

# Indus Towers

Estimate changes



TP change



Rating change



**CMP: INR230**

**TP: INR210 (-9%)**

**Neutral**

Bloomberg	INDUSTOW IN
Equity Shares (m)	2695
M.Cap.(INRb)/(USD\$b)	619.7 / 7.5
52-Week Range (INR)	236 / 135
1, 6, 12 Rel. Per (%)	23/27/16
12M Avg Val (INR M)	1675

## Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Net Sales	283.8	287.5	302.3
EBITDA	96.7	141.4	152.8
Adj. PAT	24.0	55.0	55.8
EBITDA Margin (%)	34.1	49.2	50.6
Adj. EPS (INR)	8.9	20.4	20.7
EPS Gr. (%)	-62.3	128.7	1.5
BV/Sh. (INR)	78.3	98.7	119.4

## Ratios

Net D:E	0.2	0.2	-0.1
RoE (%)	11.1	23.0	19.0
RoCE (%)	13.0	21.5	20.7

## Valuations

EV/EBITDA (x)	6.9	4.7	3.9
P/E (x)	25.8	11.3	11.1
P/BV (x)	2.9	2.3	1.9
Div. Yield (%)	0.0	0.0	0.0

## Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	69.0	69.0	69.0
DII	7.1	6.7	2.9
FII	20.8	21.4	26.6
Others	3.2	2.5	1.5

FII Includes depository receipts

## Tower adds and provision write-backs aid earnings

- Indus reported revenue/adj. EBITDA growth of 1%/3% QoQ (in line), led by strong tower/rental adds of 7.6k/7.2k and INR3b in provision write-backs. Rental EBITDA grew 3% QoQ. PAT growth was strong at 19% QoQ, led by lower power costs, and interest income for delayed payments.
- The company is benefiting from aggressive site adds by Bharti and the 5G rollout. However, since these are single-tenancy sites, they could drive higher capex, which alters the return profile despite adding linear (single tenant) sites and reduces FCF. Further, VIL's weak outlook and limited funding capability could dilute tenancies in the near term and raise concerns about its long-term tower sharing-led business model. Subsequently, we reiterate our Neutral rating.

## Rental revenue picks up due to tower adds; ASF declines

- Revenue grew 1% QoQ to INR72b (in line) led by 3% QoQ rental revenue growth while energy revenue declined 3% QoQ
- Rental revenue growth was led by an increase in the number of towers. Added ~7.6k towers, and ~7.2k co-locations implying a reduction in the average sharing factor (ASF) sequentially to 1.72x from 1.74x.
- EBITDA was up 5% QoQ to INR36b (in line) led by: a) a dip in power and fuel expenses and b) a decrease in VIL provision to INR641m (from INR1.3b in 2QFY24).
- After adjusting for VIL provisions, the Adj. EBITDA rose 3% QoQ to INR36.5b, and the adjusted margin improved 80bp QoQ to 50.7%.
- Higher finance income and controlled depreciation/interest cost led to a 19% QoQ increase in PAT to INR15.4b.
- Net debt (excluding lease) declined INR8.6b to INR46b in 3QFY24.
- For 9MFY24, FCF turned negative to INR6b due to higher capex of INR61.5b.

## Highlights from the management commentary

- **VIL collections improved** in 3QFY24 and the company recognized INR3b against past overdue in addition to 100% monthly collections, which resulted in the reversal of provisions for doubtful debts.
- **Recognition of interest income:** Indus has an adjusted interest receivable of INR3.3b from VIL, which resulted in an increase in interest income, and correspondingly a similar amount of provision for doubtful debts has been created. Hence, the effect is netted off from P&L.
- **Order book** is healthy and is expected to grow for the next couple of quarters. Hence, capex may remain elevated.
- **Renewal of portfolio:** In FY23, the company renewed ~33% of its total portfolio and thereafter, it has not done any major bulk renewals. But about 50%-60% of its portfolio would come up for renewal in the coming years.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**Valuation and view**

- Indus could leverage the benefits of Bharti's aggressive network densification and the rollout of 5G services. The new leaner sites (small cells) with sharing alternatives could support business economics, while there is a churn in tenancies.
- But VIL's inability to raise capital poses the risk of its survival, which could raise concerns about Indus's single-tenancy operations, which makes a limited business case for a tower-sharing company. This could affect the company's financials by limiting FCF generation and subsequent deleveraging and dividend payments.
- We factor in revenue/EBITDA growth of 5/6% in FY24-26E and arrive at a TP of INR210, implying an EV/tenancy ratio of INR1.6m and an EV/EBITDA ratio of 3.9x. We reiterate our Neutral rating on the stock.

**Quarterly Performance**

Y/E March (Consolidated)	FY23				FY24E				FY23	FY24E	FY24E	(INR b) Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		3QE		
Revenue from operations	69	80	68	68	71	71	72	73	284	288	73	-0.7
YoY Change (%)	1.5	15.9	-2.3	-5.1	2.6	-10.5	6.4	8.7	10.6	1.3	7.2	
Total Expenditure	46	52	56	33	36	37	36	37	187	146	38	-4.6
<b>EBITDA</b>	<b>23</b>	<b>28</b>	<b>12</b>	<b>34</b>	<b>35</b>	<b>34</b>	<b>36</b>	<b>37</b>	<b>97</b>	<b>141</b>	<b>35</b>	3.5
YoY Change (%)	-35.7	-22.4	-68.6	-15.5	53.8	21.7	208.3	6.4	-26.2	46.2	197.7	
Depreciation	13	13	14	13	14	15	16	17	53	62	16	1.3
Interest	4	4	4	3	4	2	0	3	15	9	3	-96.5
Other Income	1	1	1	1	1	1	1	0	4	3	1	38.6
<b>PBT before EO expense</b>	<b>6</b>	<b>12</b>	<b>-5</b>	<b>19</b>	<b>18</b>	<b>17</b>	<b>21</b>	<b>18</b>	<b>33</b>	<b>74</b>	<b>17</b>	25.6
Extra-Ord expense	0	0	5	0	0	0	0	0	5	0	0	
<b>PBT</b>	<b>6</b>	<b>12</b>	<b>-10</b>	<b>19</b>	<b>18</b>	<b>17</b>	<b>21</b>	<b>18</b>	<b>28</b>	<b>74</b>	<b>17</b>	25.6
Tax	2	3	-2	5	5	5	5	4	7	19	4	
Rate (%)	25.8	25.8	25.6	26.1	25.5	25.9	25.8	25.2	26.1	25.6	25.2	
<b>Reported PAT</b>	<b>5</b>	<b>9</b>	<b>-7</b>	<b>14</b>	<b>13</b>	<b>13</b>	<b>15</b>	<b>13</b>	<b>20</b>	<b>55</b>	<b>12</b>	24.5
<b>Adj PAT</b>	<b>5</b>	<b>9</b>	<b>-3</b>	<b>14</b>	<b>13</b>	<b>13</b>	<b>15</b>	<b>13</b>	<b>24</b>	<b>55</b>	<b>12</b>	24.5
YoY Change (%)	-66.3	-44.1	-145.1	-23.5	182.4	48.5	-550.9	-6.0	-51.7	128.7	-462.2	

E: MOFSL Estimates

**VIL provision terms**

- VIL indicated challenges in making committed payments pertaining to the Dec'22 outstanding, which was expected to be paid between Jan'23 and Jul'23. During the quarter, the funding plan did not materialize for the company.
- However, VIL has been paying the monthly billing amount since Jan'23. The cumulative provision booking for VIL in the last seven quarters stands at INR57b.

**Segment margins**

- Adj. rental EBITDA rose 3% QoQ to INR37.3b, while margin contracted 20bp QoQ to 83.1% during the quarter.
- Adj. energy continued to report an operating loss of INR761m vs. INR618m loss in 2QFY24.

**Exhibit 1: Valuation on FY26**

	Value (INR b)	Value (INR/sh)	Implied EV/Tenancy (INR m)	Implied EV/EBITDA (x)
EV (DCF based)	621	231	1.6	3.9
Net Debt	50	19		
Shares o/s (b)	2.7			
<b>Fair value</b>	<b>571</b>	<b>210</b>	<b>1.5</b>	<b>3.6</b>
CMP		230		
<b>Upside</b>		<b>-9%</b>		

Source: MOFSL, Company

**Highlights from the management commentary****Key takeaways**

- **VIL collections** improved in 3QFY24 and the company recognized INR3b against past overdue in addition to 100% monthly collections, which resulted in the reversal of provisions for doubtful debts.
- **Recognition of interest income:** Indus has an adjusted interest receivable of INR3.3b from VIL, which resulted in an increase in interest income, and correspondingly a similar amount of provisions for doubtful debts has been created. Hence, the effect is netted off from P&L.
- **Order book** is healthy and is expected to grow further for the next couple of quarters. As a result, capex may remain elevated.
- **Renewal of portfolio:** In FY23, Indus renewed ~33% of total portfolio and thereafter, it has not done any major bulk renewals. But about 50%-60% of its portfolio will come up for renewal in the forthcoming years.

**Detailed notes:****Collection improved in 3Q**

- Collected and recognized INR3b against past overdue in addition to the 100% monthly collection, which resulted in the reversal of provisions for doubtful debts of the same amount. Also, trade receivables decreased by INR1.7b due to higher collections from VIL.
- Additionally, it has adjusted a part of the monthly collections with interest receivable to the extent of INR3.3b during the quarter. As a result, interest income increased, and correspondingly a similar amount of provision for doubtful debts has been created.
- The reported provisions for doubtful debts in the books, hence, reflect the net effect of the additional provisions of INR3.3b and the reversal of INR3b.

**How is VIL provision accounted?**

- Collections are accounted on FIFO basis, i.e., first accounted toward old invoices.
- Amount overdue more than the credit period that is agreed in the MSA is provided in the books. So, if there are any reductions in the receivables because of better collections, then it results in unwinding of provisions.
- Indus is not recognizing long-term revenues based on India's lease accounting for VIL.

**Swift deployment of 5G**

- 5G rollouts have been happening at a swift pace, with 5G services now available to customers across India.
- Almost 400,000 5G base transceiver stations have been deployed so far, with the weekly run rate of deployments standing at more than 7,000 in Nov'23.
- As per the Ericsson Mobility report, 163m 5G subscriptions were added globally in 3QCY24 (total 1.4b) and they are estimated to exceed 5.3b by 2029.
  - In comparison, 4G subscriptions grew by only 6m in 3Q. The adoption of 5G services has been much faster than 4G, as 5G reached 1b subscriptions two years sooner than 4G. 5G subscriptions in India are expected to grow to 860m by 2029, with a penetration of about 68% as per the report.

**Tower and Co-Location base & additions**

- Indus owned and operated 211,775 macro towers with 360,679 macro colocations in India.
  - Expects order book to remain strong for the next few quarters.
- During the quarter, net macro co-locations increased by 7,217.
- Exits during the quarter were 655.
- Indus had average sharing factor of 1.72 per tower.
- During the quarter, net lean colocation additions aggregated to 1351. Lean colocations stand at 9,994.

**4 Strategic pillar**

- **Market share-** Leaner co-location increased 2x YoY, led by an aggressive rollout by Bharti, especially in rural areas.
  - In FY23, the company renewed ~33% of its total portfolio and thereafter, has not done any major bulk renewals. But about 50%-60% of the portfolio will come up for renewal in the forthcoming years.
- **Cost efficient-** Reductions in cost initiatives continued in 3Q, such as reduction of diesel consumption 7% YoY.
- **Network uptime-** 99.97% prime for customers despite weather changes.
- **ESG-** Using solar sites and other initiatives to reduce the emission.

**Leaner tower**

- The leaner tower is deployed by a single user.
- The company expects 5G loading revenues to be supplemented by demand for new sites once a certain penetration level is achieved to aid network decongestion.

**Exhibit 2: Revisions to our estimates**

	FY24E	FY25E
<b>Revenue (INR b)</b>		
Old	287.8	301.0
Actual/New	287.5	302.3
Change (%)	-0.1	0.4
<b>EBITDA (INR b)</b>		
Old	138.4	145.6
Actual/New	141.4	152.8
Change (%)	2.1	5.0
<b>EBITDA margin (%)</b>		
Old	48.1	48.4
Actual/New	49.2	50.6
Change (%)	107bps	218bps
<b>PAT (INR b)</b>		
Old	50.9	52.4
Actual/New	55.0	55.8
Change (%)	7.9	6.5
<b>EPS (INR)</b>		
Old	18.9	19.4
Actual/New	20.4	20.7
Change (%)	7.9	6.5

Source: MOFSL, Company

**Exhibit 3: KPI performance**

Revenue Drivers	Q3FY23	Q2FY24	Q3FY24	YoY%	QoQ%	Q3FY24E	v/s est (%)
<b>Consolidated</b>							
Total Towers (nos)	1,89,392	2,04,212	2,11,775	11.8	3.7	2,06,212	2.7
Total Co-locations (nos)	3,39,435	3,53,462	3,60,679	6.3	2.0	3,55,962	1.3
Average sharing factor	1.80	1.74	1.72	-4.4	-1.1	1.73	-0.5
Sharing revenue per operator per month (INR)	40,810	40,940	44,406	8.8	8.5	43,675	1.7

Source: MOFSL, Company

**Exhibit 4: Pro-forma consolidated performance (INR b)**

INRb	Q3FY23	Q2FY24	Q3FY24	YoY%	QoQ%	Q3FY24E	v/s est (%)
<b>Consolidated Revenue</b>	67.7	71.3	72.0	6.4	0.9	72.5	-0.7
-Rent	41.7	43.4	44.8	7.3	3.2	44.0	1.7
-Energy and other reimbursements	25.9	27.9	27.2	5.0	-2.7	28.5	-4.5
Operating Expenses	56.0	37.1	36.2	-35.5	-2.6	37.9	-4.6
<b>Consolidated EBITDA</b>	<b>11.6</b>	<b>34.2</b>	<b>35.8</b>	<b>208.3</b>	<b>4.7</b>	<b>34.6</b>	<b>3.5</b>
<b>EBITDA margin (%)</b>	<b>17.2</b>	<b>48.0</b>	<b>49.8</b>	<b>3260bps</b>	<b>181bps</b>	<b>47.7</b>	<b>205bps</b>
Depreciation and amortization	13.6	15.3	16.0	17.5	4.6	15.8	1.3
<b>EBIT</b>	<b>-2.0</b>	<b>19.0</b>	<b>19.9</b>	<b>-1119.1</b>	<b>4.9</b>	<b>18.9</b>	<b>5.4</b>
Net finance cost	2.6	1.5	-0.9	-133.4	-159.1	2.3	-138.0
<b>Profit Before Taxes &amp; Exceptional items</b>	<b>-4.6</b>	<b>17.5</b>	<b>20.8</b>	<b>-552.1</b>	<b>18.9</b>	<b>16.5</b>	<b>25.6</b>
Exceptional item	-4.9	0.0	0.0	NM	NM	0.0	NM
<b>Profit Before Taxes</b>	<b>-9.5</b>	<b>17.5</b>	<b>20.8</b>	<b>-318.1</b>	<b>18.9</b>	<b>16.5</b>	<b>25.6</b>
Tax	-2.4	4.5	5.4	-319.8	18.6	4.2	28.8
Effective Tax Rate (%)	25.6	25.9	25.8	20bps	-6bps	25.2	64bps
<b>Profit After Tax</b>	<b>-7.1</b>	<b>12.9</b>	<b>15.4</b>	<b>-317.5</b>	<b>19.0</b>	<b>12.4</b>	<b>24.5</b>

Source: MOFSL, Company

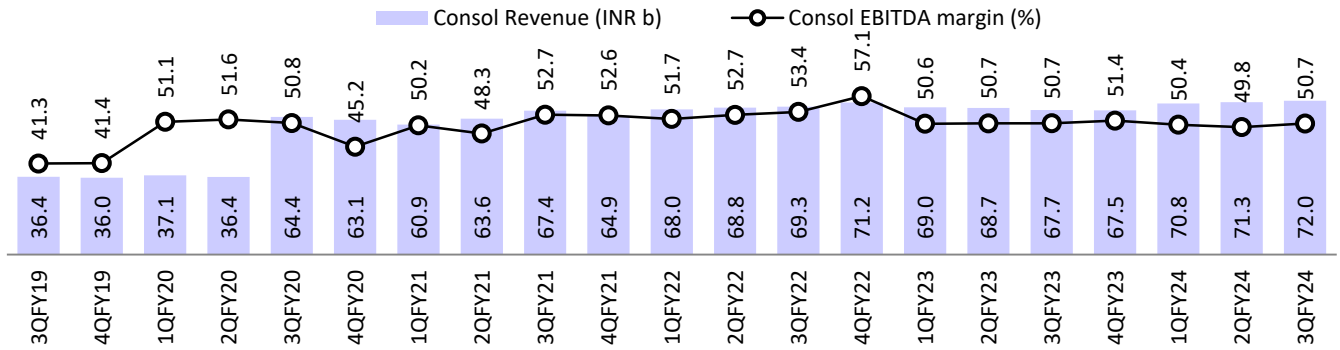
**Exhibit 5: Adjusted revenue and EBITDA**

<b>INR m</b>	<b>3QFY23</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>YoY</b>	<b>QoQ</b>
Consolidated revenue	67,650	71,325	71,990	6%	1%
Operating expenses	56,024	37,110	36,150	-35%	-3%
less: VIL Provision	22701	1,335	641		
<b>Adj Operating expenses</b>	<b>33,323</b>	<b>35,775</b>	<b>35,509</b>	<b>7%</b>	<b>-1%</b>
Reported EBITDA	11,626	34,215	35,840	208%	5%
<b>Adj EBITDA</b>	<b>34,327</b>	<b>35,550</b>	<b>36,481</b>	<b>6%</b>	<b>3%</b>
<b>Adj EBITDA margin</b>	<b>50.7%</b>	<b>49.8%</b>	<b>50.7%</b>	<b>-7</b>	<b>83</b>
<b>A. Rental Revenue</b>	<b>41,748</b>	<b>43,389</b>	<b>44,795</b>	<b>0</b>	<b>3%</b>
Rental EBITDA	11,944	34,833	36,601	2	5%
add: VIL Provision	22,701	1,335	641		
<b>Adj EBITDA</b>	<b>34,645</b>	<b>36,168</b>	<b>37,242</b>	<b>0</b>	<b>3%</b>
<b>Adj EBITDA margin</b>	<b>83%</b>	<b>83.4%</b>	<b>83.1%</b>	<b>15</b>	<b>-22</b>
<b>B. Energy Revenue</b>	<b>25,902</b>	<b>27,936</b>	<b>27,195</b>	<b>0</b>	<b>-3%</b>
Energy EBITDA	-318	-618	-761	1	23%
PBT reported	-9,521	17,467	20,765	-318%	19%
<b>Adj PBT</b>	<b>13,180</b>	<b>18,802</b>	<b>21,406</b>	<b>62%</b>	<b>14%</b>
<b>PAT reported</b>	<b>-7,082</b>	<b>12,947</b>	<b>15,405</b>	<b>-318%</b>	<b>19%</b>
<b>Adj PAT</b>	<b>15,619</b>	<b>14,282</b>	<b>16,046</b>	<b>3%</b>	<b>12%</b>

Source: MOFSL, Company

Story in charts

Exhibit 6: Adj. revenue growth of 1% QoQ led by rental revenue, offset by energy revenue; margin improved 90bp QoQ



\*Revenue & EBITDA in 1QFY23-3QFY24 were adjusted after provisioning for IDEA and one-off. Similar adjustment done in Exhibit 7, 8, and 10

Exhibit 7: Rental revenue improved 3% QoQ

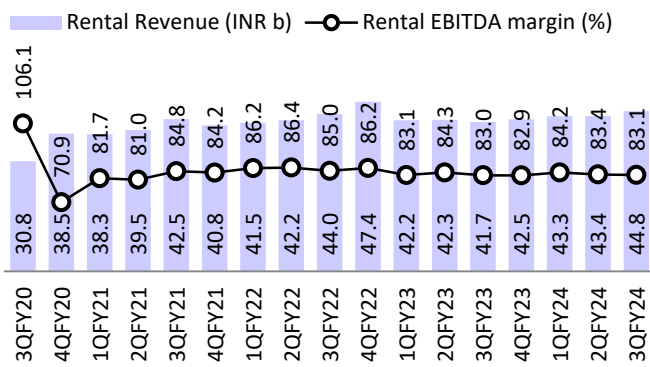


Exhibit 8: Energy revenue down 3% QoQ

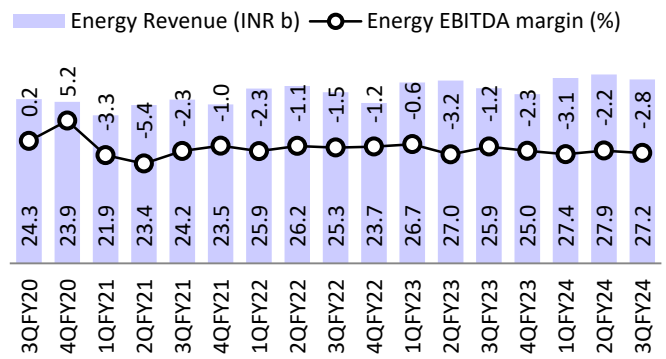


Exhibit 9: Average sharing factor reduced QoQ

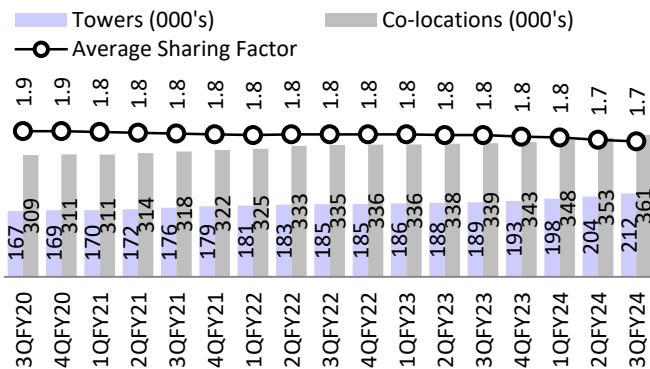


Exhibit 10: Sharing revenue per operator up 1% QoQ

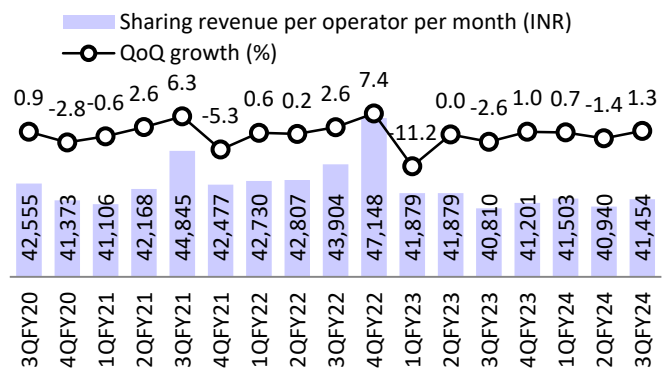
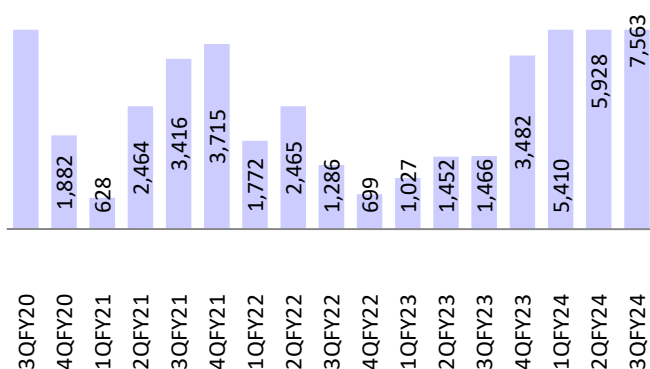
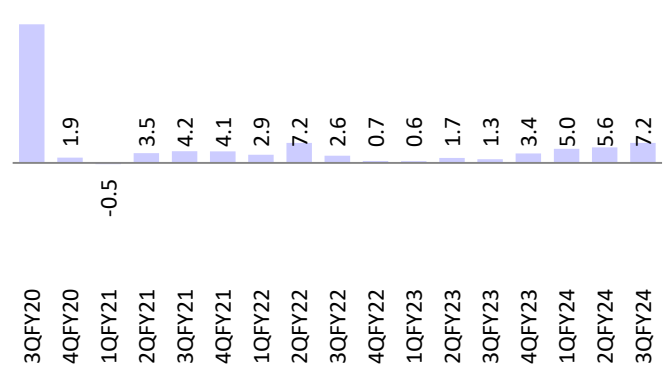


Exhibit 11: Added 7.6k towers



Source: MOFSL, Company

Exhibit 12: Net tenancy adds (7.2k) lower than tower adds (7.6k)



Source: MOFSL, Company



## Financials and valuations

Consolidated - Income Statement							(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Total Income from Operations</b>	<b>2,55,624</b>	<b>2,56,729</b>	<b>2,77,172</b>	<b>2,83,818</b>	<b>2,87,507</b>	<b>3,02,343</b>	<b>3,15,506</b>
Change (%)	75.3	0.4	8.0	2.4	1.3	5.2	4.4
Power and fuel	96,737	95,831	1,02,658	1,05,908	1,13,217	1,14,419	1,18,603
Employee benefits expenses	7,028	7,681	7,722	7,741	7,861	8,855	9,711
Other Expenses	25,991	22,248	17,785	73,483	25,061	26,233	27,137
<b>Total Expenditure</b>	<b>1,29,756</b>	<b>1,25,760</b>	<b>1,28,165</b>	<b>1,87,132</b>	<b>1,46,139</b>	<b>1,49,507</b>	<b>1,55,451</b>
% of Sales	50.8	49.0	46.2	65.9	50.8	49.4	49.3
<b>EBITDA</b>	<b>1,25,868</b>	<b>1,30,969</b>	<b>1,49,007</b>	<b>96,686</b>	<b>1,41,369</b>	<b>1,52,836</b>	<b>1,60,055</b>
Margin (%)	49.2	51.0	53.8	34.1	49.2	50.6	50.7
Depreciation	52,710	53,394	53,252	53,239	61,684	68,474	73,924
<b>EBIT</b>	<b>73,158</b>	<b>77,575</b>	<b>95,755</b>	<b>43,447</b>	<b>79,685</b>	<b>84,362</b>	<b>86,131</b>
Int. and Finance Charges	11,953	14,021	14,973	14,539	8,633	14,748	7,074
Other Income	2,777	2,983	3,525	3,613	2,854	4,954	4,954
<b>PBT bef. EO Exp.</b>	<b>63,982</b>	<b>66,537</b>	<b>84,307</b>	<b>32,521</b>	<b>73,906</b>	<b>74,568</b>	<b>84,011</b>
EO Items	0	0	0	-4,928	0	0	0
<b>PBT after EO Exp.</b>	<b>63,982</b>	<b>66,537</b>	<b>84,307</b>	<b>27,593</b>	<b>73,906</b>	<b>74,568</b>	<b>84,011</b>
Total Tax	13,712	16,786	20,576	7,193	18,927	18,769	21,146
Tax Rate (%)	21.4	25.2	24.4	26.1	25.6	25.2	25.2
Minority Interest	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>50,270</b>	<b>49,751</b>	<b>63,731</b>	<b>20,400</b>	<b>54,979</b>	<b>55,799</b>	<b>62,865</b>
<b>Adjusted PAT</b>	<b>50,270</b>	<b>49,751</b>	<b>63,731</b>	<b>24,043</b>	<b>54,979</b>	<b>55,799</b>	<b>62,865</b>
Change (%)	99.8	-1.0	28.1	-62.3	128.7	1.5	12.7
Margin (%)	19.7	19.4	23.0	8.5	19.1	18.5	19.9

Consolidated - Balance Sheet							(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	26,949	26,949	26,949	26,949	26,949	26,949	26,949
Total Reserves	1,50,132	1,31,821	1,94,556	1,84,146	2,39,125	2,94,924	3,57,790
<b>Net Worth</b>	<b>1,77,081</b>	<b>1,58,770</b>	<b>2,21,505</b>	<b>2,11,095</b>	<b>2,66,074</b>	<b>3,21,873</b>	<b>3,84,739</b>
Total Loans	76,372	69,703	54,868	47,126	47,126	10,469	10,469
Lease liabilities	1,29,275	1,34,119	1,42,392	1,44,723	1,44,723	1,44,723	1,44,723
Deferred Tax Liabilities	795	703	918	-19,469	-19,469	-19,469	-19,469
<b>Capital Employed</b>	<b>3,83,523</b>	<b>3,63,295</b>	<b>4,19,683</b>	<b>3,83,475</b>	<b>4,38,454</b>	<b>4,57,596</b>	<b>5,20,462</b>
<b>Net Fixed Assets</b>	<b>2,19,574</b>	<b>2,15,892</b>	<b>2,09,051</b>	<b>2,11,954</b>	<b>2,41,407</b>	<b>2,32,688</b>	<b>2,20,119</b>
Capital WIP	2,928	2,736	1,787	3,546	3,546	3,546	3,546
Right of use assets	99,603	1,02,110	1,09,210	1,11,882	1,11,882	1,11,882	1,11,882
<b>Total Investments</b>	<b>39,382</b>	<b>22,714</b>	<b>16,521</b>	<b>2,756</b>	<b>2,556</b>	<b>2,556</b>	<b>2,556</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>1,01,604</b>	<b>1,05,985</b>	<b>1,43,107</b>	<b>1,16,117</b>	<b>1,42,195</b>	<b>1,72,052</b>	<b>2,49,257</b>
Account Receivables	34,529	38,285	70,586	48,687	63,015	66,267	69,152
Cash and Bank Balance	2,825	145	9,802	224	4,257	28,637	1,00,982
Loans and Advances	64,250	67,555	62,719	67,206	74,923	77,148	79,123
<b>Curr. Liability &amp; Prov.</b>	<b>79,568</b>	<b>86,142</b>	<b>59,993</b>	<b>62,780</b>	<b>63,132</b>	<b>65,128</b>	<b>66,899</b>
Account Payables	33,454	32,588	21,293	21,219	21,495	22,604	23,588
Other Current Liabilities	31,300	37,407	20,967	22,147	22,361	23,219	23,981
Provisions	14,814	16,147	17,733	19,414	19,277	19,304	19,329
<b>Net Current Assets</b>	<b>22,036</b>	<b>19,843</b>	<b>83,114</b>	<b>53,337</b>	<b>79,063</b>	<b>1,06,924</b>	<b>1,82,359</b>
<b>Appl. of Funds</b>	<b>3,83,523</b>	<b>3,63,295</b>	<b>4,19,683</b>	<b>3,83,475</b>	<b>4,38,454</b>	<b>4,57,596</b>	<b>5,20,462</b>

E: MOFSL Estimates



## Financials and valuations

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Basic (INR)</b>							
<b>EPS</b>	<b>18.7</b>	<b>18.5</b>	<b>23.6</b>	<b>8.9</b>	<b>20.4</b>	<b>20.7</b>	<b>23.3</b>
Cash EPS	38.2	38.3	43.4	28.7	43.3	46.1	50.8
BV/Share	65.7	58.9	82.2	78.3	98.7	119.4	142.8
DPS	7.2	20.1	11.0	0.0	0.0	0.0	0.0
Payout (%)	44.8	126.4	54.0	0.0	0.0	0.0	0.0
<b>Valuation (x)</b>							
P/E	12.3	12.5	9.7	25.8	11.3	11.1	9.9
Cash P/E	6.0	6.0	5.3	8.0	5.3	5.0	4.5
P/BV	3.5	3.9	2.8	2.9	2.3	1.9	1.6
EV/Sales	2.6	2.6	2.3	2.3	2.3	2.0	1.7
EV/EBITDA	5.2	5.1	4.4	6.9	4.7	3.9	3.3
Dividend Yield (%)	3.1	8.7	4.8	0.0	0.0	0.0	0.0
FCF per share	20.8	28.2	23.2	17.6	3.6	26.3	27.6
<b>Return Ratios (%)</b>							
RoE	31.2	29.6	33.5	11.1	23.0	19.0	17.8
RoCE	27.9	25.0	29.7	13.0	21.5	20.7	18.7
RoIC	24.6	17.2	19.9	8.4	14.7	14.8	15.4
<b>Working Capital Ratios</b>							
Fixed Asset Turnover (x)	1.2	1.2	1.3	1.3	1.2	1.3	1.4
Asset Turnover (x)	0.7	0.7	0.7	0.7	0.7	0.7	0.6
Debtor (Days)	49	54	93	63	80	80	80
Creditor (Days)	48	46	28	27	27	27	27
<b>Leverage Ratio (x)</b>							
Current Ratio	1.3	1.2	2.4	1.8	2.3	2.6	3.7
Interest Cover Ratio	6.1	5.5	6.4	3.0	9.2	5.7	12.2
Net Debt/Equity	0.2	0.3	0.1	0.2	0.2	-0.1	-0.2

### Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
OP/(Loss) before Tax	63,982	66,537	84,307	27,593	73,906	74,568	84,011
Depreciation	52,710	53,394	53,252	53,239	61,684	68,474	73,924
Interest & Finance Charges	0	14,021	16,033	16,704	8,633	14,748	7,074
Direct Taxes Paid	-19,768	-16,283	-19,129	-22,192	-18,927	-18,769	-21,146
(Inc)/Dec in WC	-21,064	-3,175	-33,897	-44,048	-21,693	-3,481	-3,089
<b>CF from Operations</b>	<b>75,860</b>	<b>1,14,494</b>	<b>1,00,566</b>	<b>31,296</b>	<b>1,03,603</b>	<b>1,35,540</b>	<b>1,40,775</b>
Others	9,092	-6,930	-9,355	47,752	-2,854	-4,954	-4,954
<b>CF from Operating incl EO</b>	<b>84,952</b>	<b>1,07,564</b>	<b>91,211</b>	<b>79,048</b>	<b>1,00,749</b>	<b>1,30,586</b>	<b>1,35,820</b>
(Inc)/Dec in FA	-28,807	-31,507	-28,697	-31,681	-91,137	-59,755	-61,355
<b>Free Cash Flow</b>	<b>56,145</b>	<b>76,057</b>	<b>62,514</b>	<b>47,367</b>	<b>9,611</b>	<b>70,831</b>	<b>74,465</b>
(Pur)/Sale of Investments	-3,548	18,154	6,391	13,824	200	0	0
Others	1,273	673	569	557	2,854	4,954	4,954
<b>CF from Investments</b>	<b>-31,082</b>	<b>-12,680</b>	<b>-21,737</b>	<b>-17,300</b>	<b>-88,083</b>	<b>-54,801</b>	<b>-56,401</b>
Issue of Shares	-24,822	37	-154	-75	0	0	0
Inc/(Dec) in Debt	2,338	-24,690	-55,244	-37,947	0	-36,657	0
Interest Paid	-4,696	-3,310	-4,418	-3,666	-8,633	-14,748	-7,074
Dividend Paid	-30,985	-65,654	0	0	0	0	0
Others	0	0	0	-29,639	0	0	0
<b>CF from Fin. Activity</b>	<b>-58,165</b>	<b>-93,617</b>	<b>-59,816</b>	<b>-71,327</b>	<b>-8,633</b>	<b>-51,405</b>	<b>-7,074</b>
<b>Inc/Dec of Cash</b>	<b>-4,295</b>	<b>1,267</b>	<b>9,658</b>	<b>-9,579</b>	<b>4,033</b>	<b>24,380</b>	<b>72,346</b>
Opening Balance	3,172	-1,123	144	9,803	224	4,257	28,637
<b>Closing Balance</b>	<b>-1,123</b>	<b>144</b>	<b>9,802</b>	<b>224</b>	<b>4,257</b>	<b>28,637</b>	<b>1,00,982</b>

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