

# Bharti Airtel Ltd

| Industry | LTP       | Recommendation  | Sequential Targets * | Time Horizon |
|----------|-----------|---|----------------------|--------------|
| Telecom  | Rs. 572.5 | Buy in the Rs 565-585 band and add on dips to Rs 479-516 band | 646 and 685          | 2 quarters   |

|                        |            |
|------------------------|------------|
| HDFC Scrip Code        | BHAAIREQNR |
| BSE Code               | 532454     |
| NSE Code               | BHARTIARTL |
| Bloomberg              | BHARTI IN  |
| CMP June 03, 2020      | 572.5      |
| Equity Capital (Rs cr) | 2727.8     |
| Face Value (Rs)        | 5.0        |
| Equity Share O/S (cr)  | 545.6      |
| Market Cap (Rs crs)    | 312356.0   |
| Book Value (Rs)        | 141.9      |
| Avg. 52 Wk Volumes     | 435791     |
| 52 Week High           | 612.0      |
| 52 Week Low            | 321.2      |

| Share holding Pattern % (Mar 31, 20) |       |
|--------------------------------------|-------|
| Promoters                            | 59.0  |
| Institutions                         | 36.1  |
| Non Institutions                     | 4.9   |
| Total                                | 100.0 |

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\*= Investors may sell 60-65% of their holdings on first target being achieved and later keep stoploss of first target for the balance holdings in case the second target takes time to be achieved

### Our Take:

Bharti Airtel is an integrated telecom service operator, offering mobile, broadband, fixed-line telephone, DTH (direct-to-home) and enterprise services. The company has a healthy subscriber base and revenue market share with a pan-India network. While the number of subscribers in India has declined, largely driven by introduction of minimum recharge plans, the revenue market share has improved to 31% in the quarter ended March 2020. Its initiatives such as equity fund raising, and stake sales in the African subsidiary, Bharti Infratel, and Bharti Telemedia, has helped contain debt. Apart from this, Bharti Telecom (promoter) sold 2.75 per cent stake to de-leverage its debt and reduce the promoter pledged shares.

Bharti Airtel reported sharp sequential revenue growth in the India wireless segment, with 15% QoQ revenue growth. Mobile India ARPU was up at Rs154 vs Rs135 in Q3FY20. The telecom sector after underperforming over 2018 and 2019 could come back in favour post the pricing war coming to an end and tariff hikes taken by all players. Given the pricing discipline, ARPUs can rise @8-10% p.a. over the next few years due to low competition to fall in line with mobile revenues to GDP ratios across the globe. The robust addition to subscriber base by the two large operators post the tariff hikes suggests willingness to accept hikes. The weight of the Indian telecom stocks in the Indian and global indices can also improve from the current low levels. Greater monetization of capex could lead to better return ratios over the next few years.

### Valuations & Recommendation:

The industry-wide tariff hikes affected from Dec 2019 should support the improvement in EBITDA and ARPU. Strong market position in the domestic mobile and non-mobile segment, diversification across businesses, healthy operations in Africa, high financial flexibility makes Bharti Airtel attractive for Investment. Rising tariffs and limited competition augur well for the company. **We feel investors could buy the stock in the Rs 565-585 band and add on dips to Rs.479-516 band (6.8-7.2x FY22E EV/EBITDA) for sequential targets of Rs 646 (8.5x FY22E EV/EBITDA) and Rs 685 (8.9x FY22E EV/EBITDA). At the CMP of Rs 572.5 the stock trades at 7.75x FY22E EV/EBITDA.**

### Financial Summary

| Particulars (Rs cr)    | Q4FY20  | Q4FY19  | YoY-%   | Q3FY20  | QoQ-%  | FY19     | FY20      | FY21E      | FY22E      |
|------------------------|---------|---------|---------|---------|--------|----------|-----------|------------|------------|
| Total Operating Income | 23722.7 | 20602.2 | 15.1    | 21947.1 | 8.1    | 80,780.2 | 87,539.0  | 1,01,019.1 | 1,14,345.8 |
| EBITDA                 | 3161.2  | 6625.7  | -52.3   | 8195.9  | -61.4  | 25,574.4 | 36,482.3  | 44,296.9   | 53,228.0   |
| Depreciation           | 7055.0  | 5493.4  | 28.4    | 6940.8  | 1.6    | 21,347.5 | 27,689.6  | 30,832.4   | 34,093.8   |
| Other Income           | 190.9   | 2113.5  | -91.0   | 226.8   | -15.8  | 701.9    | 977.2     | 858.7      | 743.2      |
| Interest Cost          | 3307.6  | 2532.3  | 30.6    | 2984.6  | 10.8   | 9,589.4  | 12,382.0  | 10,658.2   | 10,640.5   |
| Tax                    | -2033.5 | 137.4   | -1580.0 | -1037.9 | 95.9   | -3,419.3 | -12,182.3 | 916.2      | 2,309.2    |
| APAT                   | -4977.0 | 576.1   | -182.5  | -464.8  | -368.0 | 409.5    | -32,183.2 | 1,609.4    | 5,731.5    |
| Diluted EPS (Rs)       | -9.7    | 0.3     | -3976.0 | -2.0    | -379.7 | 1.0      | -59.0     | 3.0        | 10.5       |
| RoE-%                  |         |         |         |         |        | 0.6      | -41.7     | 2.1        | 7.0        |
| P/E (x)                |         |         |         |         |        | 558.9    | -9.7      | 194.1      | 54.5       |
| EV/EBITDA              |         |         |         |         |        | 13.4     | 11.8      | 9.7        | 7.8        |

(Source: Company, HDFC sec)

### Recent Triggers

#### **Strong market position in the domestic mobile telephone segment and tariff hikes to result in improvement in India Mobile performance**

Bharti Airtel is enjoying healthy subscriber base and revenue market share with a pan-India network. The total subscriber base stood at 284 million, as on March 31, 2020, vs. 283 million, as on March 31, 2019. Company has consistently maintained its revenue market share of ~31% vs. 35% of market share by its nearest competitor, Reliance Jio. Both telecom majors continue to gain subscribers as well as market share at an encouraging pace going forward, while Vodafone Idea could face pressure.

The telecom operators increased tariffs to the tune of 25-40% across their tariff plans across pan India, effective from December 2019. This is expected to complement the implementation of minimum recharge plans and would result in higher ARPU levels and thus improvement in revenue and profitability and free cash flow of the India mobile services segment.

#### **5G network to bring incremental growth going forward**

5G is expected to be significantly smarter, faster and efficient compared to its legacy 3G and 4G predecessors. For instance, it holds a promise of 100 times more speed relative to 4G networks. The launch of 5G-enabled technologies is expected to be transformative in the telecom and other industries by unlocking various disruptive new technologies. Global investment in the 5G industrial chain over 2020-2035 is likely to reach US\$ 3.5 trillion. More than US\$12 trillion sales are expected to be generated by global industry applications driven by 5G technology.

Bharti Airtel has selected Ericsson's 5G-ready Cloud Packet Core to boost network performance. Airtel will be benefitted from Ericsson's market leading packet core network applications and functions. The deployment will enhance capacity in Airtel's network and enable the network to address the rapidly growing demand for high-speed data services. Introduction of 5G network could bring growth in its ARPU going forward, albeit with an increase in license/spectrum fees and Capex.

### Long term Triggers

#### **Turnaround in ARPU and greater cost optimization measures have started in FY20 which could lead to sustained improvement in operating & financial performance of mobile business**

Bharti Airtel's ARPU (Average revenue per user) has risen sequentially for the third straight quarter, helped by higher data usage and tariff hikes. An increase in ARPU may lead to a significant upgrade in EBITDA as the tariff hike may change subscriber addition dynamics and elasticity of demand. ARPU stood at Rs 154 in Q4FY20 vs. Rs 123 in Q4FY19, Rs 136 in FY20 vs. 116 in FY19, which is highest Mobile India ARPU in the industry.

The company has reported steady improvement in performance of African operations over last few quarters driven by growth in data uptake and several cost optimisation initiatives. This along with improvement in non-mobile India operations has offset the overall adverse impact of intense competition in the Indian mobile operations on its EBITDA to some extent which has now started to show signs of recovery. The Indian telecom sector has entered a phase of tariff discipline which is likely to sustain going ahead.

Indian telecom sector could see the scope for rise in ARPU, India's mobile revenues/GDP ratio stood at 0.7 per cent is among the lowest compared to the countries with similar per capita GDP. We expect to see ARPU at a range of Rs 157-162 in FY21E and Rs 172- 175 in FY22E.

### **Merger of Tata's mobile business with Bharti Airtel could help to expand spectrum footprint and 4G coverage**

On 07 February 2020, the Department of Telecommunications (DoT) approved the merger of the consumer mobile operations of the Tata group with Bharti Airtel. Under the deal, Airtel absorbed Tata's mobile phone operations across the country in 19 circles out of which 17 under Tata Teleservices and two under Tata Teleservices (Maharashtra) Ltd. Airtel's spectrum footprint and 4G coverage were expanded after the acquisition. The deal also empowered Airtel to use part of the existing fibre network of the Tata companies.

### **Sound financial profile and looking to become debt free**

- Bharti Airtel reported 15 per cent (YoY) revenue growth (consolidated) to Rs 23722.7cr in Q4FY20 helped by the tariff hikes initiated December, 2019, increase in ARPU, and rupee depreciation. EBITDA was up by 51.7 per cent (YoY) at Rs 10,326 cr, EBITDA margin stood at 43.5 per cent in Q4FY20. Company reported net loss of Rs 5237cr in Q4FY20 vs net profit of Rs 107.2cr in Q4FY19. The one off charges of Rs 7,004cr on account of re-assessment of regulatory cost based on One Time Spectrum Charges (OTSC), interest on the provision of license fee and spectrum usage charges and other regulatory expenses impacted its profitability. Net loss (before exceptional items) stood at Rs 471cr in Q4FY20.
- On segmental front, Mobile revenue was up by 21.8 per cent (YoY) primarily led by increase in 4G customer base coupled with improved tariffs. ARPU (Average revenue per user) stood at Rs 154 in Q4FY20 vs. Rs 123 in Q4FY19. Its Mobile 4G data customers increased ~12.5Mn in Q4FY20. India Mobile data traffic has increased by 74.2 per cent to 6,010 PBs (Petabytes) in the quarter as compared to 3,451 PBs in the corresponding quarter last year.
- It's consolidated net debt excluding lease obligations stood at Rs 88,251cr as on 31st March, 2020 vs. Rs 108,235cr as on 31st March, 2019. Consolidated net debt including lease obligations is at Rs 118,859cr. The Net Debt to EBITDA ratio on reported basis (annualized) as on 31st March, 2020 stood at 2.88 times vs. 4.15 times as on 31st March, 2019.
- Bharti Airtel has in H2FY20 raised Rs 21,501.7cr of additional long term financing through a combination of Rs 14,400.0cr in the form of qualified institutional placement (QIP) of equity shares (approx 32.4cr fully paid up equity shares of face value Rs 5 each were issued and allotted at a price of Rs. 445 per equity share) and Rs. 7,101.7cr in the form of 1.50% Foreign Currency Convertible Bond offerings (FCCBs) (issued at par and repayable in 2025 at 102.66% of their outstanding principal amount). Besides, its Mauritius-based wholly owned subsidiary - Network i2i raised US\$250mn through issuance of a subordinated perpetual bond. Earlier in May 2019, it raised Rs.25000 cr by way of rights issue to its shareholders in the ratio of 19:67 @Rs. 220 per share. Most of these funds were used for capex and to meet AGR liability.
- Bharti Airtel's parent company Bharti Telecom raised US\$1billion by selling 2.75 per cent promoter stake through a block deal at Rs 558 a unit, on May 26, 2020. Promoter's shareholding came down from 38.8 per cent to 36 per cent. Bharti Telecom is owned 50.56% by the Mittal family and 49.44% by SingTel.
- Any relief by the Government in terms of granting moratorium on payment of AGR and spectrum dues could benefit Bharti Airtel in terms of cash flows and valuation.
- Bharti Airtel is consistent on paying dividend to its shareholders.

### What could go wrong

#### **Higher competition**

There are very few telecom players in Indian telecom industry. The competition in the Indian telecommunications industry has remained elevated over the last few years leading to pressure on realisations for all players. For Bharti Airtel, the ARPU in India mobile operations had declined to Rs. 101 in Q2FY19 from Rs. 142 in Q2FY18. However, it has started showing signs of reversal since then and has increased to Rs. 154 in Q4FY20. Although the competitive intensity by the new player (R-Jio) has reduced lately, any intensification of this could hurt Bharti Airtel in terms of revenues and margins.

#### **Payment of AGR dues could impact its profitability**

As per Department of Telecommunications (DoT) estimates, Bharti Airtel owes the government Rs 35,586cr dues, including license fee and spectrum usage charge. The company has so far paid Rs 13,000cr in AGR (adjusted gross revenue) dues to the telecom department. As per the company's self-assessment, the total AGR dues amount to Rs 13,004 cr and same has been cleared. The company has completed the self-assessment AGR dues from the period of 2006-07 to February 2020. Airtel also said that in addition to Rs 13,004cr, it also paid Rs 5,000cr to the DOT as an ad-hoc payment subject to subsequent refund/adjustment to cover differences arising of any reconciliation exercise done by the DOT itself.

#### **COVID-19 effect**

Bharti Airtel is likely to take only a modest hit amid Covid-19-induced lockdowns as it is slated to report medium-term growth, driven by the strong prepaid tariff hikes last December, a scenario likely to also prop up its average revenue per user (ARPU). New customer's addition could be impacted by the pandemic, which could reduce its operating income in H1FY21.

#### **Bharti Infratel's earnings at risk**

Bharti Airtel's subsidiary Bharti Infratel's earnings are at risk due to the Adjusted Gross Revenue case where Vodafone-Idea's (VIL) status as a going concern is "uncertain". If VIL shuts operation, Bharti Infratel's consolidated tenancy, revenue and EBITDA (recurring cash) could decline by more than 30 percent. However, it will still generate Free Cash Flow (after tax and capex) at 25-26 percent of rent revenues. However if VIL survives well with Govt reliefs, it could placate the concerns on Bharti Infratel, but raise concerns in the core mobile service business where the current weakness in VIL is benefitting the two other players.

#### **Regulatory risk**

The telecom industry remains susceptible to regulatory and technological changes. New technology could necessitate fresh investments or overhaul of the existing networks. Furthermore, telecom is a highly regulated market. Drop in termination charges, for domestic calls to 6 paisa from 14 paisa, and for international calls to 30 paisa from 53 paisa, had constrained profitability of large incumbent players. Large spends on 5G licenses/spectrum and the accompanying capex could also constrain its free cash flows.

**Currency fluctuations**

Bharti Airtel operates out of many countries and is susceptible to foreign exchange risks including translation and remittance. It has also borrowed money in foreign currency- largely in USD. Also most of its equipment is imported.

**Fall in crude prices**

The recent sharp fall in crude oil prices could impact the purchasing / spending power of consumers in oil exporting countries (including some in Africa where Bharti Airtel has a presence). This could have an impact on the consolidated revenue growth by Bharti Airtel. On the other hand, if there is adequate pass through of prices of diesel, it could benefit its network operating expenses.

**About the company**

Bharti Airtel Ltd, the flagship company of Bharti Enterprises, is amongst the world's largest telecommunications companies offering mobile, fixed broadband, digital TV solutions and mobile commerce to over 400 million customers across 18 countries including India, South Asia and Africa. It is headquartered in New Delhi, India. The company ranks amongst the top three mobile service providers globally in terms of subscribers. In India, the company's product offerings include 2G, 3G and 4G wireless services, mobile commerce, fixed line services, high speed home broadband, DTH, enterprise services including national & international long-distance services to carriers. In the rest of the geographies, it offers 2G, 3G, 4G wireless services and mobile commerce.

Mobile telephone services are offered in all 22 telecom circles in India. It acquired Zain Africa BV in March 2010, through which it operates in 15 countries in Africa; it later set up operations in Rwanda. In fiscal 2017, the company sold its operations in two African countries Burkina Faso and Sierra Leone to Orange SA. Bharti Airtel also operates in Sri Lanka. It merged the Bangladesh operations with Robi Axiata Ltd, a unit of Axiata Group Berhad, and holds 25% stake in the merged entity in FY17.

**Financials**
**Income Statement**

| (Rs Cr)                  | FY18           | FY19           | FY20            | FY21E           | FY22E           |
|--------------------------|----------------|----------------|-----------------|-----------------|-----------------|
| <b>Net Revenues</b>      | <b>82638.8</b> | <b>80780.2</b> | <b>87539.0</b>  | <b>101019.1</b> | <b>114345.8</b> |
| Growth (%)               | -13.4          | -2.2           | 8.4             | 15.4            | 13.2            |
| Operating Expenses       | 53366.9        | 55205.8        | 51056.7         | 56722.2         | 61117.8         |
| <b>EBITDA</b>            | <b>29271.9</b> | <b>25574.4</b> | <b>36482.3</b>  | <b>44296.9</b>  | <b>53228.0</b>  |
| <b>Growth (%)</b>        | <b>-14.0</b>   | <b>-12.6</b>   | <b>42.7</b>     | <b>21.4</b>     | <b>20.2</b>     |
| <b>EBITDA Margin (%)</b> | <b>35.4</b>    | <b>31.7</b>    | <b>41.7</b>     | <b>43.9</b>     | <b>46.6</b>     |
| Depreciation             | 19243.1        | 21347.5        | 27689.6         | 30832.4         | 34093.8         |
| <b>EBIT</b>              | <b>10028.8</b> | <b>4226.9</b>  | <b>8792.7</b>   | <b>13464.5</b>  | <b>19134.2</b>  |
| Other Income             | 1309.7         | 701.9          | 977.2           | 858.7           | 743.2           |
| Interest expenses        | 8071.5         | 9589.4         | 12382.0         | 10658.2         | 10640.5         |
| <b>PBT</b>               | <b>3267.0</b>  | <b>-4660.6</b> | <b>-2612.1</b>  | <b>3664.9</b>   | <b>9236.9</b>   |
| Tax                      | 1083.5         | -3419.3        | -12182.3        | 916.2           | 2309.2          |
| <b>RPAT</b>              | <b>2183.5</b>  | <b>-1241.3</b> | <b>9570.2</b>   | <b>2748.7</b>   | <b>6927.7</b>   |
| <b>APAT</b>              | <b>1449.6</b>  | <b>409.5</b>   | <b>-32183.2</b> | <b>1609.4</b>   | <b>5731.5</b>   |
| Growth (%)               | -67.4          | -71.7          | -7959.1         | -105.0          | 256.1           |
| EPS                      | 3.6            | 1.0            | -59.0           | 3.0             | 10.5            |

**Balance Sheet**

| As at March                       | FY18            | FY19            | FY20            | FY21E           | FY22E           |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>SOURCE OF FUNDS</b>            |                 |                 |                 |                 |                 |
| Share Capital                     | <b>1998.7</b>   | <b>1998.7</b>   | <b>2727.8</b>   | <b>2727.8</b>   | <b>2727.8</b>   |
| Reserves                          | 67535.7         | 69423.5         | 74417.0         | 74662.5         | 78757.3         |
| <b>Shareholders' Funds</b>        | <b>69534.4</b>  | <b>71422.2</b>  | <b>77144.8</b>  | <b>77390.3</b>  | <b>81485.1</b>  |
| Long Term Debt                    | 84942.0         | 87245.4         | 115447.0        | 105447.0        | 95447.0         |
| Net Deferred Taxes                | -1872.4         | -7808.2         | -25328.3        | -21444.7        | -22744.7        |
| Long Term Provs & Others          | 7990.8          | 8819.5          | 10027.2         | 10102.7         | 10185.7         |
| <b>Minority Interest</b>          | <b>8813.9</b>   | <b>13525.8</b>  | <b>24984.7</b>  | <b>27483.2</b>  | <b>30231.5</b>  |
| <b>Total Source of Funds</b>      | <b>169408.7</b> | <b>173204.7</b> | <b>202275.4</b> | <b>198978.5</b> | <b>194604.6</b> |
| <b>APPLICATION OF FUNDS</b>       |                 |                 |                 |                 |                 |
| Net Block & Goodwill              | 196951.6        | 210465.7        | 233537.8        | 242512.5        | 241947.4        |
| CWIP                              |                 |                 |                 |                 |                 |
| Other Non-Current Assets          | 17198.0         | 22888.2         | 23582.0         | 24761.1         | 25999.2         |
| <b>Total Non Current Assets</b>   | <b>214149.6</b> | <b>233353.9</b> | <b>257119.8</b> | <b>267273.6</b> | <b>267946.6</b> |
| Current Investments               |                 |                 |                 |                 |                 |
| Inventories                       | 69.3            | 88.4            | 156.9           | 110.7           | 125.3           |
| Trade Receivables                 | 5883.0          | 4300.6          | 4605.8          | 5535.3          | 6265.5          |
| Cash & Equivalents                | 13568.4         | 12687.2         | 29660.6         | 18051.3         | 17962.4         |
| Other Current Assets              | 13978.3         | 15788.0         | 42219.9         | 42219.9         | 42219.9         |
| <b>Total Current Assets</b>       | <b>33499.0</b>  | <b>32864.2</b>  | <b>76643.2</b>  | <b>65917.2</b>  | <b>66573.2</b>  |
| Short-Term Borrowings             | 12956.9         | 38182.9         | 32781.1         | 27781.1         | 22781.1         |
| Trade Payables                    | 26853.6         | 26313.8         | 25019.9         | 29060.3         | 32894.0         |
| Other Current Liab & Provs        | 38429.4         | 28516.7         | 73686.6         | 77370.9         | 84240.1         |
| <b>Total Current Liabilities</b>  | <b>78239.9</b>  | <b>93013.4</b>  | <b>131487.6</b> | <b>134212.3</b> | <b>139915.2</b> |
| Net Current Assets                | -44740.9        | -60149.2        | -54844.4        | -68295.1        | -73342.0        |
| <b>Total Application of Funds</b> | <b>169408.7</b> | <b>173204.7</b> | <b>202275.4</b> | <b>198978.5</b> | <b>194604.6</b> |

(Source: Company, HDFC sec)

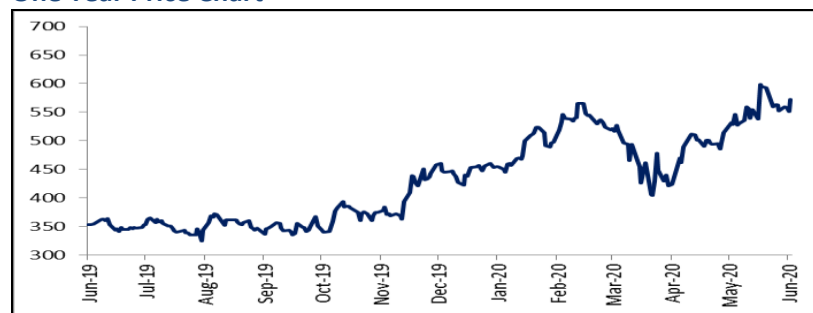
**Cash Flow Statement**

| (Rs Cr)                        | FY18             | FY19             | FY20             | FY21E            | FY22E            |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|
| Reported PBT                   | 3,267.0          | -1,731.8         | -42,846.5        | 3,664.9          | 9,236.9          |
| Non-operating & EO items       | -1,200.1         | -3,850.9         | 38,449.6         | 27,678.0         | 5,500.8          |
| Interest Expenses              | 9,325.5          | 11,013.4         | 13,726.1         | 10,658.2         | 10,640.5         |
| Depreciation                   | 19,243.1         | 21,347.5         | 27,689.6         | 30,832.4         | 34,093.8         |
| Working Capital Change         | 590.6            | -5,537.4         | -16,596.4        | 5,737.8          | 8,803.0          |
| Tax Paid                       | -1,372.3         | -1,170.6         | -2,293.7         | -8,663.9         | -9,236.9         |
| <b>OPERATING CASH FLOW (a)</b> | <b>29,853.8</b>  | <b>20,070.2</b>  | <b>18,128.7</b>  | <b>69,907.4</b>  | <b>59,038.2</b>  |
| Capex                          | -25,248.4        | -29,049.9        | -20,585.1        | -44,855.1        | -34,840.6        |
| Free Cash Flow                 | 4,605.4          | -8,979.7         | -2,456.4         | 25,052.3         | 24,197.5         |
| Investments                    | -2,373.3         | -571.3           | -10,246.8        | 5,405.8          | 719.6            |
| Non-operating income           | -345.9           | 1,120.3          | 340.3            | 858.7            | 743.2            |
| <b>INVESTING CASH FLOW(b)</b>  | <b>-27,967.6</b> | <b>-28,500.9</b> | <b>-30,491.6</b> | <b>-38,590.7</b> | <b>-33,377.8</b> |
| Debt Issuance / (Repaid)       | 4,007.3          | 10,588.3         | -8,102.6         | -15,000.0        | -15,000.0        |
| Interest Expenses              | -4,404.1         | -7,617.1         | -13,726.1        | -10,658.2        | -10,640.5        |
| FCFE                           | 4,208.6          | -6,008.5         | -24,285.1        | -605.9           | -1,443.0         |
| Share Capital Issuance         | 5,679.9          | 11,493.2         | 44,846.6         | 0.0              | 0.0              |
| Dividend                       | -3,265.2         | -4,661.7         | -1,091.1         | -1,363.9         | -1,636.7         |
| Other                          | -97.4            | -338.9           | -4,774.0         | -858.7           | -743.2           |
| <b>FINANCING CASH FLOW(c)</b>  | <b>1,920.5</b>   | <b>9,463.8</b>   | <b>17,152.8</b>  | <b>-27,880.8</b> | <b>-28,020.4</b> |
| <b>NET CASH FLOW (a+b+c)</b>   | <b>3,806.7</b>   | <b>1,033.1</b>   | <b>4,789.9</b>   | <b>3,435.9</b>   | <b>-2,360.1</b>  |
| <b>CLOSING BALANCE</b>         | <b>2,846.8</b>   | <b>4,095.2</b>   | <b>11,770.1</b>  | <b>15,206.0</b>  | <b>12,846.0</b>  |

**Key Ratios**

| (Rs Cr)                       | FY18  | FY19  | FY20  | FY21E | FY22E |
|-------------------------------|-------|-------|-------|-------|-------|
| EBITDA Margin                 | 35.4  | 31.7  | 41.7  | 43.9  | 46.6  |
| EBIT Margin                   | 12.1  | 5.2   | 10.0  | 13.3  | 16.7  |
| APAT Margin                   | 1.8   | 0.5   | -36.8 | 1.6   | 5.0   |
| RoE                           | 2.1   | 0.6   | -41.7 | 2.1   | 7.0   |
| RoCE                          | 16.3  | 6.9   | 12.7  | 18.5  | 24.4  |
| <b>Solvency Ratio</b>         |       |       |       |       |       |
| Debt/EBITDA (x)               | 3.3   | 4.9   | 4.1   | 3.0   | 2.2   |
| Net D/E                       | 1.4   | 1.8   | 1.9   | 1.7   | 1.5   |
| <b>PER SHARE DATA</b>         |       |       |       |       |       |
| EPS                           | 3.6   | 1.0   | -59.0 | 3.0   | 10.5  |
| CEPS                          | 51.8  | 54.4  | -8.2  | 59.5  | 73.0  |
| BV                            | 173.9 | 178.7 | 141.9 | 141.9 | 149.4 |
| Dividend                      | 5.3   | 2.5   | 2.0   | 2.5   | 3.0   |
| <b>Turnover Ratios (days)</b> |       |       |       |       |       |
| Debtor days                   | 26.0  | 19.4  | 19.2  | 20.0  | 20.0  |
| Inventory days                | 0.4   | 0.7   | 0.4   | 0.4   | 0.0   |
| Creditors days                | 118.6 | 118.9 | 104.3 | 105.0 | 105.0 |
| <b>VALUATION</b>              |       |       |       |       |       |
| P/E                           | 157.9 | 558.9 | -9.7  | 194.1 | 54.5  |
| P/BV                          | 3.3   | 3.2   | 4.0   | 4.0   | 3.8   |
| EV/EBITDA                     | 10.7  | 13.4  | 11.8  | 9.7   | 7.8   |
| EV / Revenues                 | 3.8   | 4.2   | 4.9   | 4.2   | 3.6   |
| Dividend Yield (%)            | 0.9   | 0.4   | 0.3   | 0.4   | 0.5   |

(Source: Company, HDFC sec)

**One Year Price Chart**


(Source: Company, HDFC sec)



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