

Bharti Hexacom

BSE SENSEX

81,442

S&P CNX

24,751



BHARTI HEXACOM LIMITED

Bloomberg	BHARTIHE IN
Equity Shares (m)	500
M.Cap.(INRb)/(USDb)	939.3 / 10.9
52-Week Range (INR)	1939 / 936
1, 6, 12 Rel. Per (%)	10/33/75
12M Avg Val (INR M)	827

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Net Sales	85.5	98.2	111.9
EBITDA	42.0	51.7	62.5
Adj. PAT	12.8	19.2	27.7
Adj. EPS (INR)	25.6	38.3	55.5
EPS Gr. (%)	58.7%	49.6%	44.8%
BV/Sh. (INR)	118.6	147.0	182.4

Ratios

RoE (%)	24.2	28.9	33.7
RoCE (%)	13.5	17.1	23.8

Valuations

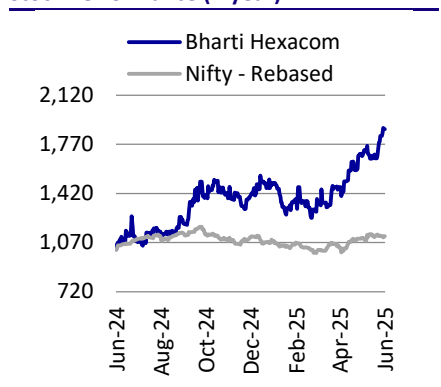
P/E (x)	73.3	49.0	33.9
P/BV (x)	15.8	12.8	10.3
EV/EBITDA (x)	24.1	19.2	15.5
Div. Yield (%)	0.5	1.1	1.6

Shareholding pattern (%)

As On	Mar-25	Dec-24
Promoter	70.0	70.0
DII	10.0	9.3
FII	4.3	5.0
Others	15.7	15.7

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR1,879 TP: INR1,900 (+1%) Downgrade to Neutral Risk-reward no longer attractive; downgrade to Neutral

Since our coverage initiation in Mar'25, Bharti Hexacom (BHL) has delivered 40%+ returns (vs. ~15% for Bharti Airtel or Bharti) and now trades at ~19x one-year forward EV/EBITDA (or 37% premium to the implied EV/EBITDA multiple for Bharti's India business, vs. ~15% on average since BHL's listing). Given that BHL provides a pure-play exposure to Bharti's fast-growing India wireless and homes business with slightly higher growth prospects, better RoCE and lower capital misallocation concerns, we had argued for a slight premium to its parent, Bharti. However, we believe a ~40% premium is steep and risk-reward is no longer attractive. We downgrade BHL to Neutral with an unchanged TP of INR1,900.

Execution remains top notch; FCF yield no longer attractive

- BHL offers a pure-play exposure to Bharti's fast-growing India wireless and home broadband segments. Given the relatively lower penetration of mobile and fixed broadband in BHL's circles, its growth prospects are slightly better than Bharti's.
- Driven by top notch execution on its premiumization agenda, the share of data subs in BHL's mix has risen to ~76.7% (from ~55.6% in FY21) and is now ~100bp lower than Bharti's India wireless business (vs. ~300bp gap in FY21).
- BHL delivered FCF of ~INR20b (after leases and interest payments) in FY25, and with moderation in capex intensity and likely one more tariff hike, we expect BHL's FCF generation to improve further to ~INR30b by FY27.
- We expect BHL to turn net debt-free (excl. leases) by FY27 (vs. ~INR36.2b in FY25) and dividend payments to rise steadily to INR30/share (vs. INR10 in FY25), as we believe BHL is likely to use FCF for debt payments and dividends (vs. potential acquisitions for Bharti).
- However, after the recent run-up, BHL's FCF yield has moderated to ~3% (from ~5% earlier).

Long-term ARPU growth remains key to sustain multiples

- BHL has surged 3.3x since its IPO in Apr'24, with valuation expanding from ~7x one-year forward EV/EBITDA to ~19x currently on expectations of strong growth, led by tariff repair in the Indian telecom industry.
- We continue to believe there would be at least one more tariff reset, and we build in a tariff hike of ~15% (or INR50/month) in Dec'25E, which should take BHL's FY27E ARPU to INR284 (vs. FY25 exit ARPU of INR242).
- Driven by subs mix premiumization, we expect BHL's ARPU to reach INR312 by FY28E (FY25-28E ARPU/revenue/EBITDA CAGR of ~11%/13%/19%).
- Beyond FY28, we believe the tariff hikes would be more gradual, and we build in ~5.5% ARPU CAGR over FY28-35E, in our base case (TP of INR1,900), which drives relatively modest ~7% CAGR in revenue/EBITDA each.
- We believe for BHL's (and even Bharti's) multiple to sustain/re-rate, ARPU growth has to be significantly higher, or there could be de-rating of multiples, in line with the moderation in growth.

Higher concentration among top two could make market share gains tougher

- The competitive intensity in BHL's circles is relatively lower, with Bharti's sub market share (SMS) higher at 38.6% in BHL circles (vs. ~33.7% pan India).
- Similarly, Bharti's revenue market share (RMS) is also higher at ~45.8% in BHL circles (vs 39.7% pan-India).
- Lower competitive intensity theoretically provides better pricing power and lower customer acquisition costs, and thereby potentially higher margins.
- However, with more concentration among top two telcos on SMS (78% in BHL circles vs ~74% pan-India) and RMS (89.3% vs. 83.1% pan-India), the incremental market share gains could be tougher for BHL (vs. Bharti).
- We note that, since Mar'23, Bharti's pan-India RMS gain at ~385bp has outpaced BHL's ~330bp RMS gains.

Gol stake impedes operational freedom and creates overhang

- The Government of India (GoI) currently owns ~a 15% stake in BHL. As such, GoI does not have any board representation at BHL after its listing.
- However, with GoI being a significant shareholder, BHL had to keep its tower sale deal with Indus Towers in abeyance, due to procedural objections from GoI.
- We expect GoI to sell its stake in BHL over the medium term, which would create a supply overhang and increase the free float in BHL. We believe low free float is also a key reason for BHL's relatively strong run-up (vs. Bharti).

Tail risks of unfavorable merger ratio with Bharti

- We believe Bharti would ideally want to have the India wireless and homes business under a single entity to have full control and ownership (as per management's rationale while buying back DTH stake from Warburg Pincus). It would also save costs associated with having BHL as separately listed entity.
- Though, if BHL continues to trade at a significant premium to implied multiple for Bharti's India business, we believe the possibility of a merger is low.
- However, if Bharti were to still merge BHL with the parent company at some point, there could be a risk of an adverse swap ratio for BHL shareholders.
- As BHL contributes ~7.5% to Bharti's India wireless and home segment EBITDA, if we were to assign a valuation to BHL in proportion to its EBITDA contribution, the TP would work out to ~INR1,600 (**~15% lower than CMP**) and the swap ratio could be unfavorable for BHL's shareholders in case of a potential merger.

Valuation and view: ~40% premium to Bharti unjustified; downgrade to Neutral

- We believe BHL should command a premium to Airtel, given its slightly higher growth, better RoCE, and lower capital misallocation concerns. We ascribe a DCF-based Jun'27E EV/EBITDA of **14.5x** to BHL's wireless business (**~10%+ premium to our ~13x multiple for Airtel's India wireless business**).
- However, after the recent run-up (last 3M: BHL up 40%+ vs. +15% for Bharti), BHL now trades at ~19x one-year forward EV/EBITDA, a 37% premium to implied one-year forward EV/EBITDA for Bharti's India business on our estimates.
- We find a ~40% premium to Bharti's more diversified business to be too steep. We do not see the risk-reward as favorable and hence, we **downgrade BHL to Neutral with an unchanged TP of INR1,900 (bull case: INR2,080; bear case: INR1,400)**. We continue to prefer Bharti and RJio in the telecom space.

Exhibit 1: We ascribe a TP of INR1,900 to BHL

	Valuation base (INR b)	Multiple (x)		Valuation	
	Mar'27 EBITDA	EBITDA	Other	(INR b)	(INR/sh)
BHL					
Mobility	65	14.5	DCF implied	941	1,881
Homes and offices	3	14.5		42	84
BHL EV	65	15.1		983	1,965
Net debt (including leases)				48	96
Dividends				15	30
BHL equity value				950	1,900

Source: Company, MOFSL

Exhibit 2: BHL generated ~INR20b FCF (post interest and leases) in FY25

FCF, post lease and interest payment	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	FY2024	FY2025
CF before WC changes	8,676	8,369	8,770	8,949	8,610	8,569	10,207	9,577	34,764	36,963
WC changes	305	2,537	646	(2,791)	4,475	1,826	631	1,932	697	8,864
Cashflow from operations	8,981	10,906	9,416	6,158	13,085	10,395	10,838	11,509	35,461	45,827
Lease payments	(666)	(826)	(736)	(702)	(755)	(750)	(1,004)	(953)	(2,930)	(3,462)
Capex in tangible assets	(4,999)	(5,241)	(5,335)	(4,902)	(4,728)	(3,787)	(3,969)	(2,073)	(20,477)	(14,557)
Capex in intangible assets	-	(352)	1	(0)	(0)	(1,465)	(56)	(9,094)	(352)	(10,615)
Paid finance cost	(1,771)	(1,531)	(739)	(1,315)	(1,728)	(1,661)	(671)	(1,335)	(5,356)	(5,395)
FCF, post lease and interest payment	1,545	2,956	2,607	(761)	5,874	2,732	5,138	(1,946)	6,346	11,798
Spectrum prepayments			-	-				8,576	-	8,576
Adjusted FCF post leases and interest	1,545	2,956	2,607	(761)	5,874	2,732	5,138	6,630	6,346	20,374

Exhibit 3: BHL's net debt (excl. leases to EBITDAaL) moderated sharply to ~0.9x (vs. 1.5x YoY)

Debt and cash trends (INR m)	Mar-23	Sep-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Reported gross debt	62,693	62,353	48,347	40,032	48,901	43,033	37,800
LT debt	19,999	-	-	-	-	-	-
ST debt (inc. current maturities)	15,001	35,013	20,001	11,686	11,907	6,040	8,746
Deferred payment liabilities	27,693	27,340	28,346	28,346	36,994	36,993	29,054
Cash and Cash Equivalents	11,015	15,775	2,774	211	340	187	910
Cash and Cash Equivalents	555	463	398	153	334	169	171
Investments & Receivables	10,460	15,312	2,376	58	6	18	739
Net Debt excluding Lease Obligations	51,678	46,578	45,573	39,820	48,561	42,846	36,890
Lease Obligation	29,343	30,968	32,700	35,600	36,229	36,054	35,729
Net Debt including Lease Obligations	81,021	77,546	78,273	75,420	84,790	78,900	72,619
Net debt (including leases) to EBITDA	2.63	2.35	2.23	2.15	2.12	1.71	1.55
Net debt (excluding leases) to EBITDAaL			1.46	1.29	1.35	1.03	0.87

Source: Company, MOFSL

Exhibit 4: For every INR10 change in ARPU, BHL's FY27E EBITDA changes by ~INR2.25b (or ~3.6%)

TP (INR/share)		FY27E wireless ARPU (INR)				
		264	274	284	294	304
FY27E Paying wireless subs (m)	28.4	56.9	59.1	61.3	63.6	65.8
	28.9	57.4	59.7	61.9	64.1	66.4
	29.4	57.9	60.2	62.5	64.7	67.0
	29.9	58.4	60.7	63.0	65.3	67.6
	30.4	59.0	61.3	63.6	65.9	68.2

Source: Company, MOFSL

Exhibit 5: Near-term growth likely to remain robust driven by ~15% tariff hike in Dec'25

FY25-28E	Bear	Base	Bull
Paying subs	1.8%	2.2%	1.5%
Wireless ARPU	8.3%	11.2%	13.9%
Wireless revenue	9.5%	13.1%	15.3%
Wireless EBITDA	11.8%	18.9%	18.4%

Exhibit 6: We model ~7% LT EBITDA growth driven largely by ~5.5% ARPU CAGR

FY28-35E	Bear	Base	Bull
Paying subs	0.8%	1.1%	0.8%
Wireless ARPU	4.7%	5.6%	6.6%
Wireless revenue	5.1%	6.7%	7.1%
Wireless EBITDA	6.1%	6.9%	8.3%

Exhibit 7: BHL accounts for ~7.4% of Bharti's India wireless and homes business; implied price on Bharti's valuation comes to ~INR1,600/sh

Bharti vs BHL (on June'27 basis)		Bharti*	BHL	% share
wireless + homes EBITDA	INR b	882	65	7.4
wireless + homes EV	INR b	11,430	846	7.4
Debt (India)	INR b	1,029	48	4.6
Equity value	INR b	10,401	798	7.7
Share count	m	5,800	500	
Implied per share value	INR/sh	1,793	1,596	0.9
CMP	INR/sh	1,878	1,878	1.0

*- Comparison of BHL with our valuations for Bharti's home and wireless business

Exhibit 8: BHL's risk-reward analysis

	Base	Bear	Bull
BHL (INR/sh)			
Mobility	1,881	1,411	2,048
Homes and offices	84	63	91
BHL EV	1,965	1,474	2,140
Net debt (including leases)	96	99	99
Dividends	30	25	40
BHL equity value	1,900	1,400	2,080
Upside/downside to CMP (%)	1	(25)	11

Exhibit 9: Summary of BHL's wireless business valuations and upside/downside skew, FY2025-35E

	Base	Bear	Bull
BHL- wireless			
10-year subscriber CAGR	1.4%	1.1%	1.0%
10-year ARPU CAGR	7.3%	5.7%	8.7%
INR 300 ARPU achieved by	FY2028	FY2029	FY2027
10-yr revenue CAGR	8.6%	6.4%	9.5%
10-yr EBITDA CAGR	10.4%	7.8%	11.2%
Enterprise value (INR b)	941	705	1,024
Implied FY2027E EBITDA	14.5	12.6	15.9
BHL wireless Enterprise value (INR/share)	1,881	1,411	2,048
BHL's SoTP based TP(INR/share)	1,900	1,400	2,080
Upside / downside to CMP	1	(25)	11

Exhibit 10: For every INR10 change in ARPU, BHL's TP changes by ~INR59/share (~3.1%)

		FY27E wireless ARPU (INR)				
		264	274	284	294	304
FY27E Paying wireless subs (m)	28.4	1,754	1,812	1,871	1,929	1,987
	28.9	1,768	1,826	1,885	1,944	2,003
	29.4	1,781	1,840	1,900	1,959	2,018
	29.9	1,795	1,854	1,914	1,974	2,034
	30.4	1,808	1,868	1,929	1,989	2,049

Exhibit 11: BHL now trades at ~19x rolling one-year forward EV/EBITDA

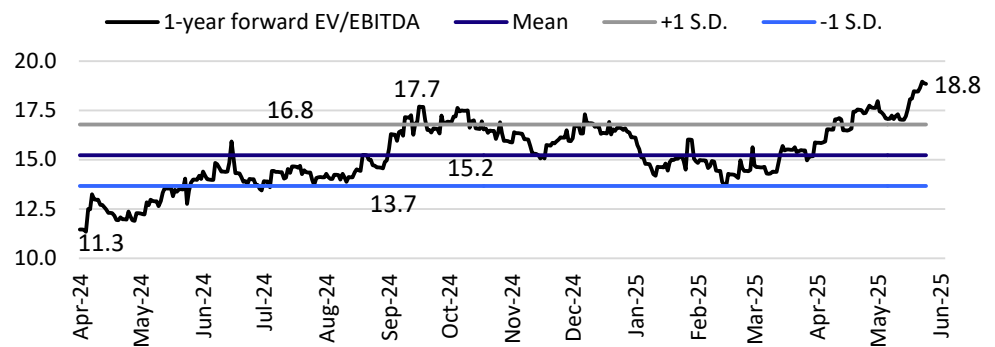


Exhibit 12: BHL currently trades at steep ~37% premium to Bharti's India business

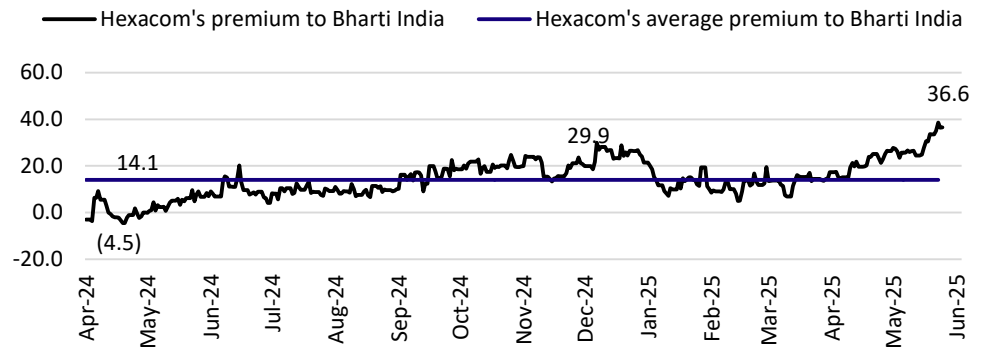


Exhibit 13: Key assumptions for BHL

	2022	2023	2024	2025	2026E	2027E	2028E
Mobility business							
Paying subscriber base ('000s)	24,767	25,827	27,341	28,129	28,669	29,368	29,996
Net monthly additions ('000s)	(18)	88	126	66	45	58	52
Data subscribers ('000s)	15,382	17,333	19,773	21,565	23,277	24,657	26,008
Net monthly additions ('000s)	125	163	203	149	143	115	113
Wireless ARPU (INR/sub/month)	155	186	198	227	255	284	312
Change (%)	14.7	20.0	6.7	14.6	12.0	11.7	9.8
Data volumes (b MB)	3,582	4,354	5,272	6,698	8,006	9,566	11,288
Change (%)	42.5	21.6	21.1	27.0	19.5	19.5	18.0
Data consumption (MB/sub/month)	20,396	22,182	23,681	27,006	29,756	33,260	37,132
Change (%)	18.6	8.8	6.8	14.0	10.2	11.8	11.6
Voice traffic (b mins)	297	322	352	369	390	403	415
Change (%)	14.5	8.3	9.3	5.0	5.6	3.5	3.0
MOU (min/sub/month)	995	1,060	1,102	1,109	1,143	1,157	1,165
Change (%)	15.0	6.5	4.0	0.6	3.1	1.2	0.7
Homes and offices							
EoP subscriber base ('000s)	131	219	305	448	688	928	1,108
Net monthly additions ('000s)	5.1	7.3	7.2	11.9	20.0	20.0	15.0
Implied ARPU (INR/month)	683	599	542	482	482	471	521
Change (%)	(11.8)	(12.4)	(9.5)	(11.1)	0.2	(2.3)	10.6
Capex (INR m)							
Mobility (ex-spectrum)	8,320	14,563	18,970	12,587	12,805	12,877	13,245
as % of revenues	15.7	22.7	27.4	15.1	13.5	12.0	11.0
Overall (ex-spectrum)	8,745	15,162	20,235	14,730	16,405	16,477	15,945
as % of revenues	16.2	23.0	28.5	17.2	16.7	14.7	12.6
Overall (with spectrum)	8,745	29,939	20,235	27,809	16,405	16,477	15,945
as % of revenues	16.2	45.5	28.5	32.5	16.7	14.7	12.6

Source: Company, MOFSL

Exhibit 14: Segment-wise revenue, EBITDA, margin and capex trends and forecasts

	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Segmental revenue (INR b)							
Mobility	53	65	69	83	95	107	120
Homes and offices	1	2	2	3	4	5	7
BHL	54	66	71	85	98	112	127
Eliminations	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Segmental EBITDA (INR b)							
Mobility	19	28	34	43	52	62	72
Homes and offices	0	0	1	1	2	3	4
BHL	18	28	34	42	52	62	74
Eliminations	(1)	(1)	(1)	(2)	(2)	(2)	(2)
Segmental EBITDA margin (%)							
Mobility	35.0	44.0	49.4	51.6	55.0	57.9	59.6
Homes and offices	32.4	28.7	34.0	32.0	42.7	51.3	58.5
BHL	33.6	42.3	47.4	49.1	52.7	55.8	58.0
Segmental Capex (INR b)							
Mobility	8	15	19	13	13	13	13
Homes and offices	0	1	1	2	4	4	3
BHL	9	15	20	15	16	16	16
Capex to sales (%)							
Mobility	15.6	22.5	27.4	15.1	13.5	12.0	11.0
Homes and offices	39.5	38.8	61.4	85.0	98.6	72.7	39.9
BHL	16.2	23.0	28.5	17.2	16.7	14.7	12.6

Source: Company, MOFSL

Exhibit 15: We ascribe INR941b (or INR1,881/share) valuation to BHL's mobility business (14.5x Jun'27 EBITDA)

	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E
Assumptions													
Paying subscriber base (m)	28.1	28.7	29.4	30.0	30.5	30.9	31.3	31.7	32.0	32.2	32.4		
Net adds	0.8	0.5	0.7	0.6	0.5	0.5	0.4	0.4	0.3	0.3	0.2		
ARPU (INR/month)	227	255	284	312	340	366	388	407	425	442	458		
YoY	14.6	12.0	11.7	9.8	9.0	7.5	6.0	5.0	4.5	4.0	3.5		
DCF model													
EBITDA	43	52	62	72	80	88	94	100	106	111	115		
Adjusted tax expense	-3	-6	-9	-12	-14	-16	-18	-19	-21	-22	-23		
Change in working capital	1	1	1	1	1	1	1	1	1	1	1		
Operating cash flow	41	47	54	61	67	72	77	81	86	89	93		
Capital expenditure	-13	-13	-13	-13	-19	-20	-20	-20	-20	-21	-21		
Free cash flow	28	34	41	48	48	53	57	62	66	68	72	76	79
Discounted cash flow-now		32	35	36	33	33	32	31	30	29	27		
Discounted cash flow-1 year forward			38	40	37	36	35	35	33	32	30	29	
Discounted cash flow-2 year forward				44	41	40	39	38	37	35	33	32	30
	Now	Y+1	Y+2										
WACC (%)	10.5%	10.5%	10.5%										
Total PV of free cash flow	318	345	369										
Terminal value assumption													
Terminal growth rate (%)	5.0%	5.0%	5.0%										
FCF in terminal year	72	76	79										
Exit FCF multiple (X)	19.1	19.1	19.1										
Exit EV/EBITDA multiple (X)	11.9	12.5	13.1										
Terminal value	1,374	1,442	1,514										
PV of terminal value	519	544	572										
EV of mobility business (INR b)	837	890	941										
Implied EV/EBITDA	18.5	16.2	14.5										
Shares outstanding (m)	500	500	500										
EV/share for BHL's mobility (INR/share)	1,673	1,779	1,881										

Exhibit 16: BHL trades at a significant premium to other Indian telcos

Companies	EV	McCap	EV/EBITDA (X)			Net debt/EBITDA (X)			EBITDA margin (%)			EBITDA CAGR
	(USD bn)	(USD bn)	2025	2026	2027	2025	2026	2027	2025	2026	2027	2025-28E
Bharti Airtel	150	131	13.8	10.9	9.6	2.4	1.6	0.8	53.9	56.3	56.8	16.9%
Vodafone Idea	35	9	13.0	12.4	12.7	11.1	10.5	11.0	41.6	40.3	41.8	8.5%
BHL	12	11	24.1	19.2	15.5	1.7	1.0	0.5	49.1	52.7	55.8	20.6%
Reliance Jio	145	126	18.7	15.3	12.7	2.8	2.1	1.3	52.8	53.5	56.1	21.2%
Average			17.4	14.5	12.6	4.5	3.8	3.4	49.3	50.7	52.6	16.8%

Exhibit 17: Bharti's subscriber market share is significantly higher in BHL circles at ~39% (vs. ~34% on pan-India basis)

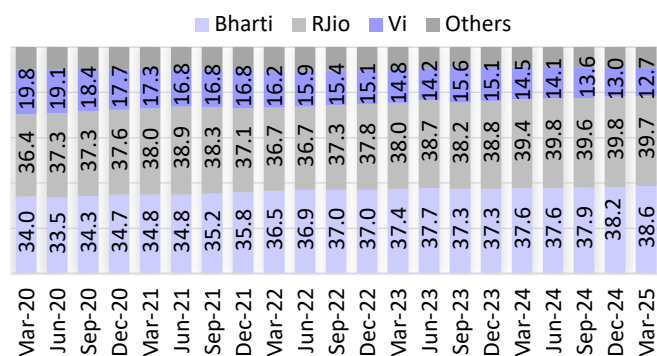


Exhibit 18: BHL is the RMS leader in its relevant circles with ~46% share (vs. ~39% share for Bharti on pan-India basis)

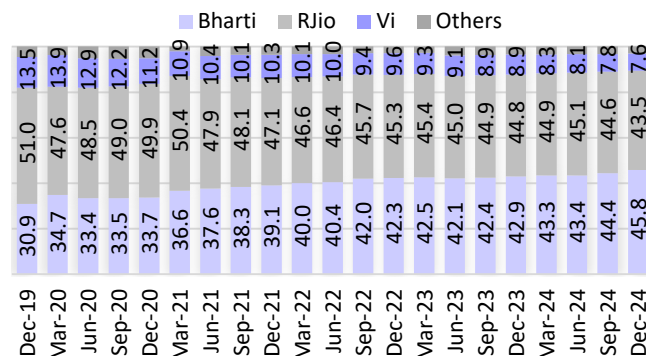


Exhibit 19: Expect ~2%/11% CAGR in BHL's paying wireless subs and wireless ARPU over FY25-28

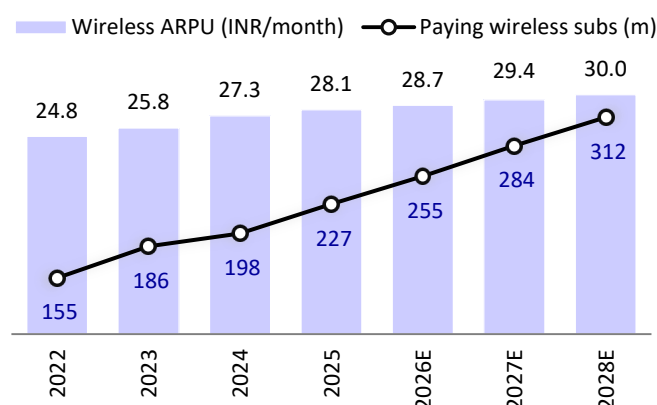


Exhibit 20: Expect ~13%/19% wireless revenue/EBITDA CAGR for BHL over FY25-28

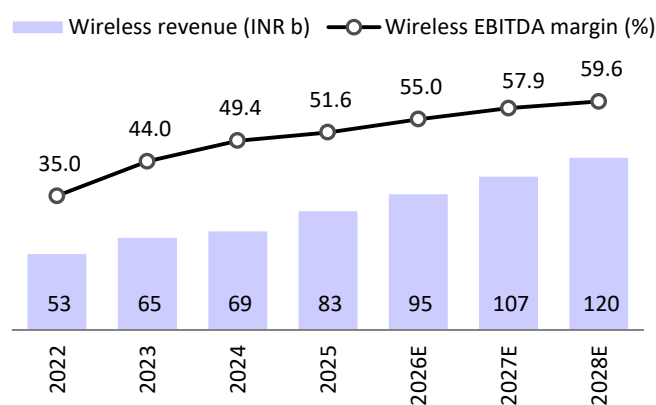


Exhibit 17: Expect a fast-paced growth in BHL's home broadband subscriber base; ARPU likely to trend lower

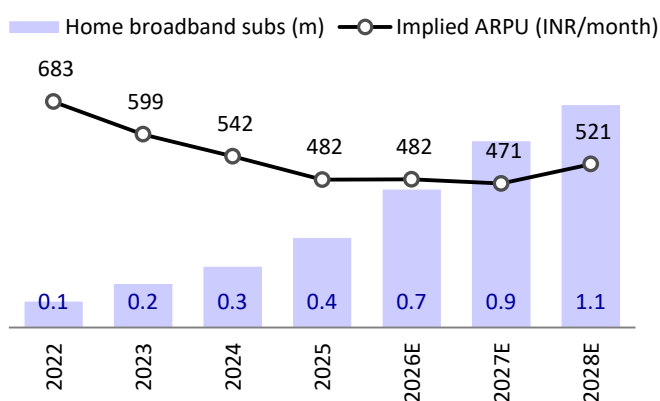
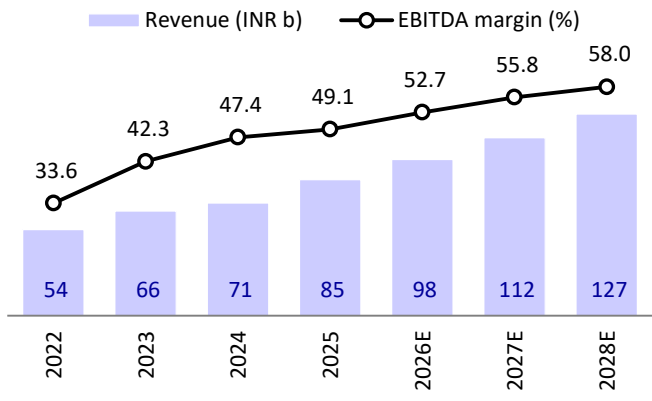


Exhibit 18: Expect ~14%/21% overall revenue/EBITDA CAGR for BHL over FY25-28



Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Income from Operations	46,023	54,052	65,790	70,888	85,479	98,212	1,11,932	1,26,814
Change (%)		17.4	21.7	7.7	20.6	14.9	14.0	13.3
Access Charges	13,454	11,331	9,833	7,461	9,219	9,622	9,881	10,864
License Fee	4,379	5,718	6,329	6,520	7,824	8,986	10,186	11,477
Network Operating	14,279	14,862	15,863	16,849	19,047	19,923	20,868	21,797
Personnel	763	764	903	1,054	1,342	1,497	1,648	1,792
SG&A	1,410	1,993	3,067	3,692	4,073	4,261	4,489	4,698
Other Expenses	1,214	1,244	1,938	1,700	2,002	2,210	2,407	2,631
Total Expenditure	35,499	35,912	37,933	37,276	43,507	46,500	49,478	53,259
% of Sales	77.1	66.4	57.7	52.6	50.9	47.3	44.2	42.0
EBITDA	10,524	18,140	27,857	33,612	41,972	51,712	62,454	73,555
Margin (%)	22.9	33.6	42.3	47.4	49.1	52.7	55.8	58.0
Depreciation	12,852	14,410	15,533	17,392	20,945	22,167	22,858	23,793
EBIT	-2,328	3,730	12,324	16,220	21,027	29,545	39,596	49,761
Int. and Finance Charges	5,166	5,718	6,388	6,444	6,883	5,942	4,732	3,543
Other Income	1,020	888	1,402	2,487	1,818	2,000	2,200	2,500
PBT bef. EO Exp.	-6,474	-1,100	7,338	12,263	15,962	25,603	37,064	48,718
EO Items	3,417	-19,511	0	3,030	-2,126	0	0	0
PBT after EO Exp.	-9,891	18,411	7,338	9,233	18,088	25,603	37,064	48,718
Total Tax	448	1,665	1,846	4,189	3,152	6,444	9,329	12,262
Tax Rate (%)	-4.5	9.0	25.2	45.4	17.4	25.2	25.2	25.2
Reported PAT	-10,339	16,746	5,492	5,044	14,936	19,159	27,735	36,456
Adjusted PAT	-6,922	-2,765	5,492	8,074	12,810	19,159	27,735	36,456
Change (%)	NA	-60.1	-298.6	47.0	58.7	49.6	44.8	31.4
Margin (%)	-15.0	-5.1	8.3	11.4	15.0	19.5	24.8	28.7

Consolidated - Balance Sheet

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Total Reserves	17,360	34,105	39,595	43,887	56,821	70,982	88,717	1,10,173
Net Worth	19,860	36,605	42,095	46,387	59,321	73,482	91,217	1,12,673
Total Loans	59,752	71,983	62,693	48,346	37,299	27,299	10,799	799
Lease liabilities	17,983	18,701	29,343	32,700	36,229	35,245	34,248	33,155
Capital Employed	97,595	1,27,289	1,34,131	1,27,433	1,32,849	1,36,026	1,36,264	1,46,627
Net Fixed Assets	39,054	38,400	40,708	53,444	54,165	57,583	59,994	60,544
Intangibles	49,222	47,612	44,643	54,110	62,521	57,527	52,533	47,587
Capital WIP	707	641	19,360	4,445	2,973	2,973	2,973	2,973
Right of use assets	14,761	16,324	26,390	28,596	30,643	28,348	26,289	24,400
Total Investments	0	490	10,460	2,376	739	739	739	739
Other Non-Current Asset	11,984	11,017	11,574	9,764	8,563	7,766	7,128	6,617
Curr. Assets, Loans & Adv.	20,195	39,733	18,516	21,596	18,444	26,289	31,805	48,964
Account Receivables	1,429	20,958	1,489	4,446	1,083	1,083	1,083	1,083
Cash and Bank Balance	592	1,209	887	743	370	8,215	13,731	30,890
Other Current Asset	18,174	17,566	16,140	16,407	16,991	16,991	16,991	16,991
Curr. Liability & Prov.	43,830	30,542	37,620	45,779	46,565	46,565	46,565	46,565
Account Payables	22,240	14,952	14,406	14,848	15,860	15,860	15,860	15,860
Provisions	9,793	10,474	11,266	12,196	16,745	16,745	16,745	16,745
Other Current Liability	11,797	5,116	11,948	18,735	13,960	13,960	13,960	13,960
Net Current Assets	-23,635	9,191	-19,104	-24,183	-28,121	-20,276	-14,759	2,399
Deferred Tax assets	14,112	12,526	10,878	10,843	14,462	14,462	14,464	14,464
Deferred Revenue	-8,610	-8,912	-10,778	-11,962	-13,096	-13,096	-13,096	-13,096
Appl. of Funds	97,595	1,27,289	1,34,131	1,27,433	1,32,849	1,36,026	1,36,264	1,46,627

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
EPS	-13.8	-5.5	11.0	16.1	25.6	38.3	55.5	72.9
Cash EPS	11.9	23.3	42.1	50.9	67.5	82.7	101.2	120.5
BV/Share	39.7	73.2	84.2	92.8	118.6	147.0	182.4	225.3
DPS	0.0	0.0	1.5	4.0	10.0	20.0	30.0	40.0
Payout (%)	0.0	0.0	13.7	39.7	33.5	52.2	54.1	54.9
Valuation (x)								
P/E	-135.7	-339.6	171.0	116.3	73.3	49.0	33.9	25.8
Cash P/E	158.3	80.6	44.7	36.9	27.8	22.7	18.6	15.6
P/BV	47.3	25.7	22.3	20.2	15.8	12.8	10.3	8.3
EV/Sales	22.1	19.0	15.7	14.4	11.8	10.1	8.7	7.4
EV/EBITDA	96.6	56.7	37.0	30.3	24.1	19.2	15.5	12.8
Dividend Yield (%)	0.0	0.0	0.1	0.2	0.5	1.1	1.6	2.1
Return Ratios (%)								
RoE	-34.9	-9.8	14.0	18.3	24.2	28.9	33.7	35.8
RoCE	NA	3.0	7.3	7.1	13.5	17.1	23.8	31.5
RoIC	NA	2.5	8.1	10.9	12.7	17.5	24.4	32.3
Working Capital Ratios								
Asset Turnover (x)	0.5	0.4	0.5	0.6	0.6	0.7	0.8	0.9
Debtor (Days)	11	142	8	23	5	4	4	3
Leverage Ratio (x)								
Net Debt/Equity	3.9	2.4	1.9	1.7	1.2	0.7	0.3	0.0

Consolidated - Cash Flow Statement

(InR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	-9,891	18,411	7,338	9,233	18,088	25,603	37,064	48,718
Depreciation	12,852	14,410	15,533	17,392	20,945	22,167	22,858	23,793
Interest & Finance Charges	5,060	5,689	6,289	5,668	6,828	3,942	2,532	1,043
Direct Taxes Paid	-335	-148	-197	-174	-6,747	-6,444	-9,329	-12,262
(Inc)/Dec in WC	3,992	-25,988	21,980	697	8,863	797	638	510
CF from Operations	11,678	12,374	50,943	32,816	47,977	46,065	53,763	61,803
Others	-2,385	-6,078	-6,545	-5,641	-11,008	-8,816	-7,469	-6,199
CF from Operating incl EO	9,293	6,296	44,398	27,175	36,969	37,249	46,293	55,604
(Inc)/Dec in FA	-14,532	-13,338	-9,391	-20,477	-14,783	-16,405	-16,477	-15,945
Free Cash Flow	-5,239	-7,042	35,007	6,698	22,186	20,845	29,817	39,659
(Pur)/Sale of Investments	6,485	-471	-9,680	8,505	1,736	0	0	0
Others	-778	-16	-1,238	421	-10,359	2,000	2,200	2,500
CF from Investments	-8,825	-13,825	-20,309	-11,551	-23,406	-14,405	-14,277	-13,445
Issue of Shares								
Inc/(Dec) in Debt	-163	8,115	-24,428	-15,000	-11,790	-10,000	-16,500	-10,000
Interest Paid	-3,409	-2,823	-3,855	-5,356	-5,395	-5,942	-4,732	-3,543
Dividend Paid	0	0	0	-750	-2,000	-5,000	-10,000	-15,000
Others (Lease)	-2,470	-3,461	-2,831	-2,930	-3,462	-2,874	-2,738	-2,655
CF from Fin. Activity	-163	8,115	-24,428	-15,750	-13,790	-15,000	-26,500	-25,000
Inc/Dec of Cash	305	586	-339	-126	-227	7,845	5,517	17,159
Opening Balance	-28	277	863	524	398	171	8,016	13,532
Closing Balance	277	863	524	398	171	8,016	13,532	30,691
Less :- Bank overdraft	0	-22	-31	0	0	0	0	0
Net Closing Balance	277	885	555	398	171	8,016	13,532	30,691

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UNDER REVIEW	Rating may undergo a change
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Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.