21 July 2024

1QFY25 Results Update | Sector: Telecom

Tata Communications

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	TCOM IN
Equity Shares (m)	285
M.Cap.(INRb)/(USDb)	509.7 / 6.1
52-Week Range (INR)	2085 / 1543
1, 6, 12 Rel. Per (%)	-7/-11/-13
12M Avg Val (INR M)	1599

Financials & Valuations (INR b)

INR b	FY24	FY25E	FY25E
Net Sales	209.7	234.5	264.0
EBITDA	42.3	48.2	59.4
Adj. PAT	12.0	12.6	22.1
EBITDA Margin (%)	20.2	20.6	22.5
Adj. EPS (INR)	42.3	44.3	77.5
EPS Gr. (%)	-30.0	4.9	74.8
BV/Sh. (INR)	62.7	95.4	161.3
Ratios			
Net D:E	4.9	2.4	0.7
RoE (%)	72.9	56.1	60.4
RoCE (%)	14.4	13.3	19.7
Payout (%)	39.5	22.6	12.9
Valuations			
EV/EBITDA (x)	14.1	12.0	9.1
P/E (x)	42.3	40.3	23.1
P/BV (x)	28.5	18.8	11.1
Div. Yield (%)	0.9	0.6	0.6
FCF Yield (%)	1.9	5.1	7.6

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	58.9	58.9	58.9
DII	13.1	12.1	14.0
FII	18.2	19.2	17.0
Others	9.8	9.8	10.1

FII Includes depository receipts

CMP: INR1,788 TP: INR1,950 (+9%) Neutral

Steady DPS growth offsets declines in other verticals

- TCOM reported a 1% decline in revenue QoQ (in line), led by a decline in all segments, except DPS, which grew 3% QoQ. EBITDA margin improved 140bp QoQ to 20%, led by M&A synergies and the termination of loss-making contracts. Organic business EBITDA margin remained in line with the long-term guidance at 23.3%.
- The management's endeavor to drive growth, including in the loss-making acquisitions, led to margin contraction. However, the long-term focus on margin-accretive growth remains intact. We estimate a CAGR of 12%/18% in revenue/EBITDA over FY24-26. We retain our Neutral rating on TCOM. We would closely monitor the improvement in data revenue and margins.

EBITDA up 6% QoQ (in line); data revenue up 1% QoQ

- 1QFY25 consol revenue declined 1% QoQ to INR56.3b (in line) due to a decline in voice, core connectivity and other segments.
  - Data revenue grew 1% QoQ, led by DPS. For the last 2-3 quarters, data revenue growth has been ~1% QoQ.
- Consol EBITDA increased by 6% QoQ to INR11.2b (in line), led by M&A synergies, review of subsidiaries and termination of loss-making contracts.
  - Consol EBITDA margin improved 140bp QoQ to 20%. The company’s long-term margin guidance is 23-25%.
- Adj. PAT after minority grew 7% QoQ to INR2.5b (in line), led by lower depreciation (-3% QoQ) and interest costs (-8% QoQ). Interest costs declined due to the reversal of interest on tax.
  - The company recorded an exceptional gain of INR857m due to the assessment of certain assets to realizable value classified as ‘held for sale’ and interest on tax.
- Capex usually remains low in 1Q. The company incurred capex of INR4.9b (vs. INR5.4b in 4Q).
- RoCE declined to 17.5% vs. 18.8% in FY24.
- Net debt increased by INR4.8b QoQ to INR96.1b.

Key takeaways from the management interaction

- **Guidance intact:** The management reiterates the long-term target of 23-25% EBITDA margin, but in the short-term, margin may remain under pressure. It aims to double data revenue by FY27. TCOM expects to keep or improve EBITDA margins from 20% and expects ROCE to dilute further in 2Q.
- **Robust funnel:** Win rates saw a healthy jump for India operations and improved marginally for international ops. The company won a big contract in the BFSI space. The order book, which has been flat for the past few quarters, saw good growth in 1Q, largely led by a couple of large deal wins. The funnel comprises 59% of DPS and 41% of core connectivity services.
- **Quarterly growth:** Core connectivity revenue was affected by cable cuts in the Red Sea. Cloud hosting revenue rose 4.2% QoQ, next-gen revenue was flat, and media revenues grew 9.2% QoQ due to the ICC T20 World Cup in the Americas and Caribbean.

Research Analyst: Tanmay Gupta (Tanmay.Gupta@MotilalOswal.com)

Valuation and view

- We keep our estimates largely unchanged and estimate revenue/EBITDA growth of 12/18% over FY24-26.
- The company has set an ambitious revenue growth target of INR280b by FY27 in the digital portfolio, which would be supported by both organic and inorganic initiatives.
- Net debt jumped ~68%% YoY to INR96.1b due to inorganic acquisitions. However, TCOM's strong FCF of ~INR58b annually would allow it to scout for growth opportunities, with a healthy RoCE target of over 20%.
- Margin improvement and data revenue growth should be the key catalysts for further valuation re-rating. We maintain our Neutral rating with a TP of INR1,950, assigning 10x/3x EBITDA to the Data/Voice businesses.

Cons. Quarterly Earning Model (INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	Var (%)
Revenue	**47.7**	**48.7**	**56.3**	**56.9**	**56.3**	**57.8**	**59.3**	**61.1**	**209.7**	**234.5**	**58.4**	-4
YoY Change (%)	10.7	10	24.4	24.6	18.1	18.6	5.2	7.3	17.5	11.8	38.2	
Total Expenditure	37.5	38.6	45	46.4	45.1	46.3	47.1	47.8	167.4	186.3	47.3	-5
EBITDA	**10.2**	**10.2**	**11.3**	**10.6**	**11.2**	**11.5**	**12.2**	**13.3**	**42.3**	**48.2**	**11**	2
YoY Change (%)	-4.9	-10.1	5.3	2.1	9.8	13	7.6	25.8	-2	14	5.5	
Depreciation	5.8	6.1	6.2	6.7	6.5	6.7	7	7	24.7	27.2	6.8	-4
Interest	1.3	1.4	1.9	1.9	1.7	1.7	1.7	1.6	6.4	6.8	1.8	-6
Other Income	1.9	0.3	0.1	0.6	0.3	0.6	0.6	1	2.8	2.5	0.8	-65
PBT before EO expense	**5**	**3**	**3.4**	**2.6**	**3.3**	**3.6**	**4.1**	**5.6**	**14**	**16.7**	**3.2**	4
Exceptional (gain)/loss	0	0	1.9	0.5	-0.9	0	0	0	2.4	0	0	
PBT	**5**	**3**	**1.5**	**2.1**	**4.2**	**3.6**	**4.1**	**5.6**	**11.6**	**16.7**	**3.2**	31
Tax	1.3	0.8	1.1	-1.1	0.9	0.9	1	1.4	2.1	4.2	0.8	
Rate (%)	25.9	26.1	73.8	-52.4	20.8	25.2	25.2	25.2	18.4	25.4	25.2	
MI & P/L of Asso. Cos.	-0.1	0	0	-0.1	0	0	0	-0.1	-0.2	-0.2	0	
Reported PAT	**3.8**	**2.2**	**0.4**	**3.2**	**3.3**	**2.7**	**3.1**	**4.3**	**9.7**	**12.6**	**2.4**	38
Adj PAT	**3.8**	**2.2**	**2.3**	**3.7**	**2.5**	**2.7**	**3.1**	**4.3**	**12**	**12.6**	**2.4**	2
YoY Change (%)	-30.2	-51.5	-41.5	14.5	-34.9	24.2	36.7	14.4	-30	4.9	-24.5	

Segmental details: DPS leads the growth (+3% QoQ)

- Data revenue, the key driver of revenue growth (contributes 82% of consol. revenue/EBITDA), increased by 0.8% QoQ to INR46.9b (in line).
  - Within the segment, core connectivity (54% contribution) declined 1% QoQ, while DPS (46% contribution) grew 3% QoQ.
  - Data EBITDA grew 6% QoQ and margins stood at 19.3% (up 90bp QoQ).
- Voice segment revenue declined 1.5% QoQ to INR4.2b, EBITDA increased 5% QoQ to INR462m, and margin improved 70bp QoQ to 10.9%.
- Others segment revenue declined 15% QoQ to INR5.2b, led by TCTS sub-segment. EBITDA rose 10% QoQ to INR1.7b and margins expanded 740bp QoQ to 32.9%.
  - The company has terminated a loss-making contract, which led to a decline in revenue and improvement in EBITDAM.

Others

- **Refinancing via issuance of NCD:** The board of directors approved a proposal to raise funds through the issuance of non-convertible debentures in a private placement for an amount up to INR20b.
- **Proposed restructuring:** TCOM is in the process of simplifying its existing layered structure and move Tata Communications (UK) Limited (TC UK), step down wholly owned subsidiary, directly under the ownership of TCOM. This would be an intra-group transaction and therefore, the ultimate beneficial economic interest and ownership of the company in TC UK will remain the same.

Exhibit 1: Valuation-based on Mar'26E EBITDA

India Business	
Particulars	**FY26E**
EBITDA	61,780
Multiple (x)	9.5
Voice EBITDA	1,588
Multiple (x)	3
Data EBITDA	60,192
Multiple (x)	10
Enterprise Value	**5,85,915**
Net Debt	30,132
Equity Value	5,55,784
No of Shares (mn)	285
Equity value/share (INR)	**1,950**
% Upside(Downside)	9%
CMP (INR)	1,789

Source: MOFSL, Company

CONFERENCE CALL

Key takeaways from the management interaction

Growth

- In 1QFY25, the funnel comprised 59% of DPS and 41% of core connectivity services. Win rates saw a healthy jump for India operations and improved marginally for international segment. The company has won a big contract in the BFSI space.
- The order book, which has been flat for the past few quarters, saw good growth in 1Q, largely driven by a couple of large deal wins.
- Macro challenges persist, while opportunities exist in the market. Decision-making at the enterprise level is slower, resulting in longer lead times. The order book from OTT and SP segments remained lumpy in the last couple of quarters.
- TCOM has received an order for an event in Tokyo next year (order booked this year).
- Winning deals in Kaleyra will help the company grow in the overall CPaaS market, which has been muted globally.

Quarterly businesses growth

- Cloud hosting and security revenues increased by 4.2% QoQ and next-gen revenues were flat due to the aforesaid reclassification and also some customer-specific issues and delays.
- Media business revenues grew 9.2% QoQ. The ICC T20 World Cup in Americas and Caribbean was a coming together of Tatacom and switch capabilities.
- Core connectivity revenues this quarter were affected by cable cuts in the Red Sea.

Margin improvement

- TCOM expects to maintain or improve EBITDA margins from 20%.
- The company benefited from the termination of loss-making contracts in TCTS and one-off reversal in employee costs in 1Q.
- The company's organic business grew 23.3%, in line with the guidance of 23% to 25%.

Capex

- Cash capex in 1Q stood at INR5.41b and the approved CapEx is close to INR7.06b.
- The company is investing in opportunities to stay ahead of a disruptive technology curve, including megatrends such as AI cloud.
- The company has launched a unified SASE offering in partnership with Versa, which is a global launch.

Exhibit 2: Quarterly performance (INR m)

	1QFY24	4QFY24	1QFY25	YoY (%)	QoQ (%)	1QFY25E	v/s est (%)
Revenue	**47,714**	**56,917**	**56,334**	**18.1**	**-1.0**	**58,377**	**-3.5**
Operating Expenses	37,473	46,354	45,092	20.3	-2.7	47,342	-4.8
EBITDA	**10,240**	**10,563**	**11,242**	**9.8**	**6.4**	**11,035**	**1.9**
EBITDA Margins (%)	**21.5%**	**18.6%**	**20.0%**	**-151bps**	**140bps**	**18.9%**	**105bps**
Depreciation	5,797	6,658	6,474	11.7	-2.8	6,778	-4.5
Interest	1,310	1,882	1,722	31.4	-8.5	1,839	-6.4
Other Income	1,886	570	263	-86.0	-53.8	752	-65.0
Exceptional Items loss/(gain)	-20	521	-857	NM	NM	0	NM
PBT	**5,039**	**2,072**	**4,167**	**-17.3**	**101.1**	**3,170**	**31.4**
Tax	1,306	-1,085	868	-33.6	-180.0	798	8.8
Effective Tax Rate (%)	25.9%	-52.4%	20.8%			25.2%	
PAT	**3,732**	**3,157**	**3,299**	**-11.6**	**4.5**	**2,372**	**39.1**
MI & P/L in Associates	85	55	29	-65.2	-46.5	48	
PAT after Minority	**3817**	**3212**	**3,328**	**-12.8**	**3.6**	**2,420**	**37.5**
Adjusted PAT	**3260**	**2303**	**2,471**	**-24.2**	**7.3**	**2,420**	**2.1**

Source: MOFSL, Company

Exhibit 3: Detailed segmental quarterly performance

Particulars	**1QFY24**	**4QFY24**	**1QFY25**	**YoY (%)**	**QoQ (%)**	**1QFY25E**	**v/s est (%)**
Revenues							
Voice segment	4,183	4,290	4,227	1.1	-1.5	4,166	1.5
Others	4,409	6,069	5,171	17.3	-14.8	6,302	-18.0
Data segment	39,121	46,559	46,936	20.0	0.8	47,909	-2.0
Total Revenue	**47,714**	**56,917**	**56,334**	**18.1**	**-1.0**	**58,377**	**-3.5**
EBITDA							
Voice segment	**621**	**440**	**462**	**-25.5**	**5.0**	**424**	**9.2**
Margin (%)	14.8%	10.3%	10.9%	-391bps	67bps	10.2%	77bps
Others	**334**	**1,550**	**1,701**	**408.7**	**9.8**	**1,599**	**6.4**
Margin (%)	7.6%	25.5%	32.9%	2531bps	736bps	25.4%	753bps
Data segment	**9,285**	**8,573**	**9,079**	**-2.2**	**5.9**	**9,013**	**0.7**
Margin (%)	23.7%	18.4%	19.3%	-439bps	93bps	18.8%	53bps
Total EBITDA	**10,240**	**10,563**	**11,242**	**9.8**	**6.4**	**11,035**	**1.9**
Margin (%)	21.5%	18.6%	20.0%	-151bps	140bps	18.9%	105bps

Exhibit 4: Summary of our revised estimates

	FY25E	FY26E
Global Voice revenue (INR b)		
Old	16.0	14.2
Actual/New	16.4	15.3
Change (%)	**2.9**	**7.5**
Global Data revenue (INR b)		
Old	200.3	228.0
Actual/New	196.5	224.6
Change (%)	**-1.9**	**-1.5**
Total revenue (INR b)		
Old	242.9	273.0
Actual/New	234.5	264.0
Change (%)	**-3.5**	**-3.3**
Total EBITDA (INR b)		
Old	49.1	61.1
Actual/New	48.2	59.4
Change (%)	-1.8	-2.8
Voice EBITDA (INR b)		
Old	1.6	1.4
Actual/New	1.8	1.6
Change (%)	10.8	16.1
Data EBITDA (INR b)		
Old	40.8	52.0
Actual/New	41.1	52.2
Change (%)	0.9	0.4
EBITDA margin (%)		
Old	20.2	22.4
Actual/New	20.6	22.5
Change (%)	35bps	11bps
PAT (INR m)		
Old	13.7	23.8
Actual/New	12.6	22.1
Change (%)	-7.8	-7.2

Source: MOFSL, Company

Story in charts

Exhibit 5: Revenue declined 1% QoQ, EBITDA margin up 140bp

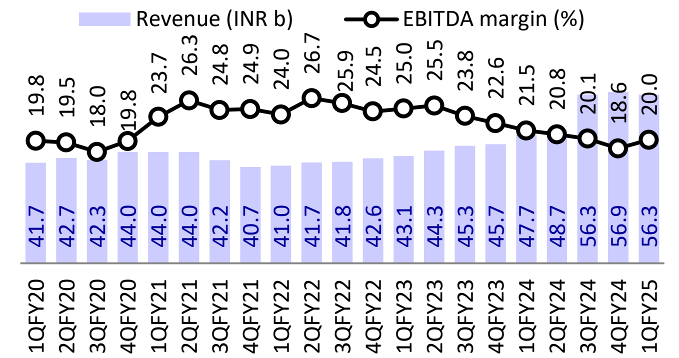


Exhibit 6: Data segment continued to lead Revenue/EBITDA

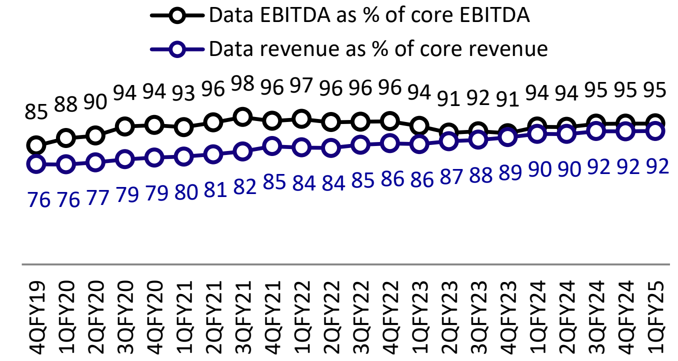
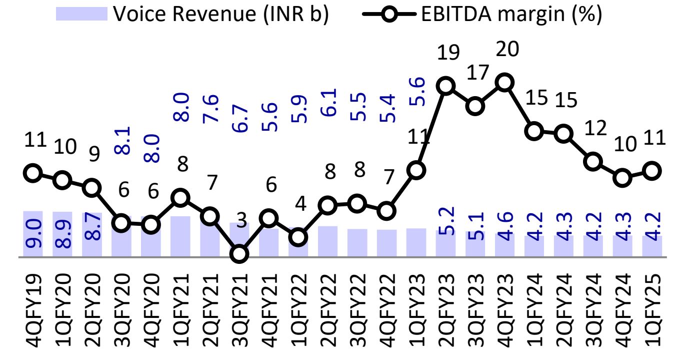
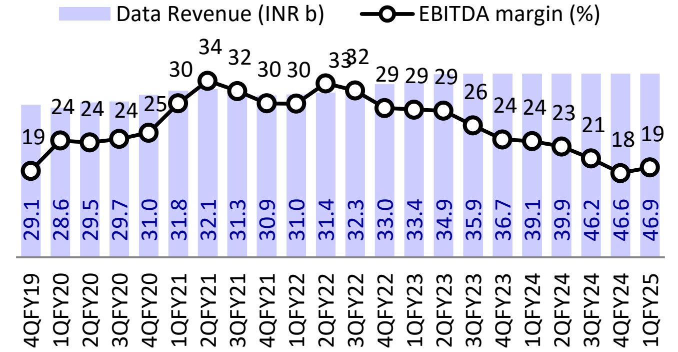


Exhibit 7: Voice revenue down 1.5%, margins up 70bp QoQ



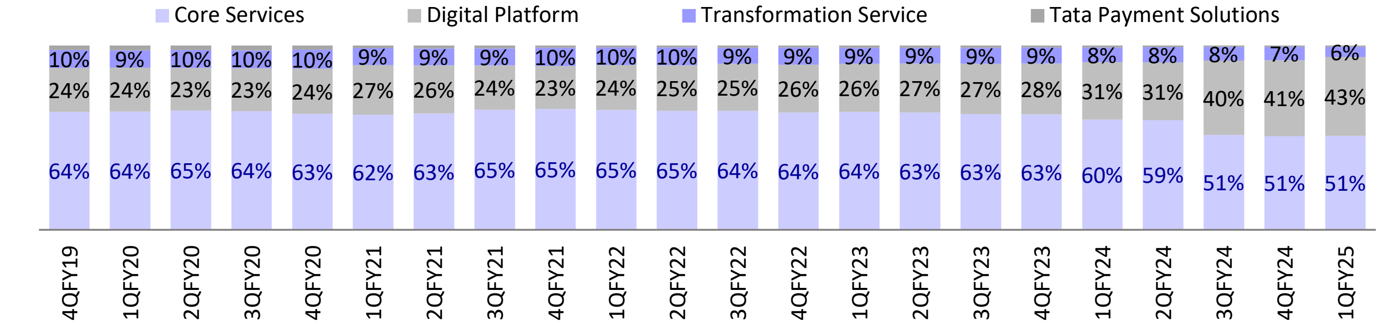
Source: MOFSL, Company

Exhibit 8: Data revenue up 0.8%, margin up 90bp QoQ



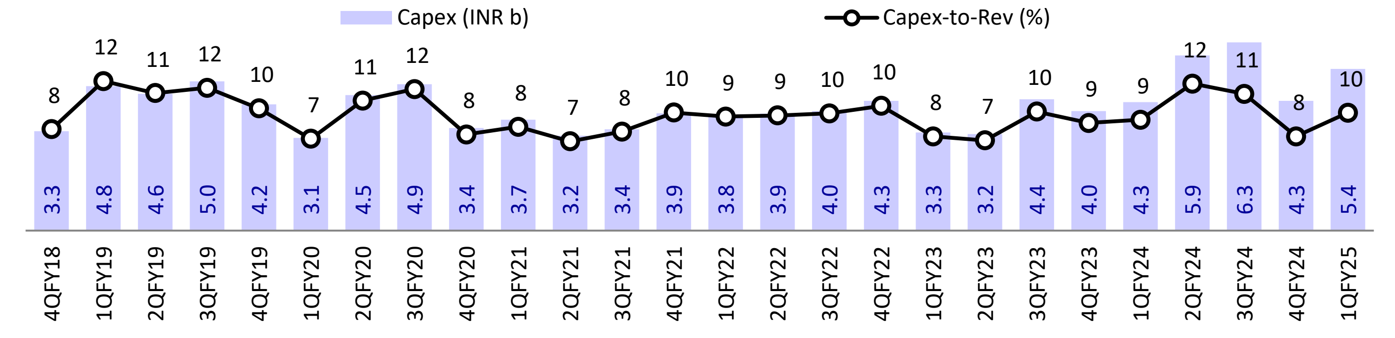
Source: MOFSL, Company

Exhibit 9: Revenue contribution from various segments; DPS continued to grow



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

Exhibit 10: Quarterly capex trend



Source: MOFSL, Company

Financials and valuations

Consolidated - Income Statement (INRb)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Total Income from Operations	**165.2**	**170.7**	**171.0**	**167.2**	**178.4**	**209.7**	**234.5**	**264.0**
Change (%)	-1.5	3.3	0.2	-2.2	6.7	17.5	11.8	12.6
Network Cost	71.6	67.8	63.3	62.0	63.8	80.9	96.2	104.5
Staff Cost	29.6	30.4	30.5	30.4	36.0	44.5	47.5	51.8
Operating & Other Expense	36.6	39.6	34.6	32.6	35.5	42.0	42.6	48.3
Total Expenditure	**137.8**	**137.8**	**128.4**	**125.0**	**135.2**	**167.4**	**186.3**	**204.6**
% of Sales	83.4	80.7	75.1	74.7	75.8	79.8	79.4	77.5
EBITDA	**27.4**	**32.9**	**42.6**	**42.3**	**43.2**	**42.3**	**48.2**	**59.4**
Margin (%)	16.6	19.3	24.9	25.3	24.2	20.2	20.6	22.5
Depreciation	20.7	23.6	23.1	22.0	22.6	24.7	27.2	28.5
EBIT	**6.8**	**9.3**	**19.5**	**20.2**	**20.6**	**17.6**	**21.0**	**30.9**
Int. and Finance Charges	4.0	4.7	4.2	3.6	4.3	6.4	6.8	5.6
Other Income	0.6	0.7	1.6	3.3	3.6	2.8	2.5	3.9
PBT bef. EO Exp.	**3.4**	**5.3**	**16.8**	**19.9**	**19.9**	**14.0**	**16.7**	**29.3**
EO Items	0.0	-3.9	-0.7	0.1	0.8	-2.4	0.0	0.0
PBT after EO Exp.	**3.4**	**1.4**	**16.1**	**20.0**	**20.6**	**11.6**	**16.7**	**29.3**
Total Tax	2.7	2.3	3.5	5.2	3.0	2.1	4.2	7.4
Tax Rate (%)	80	162	22	26	14	18	25	25
Minority Interest	1.5	0.0	0.0	0.0	-0.3	-0.2	-0.2	-0.2
Reported PAT	**-0.8**	**-0.9**	**12.5**	**14.8**	**18.0**	**9.7**	**12.6**	**22.1**
Adjusted PAT	**-0.6**	**3.0**	**13.3**	**14.8**	**17.2**	**12.0**	**12.6**	**22.1**
Change (%)	-288.6	-582.2	340.2	11.5	16.4	-30.0	4.9	74.8
Margin (%)	-0.4	1.8	7.8	8.8	9.6	5.7	5.4	8.4

Consolidated - Balance Sheet (INRb)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
Total Reserves	-4.7	-15.6	-1.7	6.4	12.3	15.0	24.3	43.1
Net Worth	**-1.8**	**-12.8**	**1.2**	**9.3**	**15.2**	**17.9**	**27.2**	**46.0**
Minority Interest	0.1	0.0	0.3	0.3	0.3	0.0	0.0	0.0
Total Loans	106.8	81.6	98.0	79.0	75.3	101.2	94.0	74.0
Lease liabilities	0.0	39.9	14.4	12.2	10.4	11.5	11.5	11.5
Deferred Tax Liabilities	-0.9	-2.5	-2.8	-1.9	-3.2	-5.2	-5.2	-5.2
Capital Employed	**104.2**	**106.3**	**111.0**	**98.9**	**98.0**	**125.3**	**127.4**	**126.2**
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross Block	116.6	129.1	151.3	170.4	190.3	226.9	246.6	266.2
Less: Accum. Deprn.	5.0	28.6	51.7	73.8	96.4	121.1	148.3	176.8
Net Fixed Assets	**111.6**	**100.5**	**99.6**	**96.6**	**93.9**	**105.8**	**98.2**	**89.4**
Right to use assets	**0.0**	**16.0**	**13.3**	**11.5**	10.0	11.0	11.0	11.0
Goodwill on Consolidation	0.9	0.9	1.1	1.1	1.2	17.8	17.8	17.8
Capital WIP	4.1	4.5	6.1	8.7	11.5	13.3	13.3	13.3
Total Investments	**14.9**	**15.6**	**22.3**	**15.7**	**19.5**	**16.1**	**16.1**	**16.1**
Curr. Assets, Loans&Adv.	**67.2**	**72.0**	**67.8**	**61.0**	**66.0**	**74.4**	**90.5**	**113.1**
Inventory	0.8	0.7	0.3	0.4	1.6	0.8	1.4	1.5
Account Receivables	29.7	32.3	26.1	25.8	27.4	37.6	35.3	39.8
Cash and Bank Balance	8.5	9.1	9.3	7.4	10.6	8.4	23.1	39.2
Loans and Advances	28.2	29.9	32.1	27.3	26.4	27.6	30.7	32.6
Curr. Liability & Prov.	**94.4**	**103.2**	**99.3**	**95.6**	**103.9**	**113.1**	**119.5**	**134.5**
Account Payables	36.9	38.4	32.4	30.1	32.8	36.6	38.5	43.4
Other Current Liabilities	51.5	57.3	60.0	57.9	62.7	67.3	70.7	79.6
Provisions	6.0	7.5	6.9	7.7	8.5	9.3	10.3	11.6
Net Current Assets	**-27.2**	**-31.2**	**-31.5**	**-34.6**	**-37.9**	**-38.7**	**-29.0**	**-21.4**
Appl. of Funds	**104.2**	**106.3**	**111.0**	**98.9**	**98.0**	**125.3**	**127.4**	**126.2**

Financials and valuations

Ratios								
Y/E March	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**
Basic (INR)								
EPS	**-2.2**	**10.6**	**46.5**	**51.8**	**60.3**	**42.3**	**44.3**	**77.5**
Cash EPS	70.4	93.3	127.7	129.2	139.7	128.9	139.9	177.4
BV/Share	-6.4	-44.9	4.1	32.5	53.3	62.7	95.4	161.3
DPS	4.5	4.0	14.0	20.7	21.0	16.7	10.0	10.0
Payout (%)	-205.4	37.9	30.1	39.9	34.8	39.5	22.6	12.9
Valuation (x)								
P/E	-816.6	169.3	38.5	34.5	29.6	42.3	40.3	23.1
Cash P/E	25.4	19.2	14.0	13.8	12.8	13.9	12.8	10.1
P/BV	-280.4	-39.9	441.6	55.0	33.6	28.5	18.8	11.1
EV/Sales	3.6	3.6	3.5	3.5	3.2	2.9	2.5	2.0
EV/EBITDA	21.6	18.4	13.9	13.7	13.1	14.1	12.0	9.1
Dividend Yield (%)	0.3	0.2	0.8	1.2	1.2	0.9	0.6	0.6
FCF per share	-27.1	36.5	64.5	89.7	103.2	39.0	102.7	143.5
Return Ratios (%)								
RoE	-39.3	-41.2	-227.9	283.3	140.6	72.9	56.1	60.4
RoCE	1.5	-5.8	14.8	16.3	20.6	14.4	13.3	19.7
RoIC	1.9	-7.5	20.2	21.3	28.5	20.0	19.2	34.9
Working Capital Ratios								
Fixed Asset Turnover (x)	1.4	1.3	1.1	1.0	0.9	0.9	1.0	1.0
Asset Turnover (x)	1.6	1.6	1.5	1.7	1.8	1.7	1.8	2.1
Inventory (Days)	2	2	1	1	3	1	2	2
Debtor (Days)	66	69	56	56	56	65	55	55
Creditor (Days)	81	82	69	66	67	64	60	60
Leverage Ratio (x)								
Current Ratio	0.7	0.7	0.7	0.6	0.6	0.7	0.8	0.8
Interest Cover Ratio	1.7	2.0	4.6	5.6	4.8	2.7	3.1	5.6
Net Debt/Equity	-45.9	-7.6	69.9	7.3	3.7	4.9	2.4	0.7

Consolidated - Cash Flow Statement								(INRb)
Y/E March	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**
OP/(Loss) before Tax	3.4	-0.8	12.5	20.0	20.6	11.6	16.7	29.3
Depreciation	20.7	23.6	23.1	22.0	22.6	24.7	27.2	28.5
Interest & Finance Charges	4.0	4.7	4.2	3.6	4.3	8.3	6.8	5.6
Direct Taxes Paid	-2.7	-2.8	-5.0	0.9	-2.0	-2.2	-4.2	-7.4
(Inc)/Dec in WC	-3.3	-2.5	-5.5	-4.7	-0.6	-11.0	5.0	8.6
CF from Operations	**22.0**	**22.1**	**29.4**	**41.8**	**45.0**	**31.4**	**51.4**	**64.5**
Others	-6.6	3.1	2.4	0.2	-1.1	0.5	-2.5	-3.9
CF from Operating incl EO	**15.4**	**25.2**	**31.8**	**42.0**	**43.8**	**31.8**	**48.9**	**60.6**
(Inc)/Dec in FA	-23.2	-14.9	-13.4	-16.5	-14.4	-20.7	-19.7	-19.7
Free Cash Flow	**-7.7**	**10.4**	**18.4**	**25.6**	**29.4**	**11.1**	**29.3**	**40.9**
(Pur)/Sale of Investments	-2.4	-0.5	-6.9	9.4	-3.2	-3.6	0.0	0.0
Others	-0.3	0.0	0.3	-1.9	-0.8	-2.1	2.5	3.9
CF from Investments	**-25.8**	**-15.3**	**-20.0**	**-8.9**	**-18.4**	**-26.4**	**-17.2**	**-15.7**
Issue of Shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inc/(Dec) in Debt	11.4	-4.0	-8.4	-27.8	-13.0	3.2	-7.2	-20.0
Interest Paid	-4.0	-3.9	-2.5	-2.5	-3.5	-5.3	-6.8	-5.6
Dividend Paid	0.0	-1.5	-1.1	-4.0	-5.9	-6.0	-3.3	-3.3
Others	-1.5	0.0	0.5	-0.6	0.1	-0.1	0.2	0.2
CF from Fin. Activity	**6.0**	**-9.4**	**-11.6**	**-34.9**	**-22.2**	**-8.2**	**-17.1**	**-28.7**
Inc/Dec of Cash	**-4.4**	**0.6**	**0.2**	**-1.8**	**3.2**	**-2.8**	**14.7**	**16.1**
Opening Balance	13.0	8.5	9.1	9.3	7.4	10.6	8.4	23.1
Closing Balance	**8.5**	**9.1**	**9.3**	**7.4**	**10.6**	**8.4**	**23.1**	**39.2**

NOTES

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

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

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

Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

.

Specific Disclosures

1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
5 Research Analyst has not served as director/officer/employee in the subject company
6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)

- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report
Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.
This report is meant for the clients of Motilal Oswal only.
Investment in securities market are subject to market risks. Read all the related documents carefully before investing.
Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.
Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.
Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.
Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.
Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.