

Vodafone Idea

Estimate changes



TP change



Rating change



Bloomberg	IDEA IN
Equity Shares (m)	28,735
M.Cap.(INRb)/(USDb)	251.4 / 3.2
52-Week Range (INR)	13 / 3
1, 6, 12 Rel. Per (%)	-13/91/131
12M Avg Val (INR M)	3998

Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E
Sales	450	422	430
EBITDA	149	165	198
Adj. PAT	-217	-233	-211
EBITDA Margin (%)	33.2	39.2	46.2
Adj. EPS (INR)	-7.6	-8.1	-7.4
EPS Gr. (%)	NM	NM	NM
BV/Sh. (INR)	2.1	NM	NM

Ratios

Net D:E	17.7	NM	NM
RoE (%)	NM	NM	NM
RoCE (%)	NM	NM	NM
Payout (%)	0.0	0.0	0.0

Valuations

EV/EBITDA (x)	8.9	8.8	8.4
P/E (x)	NM	NM	NM
P/BV (x)	4.4	NM	NM
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	-0.4	2.1	-2.6

Shareholding pattern (%)

As On	Sep-20	Jun-20	Sep-19
Promoter	72.1	72.1	72.1
DII	0.9	3.6	6.5
FII	6.2	7.2	14.6
Others	20.8	17.1	6.8

FII Includes depository receipts

CMP: INR9

Under Review

Financial conditions remain fragile; subs loss continues

- Vodafone Idea (VIL)'s adjusted EBITDA (pre-Ind-AS 116) was up 6% QoQ to INR16.3b. Revenue edged up 1% QoQ (in-line) and ARPU improved 4%, offset by continued subscriber churn.
- With ballooned net debt of INR1,145b (incl. AGR liability) and meager INR17b quarterly EBITDA (3QFY21 pre-Ind-AS 116), we maintain VIL **Under Review** until there is further clarity on the liquidity situation improving.

EBITDA up 6% QoQ (11% beat); subs decline slower, but persists

- VIL's revenue grew 1% QoQ to INR108b (in-line), as a 4.4% QoQ rise in ARPU to INR119 was offset by continued decline in the subscriber base.
- EBITDA was up 1% QoQ to INR41.5b (11% beat). Adj. EBITDA (on pre-Ind-AS 116) was up 6% QoQ to INR16.8b (11% beat) – excluding an INR3b one-off in 1Q/2QFY21. Opex management has been commendable – opex fell 13% YoY and came in flat QoQ.
- Net loss came in at INR72b v/s INR254b in 1QFY21. Adjusted net loss (for exceptional) came in at INR64.5b on a post-Ind-AS 116 basis v/s INR55b in 1QFY21 (est. INR59b). VIL recognized a charge of INR7.6b as an exceptional item toward integration and merger costs, the impairment of assets, and one-time spectrum charges.
- VIL lost 8m customers (-3% QoQ) to reach 271.8m (in-line); active subs declined even more sharply by 11.8m to 261.2m. Although gross adds improved with the gradual resumption in Retail, churn increased to 2.6% in 2QFY21 (v/s 2% in 1QFY21), dragging down the subscriber base. Bharti added 14m subscribers, indicating a big market share capture from VIL.
- Data/Broadband subscribers increased by a meager 1.8m/3.4m in 2QFY21 to 137.5m/119.8m. This was still better than decline of 6m/2m seen in the last two quarters.
- 4G subs stood at 106.1m, implying a 1.5m increase (v/s -1m in 1QFY21). This was once again better, but far from Bharti's 14.5m adds.
- ARPU was up 4.4% QoQ to INR119 v/s 6% decline in 1QFY21 (v/s 3% QoQ growth in Bharti on strong subs adds).
- Data traffic grew 7.7% QoQ to 4.8b GB; MOUs declined marginally (0.7% QoQ) to 673mins. Data usage/subs was up 5% QoQ to 11.5 GB. Bharti data usage/subs was at 16.4 GB.
- Capex intensity increased to INR10.4b in 2QFY21 (v/s INR6.0b in 1QFY21), post low capex during the lockdown. This was far lower than Bharti's INR65b/INR110b in 2QFY21/1HFY21.

Highlights from management commentary

- Tariff and floor pricing – Strongly believe, based on engagement with the new TRAI chairman, that the floor pricing might be taken into considerations. Alternately, VIL would not hesitate to take the first step on tariff hikes.
- Rebranding – Consistency of execution and synergy would be enhanced under the integrated 'Vi' brand and efficiency improved.
- Capex – Significant capacity has been created and hence high capex in the upcoming quarters is unlikely; capex would be the same as 2Q levels.
- Rationalize major investments in 16 circles – VIL would drive priority 4G investments in 16 circles to boost revenues and subscriber growth. However, it would continue to make only the necessary investments in the other 6 circles.

Valuation and view

- VIL had a weak cash position of INR17.2b and outstanding gross debt of INR1159b as of 2QFY21. It reported annualized EBITDA of INR65b, and an additional INR14b is yet to be received from the Indus stake sale. This raises the need for immediate fund infusion. Although the board has approved an INR250b fundraising program, management indicated a two- to three-month timeline, with limited visibility.
- With continued churn in subscribers due to network quality issues, improvement in ARPU is not translating into revenue benefits. VIL is losing its competitive positioning with the continuous subscriber churn. Furthermore, a weak liquidity position has restricted its ability to invest in networks, which has led VIL to focus on 16 out of 22 circles. This could limit growth and further erode its competitive position. While the previous price hike has had a limited benefit, if we assume no market share loss, our workings indicate VIL needs a ~70% ARPU hike merely to fulfill its interest obligation, capex, and AGR installment dues in FY22.
- **Maintain Under Review:** The significant cash requirement to service debt leaves limited upside opportunity for equity holders. We expect INR109b of pre-Ind-AS 116 EBITDA in FY22E. With finance cost of INR141b, servicing debt would prove challenging – unless there is debt restructuring with the lenders. Assuming 7x EV/EBITDA and INR1,145b net debt (including AGR liability) leaves limited opportunity for shareholders. Given the highly uncertain environment, we maintain the stock **Under Review** until we have clarity on the company's business continuity.

Consol. – Quarterly Perf.

(INR b)

Y/E March	FY20				FY21				FY20	FY21E	2Q FY21E	Est Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue	113	108	111	118	107	108	109	99	450	422	108	-0.1
YoY Change (%)	91.4	41.5	-5.7	-0.2	-5.4	-0.5	-1.9	-15.8	21.2	-6.1	-4.2	
Total Expenditure	76	75	77	74	66	66	69	55	300	257	71	-6.1
EBITDA	37	33	34	44	41	42	39	44	149	165	37	11.3
YoY Change (%)	453.5	625.4	200.9	145.3	12.3	24.1	14.9	-0.4	268.8	10.9	11.5	109
Depreciation	61	63	59	60	60	60	61	62	244	243	60	0.2
Share in Profits from Associates	1	1	1	1	1	1	1	1	4	4	1	-5.5
Net Finance Costs	34	34	34	40	37	47	37	37	144	159	37	24.3
PBT before EO expense	-59	-62	-58	-56	-55	-65	-58	-55	-234	-233	-59	NM
Extra-Ord expense	8	308	6	61	199	8	0	0	384	207	0	
PBT	-67	-370	-64	-117	-255	-72	-58	-55	-618	-440	-59	NM
Tax	-18	140	0	-1	0	0	0	0	121	0	0	NM
Rate (%)	27.0	-37.8	-0.3	0.8	0.0	0.0	0.0	0.0	-19.5	0.0	0.0	
Reported PAT	-49	-509	-64	-116	-255	-72	-58	-55	-739	-440	-59	NM
Adj PAT	-42	-62	-58	-55	-55	-65	-58	-55	-217	-233	-59	NM
YoY Change (%)	195.4	38.9	-6.4	35.6	30.8	4.3	0.3	-0.9	34.5	7.1	40.4	

E: MOFSL Estimates

Key Performance Indicators

Y/E March	FY20				FY21				FY20	FY21E	2Q FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Blended ARPU (INR)	108	107	109	121	114	119	121	109	111	119	119
Subscriber Base (m)	320	311	304	291	280	272	274	275	291	275	275
Data Subscribers (m)	143	140	142	140	136	138	149	160	140	160	147
Data usage/Subs (Mb)	7417	8209	8951	9687	10956	10591	11120	11676	8511	10584	11504
EBITDA Margins (%)	32.4	30.9	30.8	37.3	38.4	38.5	36.1	44.1	33.2	39.2	34.6
EBIT Margin (%)	-22.0	-27.3	-22.2	-14.1	-17.6	-17.4	-19.9	-18.1	-21.0	-18.3	-21.2
Adj. PAT Margins (%)	-37.6	-57.0	-52.4	-46.8	-51.9	-59.8	-53.6	-55.1	-48.3	-55.1	-55.0

E:MOFSL Estimates

Exhibit 1: Exceptional items (INR m)

Exceptional items (INR m)	2QFY20	1QFY21	2QFY21
Integration and merger related costs	-2,746	3,746	-3,384
Provision for additional depreciation / impairment of assets	-48,220	-377	-2,977
Provision for impairment its share of net assets	0	0	0
Re-assessment of certain estimates and accruals			
License fees and SUC on AGR	-256,779	194,405	
One Time Spectrum Charges	0	1,230	-1,287
Others	0	228	-23
Total	-307,745	199,232	-7,671

Source: Company

Operating metrics

- VIL lost 8m customers (-3% QoQ) to reach 271.8m (in-line); active subs declined even more sharply by 11.8m to 261.2m. Although gross adds improved with the gradual resumption in Retail, churn increased to 2.6% in 2QFY21 (v/s 2% in 1QFY21), dragging down the subscriber base. Bharti added 14m subscribers, indicating a big market share capture from VIL.
- Data//Broadband subscribers increased by a meager 1.8m/3.4m in 2QFY21 to 137.5m/119.8m. This was still better than decline of 6m/2m seen in the last two quarters.
- 4G subs stood at 106.1m, implying a 1.5m increase (v/s -1m in 1QFY21). This was once again better, but far from Bharti's 14.5m adds.
- ARPU was up 4.4% QoQ to INR119 v/s 6% decline in 1QFY21 (v/s 3% QoQ growth in Bharti on strong subs adds).
- Data traffic grew 7.7% QoQ to 4.8b GB; MOUs declined marginally (0.7% QoQ) to 673mins. Data usage/subs was up 5% QoQ to 11.5 GB. Bharti data usage/subs was at 16.4 GB.
- Capex intensity increased to INR10.4b in 2QFY21 (v/s INR6.0b in 1QFY21), post low capex during the lockdown. This was far lower than Bharti's INR65b/INR110b in 2QFY21/1HFY21.
- It reduced 1145 towers to 180k (against 5k adds by Bharti to 199k towers), whereas broadband towers were increased marginally to 163k (up ~600 towers QoQ). However, total broadband sites were increased by 11.2k to 457k sites (Bharti added 30k towers to reach 537k).
- Net debt stood at INR1,145b v/s INR1,155b in 1QFY21 (including INR923b deferred spectrum liability). Gross debt stood at INR1,159.4b, excluding lease liability. Cash stood at a meager INR14.3b.

Cost optimization initiatives

- Operational synergy targets of INR84b have been fully achieved. Furthermore, the company has rolled out a cost optimization plan to save INR40b annual cost over the next 18 months.

Management Commentary

Capex and network investments

- VIL added ~10,000 4G FDD sites, primarily through refarming of the 2G/3G spectrums, to expand 4G capacity.
- The company has deployed ~61,300 TDD sites, in addition to ~12,400 massive MIMO sites and ~11,800 small cells, to date.
- VIL has the fastest 4G download speed across the circles of Delhi, West Bengal, and Madhya Pradesh based on speedtest intelligence data from Ookla.

Cost Saving Initiatives

- After successfully achieving targeted merger opex synergies of INR84b, VIL plans to achieve INR40b in annualized cost savings over 18 months. Of this, ~25% of the targeted cost savings as of 2QFY21 are from opex synergies. The company is planning INR40b of annualized cost savings over the next 18 months.

Indus merger cash generation

- VIL would monetize its 11.15% stake in Indus at a cash consideration of INR38b (~USD520m) currently. VIL has agreed to make a prepayment of INR24b to the merged tower entity from the cash consideration. This would be adjusted to the extent of 50% of VIL's recurring payables.

AGR, debt, and other liabilities

- VIL has made payments of INR78.5b toward AGR dues, which is more than 10% of the total AGR dues of INR654b; hence, the next installment would be payable only by 31st March 2022.
- VIL has classified INR142.8b from 'non-current' to 'current maturities of long-term debt' for not meeting certain covenant clauses under the financial agreements for specified financial ratios as of Mar'20. Of these, the company received waivers for borrowings amounting to INR45b during the quarter.
- VIL on 4th Sep'20 decided to raise a maximum of INR250b of funds via: a) the issuance of equity shares up to a maximum of INR150b and b) the issuance of NCDs up to a maximum of INR150b. The management is currently evaluating various fundraising options.

Highlights from management commentary

Concall highlights

- **Tariff and floor pricing** – Strongly believe, based on engagement with the new TRAI chairman, that the floor pricing might be taken into considerations. Alternately, VIL would not hesitate to take the first step on tariff hikes.
- **Rebranding** – Consistency of execution and synergy would be enhanced under the integrated 'Vi' brand and efficiency improved.
- **Capex** – Significant capacity has been created and hence high capex in the upcoming quarters is unlikely; capex would be the same as 2Q levels.
- **Rationalize major investments in 16 circles** – VIL would drive priority 4G investments in 16 circles to boost revenues and subscriber growth. However, it would continue to make only the necessary investments in the other 6 circles

Operational highlights

- **Vi brand:** VIL is set to recapture the customer's mindset with the Vi brand.
- **Partnership:** VIL has entered into various regional and global partnerships with tech firms for deeper integration of data and networks. It is further creating a massive digital experience for its subscribers, which would lead to monetization.
- **Synergies:** As of 2QFY21, VIL had achieved 25% of the targeted INR40b opex synergies.
- **Customer adds:** VIL added 1.5m 4G customers in 2Q; data usage normalized from the peak during the lockdown months.
- **Infratel merger:** NCLT approved the merger of Infratel–Indus Towers; VIL would monetize its stake of ~11%, amounting to INR38b.
- **Fundraise:** VIL's board has also approved INR250b fundraise, with a mix of debt and equity; it would complete this over the next 2–3 months.
- **AGR dues payment:** VIL has paid over INR78b (more than 10% of AGR dues); the next payment is in Mar'22. VIL has also made a request to DoT for a



recalculation as it believes there is some miscalculation in the AGR dues and liabilities could be lowered.

- **Tax refund:** It received an INR9b tax refund from authorities.
- **Liquidity:** Net debt stood at INR1145b in 2QFY21. Cash and CE were at INR14.3b.
- **Postpaid:** Postpaid subscribers are sticky in nature and hence there are fewer concerns over churn in this segment. Competitors' entry in this segment reflects the need for higher ARPU for the industry.
- **Vodafone Group's AGR liability:** An INR84b payment is yet to be received by Vodafone Group; VIL has received INR20b from Vodafone Group.

Network and investment

- **Network coverage:** It has good coverage in the top 16 circles – with quality network and service. The company would maintain its focus on these subscribers to retain them.
- **Network quality:** The quality of the network would improve as the company is investing in network operations and capacity buildup.
- **Cell sites:** The cell site count stood at over 450k.
- **Network investments:** VIL is also massively investing in ORAN and MIMOS for network upgrades. VIL's GIGAnet 4G network is the fastest in India. It has deployed the largest H cloud in the country.
- **Investments in circles:** VIL would drive priority 4G investments in 16 circles to boost revenues and subscriber growth, along with the necessary investments in the other 6 circles.

Business outlook

- **Capex:** Significant capacity has been created and hence high capex in the upcoming quarters is unlikely; capex would be the same as 2Q levels.
- **Tariff hikes:** Current prices are quite low for a sustainable business model. ARPU of INR200 in the short term and INR300 in the long term is needed for the Telecom industry. VIL is not hesitant to take the first step on tariff hikes.
- **Floor pricing:** Industry has been engaging with the TRAI chairman over floor pricing concerns; **strongly believe the floor pricing issue would be resolved.**
- **Brand synergy:** Consistency of execution and synergy would be enhanced under the integrated 'Vi' brand, which was earlier difficult on account of the existence of two brand entities. Currently, there is no gap in execution as VIL remains focused on its execution strategy.
- **Data usage:** Data usage is not expected to rise going ahead and would normalize post increased usage during lockdown.

Exhibit 2: Consolidated performance (INR m)

Consolidated P&L (INR m)	2QFY20	1QFY21	2QFY21	YoY%	QoQ%	2QFY21E	v/s est (%)
Revenue	108,440	106,593	107,912	-0.5	1.2	107,991	-0.1
Operating expenses	74,969	65,609	66,388	-11.4	1.2	70,671	-6.1
EBITDA	33,471	40,984	41,524	24.1	1.3	37,321	11.3
<i>EBITDA margin (%)</i>	<i>30.9</i>	<i>38.4</i>	<i>38.5</i>	<i>761bps</i>	<i>3bps</i>	<i>34.6</i>	<i>392bps</i>
EBITDA (pre IND AS 116)	10,571	18,400	16,300	54.2	-11.4	14,621	11.5
<i>EBITDA margin (%) (pre IND AS 116)</i>	<i>9.7</i>	<i>17.3</i>	<i>15.1</i>	<i>536bps</i>	<i>-216bps</i>	<i>13.5</i>	<i>157bps</i>
Depreciation and amortization	63,094	59,757	60,286	-4.5	0.9	60,175	0.2
EBIT	-29,623	-18,773	-18,762	-36.7	-0.1	-22,854	NM
<i>EBIT margin (%)</i>	<i>-27.3</i>	<i>-17.6</i>	<i>-17.4</i>	<i>993bps</i>	<i>23bps</i>	<i>-21.2</i>	<i>NM</i>
Net Finance Costs	33,519	37,486	46,609	39.1	24.3	37,486	24.3
Share of Associates	1,295	889	857	-33.8	-3.6	907	-5.5
Profit before Tax	-61,847	-55,370	-64,514	4.3	NM	-59,433	NM
Exceptional item (gain)/loss	307,745	199,232	7,671	NM	NM	0	NM
Tax	139,627	-2	-3	-100.0	NM	0	NM
<i>Tax rate (%)</i>	<i>-230.6</i>	<i>0.0</i>	<i>0.0</i>	<i>23059bps</i>	<i>0bps</i>	<i>0.0</i>	<i>NM</i>
Profit after Tax	-509,219	-254,600	-72,182	-85.8	NM	-59,433	NM
Adj. Profit after Tax	-61,848	-55,368	-64,511	4.3	NM	-59,433	NM

Source: MOFSL, Company

Exhibit 3: Key Operating metrics

	2QFY20	1QFY21	2QFY21	YoY%	QoQ%	2QFY21E	v/s est (%)
Subscriber Base (m)	311.1	279.8	271.8	-12.6%	-2.9%	274.8	-1.1
VLR Subscribers (m)	303.4	273.0	261.2	-13.9%	-4.3%	0.0	
Net VLR Subscriber (m)	-19	-20.7	-11.8	-37.9%	-43.0%	0.0	
Pre-paid Subs (%)	92.7%	92.3%	92.2%	-0.5%	-0.1%	0.0%	
Blended ARPU (INR)	107	114	119	11.2%	4.4%	118.6	0.4
Voice metrics							
MOU (min/sub/month)	669	678	673	0.6%	-0.7%	684.8	-1.7
ARPM (INR)	0.16	0.17	0.18	12.8%	7.3%	0.2	4.2
Blended churn	3.50%	2.0%	2.6%	-25.7%	30.0%	2.0%	
Data metrics							
Data subs (m)	140.3	135.7	137.5	-2.0%	1.3%	146.6	-6.2
<i>as a % of overall subs</i>	<i>45.1%</i>	<i>48.5%</i>	<i>50.6%</i>	<i>12.2%</i>	<i>4.3%</i>	<i>53.3%</i>	
Broadband subs (m)	112.2	116.4	119.8	6.8%	2.9%	0.0	
4g subs	95.9	104.6	106.1	10.6%	1.4%	0.0	
Total Data traffic (m GB)	3,492	4,523	4,340	24.3%	-4.0%	4,870.6	-10.9
Total Data traffic (m MB)	3,491,899	4,522,721	4,340,000	24.3%	-4.0%	4,870,616	-10.9
Data usage/subs (mb)	8,209	10,956	10,591	29.0%	-3.3%	11,504.0	-7.9
Tower details							
Total Unique Towers (EoP)	187,357	181,229	180,084	-3.9%	-0.6%		
Total Unique Broadband Towers (EoP)	158,153	162,551	163,190	3.2%	0.4%		
Total Broadband sites (3G+4G)	405,346	446,131	457,386	12.8%	2.5%		

Source: MOFSL, Company

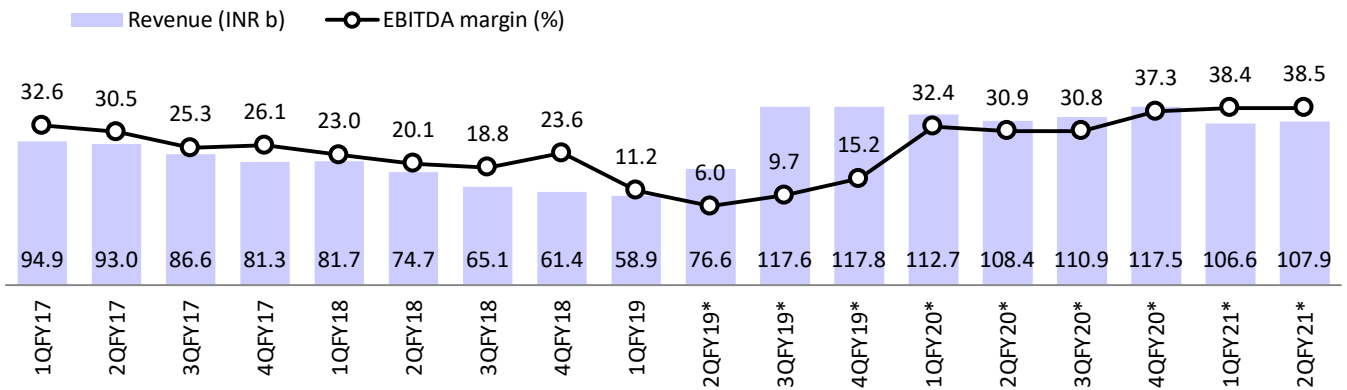
Exhibit 4: Summary of estimate change

	FY21E	FY22E
Revenue (INR b)		
Old	425	434
Actual/New	422	430
Change (%)	-0.6	-1.0
EBITDA (INR b)		
Old	160	191
Actual/New	165	198
Change (%)	3.4	3.9
EBITDA margin (%)		
Old	37.7	44.0
Actual/New	39.2	46.2
Change (bp)	151bps	217bps
Net Profit (INR b)		
Old	-429	-229
Actual/New	-440	-211
Change (%)	-2.4	7.6
Adj. EPS (INR)		
Old	-8.0	-8.0
Actual/New	-8.1	-7.4
Change (%)	1.2	-7.6
ARPU (INR)		
Old	115	114
Actual/New	119	117
Change (%)	3.5	2.4
Subs (m)		
Old	285	293
Actual/New	275	283
Change (%)	-3.5	-3.4

Source: Company, MOFSL

Story in charts

Exhibit 5: Consol. revenue up 1% QoQ; consol. EBITDA margin at 38.5% (INR b, %)



Source: MOFSL, Company

Exhibit 6: ARPU up 4% QoQ to INR119

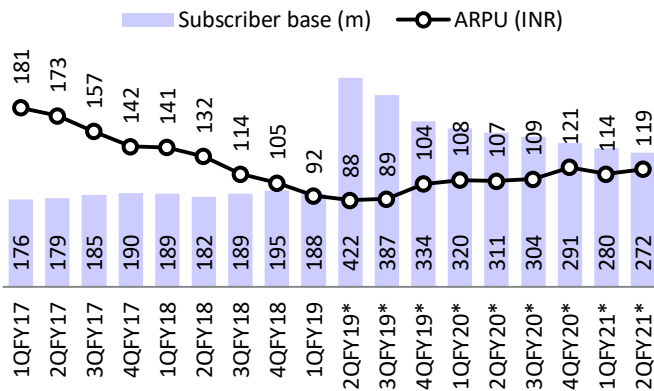


Exhibit 7: Monthly churn at 2.6%

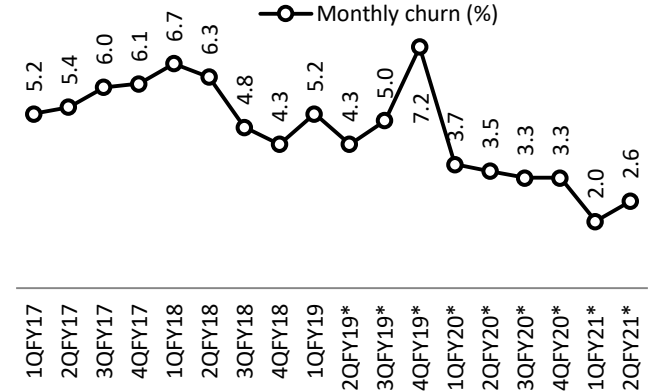


Exhibit 8: Voice traffic down 4% QoQ

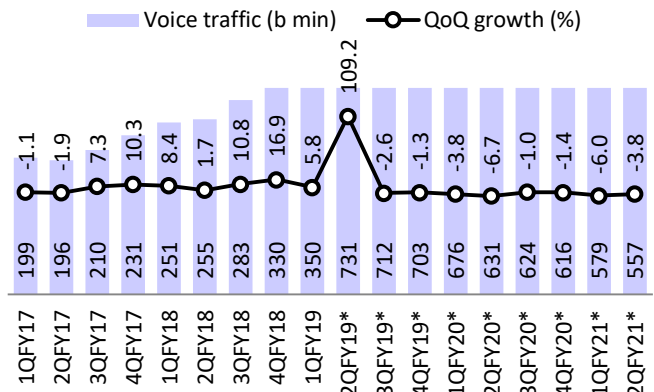
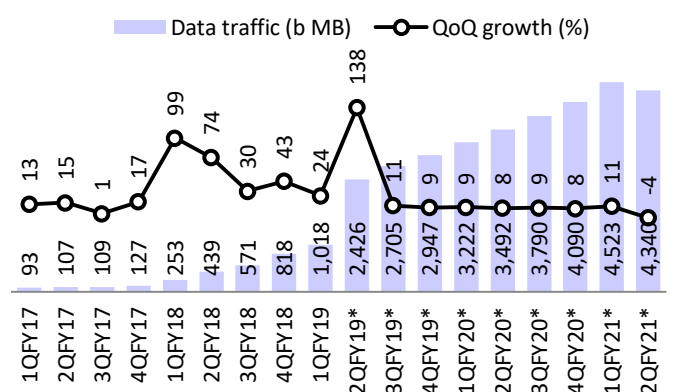


Exhibit 9: Data traffic down 4% QoQ



Financials and valuations (Consolidated)

Income Statement								(INR b)	
Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Total Income from Operations	265	316	359	356	283	371	450	422	430
Change (%)	18.1	19.1	13.9	-1.0	-20.5	31.2	21.2	-6.1	1.8
Total Expenditure	182	208	240	253	222	330	300	257	231
% of Sales	68.6	65.8	66.7	71.1	78.6	89.1	66.8	60.8	53.8
EBITDA	83	108	120	103	60	40	149	165	198
Margin (%)	31.4	34.2	33.3	28.9	21.4	10.9	33.2	39.2	46.2
Depreciation	45	53	63	78	84	145	244	243	251
EBIT	38	55	57	24	-24	-105	-94	-77	-53
Int. and Finance Charges	8	6	19	37	45	87	144	159	162
PBT bef. EO Exp.	30	49	38	-13	-68	-192	-238	-236	-215
Share of profits of associates	0	0	4	4	3	2	4	4	4
EO Items	0	0	0	0	0	-9	384	207	0
PBT after EO Exp.	30	49	43	-9	-65	-182	-618	-440	-211
Total Tax	11	17	15	-5	-23	-36	121	0	0
Tax Rate (%)	35.4	35.3	35.8	53.7	35.9	19.7	-19.5	0.0	0.0
Minority Interest	0	0	0	0	0	0	0	0	0
Reported PAT	20	32	27	-4	-42	-146	-739	-440	-211
Adjusted PAT	20	32	25	-4	-42	-161	-217	-233	-211
Change (%)	94.7	62.3	-14.6	NM	NM	NM	NM	7.1	-9.1
Margin (%)	7.4	10.1	7.6	NM	NM	NM	-48.3	-55.1	-49.2

Balance Sheet								(INR b)	
Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Equity Share Capital	33	36	36	36	44	87	287	287	287
Total Reserves	132	194	200	211	229	509	-228	-460	-672
Net Worth	165	230	236	247	273	596	60	-173	-384
Total Loans	206	269	405	551	580	1,085	1,106	1,224	1,435
Deferred Tax Liabilities	18	19	20	13	-11	-103	0	0	0
Capital Employed	390	518	660	811	841	1,579	1,166	1,052	1,051
Gross Block	517	618	714	907	1,020	2,147	2,471	2,621	2,853
Less: Accum. Deprn.	221	263	62	139	223	369	612	855	1,106
Net Fixed Assets	296	355	652	768	797	1,778	1,858	1,766	1,747
Goodwill on Consolidation	0	0	0	0	0	0	0	0	0
Capital WIP	114	51	60	75	36	51	11	11	11
Total Investments	2	115	35	64	73	82	20	20	20
Curr. Assets, Loans & Adv.	53	83	54	60	66	282	380	358	376
Inventory	1	1	1	1	0	0	0	0	0
Account Receivables	8	10	11	13	9	33	31	15	15
Cash and Bank Balance	2	16	8	1	0	10	27	17	21
Loans and Advances	43	57	34	45	57	239	322	327	340
Curr. Liability & Prov.	76	87	141	156	131	615	1,103	1,103	1,103
Account Payables	69	78	136	152	127	611	1,100	1,100	1,100
Provisions	7	9	4	4	3	4	4	4	4
Net Current Assets	-23	-4	-87	-96	-65	-333	-724	-745	-728
Appl. of Funds	390	518	660	811	841	1,579	1,166	1,052	1,051

E: MOFSL Estimates

Financials and valuations (Consolidated)

Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Basic (INR)									
EPS	5.9	8.9	6.8	-1.1	-9.6	-18.5	-7.6	-8.1	-7.4
Cash EPS	19.5	23.6	24.2	20.6	9.7	-1.8	0.9	0.3	1.4
BV/Share	49.8	64.0	65.4	68.6	62.5	68.3	2.1	-6.0	-13.4
DPS	0.4	0.6	0.6	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	7.9	8.1	9.5	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)									
P/E	1.5	1.0	1.3	NM	NM	NM	NM	NM	NM
Cash P/E		0.4	0.4	0.4	0.9	NM	10.1	26.9	6.7
P/BV	0.2	0.1	0.1	0.1	0.1	0.1	4.4	-1.5	-0.7
EV/Sales		0.9	1.2	1.6	2.2	3.1	3.0	3.5	3.9
EV/EBITDA	2.8	1.6	3.3	5.0	9.0	26.5	8.9	8.8	8.4
Dividend Yield (%)	4.5	7.0	6.5	0.0	0.0	0.0	0.0	0.0	0.0
Return Ratios (%)									
RoE	12.7	16.1	10.6	NM	NM	NM	NM	NM	NM
RoCE	7.5	8.2	6.4	1.6	NM	NM	NM	NM	NM
RoIC	9.0	11.7	8.2	1.8	NM	NM	NM	NM	NM
Working Capital Ratios									
Fixed Asset Turnover (x)	0.5	0.5	0.5	0.4	0.3	0.2	0.2	0.2	0.2
Asset Turnover (x)	0.7	0.6	0.5	0.4	0.3	0.2	0.4	0.4	0.4
Inventory (Days)	1	1	1	1	0	0	0	0	0
Debtor (Days)	11	11	12	13	11	32	25	13	13
Leverage Ratio (x)									
Current Ratio	0.7	1.0	0.4	0.4	0.5	0.5	0.3	0.3	0.3
Interest Cover Ratio	5.0	9.6	3.0	0.7	NM	NM	NM	NM	NM
Net Debt/Equity	1.2	0.6	1.5	2.0	1.9	1.7	17.7	NM	NM

Cash Flow Statement

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
(INR b)									
OP/(Loss) before Tax	20	32	43	-9	-42	-146	-618	-233	-211
Depreciation	45	53	63	78	84	145	244	243	251
Interest & Finance Charges	9	9	21	40	45	87	144	159	162
Direct Taxes Paid	-6	-11	-9	-7	0	0	24	0	0
(Inc)/Dec in WC	5	6	-4	7	-23	270	-92	12	-13
CF from Operations	72	89	113	110	64	357	-299	181	189
Others	10	15	-4	-4	-11	-92	372	0	0
CF from Operating incl EO	82	104	109	105	53	265	73	181	189
(Inc)/Dec in FA	-36	-42	-129	-126	-74	-1,142	-78	-150	-233
Free Cash Flow	46	63	-20	-21	-21	-876	-5	31	-44
(Pur)/Sale of Investments	0	0	104	-33	-9	-9	65	0	0
Others	-29	-16	3	5	-10	8	-15	0	0
CF from Investments	-66	-57	-22	-155	-93	-1,144	-28	-150	-233
Issue of Shares	0	37	0	-4	67	0	249	0	0
Inc/(Dec) in Debt	-16	52	-86	84	29	505	-81	119	210
Interest Paid	-8	-7	-4	-33	-45	-87	-153	-159	-162
Dividend Paid	-1	-3	-3	-3	0	0	0	0	0
Others	0	0	0	0	-13	470	-66	0	0
CF from Fin. Activity	-25	80	-93	44	39	888	-50	-40	48
Inc/Dec of Cash	-8	127	-6	-5	0	10	-5	-10	4
Opening Balance	12	4	14	6	0	0	8	27	17
Closing Balance	2	16	8	1	0	10	27	17	21
Cash on acquisition and other balance	2	2	2	0	0	2	0	0	0
Net Closing Cash balance	4	14	6	0	0	8	27	17	21

E: MOFSL Estimates

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

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