

05 August 2023

India | Equity Research | Q1FY24 Results Update

Bharti Airtel

Telecom

Raises expectation bar, and also beating it!

Bharti Airtel's (Bharti) reported growth of 11.9% YoY in mobile revenue and 15.2% YoY in non-mobile revenue in Q1FY24, indicating it has been winning market share across businesses in India. Digital business, though small, is growing well across CPaaS, financial services, cyber securities, data centre and cloud. Bharti's India EBITDA has grown 19.1% YoY (Rjio's at 14.7%) despite starting to charge 5G-related cost in a few circles which is commendable. Bharti's incremental EBITDA margin in India business was 66%, and war-on-waste has significantly supported in curtailing network and SG&A costs. Despite elevated India capex of INR 93bn, Bharti has reduced net debt by INR 38bn QoQ. Its FY24 capex guidance remains unchanged at INR 280-310bn, and will normalise in H2FY24.

We have cut our EBITDA estimates for FY24E/FY25E by 4-5% factoring in Nigeria currency (Naira) devaluation. However, our SoTP-based target price has been increased to INR 1,060 (from INR 960) as we have raised India EV/EBTDA multiple to 10.5x (from 9.5x). Maintain **BUY**. Key risks: 1) market share loss in India mobile business, and 2) rise in competitive and regulatory intensity.

All segments firing – except DTH

1) Home services: The number of home broadband customers grew 34.8% YoY to 6.5mn. Revenue grew 25.4% YoY to INR 11.6bn and EBITDA rose 18.9% YoY to INR 5.9bn. **2) Enterprise:** Revenue and EBITDA grew 15.8% and 17.4% YoY to INR 50.5bn and INR 20bn, respectively. **3) Payments bank:** Active users were up 21.7% YoY to 54mn and revenue grew 40.5% YoY (5.6% QoQ) to INR 4bn; EBITDA was INR 313mn, up 2.6x YoY. **4) Africa:** Revenue and EBITDA (in USD terms) increased 9.5% and 10.3% YoY to USD 1.4bn and USD 675mn, respectively.

Mobile revenue jumped 11.9% YoY / 4.3% QoQ to INR 204bn

This was in comparison to Rjio's revenue growth of 2.8% QoQ / 9.9% YoY which also includes FTTH and enterprise. Rjio added 9.2mn subs, while Bharti added 3.2mn subs and 5.6mn 4G subs. Rjio's ARPU grew 2.7% YoY vs Bharti's 9% YoY. Bharti benefited from 2G to 4G transition, and strong post-paid sub-base (up 13.5% YoY despite Rjio's aggression). Bharti is consistently winning market share and narrowing its gap vs Rjio. In Q1FY24, Bharti's mobile ARPU rose 3.3% QoQ to INR 200, and sub-base grew 1.0% QoQ to 339mn. Bharti's 4G net add was 5.6mn, taking the total to 230mn, and post-paid subs add was 0.8mn to 20.5mn, and including M2M, it rose 4.8mn to 40.4mn.

Financial Summary

Y/E March (INR mn)	FY22A	FY23A	FY24E	FY25E
Net Revenue	11,65,469	13,91,448	15,07,312	16,50,200
EBITDA	5,75,339	7,12,735	7,87,102	8,94,575
EBITDA Margin (%)	49.4	51.2	52.2	54.2
Net Profit	29,843	88,469	1,40,143	2,22,738
EPS (Rs)	5.4	15.9	23.5	37.4
EPS % Chg YoY	126.1	192.7	48.0	58.9
P/E (x)	163.7	55.9	37.8	23.8
EV/EBITDA (x)	11.2	9.5	8.9	7.6
RoCE (%)	7.9	10.3	9.9	12.8
RoE (%)	4.8	11.6	14.9	20.5

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Market Data

Market Cap (INR)	5,168bn
Market Cap (USD)	62,495mn
Bloomberg Code	BHARTI IN
Reuters Code	BRTI.BO
52-week Range (INR)	902 /681
Free Float (%)	45.0
ADTV-3M (mn) (USD)	62.0

Price Performance (%)	3m	6m	12m
Absolute	12.7	12.2	28.1
Relative to Sensex	7.2	9.0	14.2

ESG Disclosure	2021	2022	Change
ESG score	59.6	63.8	4.2
Environment	39.8	52.4	12.6
Social	51.6	51.6	-
Governance	87.4	87.4	-

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: Bloomberg, I-sec research

Earnings Revisions (%)	FY24E	FY25E
Revenue	(4.3)	(6.2)
EBITDA	(4.0)	(4.8)
EPS	(24.9)	(18.3)

Previous Reports

18-05-2023: [Q4FY23 results review](#)

16-04-2023: [Company Update](#)

India EBITDA grew 5.6% QoQ / 19.1% YoY to INR 142bn

This is driven by India mobile EBITDA growth of 6.1% QoQ / 19.7% YoY to INR 112bn. Incremental EBITDA margin for mobile business was 76% which benefited from stable SG&A, and network cost optimisation. This appears even better considering Bharti has already started charging 5G-related cost to P&L in a few circles. In comparison, Rjio's EBITDA rose 3% QoQ/ 14.7% YoY. India depreciation rose 7% YoY/ 3% QoQ on rise in amortisation (5G spectrum) while interest cost increased 7.3% QoQ to INR 35bn. Net profit increased by 9.4% QoQ to INR 24bn and EPS was INR 6/sh. India capex stood at INR 93bn (34% of revenue) in Q1FY24.

FCF generation was INR 74bn despite higher capex

Net debt dipped by INR 38bn to INR 1,488bn. Bharti's operating cashflow, after lease payment and interest cost, was INR 143bn, up 31% YoY. It had working capital benefit of INR 22bn vs adverse impact of INR 28bn in Q4FY23, and its FCF after interest cost was INR 74bn. The lower debt reduction can be explained by: 1) Increase in debt from interest accrued but not paid (which does not pass through the cashflow statement) and 2) spectrum-related pay outs.

Other highlights

- **War-on-waste:** Bharti is re-engineering its towers wherein it plans to realign costs for 50k towers from high-cost locations. It has been aggressive on tower-related cost where monthly expenditure is >INR 100k. Further, most rural sites are coming with much better efficiency, particularly, on power cost. Bharti has also reduced commissions which has kept SG&A cost stable;
- Airtel Black and Family plan for post-paid subs have significantly boosted propositions, and have attracted more post-paid subs;
- Company is not looking to launch any products competing Jio Bharat as it believes these are voice customers, and market has enough supply of feature phone. Feature-phone subs base contributes 18% of revenue and customers' handset replacement cycle is four years;
- Bharti's rural 4G expansion is 60% complete, and expects the remaining to complete by Nov-Dec'23. The revenue per site has been marginally better than estimate for these sites, and the cost has been lower than projected as it has no diesel sites and is using renewable energy source;
- Data off-load by 5G customers on 5G network is 30%. 5G shipment is still sub-optimal at 48% of total handset shipped into India;
- Bharti is testing FWA using spectrum slicing in two circles. NSA-5G has also allowed spectrum slicing through limited compared to SA-5G. However, considering 5G network capacity utilisation is low, spectrum slicing provides no material advantage;
- 5G rollout on like-to-like basis adds 4-5x data capacity. Bharti has stopped any capacity led 4G deployment;
- Bharti's digital business had strong performance across CPaaS, financial services, cyber security, cloud and data centre. In financial services, it aided loan disbursement of INR 4.5bn and made net profit of INR 0.75bn; and
- Despite high capex of INR 93bn in Q1FY24, company's guidance for FY24 remains unchanged at INR 280-310bn.

Other financial highlights

Bharti India: Revenue growth without tariff hike is still in teens!

- **Bharti India's mobile revenue** grew 4.3% QoQ / 11.9% YoY to INR 204bn. This is in comparison to Rjio's 2.8% QoQ / 9.9% YoY which also includes FTTH and enterprise revenues. Rjio added +9.2mn total subs vs Bharti's 4G net add 5.6mn. Bharti has benefited from 2G to 4G transition, faster growth in post-paid subs base (up 13.5% YoY), growth in international roaming and 2G price hike. EBITDA improved 6.1% QoQ / 19.7% YoY to INR 112bn, and EBITDA margin was 54.8 (+90bp QoQ, and +350bp YoY). Incremental EBITDA margin was strong 76%.
- **Sub-base** expanded by 3.2mn subs to 339mn (Rjio: +9.2mn in Q1FY24). Bharti added 0.8mn post-paid subs, which worked out to 13.5% YoY growth to 20.5mn. Post-paid subs including M2M/IOT stood at 40.4mn (+4.8mn).
- **ARPU** rose to INR 200 (up 3.3% QoQ / up 9% YoY) driven by: **1)** Improved mix of post-paid subs rose by 20bp QoQ to 6.1%; **2)** continued addition of 4G subs (+5.6mn); **3)** premiumisation from 2G to 4G; **4)** 2G tariff hike and **5)** data monetisation.
- **Mobile minutes** rose 2.2% QoQ / 6.5% YoY to 1,149bn, implying an increase of 24bn minutes QoQ. Minutes of usage per sub came in at 1,138 minutes per month, up 1.4% QoQ. This aided rise in penetration of unlimited plans in voice-only subs segment.
- **4G sub base** grew 2.5% QoQ / 11.9% YoY to 230mn (+5.6mn) vs addition of 7.4mn in Q4FY23. Total data subs rose by 5.5mn to 238mn, up 2.4% QoQ.
- **Data usage** grew 7.2% QoQ (18.7% YoY) to 14,915bn-MB. Data usage per sub came in at 21GB per month, up 4.2% QoQ.
- **Churn rate** for Bharti was stable QoQ at 2.8% in Q1FY24 vs 2.8% in Q4FY24. Gross subscriber addition came in at 31.3mn during the quarter (vs 31.2mn in Q4FY23).
- **Non-mobile businesses highlights:** 1) Non-mobile revenue grew 5.2% QoQ / 15.2% YoY to INR 70bn and EBITDA rose 2.8% QoQ / 12.7% YoY to INR 30bn.
- **DTH revenue** was up 1.5% QoQ, down 1% YoY, to INR 7.4bn. EBITDA was up 4.5% QoQ / down 10.8% YoY to INR 4.3bn.
- **Airtel business (enterprise) revenue** rose 5.6% QoQ / 15.8% YoY to INR 50.6bn and EBITDA was up 1.5% QoQ (17.4% YoY) to INR 20bn.
- **Home services revenue** jumped 6.0% QoQ / 25.4% YoY to INR 12bn and EBITDA expanded 6% QoQ / 18.9% YoY to INR 5.9bn.
- Overall, **Bharti's India revenue** rose 4.5% QoQ / 13.2% YoY to INR 265bn. India EBITDA grew 5.6% QoQ / 19.1% YoY to INR 142bn.
- **India capex** stood at INR 93bn (34% of revenue) in Q1FY24.

Bharti Africa: Nigeria currency devaluation creates translation and forex loss led to volatility in earnings

- In constant currency terms, gross revenue rose 20.4% YoY to USD 1.2bn.
- In USD terms, reported revenue dipped 2.7% QoQ and 9.5% YoY to USD 1.4bn. ARPU was +4.1% QoQ (down 16.2% YoY) to USD 2.5. Subs rose 3mn to 143mn.
- **Mobile minutes** rose 5.8% QoQ, up 15.9% YoY while data usage grew 9.8% QoQ and 42% YoY.

- **Data subscribers** rose 3.9% QoQ to 57mn (up 2.1mn in Q1FY24). Data usage per subscriber stood at 4.9GB per month, up 4.7% QoQ.
- **EBITDA** was USD 675mn in Q1FY24, up 10.3% YoY and up 3.1% QoQ. EBITDA margin rose 20bps QoQ to 49%.
- Bharti Africa reported **net loss** of USD 170mn in Q1FY24 (vs profit of USD 227mn in Q4FY23) due to forex loss and derivative loss of USD 471 due to 62% drop in Nigeria currency (Naira).
- **Africa capex** was USD 132mn (9.6% of revenue) in Q1FY24.

Bharti (consolidated)

- **Consolidated revenue** increased 4% QoQ / 14.1% YoY to INR 374bn.
- **EBITDA** was INR 196bn, up 4.8% QoQ / 18.6% YoY. EBITDA margin stood at 52.3% in Q1FY24 vs 51.9% in Q4FY23.
- Company reported net profit of INR 16bn. This was impacted by exceptional losses of INR 34bn (attributable of INR 12bn) due to Nigeria currency devaluation.
- Net debt dipped by INR 38bn to INR 1,488bn. The company has generated FCF of INR 74bn in Q1FY24; however, lower net debt reduction was due to interest accrued but not paid on government dues.

Exhibit 1: Q1FY24 result review (consolidated)

INR mn	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	QoQ (%)	YoY (%)
Revenue	3,28,046	3,45,268	3,58,044	3,60,090	3,74,400	4.0	14.1
EBITDA	1,65,294	1,75,938	1,84,532	1,86,971	1,95,985	4.8	18.6
EBITDA margin (%)	50.4	51.0	51.5	51.9	52.3		
Depreciation & Amortisation	87,814	89,468	92,977	94,059	96,538	2.6	9.9
EBIT	77,480	86,470	91,555	92,912	99,447	7.0	28.4
Interest	43,187	47,384	44,280	48,782	52,654	7.9	21.9
Share of profits(losses) in JV	1,628	3,567	(3,684)	6,010	5,899	(1.8)	262.3
PBT	35,921	42,653	43,591	50,140	52,692	5.1	46.7
Exceptional item (as reported)	-	-	(6,698)	-	(34,163)		
Provision for tax	11,233	12,864	10,756	7,880	3,327	(57.8)	(70.4)
Minority interest	8,619	8,337	10,255	12,204	(923)	(107.6)	(110.7)
PAT (reported)	16,069	21,452	15,882	30,056	16,125	(46.4)	0.3

Source: I-Sec research, Company data

Exhibit 2: Bharti India – EBITDA rose 19.1% YoY / 5.6% QoQ

INR mn	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	QoQ (%)	YoY (%)
Revenue	2,33,932	2,44,349	2,50,876	2,53,432	2,64,834	4.5	13.2
Access charges	12,635	13,716	13,516	13,127	14,464	10.2	14.5
% of revenue	5.4	5.6	5.4	5.2	5.5		
Licence fees & spect charges	26,873	24,797	22,997	23,049	24,002	4.1	(10.7)
% of revenue	11.5	10.1	9.2	9.1	9.1		
Network operations costs	49,168	50,829	51,206	52,209	51,953	(0.5)	5.7
% of revenue	21.0	20.8	20.4	20.6	19.6		
Employee costs	5,975	6,357	6,228	6,283	6,473	3.0	8.3
% of revenue	2.6	2.6	2.5	2.5	2.4		
Selling, general & other exp	20,463	22,594	25,259	24,738	26,400	6.7	29.0
% of revenue	8.7	9.2	10.1	9.8	10.0		
EBITDA	1,18,817	1,26,056	1,31,671	1,34,026	1,41,542	5.6	19.1
EBITDA Margin (%)	50.8	51.6	52.5	52.9	53.4		
Depreciation	72,971	73,595	74,999	75,653	78,067	3.2	7.0
Interest	34,521	39,109	31,281	32,573	34,935	7.3	1.2
Share of profit from JV	1,628	3,567	(3,684)	6,010	5,899	(1.8)	262.3
Tax	1,877	4,085	4,082	7,400	7,827		
Net income	9,302	10,891	15,475	22,072	24,148	9.4	159.6
NPM (%)	4.0	4.5	6.2	8.7	9.1		
EPS (Rs)	2.3	2.7	3.9	5.5	6.0	9.4	159.6

Source: I-Sec research, Company data

Exhibit 3: Segmental performance – India mobile services EBITDA grew 6.1% QoQ / 19.7% YoY

Rs mn	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	QoQ (%)	YoY (%)
Mobile Services India							
Revenue	1,82,200	1,89,576	1,93,527	1,95,493	2,03,924	4.3	11.9
EBITDA	93,281	99,258	1,04,121	1,05,227	1,11,665	6.1	19.7
EBITDA margin (%)	51.2	52.4	53.8	53.8	54.8		
Home Services							
Revenue	9,265	9,898	10,343	10,966	11,621	6.0	25.4
EBITDA	4,927	4,983	5,173	5,526	5,860	6.0	18.9
EBITDA margin (%)	53.2	50.3	50.0	50.4	50.4		
Digital TV Services							
Revenue	7,482	7,288	7,390	7,290	7,403	1.5	(1.0)
EBITDA	4,779	4,352	4,132	4,081	4,264	4.5	(10.8)
EBITDA margin (%)	63.9	59.7	55.9	56.0	57.6		
Airtel Business							
Revenue	43,656	46,646	47,779	47,850	50,545	5.6	15.8
EBITDA	17,011	18,293	19,050	19,680	19,979	1.5	17.4
EBITDA margin (%)	39.0	39.2	39.9	41.1	39.5		
Non-mobile revenue	60,403	63,832	65,512	66,106	69,569	5.2	15.2
Non-mobile EBITDA	26,718	27,628	28,355	29,288	30,104	2.8	12.7

Source: I-Sec research, Company data

Exhibit 4: India mobile services – ARPU rose 9% YoY

INR mn	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	QoQ (%)	YoY (%)
Subscribers (mn)	327	328	332	335	339	0.9	3.4
Prepaid subs (% of total subs)	94.5	94.4	94.3	94.1	93.9		
Blended churn rate (%)	3.0	3.3	3.0	2.8	2.8		
ARPU (Rs)	183	190	193	193	200	3.3	9.0
MoU (mins)	1,104	1,082	1,094	1,122	1,138	1.4	3.1
Minutes on Network (mn)	10,78,961	10,63,011	10,81,950	11,24,343	11,48,793	2.2	6.5
Incremental mins (QoQ, mn)	27,845	(15,950)	18,939	42,393	24,450		
Revenue per minute (Rs)	0.169	0.178	0.179	0.174	0.178	2.1	5.1
2G cell sites	2,45,626	2,53,998	2,62,619	2,75,069	2,84,221	3.3	15.7

Source: I-Sec research, Company data

Exhibit 5: Data service KPIs (India) – 4G subscriber-base expanded by 5.6mn

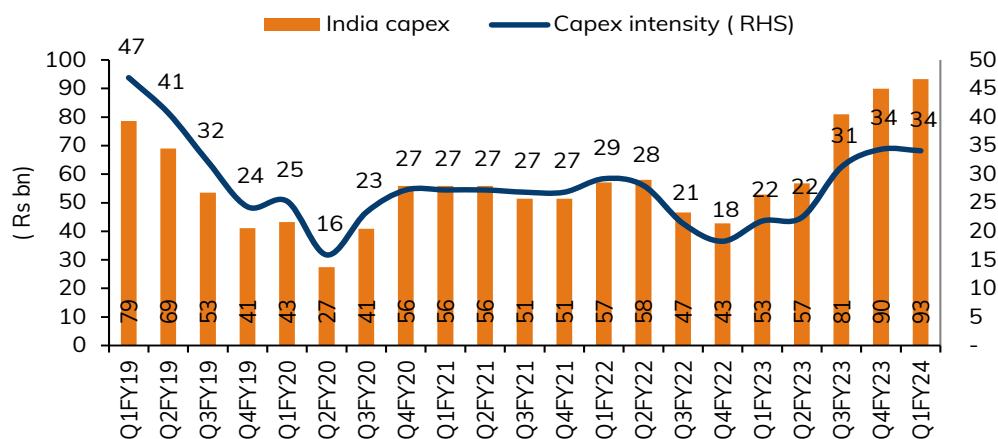
	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	QoQ (%)	YoY (%)
Data Customer Base (mn)	213	219	225	233	238	2.4	11.7
Net adds (mn)	4.8	5.8	6.2	7.4	5.5		
As % of customer base	65.2	66.8	67.8	69.4	70.4		
Total MBs on the network (mn)	1,25,61,338	1,34,85,280	1,38,53,330	1,39,14,370	1,49,15,279	7.2	18.7
Data Usage/ customer (MB)	19,930	20,758	20,779	20,275	21,124	4.2	6.0
4G subs (m)	205	210	217	224	230	2.5	11.9
Net adds (m)	4.5	5.0	6.4	7.4	5.6		
As % of customer base	62.7	64.2	65.2	66.8	67.9		
3G/4G cell sites	7,66,673	7,87,498	8,06,197	8,32,369	8,52,650	2.4	11.2
Net add (3G/4G cell sites)	14,537	20,825	18,699	26,172	20,281		

Source: I-Sec research, Company data

Exhibit 6: Other services' KPIs – home services subscriber base rose 34.8% YoY

	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	QoQ (%)	YoY (%)
Home Services							
Subscribers ('000)	4,793	5,210	5,642	6,046	6,460	6.8	34.8
ARPU (Rs)	652	646	624	614	608	(1.0)	(6.7)
DTH Services							
Subscribers ('000)	17,422	15,771	15,985	15,946	15,918	(0.2)	(8.6)
ARPU (Rs)	143	155	154	153	154	0.8	7.9
Churn (%)	1.8	2.3	2.0	2.3	2.2		

Source: I-Sec research, Company data

Exhibit 7: Bharti India capex intensity was 34% in Q1FY24


Source: I-Sec research, Company data

Exhibit 8: Bharti Africa – EBITDA grew 10.3% YoY

USD mn	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	QoQ (%)	YoY (%)
Revenue	1,257	1,308	1,350	1,341	1,377	2.7	9.5
Access charges	107	100	101	102	101	(1.0)	(5.6)
% of revenue	8.5	7.6	7.5	7.6	7.3		
Licence fees & spect charges	56	58	65	62	64	3.2	14.3
% of revenue	4.5	4.4	4.8	4.6	4.6		
Network operations costs	230	259	270	268	268	-	16.5
% of revenue	18.3	19.8	20.0	20.0	19.5		
Employee costs	67	70	74	76	73	(3.9)	9.0
% of revenue	5.3	5.4	5.5	5.7	5.3		
Selling, general & other exp	185	185	182	178	196	10.1	5.9
% of revenue	14.7	14.1	13.5	13.3	14.2		
EBITDA	612	636	658	655	675	3.1	10.3
EBITDA Margin (%)	48.7	48.6	48.7	48.8	49.0		
Depreciation	189	195	215	220	220	-	16.4
Interest	149	201	180	200	676		
Tax	98	88	92	6	(70)		
Net income/(loss)	163	133	192	227	(170)		

Source: I-Sec research, Company data

Exhibit 9: Bharti Africa – subscriber base expanded 8.8% YoY

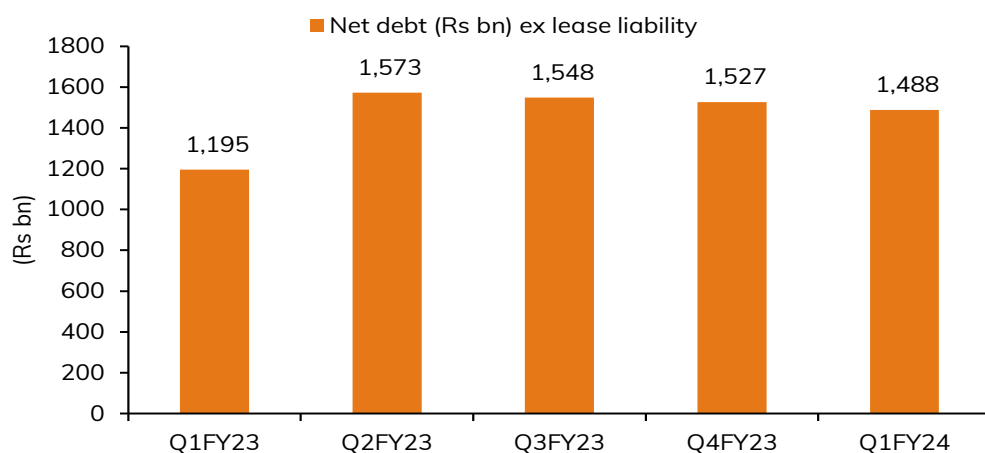
USD mn	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	QoQ (%)	YoY (%)
Subscribers (mn)	132	135	139	140	143	2.2	8.8
Blended churn rate (%)	4.6	4.2	4.2	4.2	4.1		
ARPU (US\$)	2.9	3.1	3.1	2.4	2.5	4.1	(16.2)
Minutes on Network (mn)	1,03,213	1,09,002	1,13,852	1,13,056	1,19,663	5.8	15.9
RPM (US cent)	1.2	1.2	1.2	1.2	1.2	(3.0)	(5.5)
Data Customer Base (mn)	47	49	51	55	57	3.9	22.0
As % of customer base	35.4	36.1	37.0	39.0	39.7		
Total MBs on the network (mn)	5,81,771	6,62,600	7,09,570	7,49,942	8,23,635	9.8	41.6
Data Usage/ customer (MB)	4,099	4,610	4,741	4,702	4,923	4.7	20.1

Source: I-Sec research, Company data

Exhibit 10: Bharti consolidated cashflow

INR mn	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	QoQ (%)	YoY (%)
Operating cashflow	1,48,276	1,73,783	1,79,277	1,83,030	1,86,218	1.7	25.6
Less: Lease cost	21,058	18,871	19,095	16,961	19,759	16.5	(6.2)
Interest expenses	17,500	12,173	17,262	19,958	23,200	16.2	32.6
Operating cashflow	1,09,717	1,42,739	1,42,920	1,46,111	1,43,260	(2.0)	30.6
Less Capex (incl spectrum)	70,041	53,588	64,201	71,851	90,931	26.6	29.8
FCF	39,676	89,150	78,719	74,260	52,329	(29.5)	31.9
Change in working capital	31,210	(44,883)	10,883	(28,330)	21,879		
Cashflow available for debt payment	70,887	44,267	89,602	45,930	74,208	61.6	4.7

Source: I-Sec research, Company data

Exhibit 11: Net debt dipped by INR 38bn to INR 1,488bn in Q1FY24


Source: I-Sec research, Company data

Exhibit 12: Earnings revision

Rs mn	Revised		Earlier		% change	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
India KPIs						
Subs (mn)	347	359	347	359	-	-
ARPU (Rs)	210	235	214	235	(1.8)	(0.0)
India financial						
Revenue	11,14,378	12,77,737	11,25,925	12,73,592	(1.0)	0.3
EBITDA	6,01,388	7,17,523	5,95,663	6,96,107	1.0	3.1
EBITDA margin (%)	54.0	56.2	52.9	54.7		
PAT	1,08,371	1,97,295	1,33,808	2,11,195	(19.0)	(6.6)
Africa financial (US\$ mn)						
Revenue	4,993	4,743	5,676	6,130	(12.0)	(22.6)
EBITDA	2,303	2,197	2,777	3,011	(17.1)	(27.0)
EBITDA margin (%)	46.1	46.3	48.9	49.1		
PAT	625	548	881	987	(29.0)	(44.5)
Bharti Airtel Consolidated						
Revenue	15,07,312	16,50,200	15,74,882	17,59,784	(4.3)	(6.2)
EBITDA	7,87,102	8,94,575	8,20,248	9,39,913	(4.0)	(4.8)
EBITDA margin (%)	52.2	54.2	52.1	53.4		
PAT	1,40,143	2,22,738	1,86,540	2,72,634	(24.9)	(18.3)
EPS (Rs)	23.5	37.4	31.3	45.8		

Source: I-Sec research

Exhibit 13: SOTP based valuation

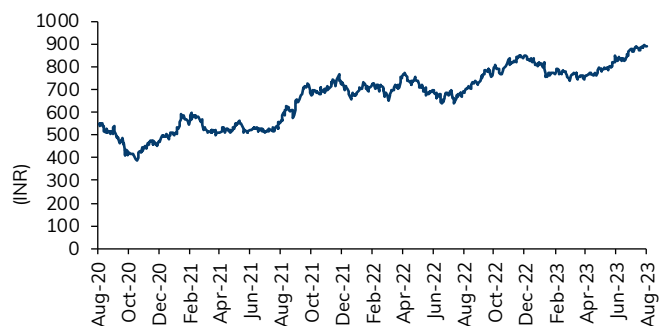
INR mn	FY25E
India business (ex Tower)	
EBITDA (adj IND AS 116)	6,42,265
Multiple (x)	10.5
EV	67,43,787
Less net debt	10,84,936
Equity value...(a)	56,58,850
Tower business (DCF from Indus model)	
EV	6,00,520
Less net debt	31,227
Equity value	5,69,293
Stake (%)	47
Attributable Equity value...(b)	2,68,137
Airtel Africa	
EBITDA (adj IND AS 116)	1,53,270
Multiple (x)	5.0
EV	7,66,352
Less net debt	9,083
Equity value	7,57,269
Stake (%)	53
Bharti attributable Equity value...(c)	4,02,867
Bharti Airtel Equity value	63,29,855
Outstanding shares (mn)	5,955
Equity value per share (INR)	1,060
Equity value per share (INR)	1,060

Source: I-Sec research

Exhibit 14: Shareholding pattern

%	Dec'22	Mar'23	Jun'23
Promoters	55.1	55.0	55.0
Institutional investors	40.9	40.9	41.2
MFs and other	10.9	11.4	11.1
FIs/ Banks	0.0	0.1	0.1
Insurance Cos.	6.8	6.9	6.9
Fills	23.2	22.5	23.1
Others	4.0	4.1	3.9

Source: Bloomberg, I-Sec research

Exhibit 15: Price chart

Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 16: Profit & Loss

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
Net Sales	11,65,469	13,91,448	15,07,312	16,50,200
Operating Expenses	5,90,130	6,78,713	7,20,209	7,55,625
EBITDA	5,75,339	7,12,735	7,87,102	8,94,575
EBITDA Margin (%)	4,936.5	5,122.3	5,221.9	5,421.0
Depreciation & Amortization	3,30,907	3,64,318	3,86,659	3,98,049
EBIT	2,44,432	3,48,417	4,00,443	4,96,526
Interest expenditure	1,66,162	1,89,187	1,60,981	1,49,960
Other Non-operating Income	5,343	5,554	-	-
Recurring PBT	83,613	1,64,784	2,39,463	3,46,566
Profit / (Loss) from Associates	24,232	7,521	23,840	26,232
Less: Taxes	41,779	42,733	75,910	1,01,992
PAT	41,834	1,22,051	1,63,553	2,44,574
Less: Minority Interest	40,503	39,415	47,250	48,069
Extraordinaries (Net)	16,986	(6,698)	-	-
Net Income (Reported)	42,549	83,459	1,40,143	2,22,738
Net Income (Adjusted)	29,843	88,469	1,40,143	2,22,738

Source Company data, I-Sec research

Exhibit 17: Balance sheet

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
Total Current Assets	5,11,665	5,78,376	5,47,701	6,15,771
of which cash & cash eqv.	1,34,943	1,89,627	1,63,438	2,34,517
Total Current Liabilities & Provisions	8,69,393	9,05,196	8,89,598	8,78,201
Net Current Assets	(3,57,728)	(3,26,819)	(3,41,897)	(2,62,430)
Investments	2,93,491	2,84,877	2,84,877	2,84,877
Net Fixed Assets	18,39,781	23,23,152	23,83,190	23,56,057
ROU Assets	3,22,286	3,22,286	3,22,286	3,22,286
Capital Work-in-Progress	59,547	59,547	59,547	59,547
Total Intangible Assets	3,38,313	3,38,313	3,38,313	3,38,313
Other assets	1,31,774	1,46,936	1,50,161	1,54,467
Deferred Tax assests	-	-	-	-
Total Assets	25,67,917	30,88,744	31,36,930	31,93,569
Liabilities				
Borrowings	13,29,145	16,29,145	14,79,145	13,29,145
Deferred Tax Liability	(1,74,762)	(1,66,860)	(1,27,157)	(56,904)
Provisions	-	-	-	-
Other Liabilities	1,26,550	1,41,745	1,43,622	1,46,365
Equity Share Capital	27,460	27,816	29,776	29,776
Reserves & Surplus	6,38,083	8,35,457	9,90,103	11,23,746
Total Net Worth	6,65,543	8,63,273	10,19,879	11,53,522
Minority Interest	2,53,807	2,53,807	2,53,807	2,53,807
Total Liabilities	25,67,917	30,88,744	31,36,930	31,93,569

Source Company data, I-Sec research

Exhibit 18: Quarterly trend

(INR mn, year ending March)

	Sep-22	Dec-22	Mar-23	Jun-23
Net Sales	3,45,268	3,58,044	3,60,090	3,74,400
% growth (YOY)	21.9	19.9	14.3	14.1
EBITDA	1,75,938	1,84,532	1,86,971	1,95,985
Margin %	51.0	51.5	51.9	52.3
Other Income	(1,013)	(1,984)	(1,873)	(2,141)
Extraordinaries	-	(6,698)	-	(34,163)
Adjusted Net Profit	21,452	15,882	30,056	16,125

Source Company data, I-Sec research

Exhibit 19: Cashflow statement

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
Operating Cashflow	5,64,638	6,44,866	7,27,485	8,41,000
Working Capital Changes	(14,472)	23,808	(12,459)	(9,951)
Capital Commitments	(4,34,690)	(7,67,467)	(3,63,689)	(2,85,472)
Free Cashflow	1,15,476	(98,793)	3,51,337	5,45,577
Other investing cashflow	15,994	8,614	-	-
Cashflow from Investing Activities	15,994	8,614	-	-
Issue of Share Capital	52,233	1,36,524	72,520	-
Interest Cost	(1,31,588)	-	-	-
Inc (Dec) in Borrowings	(8,602)	3,00,000	(1,50,000)	(1,50,000)
Dividend paid	(14,438)	(22,253)	(56,057)	(89,095)
Others	27,388	(1,89,187)	(1,60,981)	(1,49,960)
Cash flow from Financing Activities	(1,52,032)	1,44,863	(3,77,526)	(4,74,499)
Chg. in Cash & Bank balance	(20,562)	54,684	(26,189)	71,078
Closing cash & balance	73,987	1,89,627	1,63,438	2,34,517

Source Company data, I-Sec research

Exhibit 20: Key ratios

(Year ending March)

	FY22A	FY23A	FY24E	FY25E
Per Share Data (INR)				
Reported EPS	5.4	15.9	23.5	37.4
Adjusted EPS (Diluted)	5.4	15.9	23.5	37.4
Cash EPS	51.0	67.3	74.5	89.9
Dividend per share (DPS)	3.0	4.0	9.4	15.0
Book Value per share (BV)	121.2	155.2	171.3	193.7
Dividend Payout (%)	55.2	25.2	40.0	40.0
Growth (%)				
Net Sales	15.8	19.4	8.3	9.5
EBITDA	26.8	23.9	10.4	13.7
EPS (INR)	126.1	192.7	48.0	58.9
Valuation Ratios (x)				
P/E	163.7	55.9	37.8	23.8
P/CEPS	17.4	13.2	11.9	9.9
P/BV	7.3	5.7	5.2	4.6
EV / EBITDA	11.2	9.5	8.9	7.6
EV / Sales	5.5	4.9	4.6	4.1
Dividend Yield (%)	0.3	0.4	1.1	1.7
Operating Ratios				
Gross Profit Margins (%)	-	-	-	-
EBITDA Margins (%)	49.4	51.2	52.2	54.2
Effective Tax Rate (%)	50.0	25.9	31.7	29.4
Net Profit Margins (%)	2.6	6.4	9.3	13.5
NWC / Total Assets (%)	(13.9)	(10.6)	(10.9)	(8.2)
Net Debt / Equity (x)	1.8	1.7	1.3	0.9
Net Debt / EBITDA (x)	2.7	2.5	2.1	1.6
Profitability Ratios				
RoCE (%)	7.9	10.3	9.9	12.8
RoE (%)	4.8	11.6	14.9	20.5
RoIC (%)	12.1	15.0	15.6	19.5
Fixed Asset Turnover (x)	4.3	4.7	4.7	5.0
Inventory Turnover Days	1.3	1.1	1.0	1.0
Receivables Days	12.7	12.0	11.2	10.5
Payables Days	91.7	84.4	77.1	69.8

Source Company data, I-Sec research

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