

# Telecom Sector Update

## Bharti Airtel well placed for long term growth

We expect the 3+1 telecom industry structure to sustain in medium term with the government supporting the sector through policy reforms to help maintain the existing structure. The Telecom reforms of September'2021 that included decisions such as abolition of SUC on new spectrum auctions, modification in the definition of AGR to exclude non-core income, and moratorium on AGR dues payments are steps in right direction to resolve the pain points affecting the sector. Also, with government now holding 33% stake in VIL, it should become easier for the telecom operator to raise additional funds. While the key operating metrics for the sector are improving, it will take few more years for tangible improvement in their ROCE profile.

- **Wireless subscriber addition:** The overall subscriber addition for Bharti Airtel and Reliance Jio to continue going ahead as per existing trend with growing 4G/5G subscribers driving subscriber addition. VIL is expected to continue to lose subscribers mainly in the 2G segment.
- **ARPU Growth:** The telecom sector has stabilized to 3+1 structure and there is more pricing discipline in the sector. We expect significant tariff hike (15-20%) post May'2024 General elections, 2G to 4G migration, shift towards higher data packs, increasing postpaid subscription, and expected tariff hikes to support ARPU growth going ahead.
- **5G ramp up and monetization:** 2023 would likely see greater focus on ramping up of 5G coverage across India. While Jio is rolling 5G SA and targeting to cover all Indian towns by Dec 2023; Bharti Airtel is implementing 5G NSA and aims to cover all Indian towns and cities by March'2024.
- **Other revenue streams:** We expect faster growth in fixed broadband in India led by low penetration, affordable tariffs, falling differential price compared to wireless data. Also, the demand from WFH, learn from home, etc. will drive demand for fixed broadband. Also, Enterprise business has been shaping well for telecom operators led by data centers, cloud, security, CPaaS, etc.
- **Operating margin to stay robust:** We expect EBITDA margin of three telecom operators to improve by 150-200 bps over next 2 years led by positive operating leverage, impact of tariff hikes and some saving on account of lower SUC charges
- **Further Telecom reforms:** We expect the Government to support the sector through policy reforms to improve the viability of the sector. There have been demands to reduce License fees from current 8% to 5%; and rationalize GST rate from existing 18% rate.
- **Overhang of 5G related capex:** At the sector level, there is overhang of 5G related capex for telecom service providers and it might adversely impact their free cash flow generation for FY24/FY25. Telecom operators would have to come up with newer ways to monetize 5G related investments.
- **Optionalities:** TRAI is working on some sort of revenue sharing mechanism in the form of carriage fees to be paid by OTTs to the telecom operators for using their network. This step, if implemented, would help telecom operators in augmenting their revenue streams.

### Recommendation table

Company	Rating	CMP	TP
BHARTI IN	ADD	891	992
IDEA IN	SELL	11	6
TCOM IN	ADD	1,933	1,780
SOTL IN	ADD	176	177
INDUSTOW IN	ADD	193	197

### Absolute return (%)

	1M	3M	1Y
BHARTI IN	2.3%	6.9%	16.3%
IDEA IN	39.5%	54.8%	18.3%
TCOM IN	15.0%	31.5%	54.7%
SOTL IN	14.0%	15.7%	4.9%
INDUSTOW IN	12.2%	22.4%	-5.5%

### Shareholding (%)

	Promoter	FII+DII	Others
BHARTI IN	55.0%	41.2%	3.8%
IDEA IN	50.4%	36.2%	13.4%
TCOM IN	58.9%	31.3%	9.9%
SOTL IN	54.1%	9.2%	36.8%
INDUSTOW IN	69.0%	28.5%	2.5%

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## OUTLOOK ON TELECOM OPERATORS

### Bharti Airtel- Rating: ADD

- Bharti Airtel remains on strong footing with industry leading ARPU, growing subscriber base and excellent track record in business execution and is expected to deliver robust performance led by broad-based growth across segments. The industry pricing environment has become more favorable with 3+1 industry structure, raising expectation for regular tariff hikes going ahead. It is expected to add subscribers at steady rate as it continues to gain subscribers at the expense of VIL. It is expected to maintain industry leading ARPU (current ARPU Rs 200/month) on account of superior customer mix. We expect ARPU to improve led by increasing tariffs, 2G to 4G migrations, prepaid to postpaid conversions and rising data monetization. The rapid and cost-efficient rollout of 5G network using NSA technology would help in driving postpaid addition and overall higher data usage going ahead. Other businesses such as Fixed broadband and Enterprise business are witnessing strong traction and will drive revenue growth in medium term. EBITDA margin is expected to improve by 30-50 bps in FY24 led by strong operating leverage. Balance sheet remains strong with the net debt under control with Net debt/EBITDA well under 3x. We have ADD Rating on the stock with SOTP based target price of Rs 992/share

### Exhibit 1:

Segments	Stake	FY25E EBITDA	Multiple(x)	(Rs bn)
India mobile business	100.0%	588	8.5	4,996
Airtel Africa	56.0%	281	5.5	867
Enterprise segment	100.0%	94	8.5	800
Home segment	100.0%	31	5.0	156
DTH	100.0%	17	2.0	34
Stake in Indus tower	48.0%			243
Enterprise Value				7,097
Net debt				1,192
Equity value				5,904
Share outstanding(bn)				6.0
Target share price(Rs)				992

Source: Company, YSEC

### Vodafone Idea- Rating-Sell

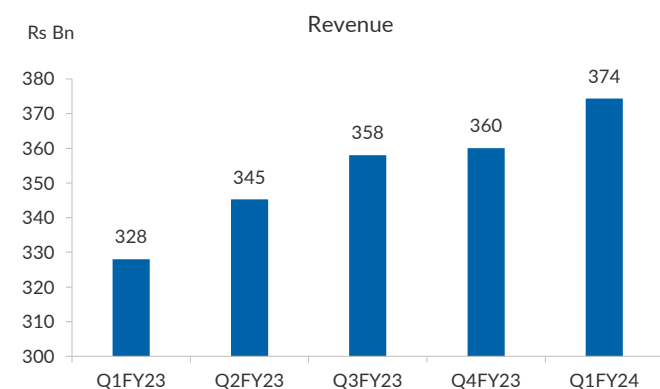
- The financial condition of VIL remains precarious on account of high debt burden as it remains a loss-making telecom operator. It continues to lose subscribers mainly in the 2G segment even as 4G addition has remained muted. It has the lowest ARPU in the industry on account of higher 2G customer mix. It urgently needs massive capital infusion of around Rs 500bn to 600bn to augment its capex to catch up with peers. We have Sell Rating on the stock with target price of Rs 6/share at EV/EBITDA of 8.5x on FY25E.

### Reliance Jio-Not Rated

- Reliance Jio is the largest telecom player in India with more than 440mn subscribers and ARPU of Rs181 as of Q1FY24. It is expected to maintain broadly steady growth trend in subscribers. Its 5G rollout remains well on track and expected to cover all of India by Dec '2023.

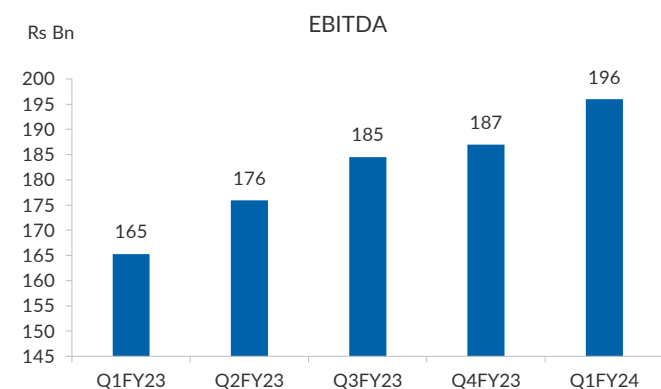
## STORY IN CHARTS – BHARTI AIRTEL

**Exhibit 1: Revenue outlook remains robust**



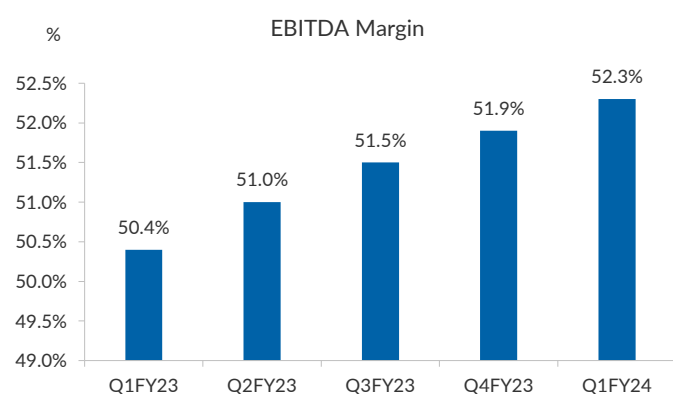
Source: Company, YES Sec

**Exhibit 2: Operating profit continues to grow**



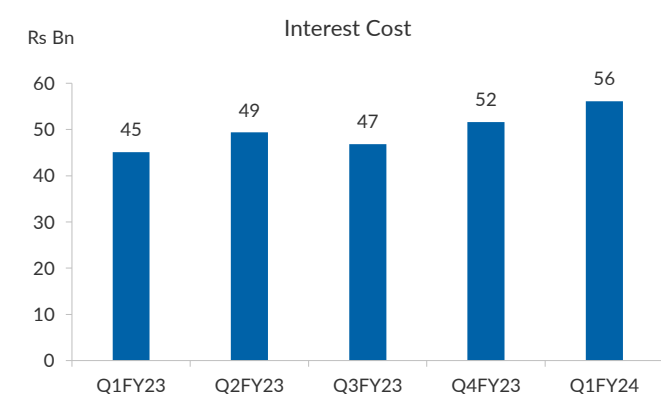
Source: Company, YES Sec

**Exhibit 3: EBITDA margin continues to improve**



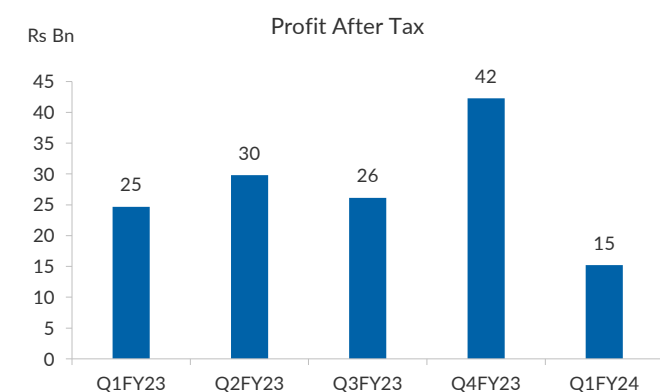
Source: Company, YES Sec

**Exhibit 4: Interest cost at reasonable level**



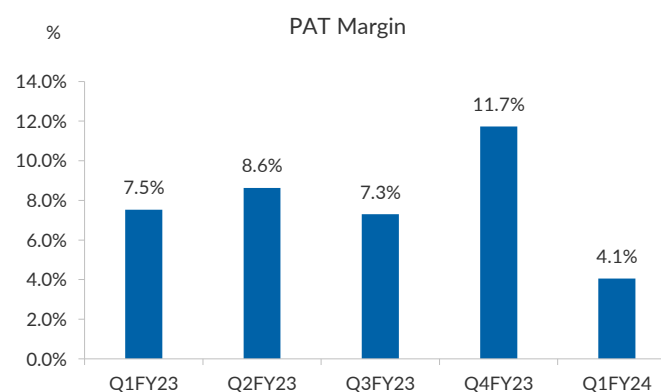
Source: Company, YES Sec

**Exhibit 5: Net profit remains strong**



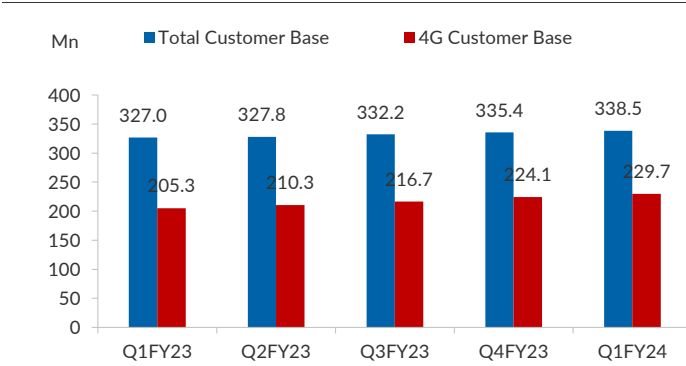
Source: Company, YES Sec

**Exhibit 6: PAT margin expected to improve**



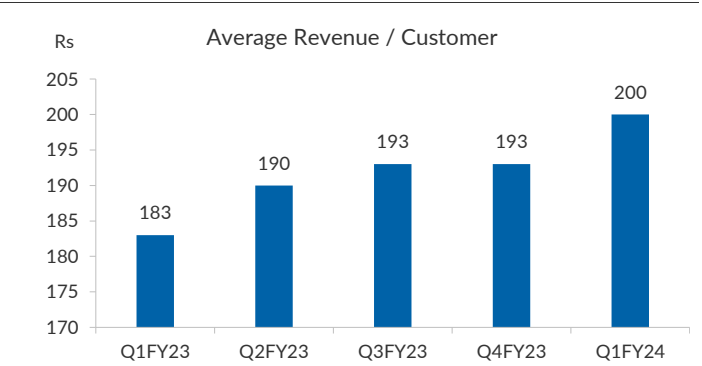
Source: Company, YES Sec

**Exhibit 7: 4G customers continue to grow**



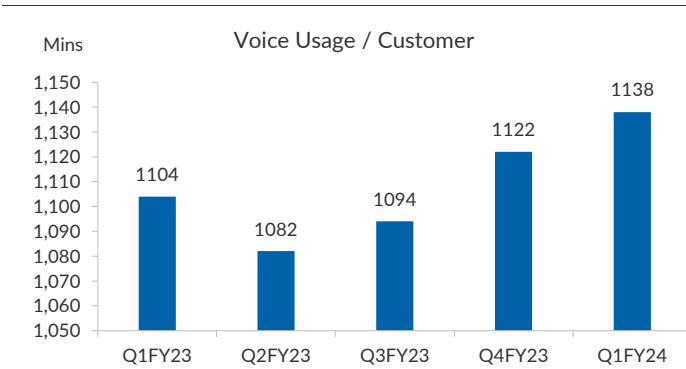
Source: Company, YES Sec

**Exhibit 8: Industry leading ARPU at Rs 200/month**



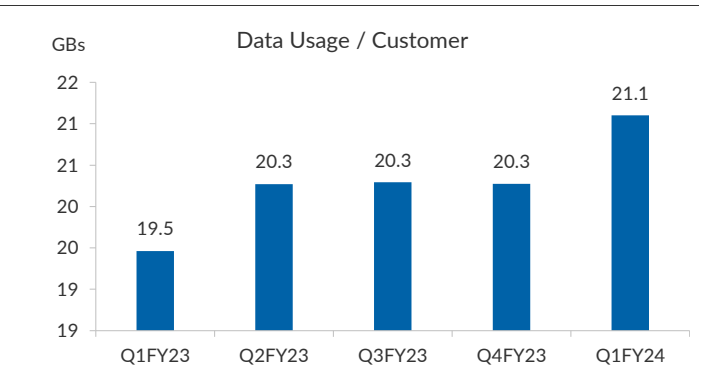
Source: Company, YES Sec

**Exhibit 9: Voice usage remains robust**



Source: Company, YES Sec

**Exhibit 10: Data usage at around 20GB/month**



Source: Company, YES Sec

## FINANCIALS – BHARTI AIRTEL

**Exhibit 11: Balance Sheet**

Y/e 31 Mar (Rs mn)	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity capital	27,278	27,460	27,950	28,366	28,366	28,366
Reserves	744,170	562,067	637,593	747,263	923,120	1,234,501
Non Controlling Interest	249,847	222,739	253,807	288,814	288,814	288,814
Net worth	1,021,295	812,266	919,350	1,064,443	1,240,300	1,551,680
Debt	1,482,281	1,627,852	1,696,779	2,260,203	2,090,895	1,961,954
Deferred & Current tax liab (net)	(260,852)	(190,797)	(171,516)	(171,183)	(171,183)	(171,183)
Total Capital Employed	2,242,724	2,249,321	2,444,613	3,153,463	3,160,012	3,342,451
Fixed assets	1,136,622	1,146,163	1,228,011	1,498,707	1,502,989	1,515,504
Intangible Assets	1,155,933	1,088,633	1,212,822	1,275,231	1,307,106	1,367,107
CWIP	42,823	57,265	59,547	494,254	494,254	494,254
Investments (Current & Non Current)	254,765	275,504	293,491	329,539	329,539	329,539
Net working capital	(347,419)	(318,244)	(349,258)	(444,268)	(473,876)	(363,952)
Inventories	1,569	2,660	3,750	-	-	-
Sundry debtors	46,058	36,377	40,562	39,815	92,830	107,364
Cash & Bank Balance	158,927	134,661	134,943	134,186	90,621	214,169
Other assets	519,845	496,912	446,705	484,682	484,682	484,682
Sundry creditors	250,199	278,721	292,741	328,946	368,003	396,162
Other current liabilities	823,619	710,133	682,477	774,006	774,006	774,006
Application of Funds	2,242,724	2,249,321	2,444,613	3,153,463	3,160,012	3,342,451

Source: Company, YES Sec

**Exhibit 12: Income Statement**

Y/e 31 Mar (Rs mn)	FY20	FY21	FY22	FY23	FY24E	FY25E
Revenue	862,315	1,006,158	1,165,469	1,391,448	1,571,801	1,824,941
Total Expense	508,263	552,441	590,130	678,713	747,383	836,940
Operating Profit	354,052	453,717	575,339	712,735	824,418	988,000
Other Income	17,676	6,428	5,343	9,366	11,299	11,864
Depreciation	273,731	294,044	330,907	364,318	389,014	401,897
EBIT	97,997	166,101	249,775	357,783	446,703	597,968
Interest	140,164	150,910	166,162	192,999	196,105	180,372
Shr of JV & Assoc.	(828)	928	(24,232)	(7,521)	(23,899)	(24,000)
Extraordinary Item	(400,892)	(159,145)	16,986	(6,698)	(34,163)	-
PBT	(442,231)	(144,882)	124,831	165,607	240,335	441,595
Tax	(124,266)	89,325	41,779	42,733	53,493	119,231
PAT	(306,642)	(123,640)	83,052	122,874	186,841	322,365
Adj. PAT	94,250	35,505	66,066	129,572	221,004	322,365
Pat attributable	(321,832)	(150,835)	44,706	83,459	170,296	300,627
Eps	(51)	(21)	14	21	31	54

Source: Company, YES Sec

## Exhibit 13: Cash Flow Statement

Y/e 31 Mar (Rs mn)	FY20	FY21	FY22	FY23	FY24E	FY25E
PBT	(430,908)	(34,315)	124,831	165,607	240,335	441,595
Depreciation & amortisation	273,731	294,044	330,907	364,318	389,014	401,897
Interest expense	140,164	150,910	166,162	192,999	196,105	180,372
(Inc)/Dec in working capital	435,006	(103,001)	107,936	302,361	(13,958)	13,624
Tax paid	(21,051)	(20,584)	(30,331)	(34,831)	(59,490)	(119,231)
Less: Interest/Dividend Income Received						
Other operating Cash Flow	(39,576)	58,282	(29,331)	11,524	5,997	0
Cash flow from operating activities	357,365	345,336	670,174	1,001,978	758,002	918,258
Capital expenditure	(504,452)	(250,727)	(539,226)	(1,132,130)	(425,170)	(474,412)
Inc/(Dec) in investments	(89,784)	116,799	31,935	(38,478)	0	0
Add: Interest/Dividend Income Received	(7,871)	(137,538)	(49,922)	2,430	0	0
Cash flow from investing activities	(602,107)	(271,466)	(557,213)	(1,168,178)	(425,170)	(474,412)
Inc/(Dec) in share capital	7,291	182	490	416	0	0
Inc/(Dec) in debt	(15,680)	138,163	29,451	345,691	(169,308)	(128,941)
Dividend Paid	0	0	(10,984)	(10,984)	(10,984)	(10,984)
Interest expense	(140,164)	(150,910)	(166,162)	(192,999)	(196,105)	(180,372)
Others	471,166	(85,571)	34,526	23,320	0	0
Cash flow from financing activities	322,613	(98,136)	(112,679)	165,444	(376,397)	(320,297)
Net cash flow	77,872	(24,266)	282	(757)	(43,565)	123,548
Ending Cash	158,927	134,661	134,943	134,186	90,621	214,169

Source: Company, YES Sec

## Exhibit 14: Ratio Analysis

Y/e 31 Mar	FY20	FY21	FY22	FY23	FY24E	FY25E
Growth matrix (%)						
Revenue growth	8.5	15.1	15.6	19.6	13.0	16.0
Op profit growth	37.2	28.1	26.8	23.9	15.7	19.8
EBIT growth	80.3	98.8	53.1	42.5	25.0	34.6
Net profit growth	n.a.	n.a.	n.a.	47.9	52.1	72.5
Profitability ratios (%)						
OPM	41.1	45.1	49.4	51.2	52.5	54.1
EBIT margin	9.3	15.9	21.0	25.0	27.7	32.1
Net profit margin	(34.8)	(12.2)	7.1	8.8	11.8	17.6
RoCE	3.9	6.9	10.1	12.1	13.4	17.5
RoE	(32.8)	(13.5)	9.6	12.4	16.2	23.1
RoA	(9.6)	(3.5)	2.3	3.0	4.2	7.0
Per share ratios						
EPS	(51.3)	(20.7)	13.9	20.6	31.3	54.0
Dividend per share	0.0	0.0	1.8	1.8	1.8	1.8
Cash EPS	(5.5)	28.5	69.3	81.6	96.4	121.2
Book value per share	171.0	136.0	153.9	178.2	207.6	259.8
Valuation ratios						
P/E	na	na	na	43.1	28.3	16.4
P/CEPS	na	na	na	10.9	9.2	7.3
P/B	na	na	na	5.0	4.3	3.4
EV/EBIDTA	na	na	na	9.6	8.2	6.6
Liquidity ratios						
Debtor days	18.5	14.9	12.0	10.5	15.3	19.9
Inventory days	2.3	3.5	4.7	2.4	0.0	0.0
Creditor days	255.4	232.9	243.4	236.8	242.7	236.5

Source: Company, YES Sec

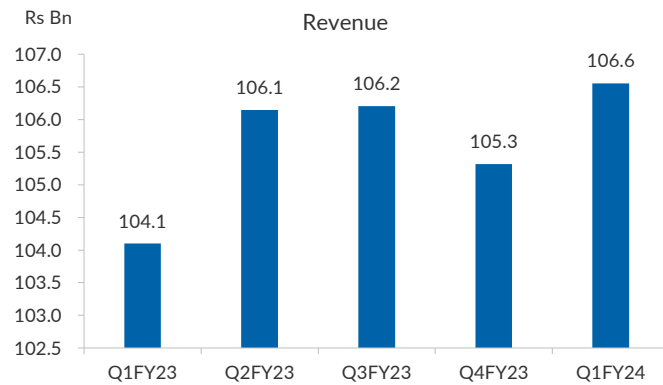
## Exhibit 15: Dupont Analysis

Y/e 31 Mar (Rs mn)	FY20	FY21	FY22	FY23	FY24E	FY25E
Tax burden (x)	0.7	0.9	0.7	0.7	0.8	0.7
Interest burden (x)	(4.5)	(0.9)	0.5	0.5	0.5	0.7
EBIT margin (x)	0.1	0.2	0.2	0.3	0.3	0.3
Asset turnover (x)	0.3	0.3	0.3	0.3	0.4	0.4
Financial leverage (x)	3.4	3.9	4.1	4.1	3.9	3.3
RoE (%)	(33.5)	(13.6)	9.6	12.5	16.3	23.2

Source: Company, YES Sec

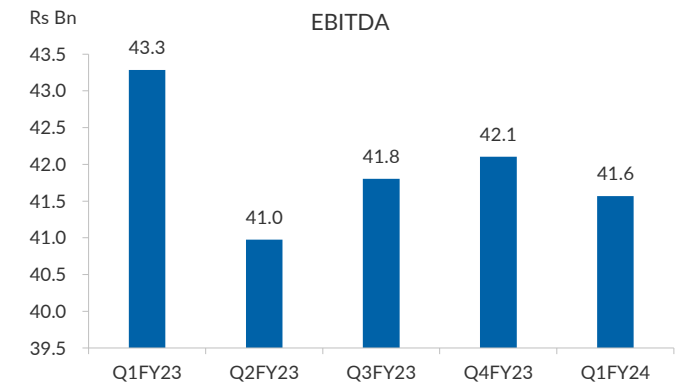
## STORY IN CHARTS – VODAFONE IDEA

**Exhibit 16: Revenue growth has been muted**



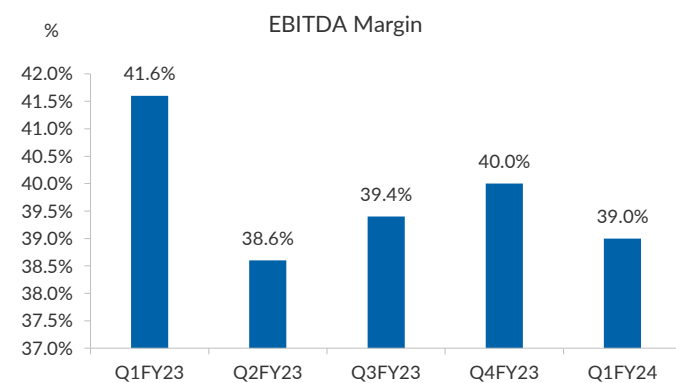
Source: Company, YES Sec

**Exhibit 17: EBITDA of around Rs 40bn per quarter**



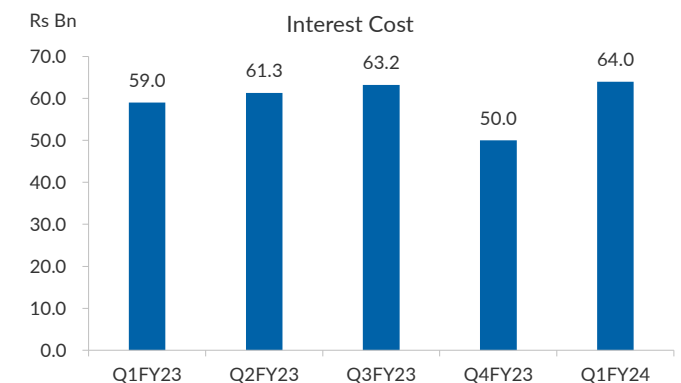
Source: Company, YES Sec

**Exhibit 18: EBITDA margin at around 40%**



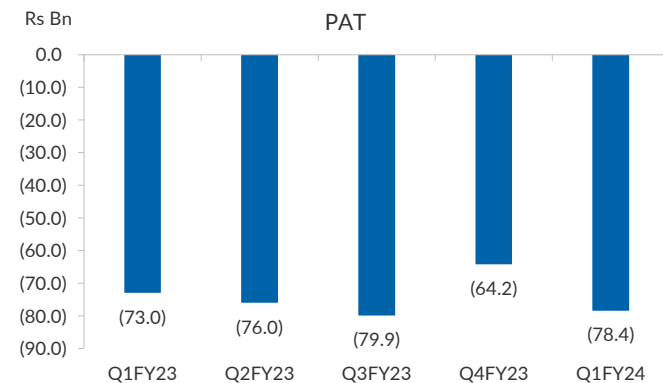
Source: Company, YES Sec

**Exhibit 19: Interest cost remains high at Rs 50bn+**



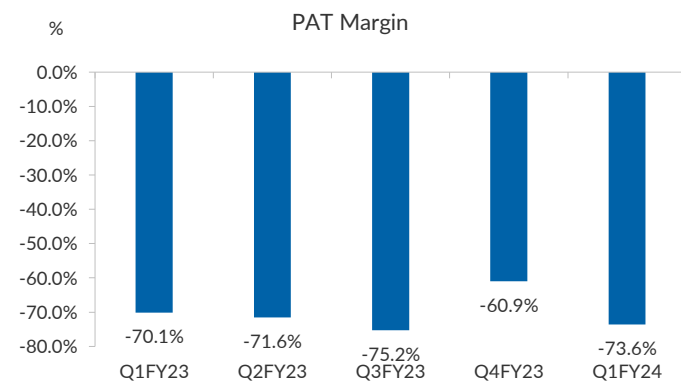
Source: Company, YES Sec

**Exhibit 20: Remains loss making company**



Source: Company, YES Sec

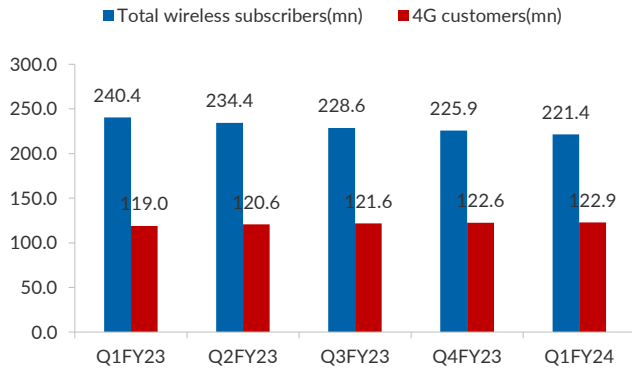
**Exhibit 21: Need to focus on reducing losses**



Source: Company, YES Sec

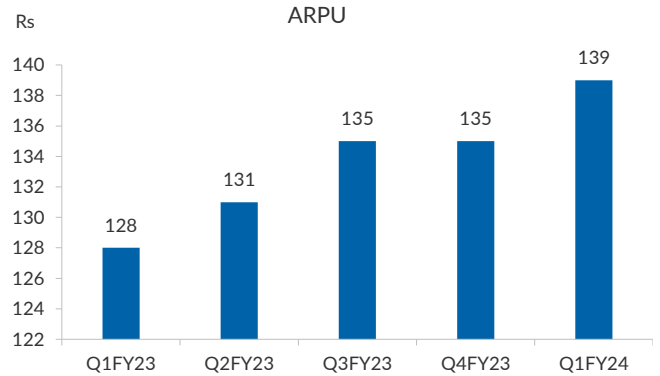


**Exhibit 22: Continues to lose subscribers**



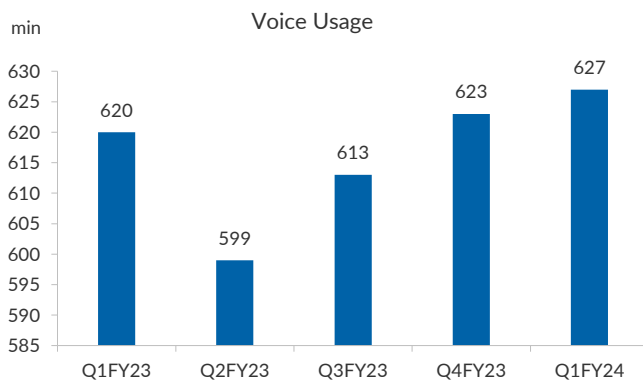
Source: Company, YES Sec

**Exhibit 23: ARPU remains low among telecom operators**



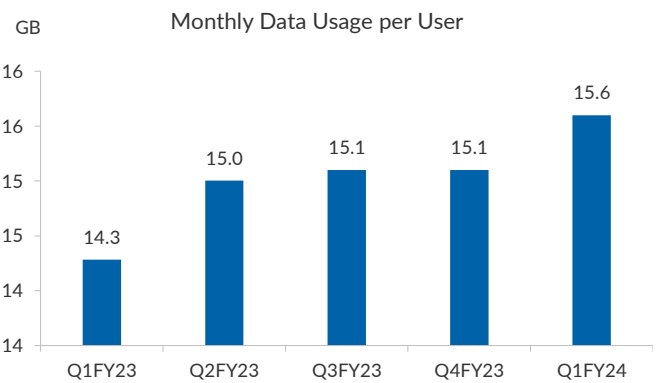
Source: Company, YES Sec

**Exhibit 24: Voice usage at 600 minutes/month**



Source: Company, YES Sec

**Exhibit 25: Data usage at around 15GB/month**



Source: Company, YES Sec

## FINANCIALS – VODAFONE IDEA

**Exhibit 26: Balance Sheet**

Y/e March 31 (Rs mn)	FY20	FY21	FY22	FY23	FY24E	FY25E
Reserves & surplus	(227,555)	(669,634)	(940,836)	(1,230,388)	(1,495,608)	(1,715,887)
Shareholders' funds	59,799	(382,280)	(619,648)	(743,591)	(1,008,811)	(1,229,090)
Non-current liabilities	1,251,607	1,753,061	1,948,600	2,215,791	2,194,077	2,173,928
Long-term borrowings	1,243,537	1,748,242	1,942,294	2,210,136	2,188,140	2,167,694
Other non-current liabilities	8,070	4,819	6,306	5,655	5,938	6,235
Current liabilities	957,790	664,025	611,339	600,227	665,647	742,110
Other current liabilities	957,468	664,025	461,670	477,268	548,836	631,139
Total (Equity and Liabilities)	2,269,196	2,034,806	1,940,291	2,072,427	1,850,914	1,686,948
Non-current assets	2,102,335	1,893,811	1,771,936	1,933,398	1,709,751	1,543,068
Fixed assets (Net block)	1,869,746	1,680,963	1,571,829	1,741,316	1,714,496	1,692,179
Non-current Investments	97,701	77,364	88,545	88,559	53,160	31,922
Other non-current assets	134,886	135,484	111,562	103,523	(57,905)	(181,034)
Current assets	166,861	140,995	168,355	139,029	141,163	143,880
Cash & current investment	31,187	22,174	34,966	8,554	8,982	9,431
Other current assets	135,674	118,821	133,389	130,475	132,181	134,449
Total (Assets)	2,269,196	2,034,806	1,940,291	2,072,427	1,850,914	1,686,948

Source: Company, YES Sec

**Exhibit 27: Income Statement**

Y/e March 31 (Rs mn)	FY20	FY21	FY22	FY23	FY24E	FY25E
Net sales	449,575	419,522	385,155	421,772	451,528	515,957
Operating expenses	(301,113)	(250,065)	(224,794)	(253,605)	(270,598)	(300,039)
EBITDA	148,462	169,457	160,361	168,167	180,930	215,918
Depreciation	(243,564)	(236,385)	(235,843)	(230,497)	(220,137)	(216,127)
Other income	10,393	1,742	1,294	3,113	865	900
EBIT	(84,709)	(65,186)	(74,188)	(59,217)	(38,343)	691
Exceptional & extraordinary	(383,557)	(199,681)	0	0	0	0
Profit before tax	(621,523)	(444,848)	(279,294)	(292,760)	(265,136)	(220,215)
Tax (current + deferred)	(120,811)	203	(113)	(35)	(60)	(40)
Profit / (Loss) for the period	(742,334)	(444,645)	(279,407)	(292,795)	(265,196)	(220,255)
P/L of Associates, Min Int, Pref Div	3,553	2,314	12	5	(24)	(24)
Reported Profit / (Loss)	(738,781)	(442,331)	(279,395)	(292,790)	(265,220)	(220,279)
Adjusted net profit	(355,224)	(242,650)	(279,395)	(292,790)	(265,220)	(220,279)

Source: Company, YES Sec

## Exhibit 28: Cash Flow Statement

Y/e March 31 (Rs mn)	FY20	FY21	FY22	FY23	FY24E	FY25E
Profit before tax	(621,523)	(444,848)	(279,294)	(292,760)	(265,136)	(220,215)
Depreciation	243,564	236,385	235,843	230,497	220,137	216,127
Change in working capital	427,374	(279,593)	(216,955)	18,363	69,874	80,047
Total tax paid	(17,879)	184	(172)	(110)	(60)	(40)
Cash flow from oper. (a)	174,400	(309,633)	(56,766)	186,420	250,743	295,926
Capital expenditure	(284,315)	(47,602)	(126,709)	(399,984)	(193,317)	(193,811)
Change in investments	(9,501)	24,885	(11,181)	(14)	35,399	21,238
Others	30,626	1,147	25,253	11,227	162,293	124,028
Cash flow from inv. (b)	(263,190)	(21,570)	(112,637)	(388,771)	4,375	(48,544)
Free cash flow (a+b)	(88,790)	(331,203)	(169,403)	(202,351)	255,118	247,381
Equity raised/(repaid)	199,998	0	33,834	165,609	0	0
Debt raised/(repaid)	52,562	504,383	343,721	241,132	(28,144)	(26,287)
Dividend (incl. tax)	0	0	0	0	0	0
Others	(147,058)	(177,645)	(195,360)	(230,802)	(226,546)	(220,646)
Cash flow from fin. (c)	105,502	326,738	182,195	175,939	(254,691)	(246,932)
Net chg in cash (a+b+c)	16,712	(4,465)	12,792	(26,412)	428	449

Source: Company, YES Sec

## Exhibit 29: Ratio Analysis

Y/e March 31	FY20	FY21	FY22	FY23	FY24E	FY25E
Growth(%)						
Revenue Growth	21.2	(6.7)	(8.2)	9.5	7.1	14.3
EBITDA Growth	264.8	14.1	(5.4)	4.9	7.6	19.3
Profitability Ratios(%)						
EBITDA Margin	33.0	40.4	41.6	39.9	40.1	41.8
EBIT margin	(18.8)	(15.5)	(19.3)	(14.0)	(8.5)	0.1
Net Profit margin	(79.0)	(57.8)	(72.5)	(69.4)	(58.7)	(42.7)
RoA	(3.7)	(3.0)	(3.7)	(3.0)	(2.0)	0.0
RoE	(108.3)	NA	NA	NA	NA	NA
RoCE	(5.5)	(4.9)	(5.2)	(3.9)	(2.6)	0.1
Liquidity Ratios						
Net debt/Equity (x)	20.3	(4.5)	(3.3)	(3.1)	(2.3)	(1.8)
Current ratio (x)	0.2	0.2	0.3	0.2	0.2	0.2
Quick ratio (x)	0.2	0.2	0.3	0.2	0.2	0.2
Valuation Ratios						
PER(x)	NA	NA	NA	(1.2)	(1.3)	(1.5)
PCE(x)	NA	NA	NA	(5.5)	(7.6)	(82.0)
Price/Book(x)	NA	NA	NA	(0.5)	(0.3)	(0.3)
EV/EBITDA(x)	NA	NA	NA	15.8	14.6	12.1

Source: Company, YES Sec

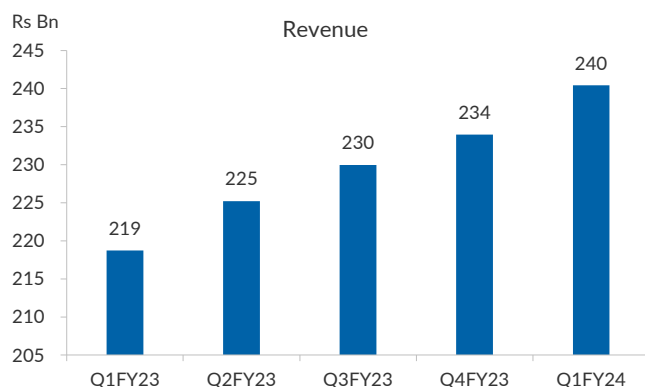
## Exhibit 30: Dupont Analysis

Dupont Analysis	FY20	FY21	FY22	FY23	FY24E	FY25E
Net margin(%)	(79.0)	(57.8)	(72.5)	(69.4)	(58.7)	(42.7)
Asset turnover (x)	0.2	0.2	0.2	0.2	0.2	0.3
Leverage factor (x)	7.0	(13.3)	(4.0)	(2.9)	(2.2)	(1.6)
Return on Equity(%)	(108.3)	NA	NA	NA	NA	NA

Source: Company, YES Sec

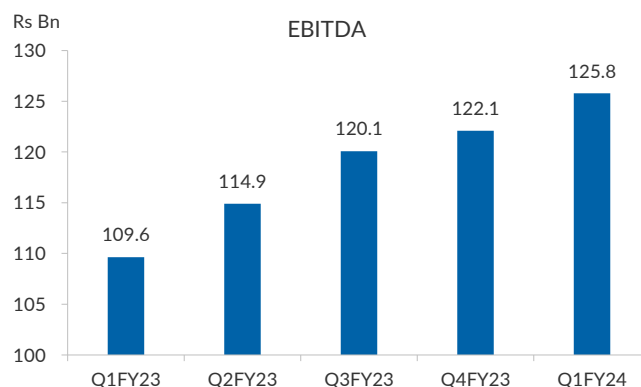
## STORY IN CHARTS – RELIANCE JIO

**Exhibit 31: Revenue outlook remains strong**



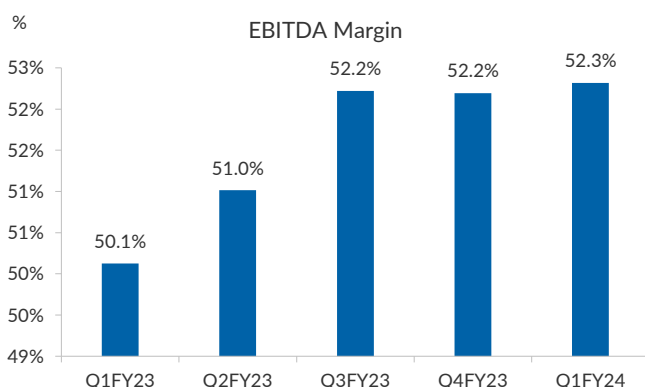
Source: Company, YES Sec

**Exhibit 32: Strong focus on profitability**



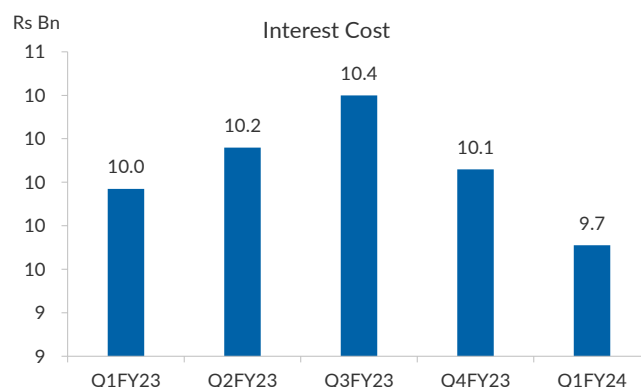
Source: Company, YES Sec

**Exhibit 33: EBITDA margin at around 50%+**



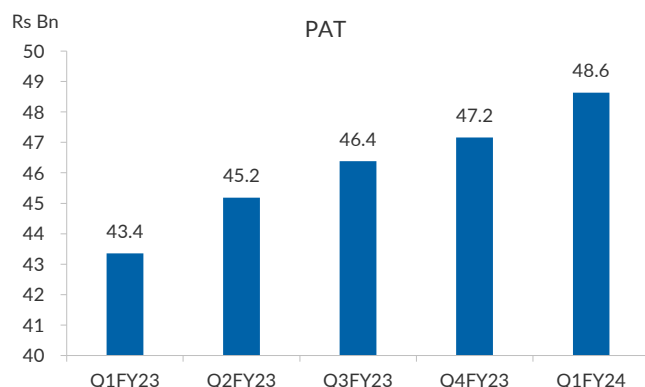
Source: Company, YES Sec

**Exhibit 34: Interest cost at reasonable level**



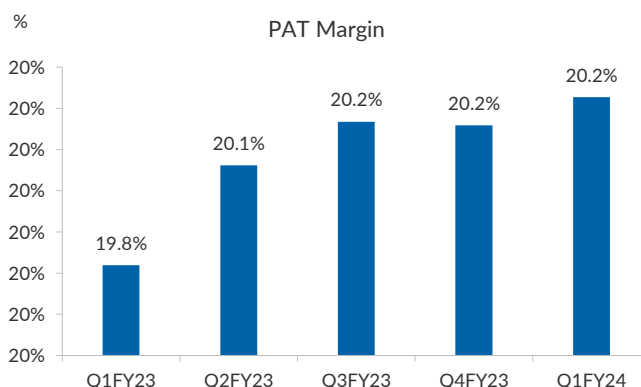
Source: Company, YES Sec

**Exhibit 35: PAT maintains rising trend**



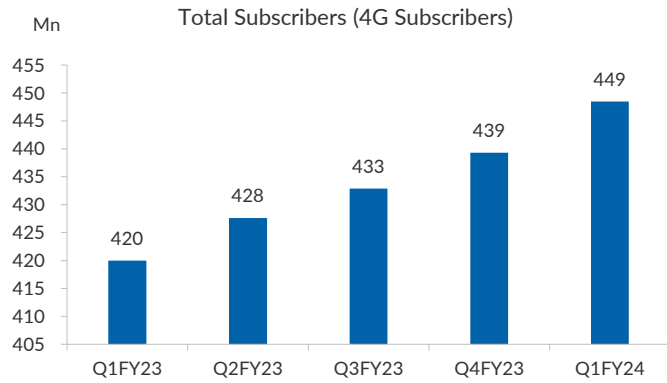
Source: Company, YES Sec

**Exhibit 36: PAT margin at around 20%**



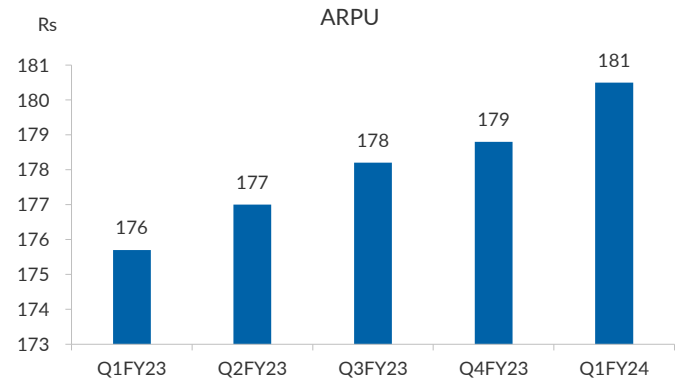
Source: Company, YES Sec

**Exhibit 37: More than 400mn subscribers**



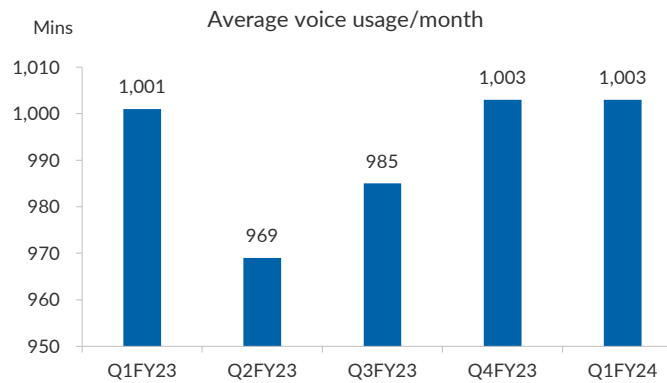
Source: Company, YES Sec

**Exhibit 38: ARPU growth has been modest recently**



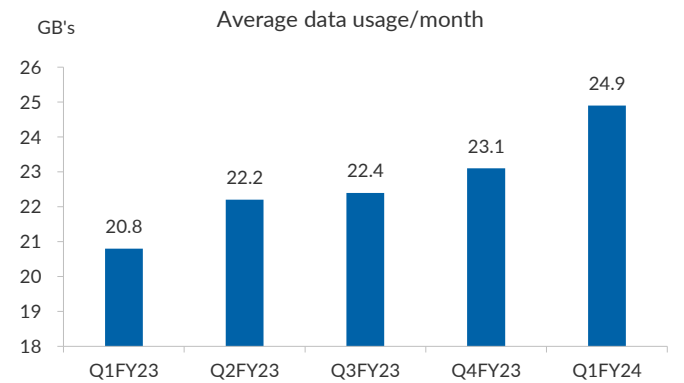
Source: Company, YES Sec

**Exhibit 39: Voice Usage remains strong**



Source: Company, YES Sec

**Exhibit 40: Average data usage at around 25GB/month**



Source: Company, YES Sec

## FINANCIALS – RELIANCE JIO

**Exhibit 41: Balance Sheet**

Y/e March 31 (Rs mn)	FY20	FY21	FY22	FY23	FY24E	FY25E
Share capital	450,000	450,000	450,000	450,000	450,000	450,000
Reserves & surplus	1,259,560	1,379,730	1,527,900	1,709,970	1,855,403	2,038,794
Shareholders' funds	1,709,560	1,829,730	1,977,900	2,159,970	2,305,403	2,488,794
Non-current liabilities	323,290	368,720	751,960	1,651,180	1,654,748	1,660,075
Other non-current liabilities	323,290	339,820	434,090	1,179,340	1,159,316	1,139,871
Current liabilities	384,200	302,440	455,030	646,570	646,489	650,863
Other current liabilities	151,780	194,690	191,790	517,110	510,556	508,134
Total (Equity and Liabilities)	2,417,050	2,500,890	3,184,890	4,457,720	4,606,641	4,799,732
Non-current assets	2,132,620	2,276,540	2,895,020	4,160,520	4,292,978	4,468,502
Fixed assets (Net block)	1,846,850	1,881,350	2,643,980	3,911,940	3,923,875	3,952,259
Non-current Investments	11,110	11,180	11,400	11,160	12,268	13,487
Other non-current assets	274,660	384,010	239,640	237,420	356,835	502,756
Current assets	284,430	224,350	289,870	297,200	313,663	331,230
Cash & current investment	88,610	10,090	11,670	14,450	16,342	18,513
Other current assets	195,820	214,260	278,200	282,750	297,321	312,718
Total (Assets)	2,417,050	2,500,890	3,184,890	4,457,720	4,606,641	4,799,732

Source: Company, YES Sec

**Exhibit 42: Income Statement**

Y/e March 31 (Rs mn)	FY20	FY21	FY22	FY23	FY24E	FY25E
Net sales	543,160	698,880	769,770	907,860	1,011,511	1,210,176
Operating expenses	(327,490)	(389,750)	(393,470)	(441,140)	(474,914)	(555,800)
EBITDA	215,670	309,130	376,300	466,720	536,597	654,377
Depreciation	(73,960)	(115,340)	(136,150)	(185,460)	(218,612)	(266,423)
EBIT	141,710	193,790	240,150	281,260	317,985	387,954
Other income	870	5,480	2,270	3,620	3,451	3,591
Profit before tax	76,410	160,870	198,650	244,290	283,746	356,781
Tax (current + deferred)	(19,330)	(40,720)	(50,480)	(62,220)	(72,533)	(91,202)
Reported Profit / (Loss)	55,620	120,150	148,170	182,070	211,213	265,579
Adjusted net profit	55,620	120,150	148,170	182,070	211,213	265,579

Source: Company, YES Sec

## Exhibit 43: Cash Flow Statement

Y/e March 31 (Rs mn)	FY20	FY21	FY22	FY23	FY24E	FY25E
Profit before tax	76,410	160,870	198,650	244,290	283,746	356,781
Depreciation	73,960	115,340	136,150	185,460	218,612	266,423
Change in working capital	(487,930)	24,470	(66,840)	320,770	(21,124)	(17,819)
Total tax paid	(520)	(25,280)	132,990	694,380	(95,101)	(113,320)
Others	64,710	38,400	43,770	40,590	37,690	34,764
Cash flow from oper. (a)	(273,370)	313,800	444,720	1,485,490	423,823	526,829
Capital expenditure	(234,730)	(149,840)	(898,780)	(1,453,420)	(230,548)	(294,807)
Change in investments	(12,270)	9,540	(1,570)	(110)	(1,698)	(1,868)
Others	(168,090)	(124,810)	144,370	2,220	(119,415)	(145,922)
Cash flow from inv. (b)	(415,090)	(265,110)	(755,980)	(1,451,310)	(351,660)	(442,596)
Free cash flow (a+b)	(688,460)	48,690	(311,260)	34,180	72,162	84,233
Debt raised/(repaid)	(459,720)	(95,770)	444,460	20,190	30,065	31,568
Dividend (incl. tax)	0	0	0	0	0	0
Others	1,218,690	(21,830)	(132,970)	(51,940)	(100,925)	(114,280)
Cash flow from fin. (c)	758,970	(117,600)	311,490	(31,750)	(70,860)	(82,711)
Net chg in cash (a+b+c)	70,510	(68,910)	230	2,430	1,302	1,522

Source: Company, YES Sec



## Exhibit 44: Ratio Analysis

Y/e March 31	FY20	FY21	FY22	FY23	FY24E	FY25E
Growth(%)						
Revenue Growth	36.0	28.7	10.1	17.9	11.4	19.6
EBITDA Growth	37.3	43.3	21.7	24.0	15.0	21.9
EBIT Growth	53.1	39.8	21.7	17.5	12.8	21.8
Net Profit Growth	55.7	116.0	23.3	22.9	16.0	25.7
Profitability Ratios(%)						
EBITDA Margin	39.7	44.2	48.9	51.4	53.0	54.1
EBIT margin	26.3	28.5	31.5	31.4	31.8	32.4
Net Profit margin	10.2	17.2	19.2	20.1	20.9	21.9
RoA	6.5	8.1	8.5	7.5	7.1	8.3
RoE	5.3	6.8	7.8	8.8	9.5	11.1
RoCE	7.8	8.7	9.1	8.2	8.0	9.3
Liquidity Ratios						
Net debt/Equity (x)	0.1	0.1	0.3	0.3	0.3	0.3
Current ratio (x)	0.7	0.7	0.6	0.5	0.5	0.5
Quick ratio (x)	0.7	0.7	0.6	0.5	0.5	0.5
Valuation Ratios						
PER(x)	NA	NA	NA	NA	NA	NA
PCE(x)	NA	NA	NA	NA	NA	NA
Price/Book(x)	NA	NA	NA	NA	NA	NA
EV/EBITDA(x)	NA	NA	NA	NA	NA	NA

Source: Company, YES Sec

## Exhibit 45: Dupont Analysis

Dupont Analysis	FY20	FY21	FY22	FY23	FY24E	FY25E
Net margin(%)	10.2	17.2	19.2	20.1	20.9	21.9
Asset turnover (x)	0.2	0.3	0.3	0.2	0.2	0.3
Leverage factor (x)	2.1	1.4	1.5	1.8	2.0	2.0
Return on Equity(%)	5.3	6.8	7.8	8.8	9.5	11.1

Source: Company, YES Sec

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