

Tata Communications

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	TCOM IN
Equity Shares (m)	285
M.Cap.(INRb)/(USD\$b)	394.1 / 4.8
52-Week Range (INR)	1430 / 856
1, 6, 12 Rel. Per (%)	8/17/-3
12M Avg Val (INR M)	834

Financials & Valuations (INR b)

Y/E March	FY23E	FY24E	FY25E
Net Sales	179.2	204.1	226.8
EBITDA	44.1	48.6	54.7
Adj. PAT	17.5	18.5	24.3
EBITDA Margin (%)	24.6	23.8	24.1
Adj. EPS (INR)	61.5	64.9	85.1
EPS Gr. (%)	18.6	5.6	31.1
BV/Sh. (INR)	96.2	161.1	246.2

Ratios

Net D:E	0.8	-0.4	-0.9
RoE (%)	95.5	50.4	41.8
RoCE (%)	20.9	19.0	21.1
Payout (%)	6.5	6.2	4.7

Valuations

EV/EBITDA (x)	9.4	7.7	6.1
P/E (x)	21.5	20.3	15.5
P/BV (x)	13.7	8.2	5.4
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	8.6	12.2	12.9

Shareholding pattern (%)

As On	Dec-22	Sep-22	Dec-21
Promoter	58.9	58.9	58.9
DII	13.9	13.9	8.8
FII	17.3	17.0	21.6
Others	9.9	10.2	10.7

FII Includes depository receipts

CMP: INR1,324 **TP: INR1,200 (-9%)** **Neutral**

Focus on growth to dilute near-term earnings

- TCOM revenue grew 2% QoQ (in line), but EBITDA declined 5% QoQ (5% miss) due to weak data EBITDA margin. Management has reiterated its focus on growth. TCOM continued to garner a 7% FCF annualized yield and healthy ROCE of 28%.
- We have reduced our consolidated EBITDA estimate and now expect a revenue/EBITDA CAGR of 12%/11% over FY23-25. While growth in data EBITDA has been soft, healthy FCF generation and continued deleveraging provide a silver lining, aiding valuations. **We maintain our Neutral rating.**

EBITDA declines 5% QoQ on weak data margin; FCF remains healthy

- Consol. revenue grew 2.1% QoQ to INR45.3b (in line), led by 3% QoQ growth in the data segment. Voice segment revenue declined 4% QoQ, while other revenue grew 4% QoQ. The tailwind from INR depreciation of 3% QoQ supported revenue growth.
- EBITDA declined 5% QoQ to INR10.8b (5% miss), affected by a 6% QoQ decline in data segment EBITDA.** As a result, consol. EBITDA margin declined 170bp QoQ to 23.8% (100bp miss), in line with the management's guidance of the 23-25% margin range.
- Interest costs jumped 26% QoQ due to an increase in the borrowing cost amid rate hikes globally. Accordingly, adjusted PAT fell 14% QoQ to INR4b (in line).
- Committed capex decreased 7% QoQ to INR3.9b in 3QFY23 from INR4.2b in 2QFY23. Net debt/gross debt declined marginally by INR1.3b/INR0.9b to INR63b/INR77b.
- FCF declined by 45% QoQ to INR3.5b from INR 6.2b in 2QFY23, led by an 18% QoQ decline in CFO due to working capital changes. However, 9MFY23 FCF yields stood at 7% (annualized) v/s 6% in FY22.
- The company posted RoCE of 28.4% v/s 28.1% in 2QFY23 (FY22 ROCE at 25.4%).

Key takeaways from the management interaction

- The company maintains its double-digit growth ambition on the back of 23-25% EBITDA growth expectation in the DPS segment and 25-30% RoCE guidance.
- Margins are affected by inflation in employee and energy costs, along with long-term contracts, which offer lower pricing power.
- High FCF allows TCOM to explore organic and inorganic opportunities. It acquired the Switch business for USD58.8m.
- The order book continues to grow every quarter and the sales funnel is improving, along with the win rate.

Valuation and view

- We have reduced our consolidated EBITDA estimate and now expect a revenue/EBITDA CAGR of 12/11% over FY23-25.

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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.

- The data segment reported double-digit YoY growth and management has reiterated improved funnel of new deal, but its translation into meaningful growth will be key for TCOM to achieve double-digit earnings growth.
- The management's guidance of a 20% increase in capex to USD300-325m can curb potential improvement in FCF going forward. Yet it could continue to garner healthy ROCE of over 20% and a high-single digit FCF yield. The decrease in leverage could be a silver lining, which could drive PAT growth.
- **We maintain our Neutral rating with a TP of INR1,200/share** (assigned 9x/3x EBITDA to the Data/Voice business). Sustained improvement in earnings growth visibility will be vital for valuation rerating.

Cons. Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E	FY23E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Var (%)
Revenue	41,028	41,740	41,849	42,630	43,105	44,307	45,283	46,519	1,67,247	1,79,215	45,698	-1
YoY Change (%)	-6.8	-5.2	-0.9	4.7	5.1	6.2	8.2	9.1	-2.2	7.2	8.2	
Total Expenditure	31,167	30,612	31,024	32,177	32,335	33,011	34,510	35,307	1,24,980	1,35,159	34,364	0
EBITDA	9,861	11,129	10,825	10,453	10,770	11,297	10,774	11,212	42,267	44,055	11,334	-5
YoY Change (%)	-5.3	-3.9	3.5	3.0	9.2	1.5	-0.5	7.3	-0.8	4.2	8.3	
Depreciation	5,318	5,416	5,425	5,887	5,369	5,516	5,548	6,009	22,045	22,525	5,631	-1
Interest	962	908	835	898	799	978	1,227	952	3,603	3,706	964	27
Other Income	134	364	188	2,635	2,340	366	308	352	3,321	3,366	342	-10
PBT before EO expense	3,714	5,169	4,754	6,304	6,943	5,169	4,306	4,603	19,940	21,190	5,081	-15
Exceptional (gain)/loss	-56	-127	-85	209	0	-764	0	0	-60	-764	0	
PBT	3,771	5,296	4,839	6,095	6,943	5,933	4,306	4,603	20,000	21,953	5,081	-15
Tax	793	1,038	958	2,433	1,591	659	436	1,159	5,221	3,844	1,279	
Rate (%)	21.0	19.6	19.8	39.9	22.9	11.1	10.1	25.2	26.1	17.5	25.2	
MI & P/L of Asso. Cos.	17	4	-72	12	-86	-50	-68	165	-39	-39	10	
Reported PAT	2,961	4,254	3,952	3,651	5,438	5,324	3,939	3,279	14,817	18,147	3,812	3
Adj PAT	2,905	4,126	3,867	3,860	5,438	4,560	3,939	3,279	14,758	17,216	3,812	3
YoY Change (%)	8.3	-5.9	20.6	29.5	87.2	10.5	1.9	-15.0	11.4	16.7	18.9	

E: MOFSL Estimates

Segmental highlights

- Data revenue, the key driver of revenue growth (contributing 79%/88% of consol. revenue/EBITDA), grew 2.9% QoQ to INR36b (in line) after clocking a strong growth of 4.6% QoQ in the last quarter. However, EBITDA fell 5.9% QoQ to INR9.5b, taking the EBITDA margin down by 250bp at 26.4%.
 - Within data revenue, DPS grew 5.8% QoQ to INR10.6b (contributing 29%/23% of data/consol. revenue)
 - Core services (contributing 67%/53% of Data/consol. revenue) grew 1.7% QoQ to INR24.1b.
- Voice revenue (contributing 11% of consol. revenue) decreased 3.6% QoQ to INR5b in 3QFY23. In 2QFY23, voice revenue declined 6.6% QoQ.
 - EBITDA also declined 13.5% QoQ to INR870m, leading to 200bp QoQ margin deterioration to 17.3%.
 - Revenue may have fallen due to a reduction in ILD+NLD to 2.8b minutes (5% reduction QoQ).
- Others segment revenue (contributing 9%/4% of consol. revenue/EBITDA) grew 3.9% QoQ to INR4.3b. EBITDA doubled QoQ to INR 425m, which led to a 470bp margin expansion to 9.9%. The expansion was majorly led by the transformation business.

Exhibit 1: Valuation-based on Dec'24 EBITDA

Particulars	FY24E
EBITDA (INR m)	50,519
Multiple (x)	8.3
Voice EBITDA (INR m)	2,785
Multiple (x)	3
Data EBITDA (INR m)	47,734
Multiple (x)	9
Enterprise Value (INR m)	4,16,956
Net Debt (INR m)	74,848
Equity value (INR m)	3,42,108
No. of shares (m)	285
Equity value/share (INR)	1,200
Upside/(Downside) (%)	-9%
CMP (INR)	1,320

Source: MOFSL, Company

**Key takeaways from the management interaction****Key highlights**

- The company maintains its double-digit growth ambition on the back of 23-25% EBITDA growth expectation and 25-30% RoCE guidance.
- Margins are affected by inflation in employee and energy costs, along with long-term contracts, which offer lower pricing power.
- High FCF allows TCOM to explore organic and inorganic opportunities. It has acquired the Switch business for USD58.8m.
- The order book continues to grow every quarter and the sales funnel is improving, along with the improved win rates.

Other noteworthy items**Operating performance and guidance**

- The decline in EBITDA margin in the quarter was caused by 1) employee expenses, 2) higher growth in the DPS segment, which is less EBITDA margin accretive than core business, and 3) the expansion of the global sales business.
- The employee cost increased because of an increase in headcount in 3QFY23. Investments in the international business also affected margins.
- TCOM expects the impact of inflation on overall costs, along with an increase in employee costs, energy costs, and costs related to the return-to-office trend (No Covid advantage shown in this quarter).
- TCOM has the ability to pass on the cost increase, but it may take a hit in the long-term contracts, where the pricing power is already fixed.
- The Fed rate hikes affected TCOM's interest cost. Other income included the income tax refund from old cases.
- High FCF enables TCOM to consider organic and inorganic opportunities. The company acquired the Switch business.
- The focus will be on improving the mix toward DPS vs core connectivity, and within the DPS product portfolio, there could be short-term headwinds.
- The international revenue pie is increasing and the international operations are becoming profitable.

Order book and funnel

- The order book is getting better every quarter and the sales funnel is improving (with more of digital mix than core connectivity), which is in line with the company's strategy.
- On the ground, management is witnessing an improvement in funnel and the win rates inching better which would help TCOM convert deals.
- Enterprise revenue is growing more than wholesale business revenue; this includes reclassification of the service provider into Enterprise in Mecca region.

Capex

- Since TCOM has shifted from the product to the platform business, the increase in investment is mainly seen in front-end sales.
- Capex of TCOM is usually 30-40% higher than that of competitors.
- The company is continuously making planned investments and focusing on its portfolio, which is in line with its strategic vision.
- The cash capex for the quarter stood at INR4.4b.

Switch acquisition

- TCOM acquired Switch Enterprise for USD58.8m to create an international media platform and to enter into the US Media and Entertainment market.
- Switch is an American player and the leader in the sports media business (region-to-region player). It generated revenue of USD80m.
- TCOM already has strength in the Entertainment market as a Global-to-Global player. However, with the Switch acquisition, TCOM has an advantage to make TCOM enter into a Global-to-Region player, enhance product offerings and tap global customers. TCOM expects Switch to break even in the first year and become margin lucrative from the second year, and expects it to be a part of the DPS business.
- This acquisition is in line with the company's strategic vision to enter into an end-to-end media ecosystem and enable it to be the content provider.

Strategic initiatives and other offering

- The international market is huge and TCOM has potential to grow its market share. The network is a USD1.5b market in India, whereas it is a USD 145b market in the international market. Hence, there is much more upside if TCOM provides right products and right solutions, and keeps on investing
- TCOM remains the leading player in India's large enterprise B2B segment.
- It has partnered with Meta as the business solution partner and Google as the Google communication partner
- Security offerings gain traction given the global cyber security threats.
- The increase in the adoption of the internet and the shift to cloud will help TCOM drive growth in the cloud segment and expand its market share.
- TCOM has completed its first international order for providing a street solution, which will open international gates.
- TCOM has invested in its Pune lab to help customers experience its network and solutions with the 5G network capability of other telcos.

Exhibit 2: Quarterly performance

INR m	Q3FY22	Q2FY23	Q3FY23	YoY(%)	QoQ (%)	Q3FY23E	v/s est (%)
Revenue	41,849	44,307	45,283	8.2	2.2	45,698	-0.9
Operating Expenses	31,024	33,011	34,510	11.2	4.5	34,364	0.4
EBITDA	10,825	11,297	10,774	-0.5	-4.6	11,334	-4.9
EBITDA Margins (%)	25.9%	25.5%	23.8%	-207bps	-171bps	24.8%	-101bps
Depreciation	5,425	5,516	5,548	2.3	0.6	5,631	-1.5
Interest	835	978	1,227	47.0	25.5	964	27.3
Other Income	188	366	308	63.6	-16.0	342	-10.1
Exceptional Items	-85	-764	0	-100.0	-100.0	0	NM
PBT	4,839	5,933	4,306	-11.0	-27.4	5,081	-15.2
Tax	958	659	436	-54.5	-33.8	1,279	-65.9
Effective Tax Rate (%)	19.8%	11.1%	10.1%			25.2%	
PAT	3,881	5,274	3,870	-0.3	-26.6	3,802	1.8
MI & P/L in Associates	72	50	68	-4.5	37.9	10	
PAT after Minority	3952	5324	3,939	-0.3	-26.0	3,812	3.3
Adjusted PAT	3867	4560	3,939	1.9	-13.6	3,812	3.3

Source: MOFSL, Company

Exhibit 3: Detailed segmental quarterly performance

INRm	Q3FY22	Q2FY23	Q3FY23	YoY(%)	QoQ (%)	Q3FY23E	v/s est (%)
Revenues							
Voice segment	5,542	5,245	5,058	-8.7	-3.6	5,094	-0.7
Others	3,977	4,136	4,296	8.0	3.9	4,323	-0.6
Data segment	32,330	34,926	35,929	11.1	2.9	36,281	-1.0
Total Revenue	41,849	44,307	45,283	8.2	2.2	45,698	-0.9
EBITDA							
Voice segment	430	1,010	873	103.0	-13.5	976	-10.5
Margin (%)	7.8%	19.3%	17.3%	950bps	-199bps	19.2%	-189bps
Others	-13	216	425	NA	96.5	261	63.1
Margin (%)	-0.3%	5.2%	9.9%	1023bps	467bps	6.0%	387bps
Data segment	10,408	10,070	9,475	-9.0	-5.9	10,097	-6.2
Margin (%)	32.2%	28.8%	26.4%	-582bps	-246bps	27.8%	-146bps
Total EBITDA	10,825	11,296	10,774	-0.5	-4.6	11,333	-4.9
Margin (%)	25.9%	25.5%	23.8%	-207bps	-170bps	24.8%	-101bps

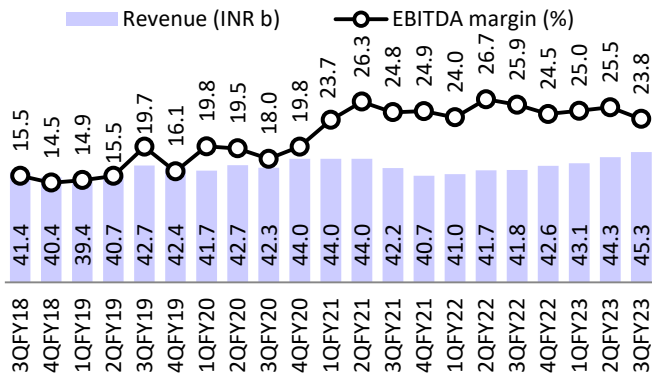
Exhibit 4: Summary of our changes in estimates

	FY23E	FY24E
Global Voice revenue (INR b)		
Old	20.9	18.4
Actual/New	20.8	18.3
Change (%)	-0.3	-0.8
Global Data revenue (INR b)		
Old	142.2	161.9
Actual/New	141.4	166.4
Change (%)	-0.6	2.8
Core revenue (INR b)		
Old	180.1	199.8
Actual/New	179.2	204.1
Change (%)	-0.5	2.2
Core EBITDA (INR b)		
Old	45.2	51.4
Actual/New	44.1	48.6
Change (%)	-2.6	-5.4
Voice EBITDA (INR b)		
Old	3.5	3.5
Actual/New	3.3	3.1
Change (%)	-5.7	-10.8
Data EBITDA (INR b)		
Old	40.4	46.4
Actual/New	39.1	43.3
Change (%)	-3.2	-6.7
Core EBITDA margin (%)		
Old	25.1	25.7
Actual/New	24.6	23.8
Change (%)	-53bps	-192bps
PAT (INR m)		
Old	18.4	20.7
Actual/New	18.1	18.5
Change (%)	-1.2	-10.6
EPS (INR)		
Old	64.5	72.7
Actual/New	63.7	64.9
Change (%)	-1.2	-10.6

Source: MOFSL, Company

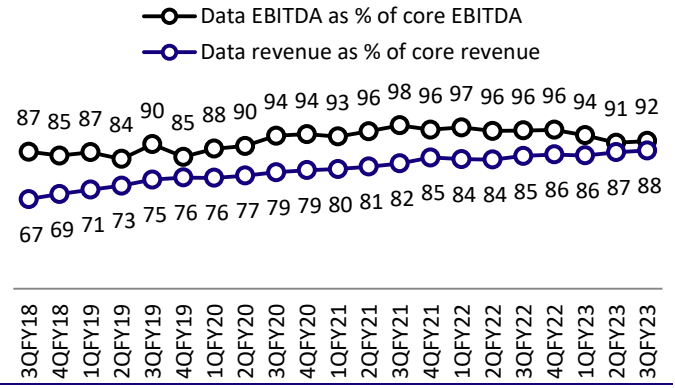
Story in charts

Exhibit 5: Revenue up 2% QoQ, EBITDA margin down 170bp



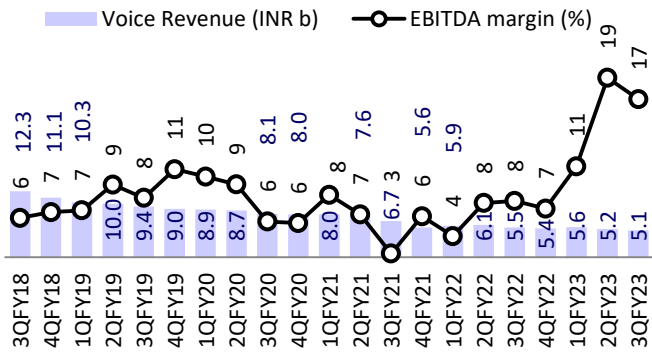
Source: MOFSL, Company

Exhibit 6: Data segment continues to lead Revenue/EBITDA



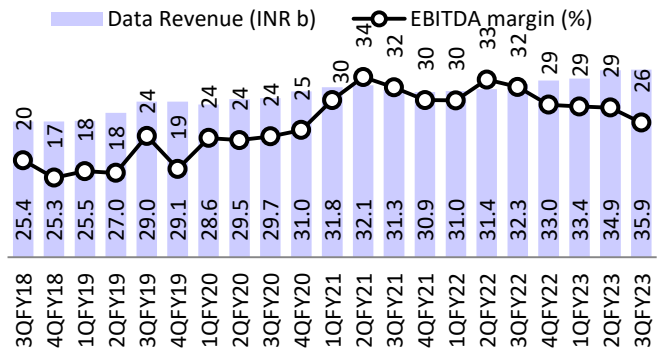
Source: MOFSL, Company

Exhibit 7: Revenue/margin of Voice decrease QoQ



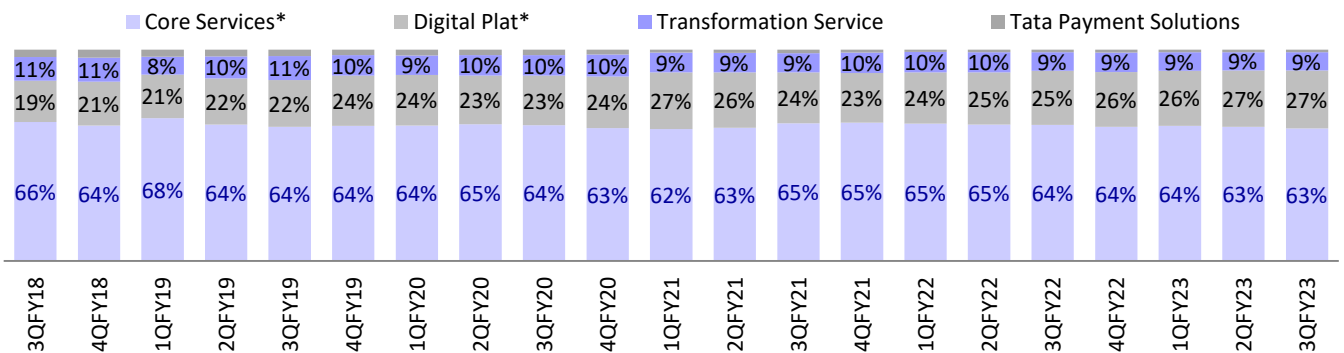
Source: MOFSL, Company

Exhibit 8: Data revenue up 3% QoQ, margin down 250bps



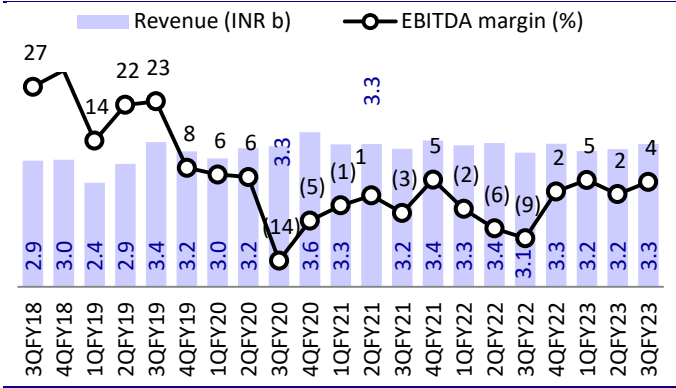
Source: MOFSL, Company

Exhibit 9: Revenue contribution from various segments in 3QFY23; DPS continues to grow



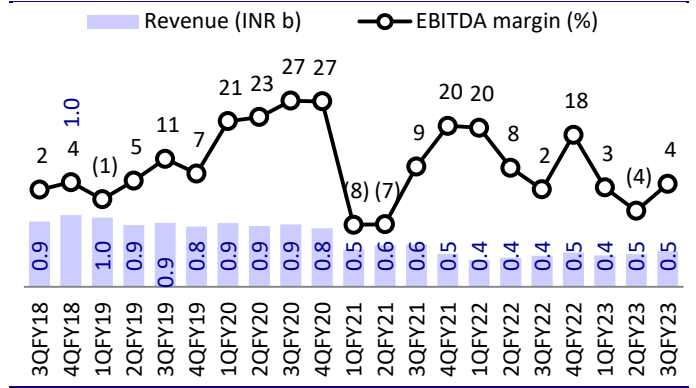
*revised as per the new reporting structure. Source: MOFSL, Company

Exhibit 10: Revenue and EBITDA trends in the Transformation business



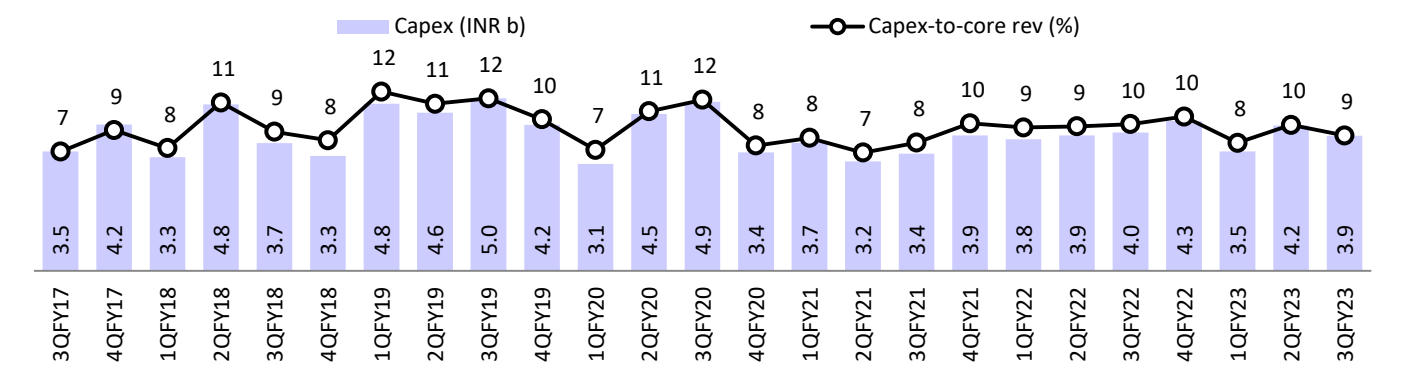
Source: MOFSL, Company

Exhibit 11: Revenue and EBITDA trends in the Payment Solutions business



Source: MOFSL, Company

Exhibit 12: Quarterly capex trend



Source: MOFSL, Company

Financials and valuations

Consolidated - Income Statement											(INR b)
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Total Income from Operations	199.1	181.5	176.2	167.7	165.2	170.7	171.0	167.2	179.2	204.1	226.8
Change (%)	1.5	-8.8	-2.9	-4.8	-1.5	3.3	0.2	-2.2	7.2	13.9	11.1
Network Cost	105.5	96.7	88.1	79.0	71.6	67.8	63.3	62.0	63.8	75.8	84.0
Staff Cost	27.9	27.4	28.4	29.8	29.6	30.4	30.5	30.4	35.3	40.0	42.5
Operating & Other Expense	35.7	32.9	35.6	34.8	36.6	39.6	34.6	32.6	36.0	39.8	45.6
Total Expenditure	169.2	157.1	152.1	143.6	137.8	137.8	128.4	125.0	135.2	155.5	172.0
% of Sales	85.0	86.5	86.3	85.6	83.4	80.7	75.1	74.7	75.4	76.2	75.9
EBITDA	29.9	24.4	24.1	24.1	27.4	32.9	42.6	42.3	44.1	48.6	54.7
Margin (%)	15.0	13.5	13.7	14.4	16.6	19.3	24.9	25.3	24.6	23.8	24.1
Depreciation	21.6	18.6	18.7	19.1	20.7	23.6	23.1	22.0	22.5	22.2	22.2
EBIT	8.3	5.8	5.4	5.1	6.8	9.3	19.5	20.2	21.5	26.4	32.6
Int. and Finance Charges	7.5	4.1	3.7	3.4	4.0	4.7	4.2	3.6	3.7	3.8	3.5
Other Income	4.0	4.0	3.6	2.6	0.6	0.7	1.6	3.3	3.4	2.0	3.3
PBT bef. EO Exp.	4.8	5.7	5.3	4.2	3.4	5.3	16.8	19.9	21.2	24.6	32.4
EO Items	-1.1	-1.0	-10.6	-3.8	0.0	-3.9	-0.7	0.1	0.8	0.0	0.0
PBT after EO Exp.	3.7	4.6	-5.3	0.5	3.4	1.4	16.1	20.0	22.0	24.6	32.4
Total Tax	3.7	2.3	2.4	3.5	2.7	2.3	3.5	5.2	3.8	6.2	8.1
Tax Rate (%)	99	50	-45	778	80	162	22	26	18	25	25
Minority Interest	0.0	0.0	0.0	0.2	1.5	0.0	0.0	0.0	0.0	0.0	0.0
Reported PAT	0.0	2.3	-7.6	-3.3	-0.8	-0.9	12.5	14.8	18.1	18.5	24.3
Adjusted PAT	3.0	1.0	3.0	0.3	-0.6	3.0	13.3	14.8	17.5	18.5	24.3
Change (%)	-43.2	-67.9	210.0	-89.0	-288.6	-582.2	340.2	11.5	18.6	5.6	31.1
Margin (%)	1.5	0.5	1.7	0.2	-0.4	1.8	7.8	8.8	9.8	9.1	10.7

Consolidated - Balance Sheet											(INR b)
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Equity Share Capital	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
Total Reserves	0.4	-6.5	13.1	2.1	-4.7	-15.6	-1.7	6.4	24.6	43.1	67.3
Net Worth	3.2	-3.6	15.9	5.0	-1.8	-12.8	1.2	9.3	27.4	45.9	70.2
Minority Interest	0.1	0.1	0.2	0.0	0.1	0.0	0.3	0.3	0.3	0.3	0.3
Total Loans	130.8	151.2	99.5	95.4	106.8	81.6	98.0	79.0	81.3	69.3	68.3
Lease liabilities	0.0	0.0	0.0	0.0	0.0	39.9	14.4	12.2	12.2	12.2	12.2
Deferred Tax Liabilities	-2.0	-1.1	0.1	-0.5	-0.9	-2.5	-2.8	-1.9	-1.9	-1.9	-1.9
Capital Employed	132.0	146.5	115.7	100.0	104.2	106.3	111.0	98.9	119.4	125.9	149.2
Gross Block	299.6	308.5	270.9	288.7	116.6	129.1	151.3	170.4	167.6	167.8	168.0
Less: Accum. Deprn.	156.4	167.2	161.6	180.7	5.0	28.6	51.7	73.8	96.3	118.4	140.6
Net Fixed Assets	143.2	141.3	109.3	108.0	111.6	100.5	99.6	96.6	71.3	49.3	27.3
Right to use assets	0.0	0.0	0.0	0.0	0.0	16.0	13.3	11.5	11.5	11.5	11.5
Goodwill on Consolidation	3.8	3.2	0.0	0.0	0.9	0.9	1.1	1.1	1.1	1.1	1.1
Capital WIP	6.4	8.0	7.5	5.2	4.1	4.5	6.1	8.7	8.7	8.7	8.7
Total Investments	17.7	18.3	24.3	12.5	14.9	15.6	22.3	15.7	15.7	15.7	15.7
Curr. Assets, Loans&Adv.	68.8	79.1	69.2	69.4	67.2	72.0	67.8	61.0	101.5	137.0	186.8
Inventory	0.3	0.3	0.2	0.3	0.8	0.7	0.3	0.4	0.4	0.4	0.5
Account Receivables	24.9	30.2	25.9	28.9	29.7	32.3	26.1	25.8	29.5	33.6	42.2
Cash and Bank Balance	16.2	19.8	10.8	13.0	8.5	9.1	9.3	7.4	43.8	73.5	113.1
Loans and Advances	27.5	28.9	32.3	27.3	28.2	29.9	32.1	27.3	27.9	29.5	30.9
Curr. Liability & Prov.	107.9	103.4	94.6	95.1	94.4	103.2	99.3	95.6	90.3	97.3	101.9
Account Payables	36.7	35.8	35.8	34.7	36.9	38.4	32.4	30.1	29.5	30.8	31.1
Other Current Liabilities	61.5	61.7	53.1	54.8	51.5	57.3	60.0	57.9	56.5	61.5	65.2
Provisions	9.7	5.8	5.7	5.7	6.0	7.5	6.9	7.7	4.4	5.0	5.6
Net Current Assets	-39.1	-24.3	-25.4	-25.7	-27.2	-31.2	-31.5	-34.6	11.2	39.6	84.9
Appl. of Funds	132.0	146.5	115.7	100.0	104.2	106.3	111.0	98.9	119.4	125.9	149.2

Financials and valuations

Ratios

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Basic (INR)											
EPS	10.6	3.4	10.6	1.2	-2.2	10.6	46.5	51.8	61.5	64.9	85.1
Cash EPS	86.4	68.8	76.0	68.0	70.4	93.3	127.7	129.2	140.5	142.7	162.9
BV/Share	11.3	-12.7	55.9	17.5	-6.4	-44.9	4.1	32.5	96.2	161.1	246.2
DPS	5.5	4.3	6.0	4.5	4.5	4.0	4.0	4.0	4.0	4.0	4.0
Payout (%)	51.8	125.9	56.7	387.3	-205.4	37.9	8.6	7.7	6.5	6.2	4.7
Valuation (x)											
P/E	124.3	386.5	124.7	1,136.0	-602.4	124.9	28.4	25.5	21.5	20.3	15.5
Cash P/E	15.3	19.2	17.4	19.4	18.8	14.1	10.3	10.2	9.4	9.3	8.1
P/BV	117.0	-103.5	23.6	75.3	-206.9	-29.4	325.8	40.5	13.7	8.2	5.4
EV/Sales	2.5	2.8	2.6	2.7	2.9	2.6	2.7	2.7	2.3	1.8	1.5
EV/EBITDA	16.4	20.8	19.3	19.0	17.3	13.6	10.9	10.6	9.4	7.7	6.1
Dividend Yield (%)	0.4	0.3	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
FCF per share	44.1	11.7	21.0	-8.4	-27.1	36.5	64.5	89.7	120.3	152.6	143.2
Return Ratios (%)											
RoE	54.0	-464.6	49.1	3.2	-39.3	-41.2	-227.9	283.3	95.5	50.4	41.8
RoCE	0.1	3.4	9.9	3.8	1.5	-7.2	19.5	18.6	20.9	19.0	21.1
RoIC	0.1	3.0	9.0	2.1	1.9	-7.5	20.2	21.3	30.0	50.0	122.8
Working Capital Ratios											
Fixed Asset Turnover (x)	0.7	0.6	0.7	0.6	1.4	1.3	1.1	1.0	1.1	1.2	1.4
Asset Turnover (x)	1.5	1.2	1.5	1.7	1.6	1.6	1.5	1.7	1.5	1.6	1.5
Inventory (Days)	0	1	0	1	2	2	1	1	1	1	1
Debtor (Days)	46	61	54	63	66	69	56	56	60	60	68
Creditor (Days)	67	72	74	76	81	82	69	66	60	55	50
Leverage Ratio (x)											
Current Ratio	0.6	0.8	0.7	0.7	0.7	0.7	0.7	0.6	1.1	1.4	1.8
Interest Cover Ratio	1.1	1.4	1.5	1.5	1.7	2.0	4.6	5.6	5.8	7.0	9.3
Net Debt/Equity	30.1	-31.1	4.0	14.0	-45.9	-4.4	57.5	6.0	0.8	-0.4	-0.9

Consolidated - Cash Flow Statement

(INR Billion)

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
OP/(Loss) before Tax	3.7	2.6	20.2	0.5	3.4	-0.8	12.5	20.0	22.0	24.6	32.4
Depreciation	21.6	22.2	19.5	19.1	20.7	23.6	23.1	22.0	22.5	22.2	22.2
Interest & Finance Charges	6.7	7.2	6.9	3.4	4.0	4.7	4.2	3.6	3.7	3.8	3.5
Direct Taxes Paid	-1.1	-4.2	-7.4	-3.5	-2.7	-2.8	-5.0	0.9	-3.8	-6.2	-8.1
(Inc)/Dec in WC	-1.3	-4.4	-0.2	2.4	-3.3	-2.5	-5.5	-4.7	-9.5	1.2	-5.6
CF from Operations	29.6	23.3	38.9	21.8	22.0	22.1	29.4	41.8	34.9	45.6	44.3
Others	0.7	0.3	-15.0	-8.8	-6.6	3.1	2.4	0.2	-3.4	-2.0	-3.3
CF from Operating incl EO	30.3	23.6	23.9	13.1	15.4	25.2	31.8	42.0	31.5	43.7	41.0
(Inc)/Dec in FA	-17.7	-20.3	-18.0	-15.4	-23.2	-14.9	-13.4	-16.5	2.8	-0.2	-0.2
Free Cash Flow	12.6	3.3	6.0	-2.4	-7.7	10.4	18.4	25.6	34.3	43.5	40.8
(Pur)/Sale of Investments	-1.7	-3.1	7.8	11.8	-2.4	-0.5	-6.9	9.4	0.0	0.0	0.0
Others	2.5	3.4	10.0	2.6	-0.3	0.0	0.3	-1.9	3.4	2.0	3.3
CF from Investments	-16.9	-20.0	-0.1	-1.0	-25.8	-15.3	-20.0	-8.9	6.1	1.8	3.1
Issue of Shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inc/(Dec) in Debt	-5.1	7.6	-28.2	-4.1	11.4	-4.0	-8.4	-27.8	2.4	-12.0	-1.0
Interest Paid	-6.3	-5.8	-3.1	-3.4	-4.0	-3.9	-2.5	-2.5	-3.7	-3.8	-3.5
Dividend Paid	-1.5	-1.9	-1.4	-2.0	0.0	-1.5	-1.1	-4.0	0.0	0.0	0.0
Others	-1.0	0.0	-0.1	-0.3	-1.5	0.0	0.5	-0.6	0.0	0.0	0.0
CF from Fin. Activity	-13.9	-0.1	-32.8	-9.9	6.0	-9.4	-11.6	-34.9	-1.3	-15.7	-4.4
Inc/Dec of Cash	-0.5	3.6	-9.0	2.2	-4.4	0.6	0.2	-1.8	36.3	29.7	39.6
Opening Balance	16.7	16.2	19.8	10.8	13.0	8.5	9.1	9.3	7.4	43.8	73.5
Closing Balance	16.2	19.8	10.8	13.0	8.5	9.1	9.3	7.4	43.8	73.5	113.1

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