

Tata Communications

BSE SENSEX 32,228 S&P CNX 9,965

CMP: INR672 TP: INR775(+15%) Buy

Motilal Oswal values your support in the Asiamoney Brokers Poll 2017 for India Research, Sales and Trading team. We request your ballot.



| | |
|-----------------------|------------|
| Bloomberg | TCOM IN |
| Equity Shares (m) | 285 |
| M.Cap.(INRb)/(USDb) | 192 / 2.9 |
| 52-Week Range (INR) | 782 / 429 |
| 1, 6, 12 Rel. Per (%) | -11/-22/30 |
| Avg Val, INRm | 601 |
| Free float (%) | 25.0 |

Financials & Valuations (INR b)

| Y/E Mar | 2017 | 2018E | 2019E |
|----------------|---------|-------|-------|
| Net Sales | 176.2 | 177.1 | 190.3 |
| EBITDA | 24.1 | 24.8 | 32.4 |
| Adj. PAT | 7.8 | 2.5 | 7.4 |
| Adj. EPS (INR) | 27.2 | 8.7 | 26.1 |
| Gr. (%) | 1,653.4 | -68.0 | 199.2 |
| BV/Sh (INR) | 55.9 | 64.6 | 90.6 |
| RoE (%) | 132.2 | 14.5 | 33.6 |
| RoCE (%) | 10.2 | 3.7 | 8.0 |
| P/E (x) | 24.7 | 77.2 | 25.8 |
| P/BV (x) | 12.6 | 10.4 | 7.4 |

Margin-led EBITDA growth to continue

- EBITDA recovers from last quarter's one-off impact:** Core revenue increased 0.4% QoQ (-3.3% YoY) to INR43.1b (marginal beat). Core EBITDA rose 12.6% QoQ (-15.6% YoY) to INR5.6b (in-line). PAT stood at INR329m. Data revenue was flat QoQ (+4.6% YoY) at INR27.8b (in-line). Data EBITDA increased 23% QoQ (-14.9% YoY) to INR4.7b (in-line), with the margin expanding 330bp QoQ (-390bp YoY) to 17%. Traditional EBITDA grew 18% QoQ to INR5.7b. Voice EBITDA fell 22.7%/19.1% QoQ/YoY to INR876m.
- Healthy order pipeline to drive earnings:** According to management, the recent order wins from global clients led to 20% YoY growth in the order pipeline. Higher contribution from the Enterprise segment selling customized solutions should lead to steady EBITDA growth. We have factored in data EBITDA CAGR of 8% over FY17-19E, net of data center sale. Management guided for EBITDA breakeven in the Growth Service segment by end-FY18; however, new product launches should limit profitability. Subsequently, we cut core EBITDA by 2%/5% for FY18E/19E.
- Improving FCF to drive deleveraging** After INR37.9b debt repayment in FY17, cumulative FCF of INR12.3b over FY18-19E should reduce debt further to INR65b, thereby lowering net debt to EBITDA to 2x. This should allow the company to reach ~15% RoIC over the next 2-3 years.
- Maintain TP with reduced TP of INR 775:** We believe the Growth Service segment's EBITDA breakeven in 4-6 quarters should drive overall earnings growth. Assuming INR176/share of land value, the stock trades attractively at ~6x on FY19E. EBITDA revision leads us to reduce the target price by 4% to INR775 (excluding land bank). Maintaining **Buy**.

Cons. Quarterly Earning Model

| Y/E March | FY17 | | | | FY18 | | | | (INR m) | |
|--------------------------------|--------|---------|--------|---------|--------|--------|---------|--------|---------|---------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | FY17 | FY18E |
| Net Sales | 44,569 | 45,091 | 43,601 | 42,937 | 43,100 | 43,857 | 44,623 | 45,525 | 176,197 | 177,104 |
| YoY Change (%) | -14.0 | -12.1 | -14.5 | -16.5 | -3.3 | -2.7 | 2.3 | 6.0 | -14.3 | 0.0 |
| Total Expenditure | 37,849 | 38,466 | 37,910 | 37,914 | 37,514 | 37,932 | 38,229 | 38,614 | 152,138 | 152,288 |
| EBITDA | 6,720 | 6,625 | 5,691 | 5,024 | 5,586 | 5,925 | 6,394 | 6,911 | 24,059 | 24,816 |
| Margins (%) | 15.1 | 14.7 | 13.1 | 11.7 | 13.0 | 13.5 | 14.3 | 15.2 | 13.7 | 14.0 |
| Depreciation | 4,660 | 4,644 | 4,677 | 4,677 | 4,447 | 4,999 | 4,999 | 4,999 | 18,658 | 19,444 |
| Interest | 933 | 960 | 999 | 780 | 761 | 711 | 699 | 687 | 3,672 | 2,857 |
| Other Income | 954 | 728 | 909 | 1,012 | 444 | 345 | 354 | 255 | 3,603 | 1,397 |
| PBT before EO expense | 2,081 | 1,750 | 924 | 578 | 822 | 560 | 1,049 | 1,480 | 5,332 | 3,911 |
| Exceptional expense | 0 | 0 | 0 | 10,633 | 0 | 0 | 0 | 0 | 10,633 | 0 |
| PBT | 2,081 | 1,750 | 924 | -10,055 | 822 | 560 | 1,049 | 1,480 | -5,301 | 3,911 |
| Tax | 734 | 899 | 923 | -192 | 461 | 185 | 346 | 488 | 2,364 | 1,480 |
| Rate (%) | 35.3 | 51.4 | 99.9 | 1.9 | 56.0 | 33.0 | 33.0 | 33.0 | -44.6 | 37.8 |
| MI & Profit/Loss of Asso. Cos. | 0 | 6 | -7 | -40 | 32 | -28 | -28 | -28 | -51 | -51 |
| Reported PAT | 1,347 | 845 | 7 | -9,824 | 329 | 403 | 731 | 1,019 | -7,614 | 2,482 |
| Adj PAT | 1,347 | 845 | 7 | 607 | 329 | 403 | 731 | 1,019 | 7,761 | 2,482 |
| YoY Change (%) | 211.2 | 1,303.7 | -96.6 | 132.4 | -75.6 | -52.3 | 9,774.7 | 68.0 | 1,653.4 | 0.0 |
| Margins (%) | 3.0 | 1.9 | 0.0 | 1.4 | 0.8 | 0.9 | 1.6 | 2.2 | 4.4 | 1.4 |

E: MOSL Estimates

Aliasgar Shakir (Aliasgar.Shakir@motilaloswal.com); +91 022 3982 5423

Hafeez Patel Hafeez.Patel@MotilalOswal.com); +91 22 3010 2611

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



Concall highlights

1QFY18 performance

- Last quarter's financials impacted by exceptional items and sale of Neotel and data center.
- In 1QFY18, data revenues grew 4.6% YoY, impacted by currency. In dollar terms, data revenues grew 8.5% YoY.
- ATM business is operating at 50-60% of pre-demonetization levels, impacting the no of transactions and profitability.
- Revenue growth significantly better than management expectation.
- In Growth Service segment, the UCC, hosting and security services witnessing healthy 20-25% annual growth.
- UCC business shifted from Traditional revenues to Growth Service.
- Voice business impacted core EBITDA margin.
- Excluding TCP SL, effective tax rate is at 33%, in line with the long-term guidance.
- Total data margin down 390bp YoY, impacted by 90bp transformation cost, cable repair cost (100bp), employee cost (100bp) and others (100bp).
- Traditional segment margin is impacted by access facilitation costs and transformation expenses.
- During 1QFY18, voice EBITDA declined 23%. Voice EBITDA margin should hover at 5-6%.
- 20% improvement in order pipeline in 1QFY18 on YoY basis.

Growth outlook

- Focusing on new growth avenues like cyber security, IOT and cross border security.
- Tata Comm. will be spending USD90-100m combined (capex and opex) over a five-year period toward the digital transformation program, the benefits of which will be seen from FY19.
- All the major cloud providers are connected to IZO services. Look forward to more connectivity and cloud services.
- Expansion of IZO cloud services in global regions strengthens the footprint and offerings.
- Growth Service revenue pipeline for the 1st time is at par with Traditional Services.
- Continue to build Growth Services portfolio, shifting from product company to business solution company.
- FCF growth momentum should continue as the company grows scale.
- Generating FCF will be priority while investing in new services.
- The current 25% growth momentum in Growth Service should continue. Management goal for Growth Service is to end the year FY18 with EBITDA-neutral position.
- UCC, IZO WAN are witnessing healthy growth on the back of big multi-year contract wins in the US.
- Growth Service will reach EBITDA breakeven by the end of FY18, excluding cross-border connectivity, IOT and cyber security; will turn profitable by FY19.
- Lower transaction on the back of shortage of cash is hurting ATM business. Management is trying to improve cost efficiency and meanwhile explore strategic opportunities in the market.

Exhibit 1: Quarterly – segment-wise core business performance

| Revenues | 1QFY17 | 4QFY17 | 1QFY18 | YoY(%) | QoQ (%) | 1QFY18E | v/s est (%) |
|---------------|--------|--------|--------|--------|---------|---------|-------------|
| Voice | 18,023 | 15,100 | 15,334 | -14.9 | 1.5 | 14,895 | 2.9 |
| Data | 26,541 | 27,838 | 27,766 | 4.6 | -0.3 | 27,769 | 0.0 |
| Core | 44,564 | 42,938 | 43,100 | -3.3 | 0.4 | 42,664 | 1.0 |
| EBITDA | | | | | | | |
| Voice | 1,082 | 1,133 | 876 | -19.0 | -22.7 | 836 | 4.8 |
| Margin | 6.0% | 7.5% | 5.7% | -5bps | -24bps | 5.6% | 10bps |
| Data | 5,537 | 3,827 | 4,711 | -14.9 | 23.1 | 4,737 | -0.5 |
| Margin | 20.9% | 13.7% | 17.0% | -19bps | 23bps | 17.1% | -9bps |
| Core | 6,619 | 4,960 | 5,586 | -15.6 | 12.6 | 5,573 | 0.2 |
| Margin | 14.9% | 11.6% | 13.0% | -13bps | 12bps | 13.1% | -10bps |
| Core PAT | 1341 | -9834 | 323 | -75.9 | -103.3 | 289.78 | 11.5 |
| Margin | 3.0% | -22.9% | 0.7% | -75bps | -103bps | 0.7% | 7bps |

Exhibit 2: Estimate Changes

| | FY17 | FY18E | FY19E |
|-------------------------------------|---------------|---------------|----------------|
| Global Voice revenue (INR m) | | | |
| Old | 67,178 | 58,781 | 56,701 |
| Actual/New | 67,381 | 60,498 | 58,316 |
| Change (%) | 0.3 | 2.9 | 2.8 |
| Global Data revenue (INR m) | | | |
| Old | 113,203 | 116,579 | 132,058 |
| Actual/New | 111,200 | 116,606 | 131,983 |
| Change (%) | -1.8 | 0.0 | -0.1 |
| Core revenue (INR m) | | | |
| Old | 180,381 | 175,360 | 188,759 |
| Actual/New | 178,581 | 177,104 | 190,299 |
| Change (%) | -1.0 | 1.0 | 0.8 |
| Core EBITDA (INR m) | | | |
| Old | 26,601 | 25,278 | 34,209 |
| Actual/New | 25,290 | 24,816 | 32,403 |
| Change (%) | 4.9 | -1.8 | -5.3 |
| Voice EBITDA (INR m) | | | |
| Old | 4,290 | 3,298 | 3,181 |
| Actual/New | 4,238 | 3,456 | 3,331 |
| Change (%) | -1.2 | 4.8 | 4.7 |
| Data EBITDA (INR m) | | | |
| Old | 22,311 | 21,980 | 31,028 |
| Actual/New | 21,052 | 21,360 | 29,072 |
| Change (%) | -5.6 | -2.8 | -6.3 |
| Core EBITDA margin (%) | | | |
| Old | 14.7 | 14.4 | 18.1 |
| Actual/New | 14.2 | 14.0 | 17.0 |
| Change (%) | -59bps | -40bps | -110bps |
| Voice EBITDA margin (%) | | | |
| Old | 6.4 | 5.6 | 5.6 |
| Actual/New | 6.3 | 5.7 | 5.7 |
| Change (%) | -10bps | 10bps | 10bps |
| Data EBITDA margin (%) | | | |
| Old | 19.7 | 18.9 | 23.5 |
| Actual/New | 18.9 | 18.3 | 22.0 |
| Change (%) | -78bps | -54bps | -147bps |
| PAT (m) | | | |
| Old | (7,614) | 2,858 | 8,766 |
| Actual/New | (7,614) | 2,482 | 7,426 |
| Change (%) | 0.0 | -13.2 | -15.3 |
| EPS (INR m) | | | |
| Old | -26.7 | 10.2 | 30.9 |
| Actual/New | -26.7 | 8.7 | 26.1 |
| Change (%) | 0.0 | -14.7 | -15.8 |

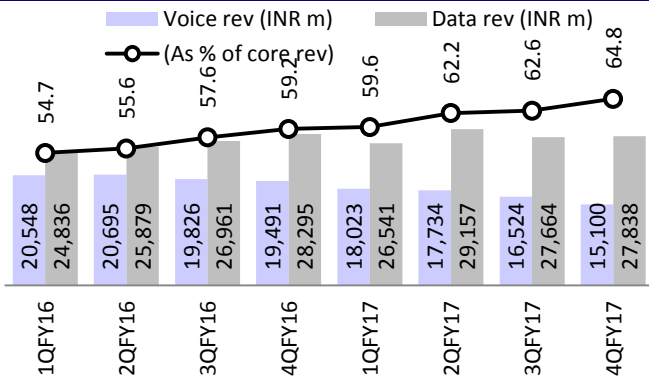
Exhibit 3: Valuation Summary

| Particulars | FY19E |
|--------------------------|--------------|
| EBITDA (INR mn) | 32,403 |
| multiple (x) | 8.8 |
| Voice EBITDA (INRmn) | 3,331 |
| multiple (x) | 3.0 |
| Data EBITDA (INRmn) | 29,072 |
| multiple (x) | 9.5 |
| Enterprise Value (INRmn) | 285,887 |
| Net Debt (INRmn) | 65,056 |
| Equity value (INRmn) | 220,831 |
| No of shares (mn) | 285 |
| Equity value/share (INR) | 775 |
| % Upside(Downside) | 15% |
| Land Bank (INR) | 176 |
| Fair Value (INR) | 951 |
| CMP ((JNR) | 672 |
| % Upside(Downside) | 41% |

Source: Company, MOSL

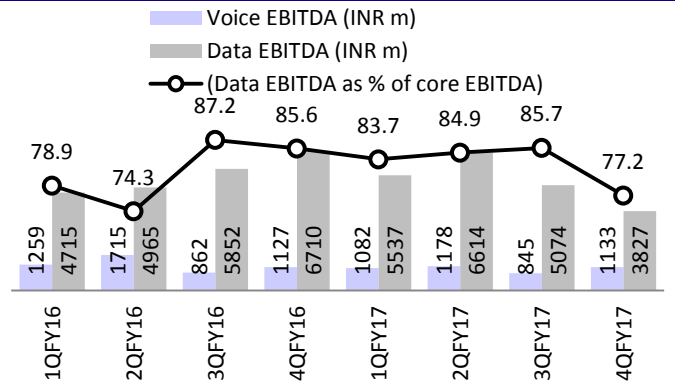
Story in Charts

Exhibit 4: Revenue split and Data contribution



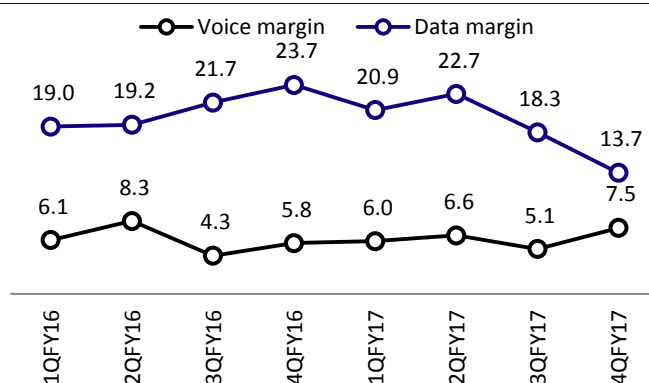
Source: MOSL, Company

Exhibit 5: EBITDA split and Data EBITDA contribution



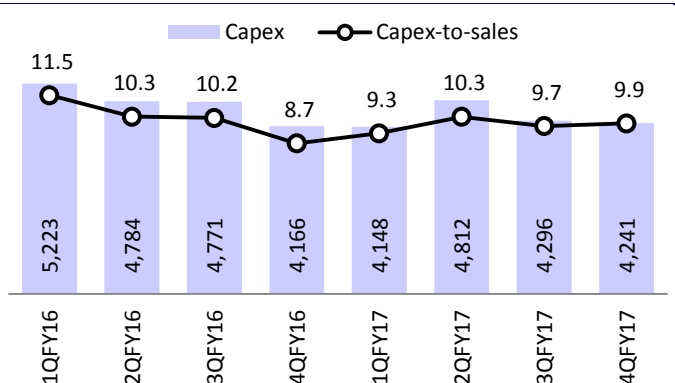
Source: MOSL, Company

Exhibit 6: Margin Profile



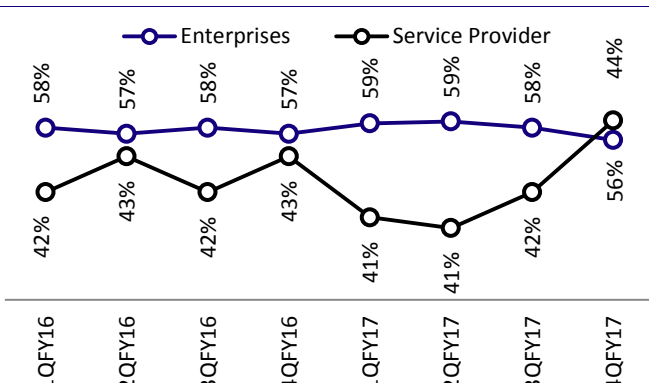
Source: MOSL, Company

Exhibit 7: Capex Intensity moderating



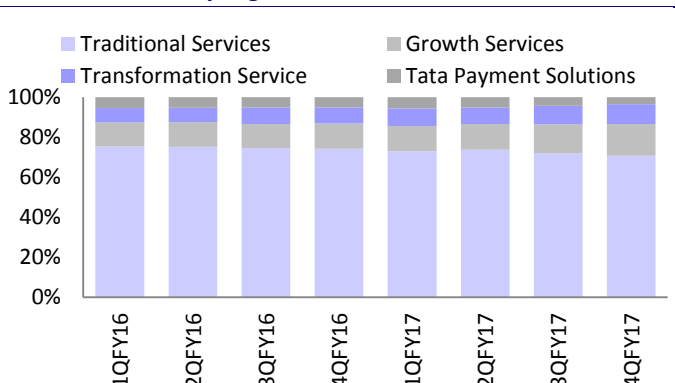
Source: MOSL, Company

Exhibit 8: Clientele revenue mix



Source: Company, MOSL

Exhibit 9: Quarterly segmental revenue trend



Source: Company, MOSL

Exhibit 10: Core Segmental mix (INR m)

| | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18E | FY19E |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Revenues Segments | | | | | | | | |
| Voice | 68,118 | 85,647 | 93,024 | 87,761 | 80,560 | 67,381 | 60,498 | 58,316 |
| growth | 4.4% | 25.7% | 8.6% | -5.7% | -8.2% | -16.4% | -10.2% | -3.6% |
| as a % of core | 54.7% | 55.9% | 53.3% | 49.4% | 43.2% | 37.7% | 34.2% | 30.6% |
| Data | 56,462 | 67,534 | 81,485 | 89,914 | 105,971 | 111,200 | 116,606 | 131,983 |
| growth | 17.8% | 19.6% | 20.7% | 10.3% | 17.9% | 4.9% | 4.9% | 13.2% |
| as a % of core | 45.3% | 44.1% | 46.7% | 50.6% | 56.8% | 62.3% | 65.8% | 69.4% |
| Core Revenues | 124,580 | 153,181 | 174,509 | 177,675 | 186,531 | 178,581 | 177,104 | 190,299 |
| EBITDA Segments | | | | | | | | |
| Voice | 5,443 | 7,306 | 8,292 | 6,359 | 4,963 | 4,238 | 3,456 | 3,331 |
| margin | 8.0% | 8.5% | 8.9% | 7.2% | 6.2% | 6.3% | 5.7% | 5.7% |
| growth | 32.4% | 34.2% | 13.5% | -23.3% | -22.0% | -14.6% | -18.4% | -3.6% |
| as a % of Core EBITDA | 30.2% | 39.2% | 35.0% | 26.2% | 18.2% | 16.8% | 13.9% | 10.3% |
| Data | 12,608 | 11,343 | 15,418 | 17,885 | 22,242 | 21,052 | 21,360 | 29,072 |
| margin | 22.3% | 16.8% | 18.9% | 19.9% | 21.0% | 18.9% | 18.3% | 22.0% |
| growth | 26.4% | -10.0% | 35.9% | 16.0% | 24.4% | -5.4% | 1.5% | 36.1% |
| as a % of Core EBITDA | 69.9% | 60.8% | 65.0% | 73.8% | 81.8% | 83.2% | 86.1% | 89.7% |
| Core EBITDA | 18,050 | 18,649 | 23,710 | 24,244 | 27,205 | 25,290 | 24,816 | 32,403 |
| margin | 14.5% | 12.2% | 13.6% | 13.6% | 14.6% | 14.2% | 14.0% | 17.0% |
| growth | 61.9% | 3.3% | 27.1% | 2.3% | 12.2% | -7.0% | -1.9% | 30.6% |

Source: Company, MOSL

Exhibit 11: Key metrics – Core business

| Clientwise Revenue mix | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18E | FY19E |
|-------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| Service Provider | 51% | 51% | 47% | 43% | 42% | 42% | | |
| Enterprises | 49% | 49% | 53% | 57% | 58% | 58% | | |
| Cash Flows | | | | | | | | |
| OCF | 17,525 | 24,547 | 30,616 | 30,283 | 23,713 | 3,058 | 23,163 | 27,610 |
| Capex | (21,792) | (15,416) | (17,872) | (17,713) | (20,287) | 14,853 | (16,428) | (16,428) |
| FCF | (4,267) | 9,131 | 12,744 | 12,570 | 3,426 | 17,910 | 6,735 | 11,182 |
| Capex | | | | | | | | |
| Core | | | | | | | | |
| Voice | (636) | (684) | (485) | (397) | (241) | (174) | (168) | (168) |
| as a % of sales | 0.9% | 0.8% | 0.5% | 0.5% | 0.3% | 0.3% | 0.3% | 0.3% |
| Data | (19,552) | (15,155) | (14,667) | (17,856) | (18,703) | (17,323) | (16,260) | (16,260) |
| as a % of sales | 34.6% | 22.4% | 18.0% | 19.9% | 17.6% | 15.6% | 13.9% | 12.3% |
| Core Capex | (20,188) | (15,839) | (15,152) | (18,253) | (18,944) | (17,497) | (16,428) | (16,428) |
| as a % of sales | 16.2% | 10.3% | 8.7% | 10.3% | 10.2% | 9.8% | 9.3% | 8.6% |
| Leverage | | | | | | | | |
| Gross Debt | 107,757 | 108,707 | 110,205 | 105,661 | 115,341 | 80,730 | 75,405 | 65,056 |
| Core Net Debt | 107,757 | 108,707 | 110,205 | 79,324 | 92,220 | 80,730 | 75,405 | 65,056 |
| Debt to EBITDA | 6.01 | 5.28 | 3.62 | 3.53 | 3.72 | 3.36 | 3.04 | 2.01 |
| Core Debt to EBITDA | 6.01 | 5.28 | 3.62 | 3.27 | 3.39 | 3.19 | 3.04 | 2.01 |

Source: Company, MOSL

Financials and Valuations

Consolidated Income Statement (INR m)

| Y/E March | FY13 | FY14 | FY15 | FY16 | FY17 | FY18E | FY19E | FY20E |
|------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Total Income from Operations | 172,130 | 196,196 | 199,090 | 205,539 | 176,197 | 177,104 | 190,299 | 205,426 |
| Change (%) | 21.3 | 14.0 | 1.5 | 3.2 | -14.3 | 0.5 | 7.5 | 7.9 |
| Network Cost | 97,806 | 107,457 | 105,543 | 103,934 | 88,119 | 89,054 | 92,009 | 95,003 |
| Staff Cost | 24,115 | 24,976 | 27,948 | 31,077 | 28,394 | 29,167 | 29,723 | 30,338 |
| Operating & Other Expense | 29,612 | 33,346 | 35,702 | 39,551 | 35,625 | 34,067 | 36,164 | 39,106 |
| Total Expenditure | 151,532 | 165,779 | 169,193 | 174,562 | 152,138 | 152,288 | 157,895 | 164,447 |
| % of Sales | 88.0 | 84.5 | 85.0 | 84.9 | 86.3 | 86.0 | 83.0 | 80.1 |
| EBITDA | 20,597 | 30,416 | 29,897 | 30,978 | 24,059 | 24,816 | 32,403 | 40,979 |
| Margin (%) | 12.0 | 15.5 | 15.0 | 15.1 | 13.7 | 14.0 | 17.0 | 19.9 |
| Depreciation | 20,271 | 20,914 | 21,611 | 22,166 | 18,658 | 19,444 | 20,512 | 21,580 |
| EBIT | 327 | 9,502 | 8,286 | 8,812 | 5,401 | 5,372 | 11,892 | 19,399 |
| Int. and Finance Charges | 7,941 | 7,617 | 7,508 | 7,191 | 3,672 | 2,857 | 2,701 | 2,687 |
| Other Income | 2,266 | 1,433 | 4,008 | 2,958 | 3,603 | 1,397 | 1,816 | 2,282 |
| PBT bef. EO Exp. | -5,349 | 3,318 | 4,786 | 4,578 | 5,332 | 3,911 | 11,007 | 18,994 |
| EO Items | 1,042 | 1,126 | -1,052 | -1,928 | -10,633 | 0 | 0 | 0 |
| PBT after EO Exp. | -4,307 | 4,444 | 3,734 | 2,650 | -5,301 | 3,911 | 11,007 | 18,994 |
| Total Tax | 2,202 | 3,433 | 3,705 | 2,386 | 2,364 | 1,480 | 3,632 | 6,620 |
| Tax Rate (%) | -51.1 | 77.2 | 99.2 | 90.0 | -44.6 | 37.8 | 33.0 | 34.9 |
| Minority Interest | -276 | -3 | 17 | 14 | -51 | -51 | -51 | -51 |
| Reported PAT | -6,233 | 1,014 | 13 | 250 | -7,614 | 2,482 | 7,426 | 12,424 |
| Adjusted PAT | -7,808 | 758 | 21 | 443 | 7,761 | 2,482 | 7,426 | 12,424 |
| Change (%) | -1.7 | -109.7 | -97.2 | 1,986.6 | 1,653.4 | -68.0 | 199.2 | 67.3 |
| Margin (%) | -4.5 | 0.4 | 0.0 | 0.2 | 4.4 | 1.4 | 3.9 | 6.0 |

Consolidated Balance Sheet (INR m)

| Y/E March | FY13 | FY14 | FY15 | FY16 | FY17 | FY18E | FY19E | FY20E |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Equity Share Capital | 2,850 | 2,850 | 2,850 | 2,850 | 2,850 | 2,850 | 2,850 | 2,850 |
| Total Reserves | 11,399 | 5,145 | 365 | -7,032 | 13,069 | 15,551 | 22,977 | 35,401 |
| Net Worth | 14,249 | 7,995 | 3,215 | -4,182 | 15,919 | 18,401 | 25,827 | 38,251 |
| Minority Interest | 79 | 62 | 59 | 69 | 184 | 184 | 184 | 184 |
| Total Loans | 123,624 | 136,944 | 130,757 | 143,724 | 99,516 | 92,429 | 92,429 | 92,429 |
| Deferred Tax Liabilities | 176 | -727 | -2,015 | -1,543 | 71 | 71 | 71 | 71 |
| Capital Employed | 138,128 | 144,274 | 132,015 | 138,068 | 115,690 | 111,084 | 118,510 | 130,934 |
| Gross Block | 249,475 | 278,736 | 299,608 | 319,011 | 304,647 | 321,075 | 337,503 | 353,932 |
| Less: Accum. Deprn. | 111,090 | 135,779 | 156,419 | 176,704 | 195,362 | 214,806 | 235,318 | 256,897 |
| Net Fixed Assets | 138,385 | 142,957 | 143,190 | 142,306 | 109,285 | 106,269 | 102,186 | 97,034 |
| Goodwill on Consolidation | 8,729 | 6,185 | 3,848 | 2,656 | 0 | 0 | 0 | 0 |
| Capital WIP | 7,707 | 6,530 | 6,383 | 7,998 | 7,509 | 7,509 | 7,509 | 7,509 |
| Total Investments | 13,216 | 17,582 | 17,675 | 17,664 | 31,122 | 31,122 | 31,122 | 31,122 |
| Curr. Assets, Loans&Adv. | 69,215 | 74,431 | 68,841 | 80,635 | 62,416 | 62,742 | 77,274 | 102,765 |
| Inventory | 272 | 506 | 264 | 254 | 192 | 224 | 241 | 260 |
| Account Receivables | 32,119 | 27,339 | 24,870 | 30,469 | 25,900 | 29,113 | 32,325 | 34,894 |
| Cash and Bank Balance | 9,233 | 16,695 | 16,212 | 19,789 | 10,793 | 9,031 | 19,379 | 41,743 |
| Loans and Advances | 27,592 | 29,891 | 27,495 | 30,122 | 25,531 | 24,374 | 25,329 | 25,868 |
| Curr. Liability & Prov. | 99,124 | 103,411 | 107,922 | 113,191 | 94,643 | 96,558 | 99,581 | 107,497 |
| Account Payables | 43,644 | 40,403 | 36,697 | 41,090 | 35,814 | 37,362 | 39,102 | 42,211 |
| Other Current Liabilities | 51,506 | 56,324 | 61,538 | 62,552 | 53,142 | 53,859 | 55,265 | 59,658 |
| Provisions | 3,974 | 6,684 | 9,687 | 9,548 | 5,687 | 5,337 | 5,214 | 5,628 |
| Net Current Assets | -29,909 | -28,980 | -39,081 | -32,556 | -32,227 | -33,816 | -22,307 | -4,731 |
| Appl. of Funds | 138,128 | 144,274 | 132,015 | 138,068 | 115,690 | 111,084 | 118,510 | 130,934 |

Financials and Valuations

Ratios

| Y/E March | FY13 | FY14 | FY15 | FY16 | FY17 | FY18E | FY19E | FY20E |
|-------------------------------|--------------|------------|------------|------------|-------------|------------|-------------|-------------|
| Basic (INR) | | | | | | | | |
| EPS | -27.4 | 2.7 | 0.1 | 1.6 | 27.2 | 8.7 | 26.1 | 43.6 |
| Cash EPS | 43.7 | 76.0 | 75.9 | 79.3 | 92.7 | 76.9 | 98.0 | 119.3 |
| BV/Share | 50.0 | 28.1 | 11.3 | -14.7 | 55.9 | 64.6 | 90.6 | 134.2 |
| DPS | 3.0 | 4.5 | 5.5 | 4.3 | 4.3 | 4.3 | 4.3 | 4.3 |
| Payout (%) | -16.3 | 151.8 | 13,711.6 | 584.0 | -19.2 | 58.9 | 19.7 | 11.8 |
| Valuation (x) | | | | | | | | |
| P/E | | | 9,028.6 | 432.7 | 24.7 | 77.2 | 25.8 | 15.4 |
| Cash P/E | | | 8.9 | 8.5 | 7.2 | 8.7 | 6.9 | 5.6 |
| P/BV | | | 59.6 | -45.8 | 12.0 | 10.4 | 7.4 | 5.0 |
| EV/Sales | | | 1.5 | 1.5 | 1.6 | 1.6 | 1.4 | 1.2 |
| EV/EBITDA | | | 10.2 | 10.2 | 11.6 | 11.1 | 8.2 | 5.9 |
| Dividend Yield (%) | 0.4 | 0.7 | 0.8 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| FCF per share | 32.0 | 44.7 | 44.1 | 12.0 | 62.8 | 23.6 | 39.2 | 79.7 |
| Return Ratios (%) | | | | | | | | |
| RoE | -42.1 | 6.8 | 0.4 | -91.6 | 132.2 | 14.5 | 33.6 | 38.8 |
| RoCE | 2.9 | 1.8 | 0.1 | 0.9 | 10.2 | 3.7 | 8.0 | 11.3 |
| RoIC | 0.4 | 2.0 | 0.1 | 1.0 | 9.8 | 5.1 | 12.9 | 22.8 |
| Working Capital Ratios | | | | | | | | |
| Fixed Asset Turnover (x) | 0.7 | 0.7 | 0.7 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| Asset Turnover (x) | 1.2 | 1.4 | 1.5 | 1.5 | 1.5 | 1.6 | 1.6 | 1.6 |
| Inventory (Days) | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debtor (Days) | 68 | 51 | 46 | 54 | 54 | 60 | 62 | 62 |
| Creditor (Days) | 93 | 75 | 67 | 73 | 74 | 77 | 75 | 75 |
| Leverage Ratio (x) | | | | | | | | |
| Current Ratio | 0.7 | 0.7 | 0.6 | 0.7 | 0.7 | 0.6 | 0.8 | 1.0 |
| Interest Cover Ratio | 0.0 | 1.2 | 1.1 | 1.2 | 1.5 | 1.9 | 4.4 | 7.2 |
| Net Debt/Equity | 7.1 | 12.8 | 30.1 | -25.4 | 3.6 | 2.8 | 1.6 | 0.5 |

Consolidated Cash Flow Statement (INR m)

| Y/E March | FY13 | FY14 | FY15 | FY16 | FY17 | FY18E | FY19E | FY20E |
|----------------------------------|----------------|----------------|----------------|----------------|---------------|----------------|----------------|----------------|
| OP/(Loss) before Tax | -4,307 | 4,444 | 3,734 | 460 | -5,301 | 3,911 | 11,007 | 18,994 |
| Depreciation | 20,271 | 20,914 | 21,611 | 22,745 | 18,658 | 19,444 | 20,512 | 21,580 |
| Interest & Finance Charges | 7,941 | 7,038 | 6,680 | 6,341 | 3,672 | 2,857 | 2,701 | 2,687 |
| Direct Taxes Paid | 793 | -1,824 | -1,120 | -4,238 | -2,364 | -1,480 | -3,632 | -6,620 |
| (Inc)/Dec in WC | 1,887 | 228 | -1,339 | -3,383 | -9,326 | -173 | -1,161 | 4,788 |
| CF from Operations | 26,585 | 30,800 | 29,565 | 21,925 | 5,339 | 24,560 | 29,427 | 41,429 |
| Others | -2,038 | -184 | 718 | 1,788 | -2,282 | -1,397 | -1,816 | -2,282 |
| CF from Operating incl EO | 24,547 | 30,616 | 30,283 | 23,713 | 3,058 | 23,163 | 27,610 | 39,147 |
| (Inc)/Dec in FA | -15,416 | -17,872 | -17,713 | -20,287 | 14,853 | -16,428 | -16,428 | -16,428 |
| Free Cash Flow | 9,131 | 12,744 | 12,570 | 3,426 | 17,910 | 6,735 | 11,182 | 22,718 |
| (Pur)/Sale of Investments | -9,572 | -5,101 | -1,720 | -3,084 | -13,459 | 0 | 0 | 0 |
| Others | 3,491 | 1,675 | 2,550 | 3,350 | 35,301 | 1,397 | 1,816 | 2,282 |
| CF from Investments | -21,497 | -21,298 | -16,884 | -20,022 | 36,695 | -15,031 | -14,612 | -14,146 |
| Issue of Shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inc/(Dec) in Debt | 11,696 | 6,777 | -5,088 | 8,825 | -44,208 | -7,088 | 0 | 0 |
| Interest Paid | -7,800 | -6,694 | -6,285 | -5,807 | -3,672 | -2,857 | -2,701 | -2,687 |
| Dividend Paid | -671 | -964 | -1,467 | -1,873 | 0 | 0 | 0 | 0 |
| Others | -103 | -975 | -1,043 | -1,257 | 51 | 51 | 51 | 51 |
| CF from Fin. Activity | 3,122 | -1,856 | -13,883 | -113 | -47,829 | -9,894 | -2,650 | -2,636 |
| Inc/Dec of Cash | 6,172 | 7,462 | -483 | 3,578 | -8,076 | -1,762 | 10,349 | 22,364 |
| Opening Balance | 3,061 | 9,233 | 16,695 | 16,211 | 19,790 | 10,793 | 9,031 | 19,379 |
| Closing Balance | 9,233 | 16,695 | 16,211 | 19,790 | 10,793 | 9,031 | 19,379 | 41,743 |

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