b could be an overhang and significantly increase leverage (net debt to EBITDA without Ind-AS 116 impact) to over 4x.

A natural hedge

- Bharti has operationally outperformed our expectation consistently over the last four quarters, maintaining its 4G subscriber base and also revenue market share. Peak capex is behind, and with strong network/spectrum capability, it is well placed compared to peers. Even in the case of limited government relief, it may survive with a potential duopoly structure. The consequent strong growth potential could offset regulatory pressures.

Valuation view

- Given the aforementioned strengths, we maintain our positive stance on BHARTI with a target price of INR425, ascribing 12x EV/EBITDA to the India business and 5x to the Africa business (given low trading multiples). While rising EBITDA, deleveraging and improving FCF position have protected the stock even during the adverse external scenario, fund raising for penalties toward AGR case remains a concern for BHARTI. Maintain **Buy**.

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Consol. - Quarterly perf. **(INR m)**

Y/E March	FY19				FY20				FY19	FY20E	2Q	Est
	1Q	2Q	3Q	4QE	1Q	2Q	3QE	4QE			FY20E	Var (%)
Revenue	**200,800**	**204,225**	**202,311**	**206,022**	**207,379**	**211,313**	**216,202**	**215,037**	**807,802**	**850,015**	**210,112**	0.6
YoY Change (%)	-8.6	-6.2	-0.4	6.2	3.3	3.5	6.9	4.4	-2.2	5.2	2.9	
Total Expenditure	133,542	141,790	140,131	139,706	124,577	122,710	126,159	126,636	549,613	500,082	141,758	-13.4
EBITDA	**67,258**	**62,435**	**62,180**	**66,316**	**82,802**	**88,603**	**90,043**	**88,401**	**2,58,189**	**3,49,933**	**68,354**	29.6
Margins (%)	33.5	30.6	30.7	32.2	39.9	41.9	41.6	41.1	32.0	41.2	32.5	940
Depreciation	51,452	52,366	54,723	54,934	67,587	69,351	77,262	93,689	2,13,475	3,07,889	58,503	18.5
Net Finance cost	21,266	29,857	19,448	25,323	31,815	29,083	33,727	44,710	95,894	1,39,335	24,084	20.8
Other Income	2,610	1,253	-144	855	1,302	3,601	3,652	3,599	4,574	12,154	1,198	200.6
PBT before EO expense	**-2,850**	**-18,535**	**-12,135**	**-13,086**	**-15,298**	**-6,230**	**-17,294**	**-46,399**	**-46,606**	**-85,137**	**-13,036**	-52.2
PBT	**-6,471**	**-19,984**	**2,002**	**7,135**	**-29,992**	**-3,13,340**	**-17,294**	**-46,399**	**-17,318**	**-4,06,941**	**-27,730**	NM
Tax	-11,267	-22,476	-1,824	1,374	-6,070	-85,039	-6,918	-18,559	-34,193	-1,16,586	-5,214	
Rate (%)	174.1	112.5	-91.1	19.3	20.2	27.1	40.0	40.0	197.4	28.6	18.8	
MI & P/L of Asso. Cos.	3,823	1,304	2,964	4,689	4,738	2,148	-4,206	-30,844	12,780	-28,164	-9,127	
Reported PAT	**973**	**1,188**	**862**	**1,072**	**-28,660**	**-2,30,449**	**-6,170**	**3,005**	**4,095**	**-2,62,191**	**-13,388**	NM
Adj PAT	**-3,004**	**-9,650**	**-10,408**	**-11,965**	**-14,001**	**-11,229**	**-6,170**	**3,005**	**-35,026**	**-28,395**	**-13,388**	NM
YoY Change (%)	-174.0	-304.3	-339.8	-1,534.0	366.1	16.4	-40.7	-125.1	-350.9	-18.9	38.7	
Margins (%)	-1.5	-4.7	-5.1	-5.8	-6.8	-5.3	-2.9	1.4	-4.3	-3.3	-6.4	

Other key highlights

EBITDA momentum healthy

- Consol. revenue increased 2% QoQ to INR211b (in-line).
- Consol. EBITDA was up 7% QoQ at INR88.6b. On a pre-Ind-AS 116 basis, EBITDA stood at INR73.7b, up 8.5% QoQ (10% beat).
- Consol. EBITDA margin improved 200bp QoQ to 41.9%.
- Net finance cost dropped 9% QoQ to INR29.1b with the recent deleveraging efforts.
- There was total INR307b exceptional charge, of which (a) license/spectrum fee demand by DOT was INR284b, (b) INR7.5b was due to accelerated depreciation on 3G network equipment, (c) INR30.6b indemnity to Airtel Africa pre IPO investors and (d) credit of INR15.5b toward license fee.
- PBT loss stood at INR6.2b (est. of INR14.5b) v/s INR15.3b in 1QFY20.
- Reported consol. net loss was at INR230b (v/s a loss of INR28.6b in 1QFY20). Adjusted net loss was at INR11.2b (est. of INR13.3b)

India wireless EBITDA up 3% QoQ

- Revenue grew 1% QoQ to INR109.b (2% beat).
- EBITDA was up 3% QoQ to INR39.9b (4% beat).
- Subs increased 2.6m to 279m (1% QoQ), with ARPU of INR128 (-1% QoQ).
- ARPU stood at INR128 – down by INR1 on account of dilution from the acquisition of TTSL customers.
- 4G subs increased 8m to 103m, though lower than 10m in 1QFY20.
- Data traffic jumped 15% QoQ to 4.8b GB with 13GB/user. Bharti data usage is about one-third of RJio with similar capacity, highlighting better network experience and room for improvement.
- MOU down 5% to 848min.
- Monthly churn stood at 2.6% (flat QoQ).

Africa reports flat EBITDA QoQ

- Africa revenue grew 7% QoQ to INR59.2b (5% beat).
- **EBITDA was flat QoQ at INR24.2b (in-line).**

Other segments

- Enterprise revenue/EBITDA was up 4%/22% QoQ to INR33b/INR9.3b.
- Passive revenue/EBITDA was down 3.4%/8% QoQ to INR16.6b/INR9.3b.
- Digital revenue was up 7% QoQ to INR7.9b, while EBITDA increased 7% QoQ to INR5.6b.

Capex reducing

- Total capex stood at INR37.9b v/s INR50.5b QoQ and peak of INR76.8b YoY. 1HFY20 capex run-rate at INR88.4b is nearly half of FY19 annualized capex and 20% below our capex estimate of INR217b.
- Added 18k base stations, (30% lower v/s last quarter) to 462k (similar to RJio). Unique broadband towers at 182k (RJio at ~220k sites).

Fund raising lowers net debt

- Net debt stood at INR881b. Excluding the exceptional impact, it has reached FCF breakeven position, which is a big positive in the current market conditions. However, DOT demand of INR340b could be a big dampener.
- Capex declined drastically to INR37b. 1HFY20 capex run-rate of INR88.4b is nearly half FY19 annualized capex and 20% below our capex estimate of INR217b.
- INR281b of incremental provision for license fee/spectrum fee DOT demand as per SC ruling with INR340b total liability. This is much below INR400b liability floating in media articles and could be higher as Bharti has included spectrum liability according to previous workings.

Exhibit 1: Break-up of exceptional items in 2QFY20

Particulars	(in INR b)
License Fee	168.15
SUC	116.35
Accelerated Dep	7.5
Refarming Cost	30.6
Upgradation program/Incremental Provision	-15.54
Total Exceptional Items	307.06

Source: MOFSL, Company

Exhibit 2: Break-up of exceptional items in 2QFY20

Particulars of Exceptional Items (in INRb)	Amount towards License Fee	Amount towards Spectrum Usage Charges	Contingent Liability provided in FY19	Contingent Liability as of Sept'19
Principal	32.1	29.6	25.8	87.5
Interest	70.0	52.2	32.3	154.5
Penalty	24.9	12.7	0.0	37.6
Interest on Penalty	41.2	21.9	0.0	63.1
Total Amount	168.2	116.4	58.1	342.6

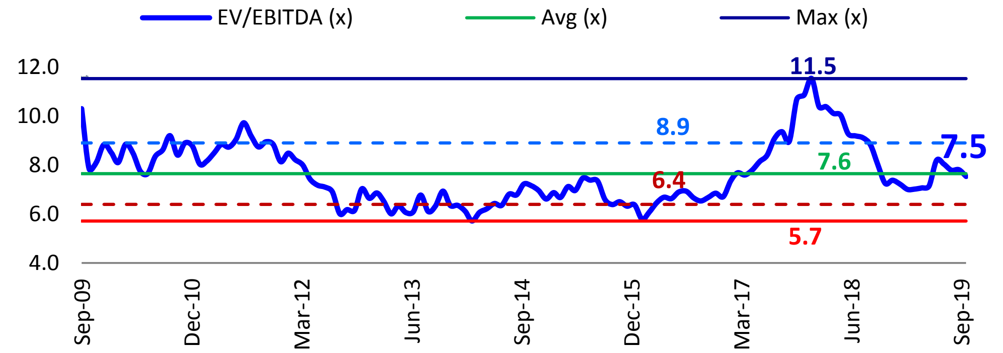
Source: MOFSL, Company

Exhibit 3: Bharti Airtel — SOTP-based on FY21

	EBITDA (INR b)	Ownership (%)	Proportionate EBITDA (INR b)	EV/ EBITDA (x)	Fair Value (INR b)	Value/ Share (INR)
India SA business (excl. towers)	248	100%	248	12	3,032	591
Tower business (15% discount to fair value)		53.5%			235	46
Africa business	118	55.2%	65	5	357	70
Less net debt					1108	216
AGR Liability					342	67
Total Value					**2516**	**425**
Shares o/s (b)	5.1					
CMP						**365**
Upside (%)						**16**

Source: Company, MOFSL

Exhibit 4: BHARTI — One-year forward EV/EBITDA band



Source: Bloomberg, MOFSL

Exhibit 5: Consolidated segment-wise performance (INR m)

	2QFY19	1QFY20	2QFY20	YoY%	QoQ%	2QFY20E	v/s Est (%)
Revenue							
Mobile India	1,02,522	1,08,668	1,09,814	7.1	1.1	1,07,383	2.3
Telemedia	5,607	5,705	5,475	-2.4	-4.0	5,823	-6.0
Enterprise	33,458	32,080	33,312	-0.4	3.8	32,561	2.3
Passive Infrastructure	17,206	17,262	16,674	-3.1	-3.4	17,508	-4.8
Digital TV	10,242	7,389	7,893	-22.9	6.8	7,596	3.9
South Asia	1,122	1,089	1,106	-1.4	1.6	1,111	-0.4
Others	529	-80	80	-84.9	-200.0	-82	-198.0
Africa	56,472	55,433	59,157	4.8	6.7	56,331	5.0
Eliminations	-22,933	-20,167	-22,114	-3.6	9.7	-20,142	9.8
Consolidated Revenue	**2,04,225**	**2,07,379**	**2,11,397**	**3.5**	**1.9**	**2,08,089**	**1.6**
EBITDA							
Mobile India	21,468	38,742	39,913	85.9	3.0	24,305	64.2
Telemedia	2,932	2,524	2,471	-15.7	-2.1	2,955	-16.4
Enterprise	10,759	7,655	9,396	-12.7	22.7	9,443	-0.5
Passive Infrastructure	7,968	10,055	9,268	16.3	-7.8	8,955	3.5
Digital TV	3,960	5,263	5,607	41.6	6.5	5,013	11.8
South Asia	30	92	85	181.8	-7.8	8	922.9
Africa	22,587	24,163	24,191	7.1	0.1	24,234	-0.2
Eliminations	-7,665	-5,720	-4,213	-45.0	-26.3	-7,918	-46.8
Consolidated EBITDA	**62,435**	**82,802**	**88,603**	**41.9**	**7.0**	**66,995**	**32.3**
Consolidated EBITDA (Adj. for Ind-As 116)	**62,435**	**67,944**	**73,745**	**18.1**	**8.5**	**66,995**	**10.1**
EBITDA margin (%)			**0**				
Mobile India	20.9	35.7	36.3	1541bps	69bps	22.6	1371bps
Telemedia	52.3	44.2	45.1	-717bps	88bps	50.8	-563bps
Enterprise	32.2	23.9	28.2	-395bps	434bps	29.0	-79bps
Passive Infrastructure	46.3	58.2	55.6	927bps	-267bps	51.1	444bps
Digital TV	38.7	71.2	71.0	3238bps	-19bps	66.0	504bps
Mobile South Asia	2.7	8.4	7.7	499bps	-78bps	0.7	693bps

	2QFY19	1QFY20	2QFY20	YoY%	QoQ%	2QFY20E	v/s Est (%)
Africa	40.0	43.6	40.9	90bps	-270bps	43.0	-213bps
Consolidated EBITDA margin	**30.6**	**39.9**	**41.9**	**1134bps**	**199bps**	**32.2**	**972bps**
Depreciation and amortization	52,366	67,587	69,351	32.4	2.6	58,503	18.5
Operating income	10,069	15,215	19,252	91.2	26.5	8,491	126.7
Other income and share of JV/Associate	1,253	1,302	3,601	187.4	176.6	1,198	200.6
Net finance cost	29,857	31,815	29,083	-2.6	-8.6	24,084	20.8
Proforma Profit Before Taxes	**-18,535**	**-15,298**	**-6,230**	**-66.4**	**-59.3**	**-14,395**	**-56.7**
Exceptional Items	1,449	14,694	3,07,110	21094.6	1990.0	14,694	NM
Proforma Tax	-22,476	-6,070	-85,039	278.4	1301.0	-5,758	NM
Effective Tax Rate (%)	121.3	39.7	1365.0	124372.9	132531.4	40.0	NM
Proforma Profit After Tax	**2,492**	**-23,922**	**-2,28,301**	**-9261.4**	**854.4**	**-23,331**	**NM**
Proforma Minority Interest	1,304	4,738	2,148	64.7	-54.7	-9,458	NM
Proforma Net Profit	**1,188**	**-28,660**	**-2,30,449**	**-19498.1**	**704.1**	**-13,873**	**NM**
Proforma Adj. Net Profit	**-9,650**	**-14,001**	**-11,229**	**NM**	**NM**	**-13,873**	**NM**

Exhibit 6: Bharti Africa — Operating Metrics

Bharti Africa: KPIs	2QFY19	1QFY20	2QFY20	*YoY%*	*QoQ%*	2QFY20E	*v/s Est (%)*
Mobile Subs (m)	94.1	99.7	103.9	10.4	4.2	101.7	2.2
Mobile ARPU (USD/month)	3.0	2.7	2.8	-5.6	3.7	2.7	3.8
Total Minutes of Use (b mins)	52	55	61	16.1	9.9	56	8.2
Minutes of Use/Sub/Month	189	186	199	5.6	7.0	186	7.0

Source: Company, MOFSL

Exhibit 7: Summary of estimate change

	FY20E	FY21E
Revenue consolidated (INR b)		
Old	841	928
New	850	940
Change (%)	1.1	1.2
EBITDA consolidated (INR b)		
Old	272	317
New	350	406
Change (%)	28.9	28.0
EBITDA margin consolidated (%)		
Old	32.3	34.2
New	41.2	43.2
Change (bp)	887.4	904.9
Net Profit (INR b)		
Old	-59	-9
New	-262	-42
Change (%)	345.4	347.2
Adj. EPS (INR)		
Old	-8.7	-1.8
New	-5.5	-8.1
Change (%)	-36.1	347.2

Source: Company, MOFSL

Story in charts

Exhibit 8: Consol. revenue grew 10% QoQ; EBITDA margin at 34.8% (INR b, %)

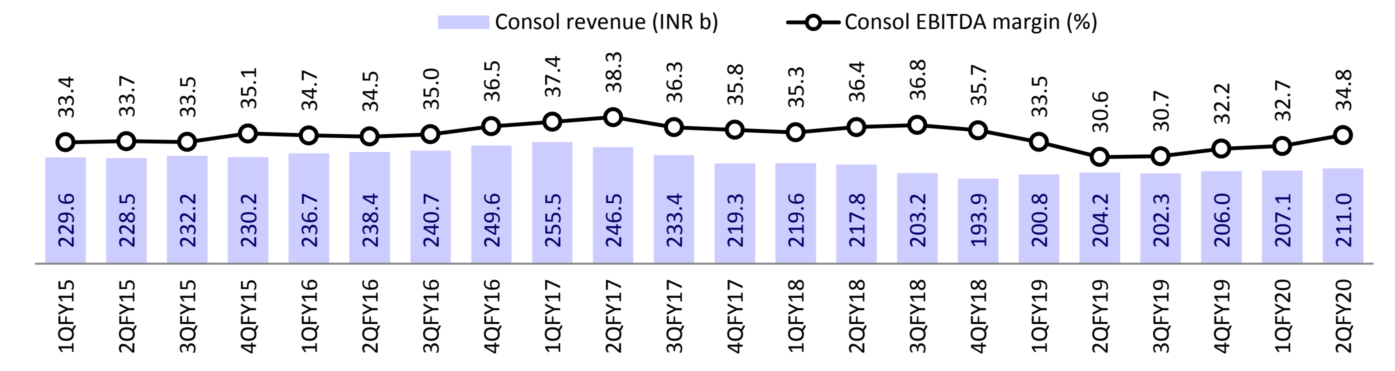


Exhibit 9: India mobile revenue grew 1% QoQ

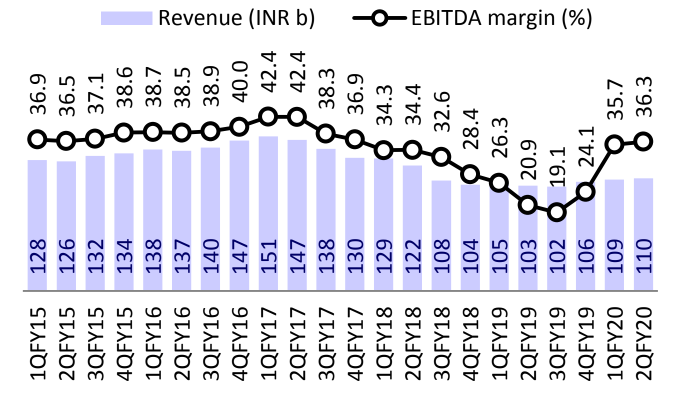


Exhibit 10: Africa margin was flat QoQ (in INR terms)

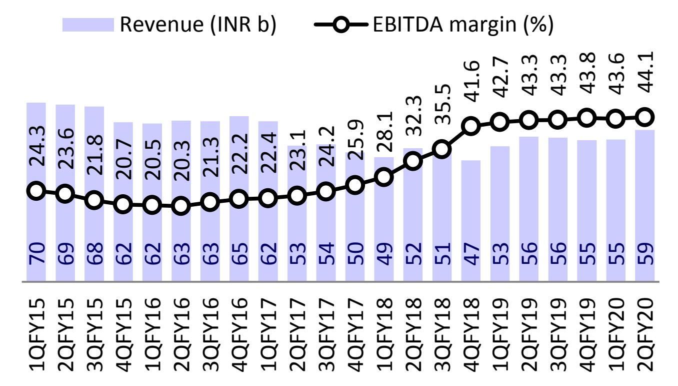


Exhibit 11: India mobile subs base stood at 279m

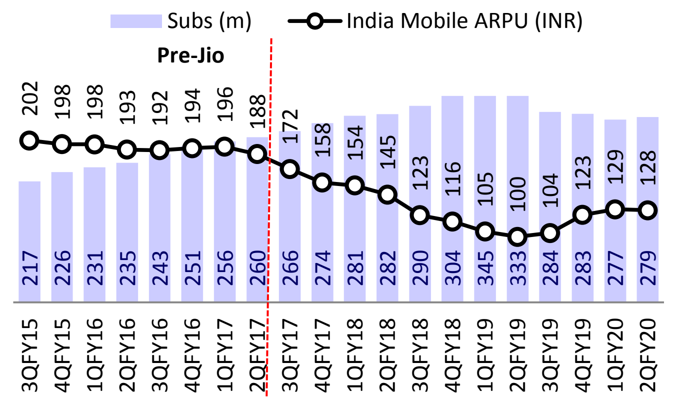


Exhibit 12: Africa ARPU was flat QoQ

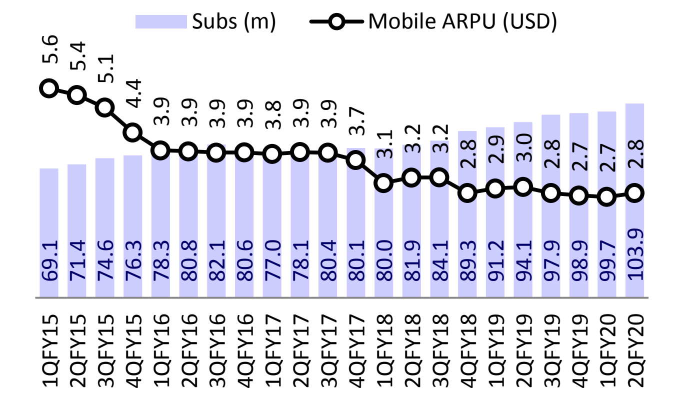
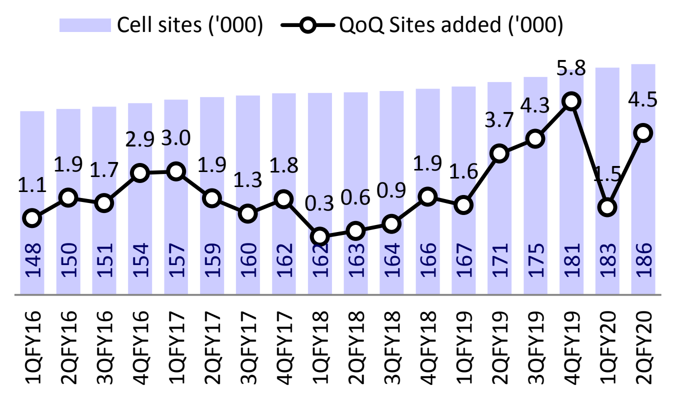
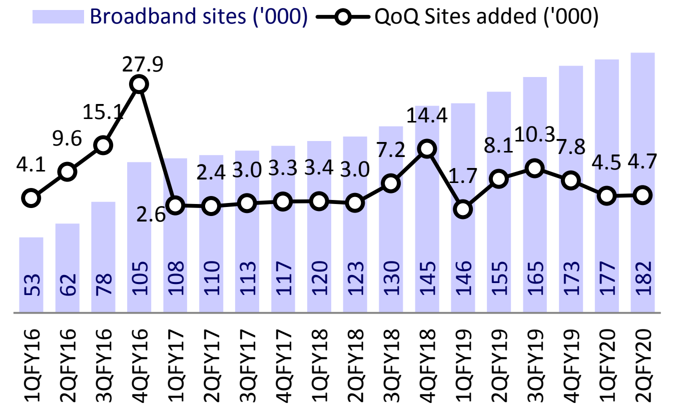


Exhibit 13: India mobile total cell site base and quarterly additions



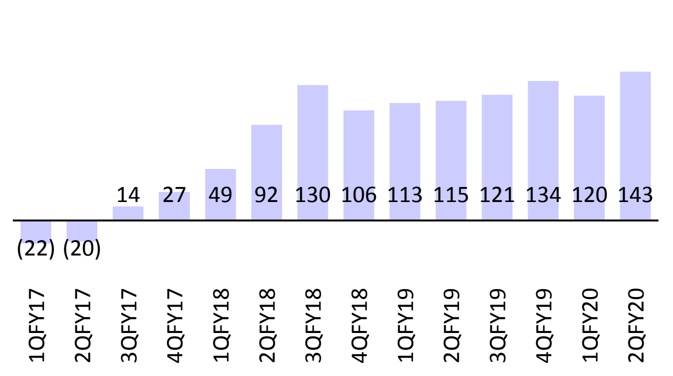
Source: Company, MOFSL

Exhibit 14: India mobile broadband sites base and quarterly additions



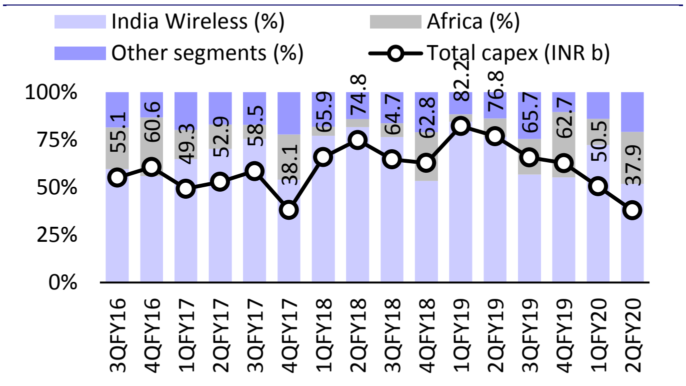
Source: Company, MOFSL

Exhibit 15: Bharti Africa — PBT in constant currency (USD m)



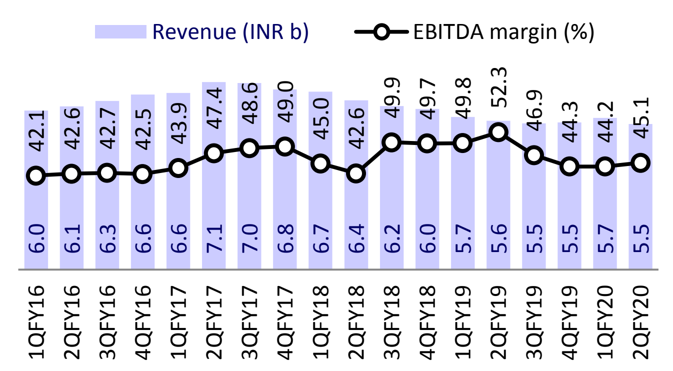
Source: Company, MOFSL

Exhibit 16: Bharti Airtel – segmental capex trend (INR b)



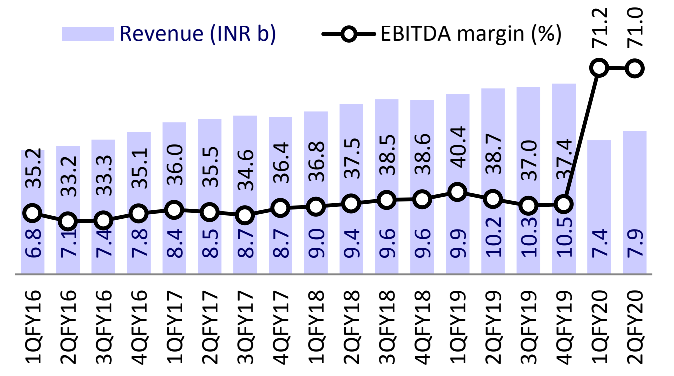
Source: Company, MOFSL

Exhibit 17: Telemedia business revenue stood flat QoQ



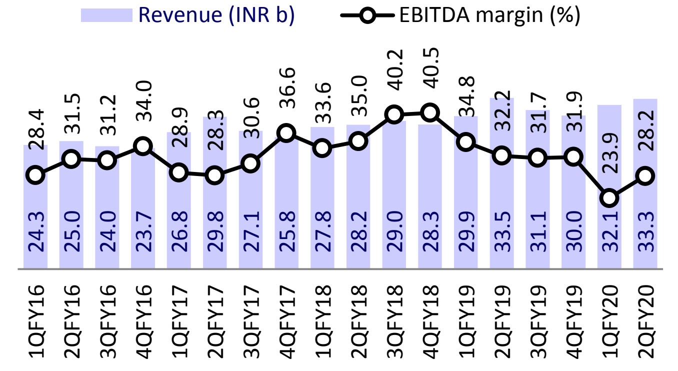
*Derived from EBIT and depreciation Source: Company, MOFSL

Exhibit 18: Digital TV business trend



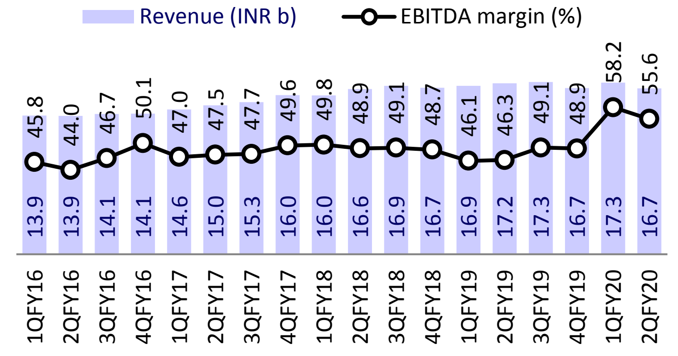
*Derived from EBIT and depreciation Source: Company, MOFSL

Exhibit 19: Enterprise business revenue trend



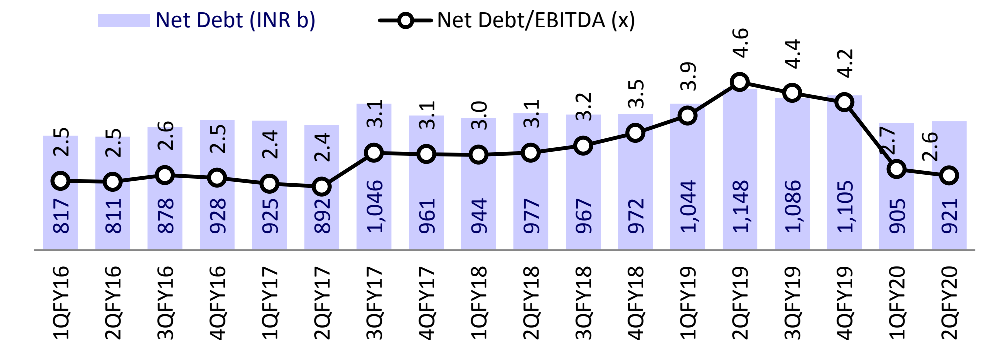
*Derived from EBIT and depreciation   Source: Company, MOFSL

Exhibit 20: Passive Infra business revenue trend



*Derived from EBIT and depreciation   Source: Company, MOFSL

Exhibit 21: Consol. net debt down to INR921b



Source: MOFSL, Company

Exhibit 22: Business mix

Revenue (INR b)	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**	**FY19**	**FY20E**	**FY21E**
India Mobile	467	520	561	566	463	416	439	492
Telemedia	39	44	25	28	25	22	22	23
Enterprise	63	67	97	109	113	125	134	148
Passive Infrastructure	51	54	56	61	66	68	68	71
Others (incl. South Asia)	41	43	49	49	46	47	36	39
Africa	272	269	251	220	191	215	238	264
Total revenue	934	998	1039	1032	904	892	937	1038
Eliminations and others	-77	-77	-76	-78	-78	-84	-87	-98
Consolidated revenue	**857**	**920**	**963**	**955**	**826**	**808**	**850**	**940**
YoY%	**11**	**7**	**5**	**-1**	**-13**	**-2**	**5**	**11**
EBITDA (INR b)								
India Mobile	158	194	219	227	151	93	157	191
Telemedia	15	18	11	13	12	11	10	10
Enterprise	14	14	30	34	42	40	36	42
Passive Infrastructure	0	0	26	29	33	33	38	40
Others (incl. South Asia)	2	5	8	10	10	13	23	25
Africa	71	61	53	51	68	95	104	118
Total EBITDA	259	292	347	364	315	285	368	426
Eliminations and others	-6	-5	-7	-11	-14	-27	-18	-19
Consolidated EBITDA	**254**	**287**	**340**	**353**	**301**	**258**	**350**	**406**
YoY%	**27**	**13**	**19**	**4**	**-15**	**-14**	**36**	**16**
Consolidated EBITDA margin (%)	**32.3**	**33.9**	**35.2**	**37.0**	**36.4**	**32.0**	**41.2**	**43.2**
Capex (INR b)								
Consolidated capex	175	210	271	384	267	349	454	203
YoY%	34	20	29	42	-30	30	49	-55
Capex/Sales (%)	20	23	28	40	32	43	53	22

Source: Company, MOFSL

Financials and Valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Total Income from Operations	**8,57,461**	**9,20,394**	**9,65,321**	**9,54,683**	**8,36,879**	**8,07,802**	**8,50,015**	**9,39,538**
Change (%)	11.5	7.3	4.9	-1.1	-12.3	-2.2	5.2	10.5
Total Expenditure	**5,80,865**	**6,08,118**	**6,25,479**	**6,01,386**	**5,36,088**	**5,49,613**	**5,00,082**	**5,33,297**
% of Sales	67.7	66.1	64.8	63.0	64.1	68.0	58.8	56.8
EBITDA	**2,76,596**	**3,12,276**	**3,39,842**	**3,53,297**	**3,00,791**	**2,58,189**	**3,49,933**	**4,06,241**
Margin (%)	32.3	33.9	35.2	37.0	35.9	32.0	41.2	43.2
Depreciation	1,56,496	1,55,311	1,74,498	1,97,730	1,92,431	2,13,475	3,07,889	3,60,096
EBIT	**1,20,100**	**1,56,965**	**1,65,344**	**1,55,567**	**1,08,360**	**44,714**	**42,044**	**46,145**
Int. and Finance Charges	48,381	48,463	69,135	76,974	80,715	95,894	1,39,335	1,39,909
Other Income	6,385	6,588	10,513	10,336	12,956	4,574	12,154	14,608
PBT bef. EO Exp.	**78,104**	**1,15,090**	**1,06,722**	**88,929**	**40,601**	**-46,606**	**-85,137**	**-79,156**
EO Items	538	-7,960	21,741	-11,697	-7,931	29,288	-3,21,804	0
PBT after EO Exp.	**78,642**	**1,07,130**	**1,28,463**	**77,232**	**32,670**	**-17,318**	**-4,06,941**	**-79,156**
Total Tax	48,449	54,047	59,533	34,819	10,835	-34,193	-1,16,586	-22,955
Tax Rate (%)	61.6	50.4	46.3	45.1	33.2	197.4	28.6	29.0
Minority Interest	2,467	1,248	8,163	4,416	10,845	12,780	-28,164	-14,500
Reported PAT	**27,726**	**51,835**	**60,767**	**37,997**	**10,990**	**4,095**	**-2,62,191**	**-41,701**
Adjusted PAT	**27,519**	**55,779**	**49,101**	**44,421**	**13,960**	**-35,026**	**-28,395**	**-41,701**
Change (%)	43.0	102.7	-12.0	-9.5	-68.6	-350.9	-18.9	46.9
Margin (%)	3.2	6.1	5.1	4.7	1.7	-4.3	-3.3	-4.4

Consolidated - Balance Sheet

(INR m)

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Equity Share Capital	19,987	19,987	19,987	19,987	19,987	19,987	25,655	25,655
Total Reserves	5,77,573	5,99,577	6,47,706	6,54,576	6,75,357	6,94,235	6,76,376	6,34,675
Net Worth	**5,97,560**	**6,19,564**	**6,67,693**	**6,74,563**	**6,95,344**	**7,14,222**	**7,02,031**	**6,60,330**
Minority Interest	42,102	48,525	54,981	68,750	88,139	1,35,258	1,07,094	92,594
Total Loans	7,58,958	8,06,839	10,04,526	10,72,877	11,13,335	12,54,283	16,30,696	15,89,206
Deferred Tax Liabilities	-45,777	-44,392	-34,226	-16,766	-22,118	-82,556	-82,556	-82,556
Capital Employed	**13,52,843**	**14,30,536**	**16,92,974**	**17,99,424**	**18,74,700**	**20,21,207**	**23,57,265**	**22,59,574**
Net Fixed Assets	**14,06,145**	**15,01,440**	**17,79,948**	**18,90,736**	**15,89,357**	**16,83,662**	**25,01,722**	**23,44,626**
Total Investments	**1,55,308**	**1,70,357**	**1,19,671**	**1,81,552**	**1,80,406**	**1,57,110**	**1,29,812**	**1,29,812**
Curr. Assets, Loans & Adv.	**2,07,692**	**2,26,519**	**3,10,876**	**2,34,170**	**3,26,564**	**4,00,829**	**3,68,733**	**4,25,847**
Inventory	1,422	1,339	1,692	488	693	884	775	1,059
Account Receivables	62,441	67,252	55,039	47,402	58,830	43,006	50,146	52,817
Cash and Bank Balance	49,808	11,719	37,087	12,817	47,886	81,055	20,688	98,158
Loans and Advances	94,021	1,46,209	2,17,058	1,73,462	2,19,155	2,75,884	2,97,123	2,73,813
Curr. Liability & Prov.	**4,16,302**	**4,67,781**	**5,17,520**	**5,07,034**	**6,01,786**	**6,41,389**	**6,43,001**	**6,40,711**
Account Payables	4,04,533	4,59,472	5,07,838	4,97,348	5,77,285	6,21,206	6,16,165	6,15,576
Provisions	11,769	8,309	9,682	9,686	24,501	20,183	26,836	25,135
Net Current Assets	**-2,08,610**	**-2,41,262**	**-2,06,645**	**-2,72,865**	**-2,75,222**	**-2,40,560**	**-2,74,269**	**-2,14,864**
Appl. of Funds	**13,52,843**	**14,30,536**	**16,92,974**	**17,99,424**	**18,74,700**	**20,21,207**	**23,57,265**	**22,59,574**

E: MOFSL Estimates

Financials and Valuations

Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Basic (INR)								
EPS	**6.9**	**14.0**	**12.3**	**11.1**	**3.5**	**-8.8**	**-5.5**	**-8.1**
Cash EPS	46.0	52.8	55.9	60.6	51.6	44.6	54.5	62.1
BV/Share	149.5	155.0	168.8	168.8	173.9	178.7	136.8	128.7
DPS	1.8	2.2	1.4	1.0	1.0	0.0	0.0	0.0
Payout (%)	30.2	19.9	10.8	12.7	43.8	0.0	0.0	0.0
Valuation (x)								
P/E				29.1	92.5	NM	-66.0	-44.9
Cash P/E				5.3	6.3	7.2	6.7	5.9
P/BV				1.9	1.9	1.8	2.7	2.8
EV/Sales				2.5	2.9	3.1	4.1	3.6
EV/EBITDA				6.4	7.5	9.3	9.8	8.2
Dividend Yield (%)		0.7	0.5	0.3	0.3	0.0	0.0	0.0
Return Ratios (%)								
RoE	5.0	9.2	7.6	6.6	2.0	-5.0	-4.0	-6.1
RoCE	3.8	5.8	6.1	5.3	4.6	-2.5	1.8	1.9
RoIC	4.2	6.5	6.4	5.4	4.5	-2.6	1.5	1.5
Working Capital Ratios								
Asset Turnover (x)	0.6	0.6	0.6	0.5	0.4	0.4	0.4	0.4
Debtor (Days)	27	27	21	18	26	19	22	21
Leverage Ratio (x)								
Net Debt/Equity	0.9	1.0	1.3	1.3	1.3	1.4	2.1	2.1

Consolidated - Cash Flow Statement **(INR Million)**

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
OP/(Loss) before Tax	78,643	1,07,130	1,28,463	77,233	32,670	-17,318	-4,06,941	-79,156
Depreciation	1,56,496	1,55,311	1,74,498	1,97,730	1,92,431	2,13,475	3,07,889	3,60,096
Interest & Finance Charges	58,788	73,252	85,461	95,466	93,255	1,10,134	1,53,479	1,58,007
Direct Taxes Paid	-35,039	-46,111	-46,836	-31,587	-13,723	34,193	1,16,586	22,955
(Inc)/Dec in WC	17,533	-1,639	-3,955	-27,429	5,906	-35,439	-26,658	18,066
CF from Operations	**2,76,421**	**2,87,943**	**3,37,631**	**3,11,413**	**3,10,539**	**3,05,045**	**1,44,355**	**4,79,968**
Others	-14,095	-11,925	-58,208	-19,104	-12,001	-60,438	0	0
CF from Operating incl EO	**2,62,326**	**2,76,018**	**2,79,423**	**2,92,309**	**2,98,538**	**2,44,607**	**1,44,355**	**4,79,968**
(Inc)/Dec in FA	-1,74,659	-2,09,786	-2,70,967	-3,84,045	-2,67,262	-3,48,616	-7,04,954	-2,03,000
Free Cash Flow	**87,667**	**66,232**	**8,456**	**-91,736**	**31,276**	**-1,04,009**	**-5,60,599**	**2,76,968**
(Pur)/Sale of Investments	-36,886	-11,649	68,115	-817	-33,322	23,296	46,232	0
Others	-27,955	14,088	60,595	69,308	40,326	12,669	24,806	24,806
CF from Investments	**-2,39,500**	**-2,07,347**	**-1,42,257**	**-3,15,554**	**-2,60,258**	**-3,12,651**	**-6,33,916**	**-1,78,194**
Issue of Shares	67,956	0	984	1,245	21	0	2,50,000	0
Inc/(Dec) in Debt	14,252	-72,451	-1,17,833	9,353	40,073	1,40,948	3,76,413	-41,490
Interest Paid	-37,620	-33,887	-32,890	-58,566	-44,041	-1,10,134	-1,53,479	-1,58,007
Dividend Paid	-6,735	-21,399	-15,304	-9,168	-32,652	0	0	0
Others	-12,182	31,210	46,925	52,866	56,085	89,817	0	0
CF from Fin. Activity	**25,671**	**-96,527**	**-1,18,118**	**-4,270**	**19,486**	**1,20,631**	**4,72,934**	**-1,99,498**
Inc/Dec of Cash	**48,497**	**-27,856**	**19,048**	**-27,515**	**57,766**	**52,587**	**-16,627**	**1,02,277**
Opening Balance	1,311	39,575	-1,413	17,635	-9,880	28,468	37,315	-4,118
Closing Balance	**49,808**	**11,719**	**37,087**	**12,817**	**47,886**	**81,055**	**20,688**	**98,158**

E: MOFSL Estimates

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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