

Stock Update Bharti Airtel Ltd.

Oct 07, 2021





Bharti Airtel Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Telecom	Rs. 691.4	Buy in the Rs 669-681 band & add more on dips to Rs. 605-617 band	Rs. 733	Rs. 798	2 quarters

HDFC Scrip Code	BHAAIR
BSE Code	532454
NSE Code	BHARTIARTL
Bloomberg	BHARTI IN
CMP Oct 06, 2021	691.4
Equity Capital (Rs Cr)	2727.5
Face Value (Rs)	5.0
Equity Share O/S (Cr)	545.5
Market Cap (Rs Cr)	379,719
Book Value (Rs)	108.1
Avg. 52 Wk Volumes	18,658,648
52 Week High	739.1
52 Week Low	387.0

Share holding Pattern % (Jun, 2021)	
Promoters	55.9
Institutions	38.8
Non Institutions	5.3
Total	100.0



HDFCsec Retail research
stock rating meter

for details about the ratings, refer at the end of the report

* Refer at the end for explanation on Risk Ratings

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Our Take:

Bharti Airtel is an integrated telecom service operator, offering mobile, broadband, fixed-line telephone, DTH (direct-to-home) and enterprise services. Over the last 18 months, in the Covid era, Telecom as a sector has undergone an accelerated digital explosion which has resulted in strong penetration of data even in rural and low income segments. Bharti 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 34.9% as on 30 June, 2021. Its initiatives such as equity fund raising, and value unlocking in the African subsidiary (12% stake in Mobile money for \$300Mn to TPG & Mastercard), Indus Towers, and Bharti Telemedia, has helped contain debt. Also the company believes that going forward there's a strong case for increase in tariffs and hopes that ARPU will rise to Rs. 200/month by end FY22 (vs ARPU of Rs 146 in Q1FY22). In the longer term, as per the management it targets ARPU of Rs. 300/month. Apart from future 5G rollout, unlike RIL JIO, Bharti has an inherent advantage of a large 2G and 3G customer base (operating at significantly lower ARPU) which will eventually transition to 4G which will be APRU accretive. The company has also recently has discontinued the popular Rs 49-prepaid plan, replacing it with a Rs 79-option.

Bharti Airtel's spectrum holding is robust and spread across different bands with strong capability to provide 2G, 3G and 4G. Over the years, Bharti Airtel has expanded its spectrum holding by acquiring spectrum through auctions. Besides, the company has been active outside of auctions in acquisition of data centric spectrum, such as spectrum acquisition from Videocon, Aircel and Tikona and through acquisition of Telenor, and consumer mobile business (CMB) of the Tata Group. Further, in the recently concluded auctions, the company acquired sub-GHz spectrum which improves the overall network coverage services.

Over the last 5-7 quarters, the company has raised a sizeable quantum of funds in the form of equity and equity linked instruments, along with monetization of stake in some businesses. The company also has an extensive access to financial markets and has a demonstrated track record of raising funds as and when needed. Recently, the company approved its plan to raise further capital of Rs 21,000 cr through rights issue.

The multiple structural and process reforms in the Telecom sector approved by the Union Cabinet in Sept 2021 were much needed to help reduce the regulatory burden on Telecom Service Providers (TSPs). Bharti will now be able to defer ~Rs4000 cr towards AGR and ~Rs7500 cr towards spectrum dues in FY23E and use these to fund its 5G capex.



We had initiated [Stock Note](#) on Bharti Airtel Ltd on 05 June, 2020, recommend to buy at LTP at Rs 565-585 band and add further on dips to Rs. 479-516 band for base case target of Rs 646 and bull case target of Rs 685. Besides, we had issued the report as a [Diwali Pick](#) on 06 Nov, 2020 and recommended to buy at LTP of Rs 452.7 and add further on dips to Rs 400-403 for a target of Rs 597, the stock achieved its target on 13 Jan, 2021. Given healthy growth outlook and strong set of numbers in Q1FY22, we have now revised earnings and increased target price for the stock.

Valuation & Recommendation:

Bharti enjoys diversified presence across geographies with non-India operations (primarily Africa) contributing 26% to the consolidated revenues in FY21. The company has been maintaining its high customer base as well as improvement in ARPU. Additionally, Bharti has been entering into partnerships and collaboration with the best companies for 5G deployment and is focusing on customer additions. We expect the ARPU to improve further and the company to maintain solid position in Mobile business and DTH business.

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 resulting in lower leverage and strong improvement in return ratios.

While telecom companies globally have not given sufficient returns to investors, as far as Indian and Bharti are concerned, market reset, integrated telco nature and ability to drive revenue growth exceeding nominal GDP could help Bharti provide returns to investors over the next few years. Also growth acceleration in the B2B space by rising demand for like cybersecurity, home entertainment, new products like Airtel IQ and Airtel Ads and Africa, can provide superior returns as risks remain contained.

We feel investors could buy the stock in the Rs 669-681 band (8x Sept FY23E EV/EBITDA), and add on dips to Rs. 605-617 band (7.5x Sept FY23E EV/EBITDA). Base case fair value of the stock is Rs 733 (8.6x Sept FY23E EV/EBITDA) and the bull case fair value of the stock is Rs 798 (9.2x Sept FY23E EV/EBITDA). At the CMP of Rs 691.4 the stock trades at 8.2x Sept FY23E EV/EBITDA.



Financial Summary (Consolidated)

Particulars (Rs Cr)	Q1FY22	Q1FY21	YoY-%	Q4FY21	QoQ-%	FY20	FY21	FY22E	FY23E	FY24E
Total Operating Income	26854	23939	12.2	25747	4.3	84,677	1,00,616	1,12,839	1,24,329	1,39,768
EBITDA	12980	-1338	-1070.3	12332	5.3	34,253	45,372	48,408	54,705	61,777
Depreciation	7714	7227	6.7	7502	2.8	27,094	29,404	29,445	30,278	30,986
Other Income	735	647	13.6	1052	-30.1	1,536	643	1,918	2,238	2,236
Interest Cost	4226	3456	22.3	3861	9.5	14,073	15,091	15,074	13,942	12,367
Tax	835	3818	-78.1	510	63.6	-12,182	9,246	1,539	3,435	5,681
APAT	941	-15191	-106.2	1511	-37.7	-30,858	-14,898	3,628	7,894	12,732
Diluted EPS (Rs)	0.5	-29	-101.8	1.4	-62.6	-56.6	-27.3	6.7	14.5	23.3
RoE-%						-41.5	-21.9	5.7	10.5	13.9
P/E (x)						-12.2	-25.3	104.0	47.8	29.6
EV/EBITDA (x)						14.5	11.5	10.5	9.0	7.5

(Source: Company, HDFC sec)

Recent Developments

Q1FY22 Result Update

- Bharti Airtel reported above expected numbers in Q1FY22 showing strong business momentum led by leading operational indicators. Consolidated revenue grew by 15.3% YoY to Rs 26,854 crore in Q1FY22, mainly driven by higher traction and sustained growth in customers (+12.9% YoY to 47.4 cr). EBITDA was up by 30.1% YoY to Rs 12,980 crore and EBITDA margin was up by 570bps YoY to 48.3% in Q1FY22. Net Profit stood at Rs 941 crore in Q1FY22, supported by healthy operating profit vs. net loss of Rs 15,811 crore in Q1FY21. PAT margin stood at 3.5% in Q1FY22.

Segment wise performance

- Mobile services from India revenues (contributed 53.3% of revenue) grew by 11.1% YoY on comparable basis on account of the improved realizations as well as strong customer additions.
- Mobile Service from South Africa (contributed 30.5% of revenue) increased by 26.8% YoY, and Mobile Service from South Asia (contributes 0.4% of revenue) declined by 12.5% YoY in Q1FY22.
- Airtel Business (contributed 14.2% of revenue) increased by 8.1% YoY, on the back of strong demand for connectivity and solutions.
- Home Services (contributed 2.4% of revenue) increased by 12.9% YoY.
- Digital TV Services (contributed 3% of revenue) grew by 8.7% YoY, Digital TV business further strengthens its leadership position.

Subscribers

- Mobile India 4G customers at 184.4 mn, up by 46.1 mn on YoY basis,



- Highest ever customer additions of 285 K in the homes business in Q1FY22,
- Monthly Mobile Data consumption per customer at 18.5 GBs, up by 13.7% YoY,
- Digital TV business added 282 K customers, base increases to 18.0 Mn in Q1FY22,

ARPU

- Average revenue per user (ARPU) continued to be best in industry as Q1FY22, ARPU came in at Rs 146 vs. Rs 138 in Q1FY21 and Rs 145 in Q4FY21 on a comparable basis.

Geography wise performance

- Revenues from India up 19.2% YoY on a comparable basis and 11.1% YoY on a reported basis. EBITDA margin at 49.3%, up 636 bps YoY. EBIT margin at 15.4%, up 723 bps YoY. Customer base stands at ~ 351 million and Capex spend for the quarter of Rs 5,714 crore.
- Revenue from Africa (in constant currency) up 33.1% YoY, EBITDA margin at 48.1%, up 428 bps YoY, EBIT margin at 31.8%, up 746 bps YoY. Customer base stands at ~ 121 million and Capex spend for the quarter of Rs 779 crore.

Key Updates

Ongoing investment on 5G network to bring incremental growth going forward

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 trn. More than US\$12 trn sales are expected to be generated by global industry applications driven by 5G technology. Airtel network is fully ready for 5G service and company is conducting trials in multiple cities. It has also partnered with the best companies such as Intel, Qualcomm, Mavenir etc for Open Radio Access Network initiative.

Bharti Airtel recorded a speed of over 1 Gigabit per second during a 5G field trial in Mumbai using Finnish firm Nokia's network gear in July- 2021. The company trialed a live 5G trial in Mumbai's Phoenix Mall in Lower Parel. Airtel is conducting the trial in the 3500 MHz band using 5G gear from Nokia as per DoT guidelines. The trials have delivered speeds of over 1 Gbps with ultra-low latency.

Bharti Airtel is looking for new partners to enable 5G use cases for various consumers and enterprises in the country. It is also readying to start a campaign to educate users about their next 5G smartphone to ensure they can get the best experience.

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.



Bharti Airtel and Tata Group announced a strategic partnership for implementing 5G networks solutions for India. As per the partnership, Bharti Airtel will pilot and deploy Tata's technology as part of its 5G rollout plans. Airtel will start the pilot in January 2022.

In July-2021, Bharti Airtel, and Intel announced a collaboration to develop 5G network by leveraging virtualized radio access network (vRAN) and open radio access network (O-RAN) technologies. The collaboration is part of Airtel's 5G roadmap for India as it transforms its networks to allow its customers to reap the full possibilities of the hyper connected world where Industry 4.0 to cloud gaming and virtual / augmented reality become an everyday experience.

In July-2021, Bharti Airtel has also joined hands with Cisco to launch its connectivity solutions for enterprises based on the latter's Software Defined Wide Area Networking (SD-WAN) technology. The solution will enable businesses, large and small, to accelerate digital transformation for their customers and allow organizations to deliver applications to users with greater visibility, security and performance.

Expectation of turnaround in ARPU and cost optimization measures could lead to sustained improvement in operating & financial performance of mobile business

Bharti's ARPU despite being impacted by free validity offered to low ARPU subscribers during the lockdown, is the highest Mobile India ARPU in the industry. ARPU stood at Rs 146 up by Re 1 in Q1FY22. The ARPU dipped in Q4FY21 across the industry primarily due to the zero interconnect charges regime (IUC) effective 1 January 2021. 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. 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. The company also expects mobile average revenue per user (ARPU), a key metric for telecom companies to inch up to Rs 160-165 by the end of this financial year. We expect to see ARPU at a range of Rs 160-165 in FY22E and Rs 165- 175 in FY23E.

The company has reported steady improvement in performance of African operations over last few quarters driven by growth in data uptick and several cost optimisation initiatives. African business has been consistently growing in double digits. 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.

Focused on Strengthening Market Position in the Industry

Bharti Airtel has an established market position in the Indian telecom industry in terms of both subscriber market share (SMS) and revenue market share (RMS), its market position has strengthened further over the past year. The company continued to demonstrate a robust operational performance in FY21 through the continued rising proportion of high average revenue per user (ARPU) data customers in its overall subscribers (FY21: 59%; FY20: 52%, FY19: 41%).



Bharti’s data-usage of around 17GB per user per month (up 1.1x over the past one year) increased, and reported the rise in the minutes of usage to 997 billion (up 1.2x yoy). Average revenue per user (ARPU) continued to be best in industry as Q1FY22, ARPU came in at Rs 146 vs. Rs 138 in Q1FY21 and Rs 145 in Q4FY21 on a comparable basis. Bharti’s overall mobile subscriber base grew 13% YoY in FY21. The increasing proportion of high-ARPU data customers, along with the rising subscribers, augurs well for Bharti’s revenue growth. We expect 12.1% and 10.2% revenue growth in FY22E and FY23E, respectively.

Key Performance Indicators

Particulars	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22
Bharti India Wireless													
ARPU - Rs	105	100	104	123	129	128	135	154	157	162	166	145	146
Total subscribers (mn)	345	333	284	283	277	279	283	284	280	294	308	321	321
Data Subscribers (mn)	95	98	108	115	120	124	138	149	149	162	175	189	193
Monthly Churn (%)	2	4.1	7.3	2.8	2.6	2.6	2.6	2.6	2.2	1.7	1.9	2.2	2.8
Data Traffic (b mb)	2,151	2,660	3,217	3,705	4,192	4,829	5,547	6453	7240	7640	8454	9207	10771
Data usage per subscriber	7,864	9,221	10,528	11,048	11,930	13,116	13,928	14972	16655	16409	16766	16840	18932
Bharti Airtel Africa													
Mobile Subscribers(mn)	91	94	98	99	100	104	107	111	111	116	119	118	121
ARPU -USD	2.9	3	2.8	2.6	2.5	2.5	2.7	2.7	2.6	2.8	2.9	3	3.1

(Source: Company, HDFC sec)

Bharti Airtel aims to cut down debt, fuel growth with Rs 21,000 crore capital raise through Right Issue

Bharti Airtel approved to raise up to Rs 21,000 crore (US\$ 2.87bn) via a sale of rights shares to existing shareholders. The board has fixed the price of the rights issue at Rs 535 per share. Shareholders who purchase equity as part of the rights issue will have to pay 25% on application and the balance in two more rounds within 36 months. The payment in the two tranches will be based on the company’s requirements. It may be noted that shareholders will be eligible to purchase one share for every 14 held. The company believes it is raising capital ahead of times which will provide sufficient head room in improving its market share.

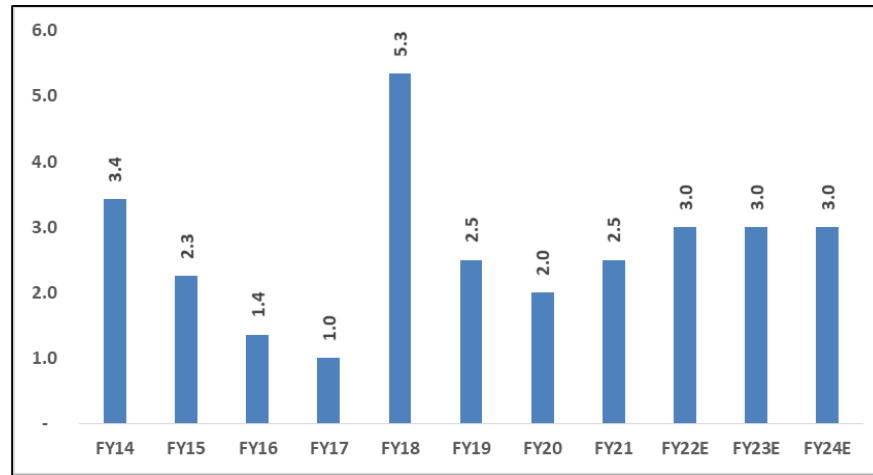
The fundraising is aimed at helping the company boost its balance sheet to invest in 5G technologies and expand its existing telecom network to compete with market leader Reliance Jio. It will also help the company repay adjusted gross revenue related liabilities among other dues. It is expected to roll-out 5G by H2FY23. Apart from 5G, the company also aims to utilize these funds behind new growth avenues like FTTH networks, data centers and other business like enterprise. The company is also looking to improve its access to growth capital and reduce its debt leverage, as the company had been burdened with extraordinary debt.



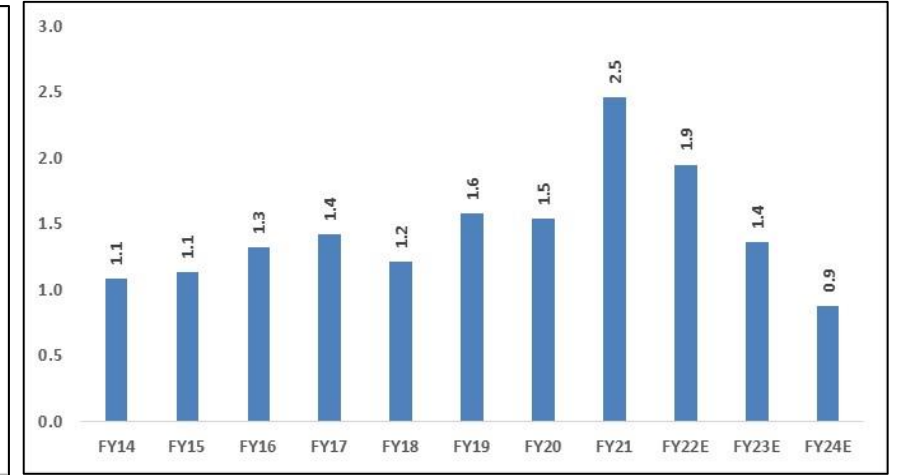
Strong visibility of recovery

- Bharti Airtel reported revenue CAGR at 11.6% over the FY19 to FY21. In FY21, the company reported revenue growth in almost all the segments, its consolidated revenue grew 18.8% YoY to Rs 100,616 cr. This was primarily supported by an 18.4% YoY rise in its standalone revenue (comprising the India mobility segment, Airtel B2B business segment and home services business segment) and around 19% YoY growth in the Africa business' revenue.
- The consolidated EBITDA margins continued to improve to 45.1% in FY21 vs. 40.5% in FY20, owing to higher ARPU in the India mobility business, better operating efficiencies for other businesses and the improving margins of the Africa business.

Dividend Per Share (Rs)



Debt/Equity (x)



- It's consolidated net debt including lease obligations stood at Rs 162,785 cr as on 31 March, 2021 vs. Rs 148,228cr as on 31 March, 2020. The Net debt to EBITDA ratio on reported basis (annualized) as on 31 March, 2021 stood at 3.2x. We expect it could go down to 2.2x, 1.6x and 1.2x in FY22E, FY23E and FY24E, respectively. Debt to equity stood at 2.5x in FY21 and we expect it to decline to 1.9x, 1.4x and 0.9x in FY22E, FY23E and FY24E, respectively.-Also beyond 5G spectrum acquisition, the company doesn't have much spectrum needs as its renewals in 2023-24 are minimal.
- Bharti Airtel is consistent on paying dividend to its shareholders.

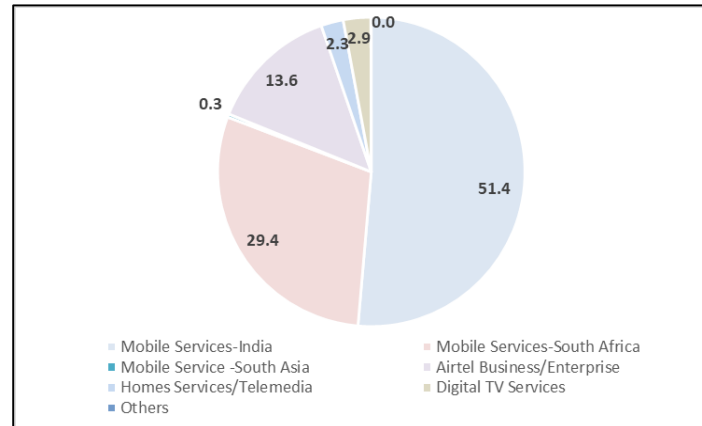
What could go wrong?

- The competition in the Indian telecommunications industry has remained elevated over the last few years leading to pressure on realisations for all players. 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.



- As per Department of Telecommunications (DoT) estimates, Bharti Airtel owes the government Rs 35,586cr dues, including license fee and spectrum usage charge. 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. Bharti Airtel has moved the Supreme Court (SC) with a review petition against an earlier order that did not allow rectification of “arithmetical errors” in the calculation of adjusted gross revenue (AGR) dues. The company has already paid Rs 18,000 cr towards this demand.
- 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 constrain its free cash flows.
- Bharti 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.
- 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. On the other hand, if there is adequate pass through of prices of diesel, it could benefit its network operating expenses.
- Vodafone Idea’s survival due to India’s freezing of repayment dues has removed one near-term potential trigger for Bharti Airtel.
- Globally telecom companies have underperformed in the past few years due to low-single digit growth in revenue and EBITDA, capital-intensive nature of the business, fast technology changes, sub-par return ratios, high competitive intensity and capital allocation strategies.

Revenue Mix





Financials (Consolidated)

Income Statement

(Rs Cr)	FY20	FY21	FY22E	FY23E	FY24E
Net Revenues	84677	100616	112839	124329	139768
Growth (%)	4.8	18.8	12.1	10.2	12.4
Operating Expenses	50423	55244	64431	69624	77990
EBITDA	34253	45372	48408	54705	61777
Growth (%)	33.9	32.5	6.7	13.0	12.9
EBITDA Margin (%)	40.5	45.1	42.9	44.0	44.2
Depreciation	27094	29404	29445	30278	30986
EBIT	7159	15967	18963	24426	30791
Other Income	1536	643	1918	2238	2236
Interest expenses	14073	15091	15074	13942	12367
PBT	-5378	1519	5807	12722	20660
Tax	-12182	9246	1539	3435	5681
RPAT	6804	-7727	4268	9287	14978
APAT	-30858	-14898	3628	7894	12732
Growth (%)	-4159.8	-51.7	-124.4	117.6	61.3
EPS	-56.6	-27.3	6.7	14.5	23.3

Balance Sheet

As at March	FY20	FY21	FY22E	FY23E	FY24E
SOURCE OF FUNDS					
Share Capital	2728	2746	2777	2806	2796
Reserves	74417	56207	65348	79926	98302
Shareholders' Funds	77145	58953	68124	82733	101099
Long Term Debt	115447	135669	125669	115669	105669
Net Deferred Taxes	-25328	-18476	-19641	-20841	-22078
Long Term Provisions & Others	10027	15886	15936	15991	16052
Minority Interest	24985	22274	24501	26951	29647
Total Source of Funds	202275	214306	214589	220503	230388
APPLICATION OF FUNDS					
Net Block & Goodwill	233538	229206	233116	236275	241773
CWIP					
Other Non-Current Assets	23582	41982	44082	46286	48600
Total Non Current Assets	257120	271189	277197	282560	290373
Current Investments					
Inventories	157	266	124	136	153
Trade Receivables	4606	3638	6183	6813	7658
Cash & Equivalents	29661	17544	15150	20314	28833
Other Current Assets	42220	33305	33305	33305	33305
Total Current Assets	76643	54753	54762	60568	69950
Short-Term Borrowings	32781	27116	22116	17116	12116
Trade Payables	25023	27872	32461	35766	40207
Other Current Liab & Provisions	73683	56648	62793	69743	77612
Total Current Liabilities	131488	111636	117370	122625	129935
Net Current Assets	-54844	-56883	-62608	-62057	-59985
Total Application of Funds	202275	214306	214589	220503	230388



Cash Flow Statement

(Rs Cr)	FY20	FY21	FY22E	FY23E	FY24E
Reported PBT	-42,847	-3,118	5,807	12,722	20,660
Non-operating & EO items	38,450	5,873	5,501	12,500	5,501
Interest Expenses	13,726	14,930	15,074	13,942	12,367
Depreciation	27,690	29,709	29,445	30,278	30,986
Working Capital Change	-16,596	3,043	6,282	7,464	9,194
Tax Paid	-2,294	-2,233	-5,807	-12,722	-20,660
OPERATING CASH FLOW (a)	18,129	48,205	56,302	64,185	58,048
Capex	-20,585	-27,114	-34,842	-34,826	-34,809
Free Cash Flow	-2,456	21,091	21,460	29,358	23,240
Investments	-10,247	-2,512	-766	-1,599	-1,698
Non-operating income	340	2,737	1,918	2,238	2,236
INVESTING CASH FLOW (b)	-30,492	-26,888	-33,689	-34,188	-34,270
Debt Issuance / (Repaid)	-8,103	-8,560	-15,000	-15,000	-15,000
Interest Expenses	-13,726	-14,930	-15,074	-13,942	-12,367
FCFE	-24,285	-2,399	-8,614	416	-4,128
Share Capital Issuance	44,847	-110	0	0	0
Dividend	-1,091	-1,364	-1,637	-1,637	-1,637
Other	-4,774	-6,421	-1,918	-2,238	-2,236
FINANCING CASH FLOW (c)	17,153	-31,385	-33,629	-32,817	-31,240
NET CASH FLOW (a+b+c)	4,790	-10,068	-11,016	-2,820	-7,462

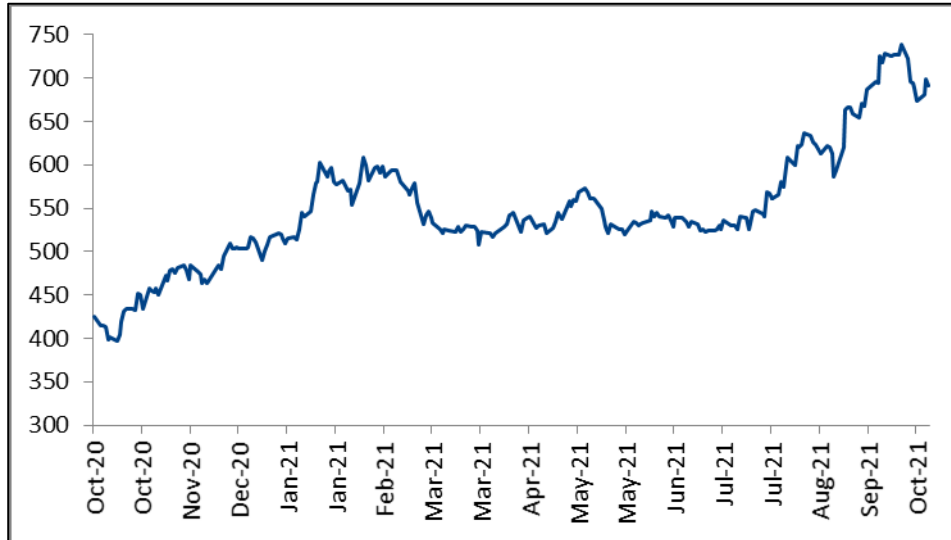
Key Ratios

Particulars	FY20	FY21	FY22E	FY23E	FY24E
Profitability Ratio (%)					
EBITDA Margin	40.5	45.1	42.9	44.0	44.2
EBIT Margin	8.5	15.9	16.8	19.6	22.0
APAT Margin	-36.4	-14.8	3.2	6.3	9.1
RoE	-41.5	-21.9	5.7	10.5	13.9
RoCE	-15.6	-7.2	2.5	4.8	7.5
Solvency Ratio (x)					
Debt/EBITDA	3.5	3.2	2.7	2.1	1.4
Net D/E	1.5	2.5	1.9	1.4	0.9
PER SHARE DATA (Rs)					
EPS	-56.6	-27.3	6.7	14.5	23.3
CEPS	-6.9	26.6	60.6	70.0	80.1
BV	151.6	108.1	124.9	151.6	185.3
Dividend	2.0	2.5	3.0	3.0	3.0
Turnover Ratios (days)					
Debtor days	20	13	20	20	20
Inventory days	1	0	0	0	0
Creditors days	108	101	105	105	105
VALUATION (x)					
P/E	-12.2	-25.3	104.0	47.8	29.6
P/BV	4.6	6.4	5.5	4.6	3.7
EV/EBITDA	14.5	11.5	10.5	9.0	7.5
EV / Revenues	5.9	5.2	4.5	3.9	3.3
Dividend Yield (%)	0.3	0.4	0.4	0.4	0.4

(Source: Company, HDFC sec)



One Year Price Chart



HDFC Sec Retail Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.



Disclosure:

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