

## Another strong show led by India wireless!

Bharti Airtel's Q4FY20 performance was strong on the operating front. Key highlight was robust 12.5 million (mn) 4G subscribers net adds in the quarter coupled with tariff hike pass through that led to strong 14.3% QoQ growth in ARPU at ₹ 154. Consolidated revenue was at ₹ 23722.7 crore, up 8.1% QoQ driven by 16% QoQ growth in Indian wireless revenues at ₹ 12,953 crore while Africa revenues were up 3.5% QoQ at ₹ 6488.8 crore. Consolidated EBITDA margins were at 42.9% (up 70 bps QoQ). The margin expansion was led by Indian margin, up 150 bps QoQ at 42.7%, with Indian wireless margins at 39.2%, up 330 bps QoQ, largely a function of tariff hike.

## India wireless business – reflecting sustained strength

Q4FY20 was the fifth consecutive quarter of India wireless revenues growth. India's wireless revenue came in at ₹ 12953 crore (up 16% QoQ), with ARPU of ₹ 154, up 14.3% QoQ. **Superior pass through of tariff hike vis-à-vis peer clearly reflects superior customer quality and revenue market share gain.** The company reported a net subscriber addition of 0.6 mn subscribers QoQ and a strong 12.5 million (mn) 4G subscribers net adds during the quarter. The company, notwithstanding the recent tariff hike, hopes for near term ARPU of ₹ 200 and medium to long term ARPU of ₹ 300, in order to make decent RoCE. It indicated it would continue to drive ARPU growth ahead through natural upgrade to 4G and acceleration to post-paid (through Airtel Thanks). We expect monthly ARPU to reach ₹ 184 in FY22 vs. current levels of ₹ 154 currently, as we do not bake in any step up tariff hike.

## AGR issue unresolved but company well-funded to tide over it

We note that the Supreme Court has ordered that no exercise of self-assessment/reassessment is to be done and dues that were placed before the court have to be paid, including interest and penalty. The company has already paid ₹ 17,749 crore and is awaiting a DoT plea of staggered payment that will be heard at the next hearing (delayed owing to Covid-19). Most importantly, while there is uncertainty on the AGR issue, fund raising has ensured it would be able to serve the same, even in full demand.

## Valuation & Outlook

Bharti Airtel continues to report a gain in revenue market share with stable KPI across and also enjoys a comfortable leverage vis-à-vis peers. We note that while the AGR issue is *sub-judice*, fund raising has ensured it would be able to serve the same. With a resilient performance amid challenging times, Airtel is one the better placed telecom players. We maintain our **BUY** rating on the stock with a DCF based target price of ₹ 700/share. The target price increase is expected to be largely led by superior medium term growth over the next three to four years, driven by a favourable industry structure.

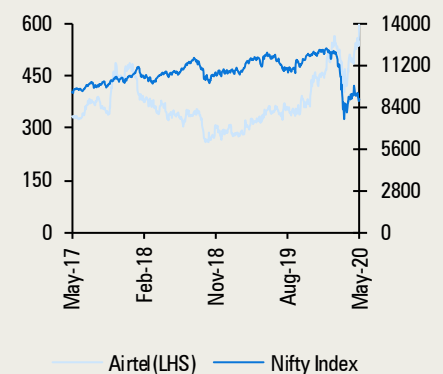


Particulars	
Particulars	Amount
Market Capitalisation (₹ Crore)	321,717
Total Debt (₹ Crore)	148,228
Cash & Inv (₹ Crore)	29,061
EV (₹ Crore)	440,884
52 week H/L	603/ 322
Equity capital	2,727.8
Face value	5.0

### Key Highlights

- Key highlight was robust 12.5 million (mn) 4G subscribers net adds during the quarter coupled with tariff hike pass through leading to 14.3% QoQ growth in ARPU at ₹ 154
- Maintain our BUY rating with revised DCF based target price of ₹ 700/share

### Price Chart



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### Key Financial Summary

(Year-end March)	FY18	FY19	FY20E	FY21E	FY22E	CAGR (FY19-22E)
Net Sales (₹ crore)	83,687.9	80,780.2	87,533.7	102,645.6	112,436.5	13.3
EBITDA (₹ crore)	30,065.0	25,629.5	36,485.6	47,058.5	53,859.9	21.5
Net Profit (₹ crore)	1,099.0	409.5	(32,188.6)	4,009.6	7,524.1	NA
EPS (₹)	2.7	1.0	NA	7.3	13.8	
P/E (x)	214.5	575.6	NA	80.2	42.8	
Price / Book (x)	3.4	3.3	4.2	4.2	3.8	
EV/EBITDA (x)	14.0	16.9	12.1	9.0	7.6	
RoCE (%)	5.6	2.1	3.5	7.1	9.0	
RoE (%)	2.7	(3.5)	(4.7)	5.2	9.0	

Source: Company, ICICI Direct Research

**Exhibit 1: Variance Analysis**

	Q4FY20	Q4FY20E	Q4FY19	Q3FY20	YoY (%)	QoQ (%)	Comments
Revenue	23,722.7	22,716.9	20,602.2	21,947.1	15.1	8.1	Revenue beat led by superior Indian wireless revenues driven by strong ARPU growth of ~14% QoQ
Employee Expenses	1,031.6	964.1	942.9	965.1	9.4	6.9	
Marketing Expenses	2,477.3	2,218.4	2,901.6	2,324.2	-14.6	6.6	
Access Charges	2,827.0	2,710.2	2,441.0	2,710.9	15.8	4.3	
Network Operating	5,201.5	4,965.7	5,962.2	4,934.5	-12.8	5.4	
License Fee	2,020.1	1,862.3	1,728.8	1,766.6	16.8	14.3	
EBITDA	10,165.2	9,896.2	6,625.7	9,245.8	53.4	9.9	
EBITDA Margin (%)	42.9	43.6	32.2	42.1	1069 bps	72 bps	Margin expansion driven by Indian wireless business
Depreciation	7,055.0	7,054.8	5,493.4	6,940.8	28.4	1.6	
Interest	3,307.6	3,137.2	2,532.3	2,984.6	30.6	10.8	
Exceptional Items	7,004.0	0.0	-2,022.1	1,050.0	-446.4	567.0	
Total Tax	-2,033.5	-200.0	137.4	-1,037.9	-1,580.0	95.9	
PAT	-5,237.0	-425.7	107.2	-1,035.3	-4,985.3	405.8	
Subscribers (Mn)	283.7	280.2	282.6	283.0	0.4	0.2	
ARPU	154	148	123	135	25.2	14.3	

Source: Company, ICICI Direct Research

**Exhibit 2: Change in estimates**

(₹ Crore)	FY21E			FY22E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	101,020	102,646	1.6	111282	112,437	1.0	Realign our estimates post FY20 numbers
EBITDA	46,831	47,058	0.5	53868	53,860	0.0	
EBITDA Margin (%)	46.4	45.8	-55 bps	48.4	47.9	-50 bps	
PAT	4,522	4,010	-11.3	8568	7,524	-12.2	Realign interest and depreciation costs
EPS (₹)	8.3	7.3	-11.3	15.7	13.8	-12.2	

Source: Company, ICICI Direct Research

**Exhibit 3: Key Assumptions**

	Current					Earlier	
	FY18	FY19E	FY20	FY21E	FY22E	FY21E	FY22E
<b>India</b>							
Wireless Subs (Mn)	304.2	282.6	283.7	298.1	310.2	294.5	306.4
ARPU	132	113	135	171	184	172	188
Total Minutes (Bn)	1,946	2,811	3,035	3,329	3,482	3,104	3,247
MOU (mins)	561	798	893	954	954	900	901
<b>Africa</b>							
Subscriber base	89.3	98.9	110.6	116.2	123.4	113.2	120.1
ARPU (\$)	3.1	2.9	2.8	2.8	2.8	2.8	2.8
Total Minutes	162.0	207.3	250.1	302.8	360.9	281.7	308.3
MoU	159.5	183.7	199.0	222.5	251.0	212.6	220.3

Source: Company, ICICI Direct Research

## Business Highlights (India)

- **Overall revenues & EBITDA:** India revenues were up 10.4% QoQ at ₹ 17438.3 crore. Overall Indian margin was up 150 bps QoQ at 42.7%. **The company has guided that incremental EBITDA margins would be 60-70%**
- **Wireless revenues & EBITDA:** Indian wireless revenues were up 16% QoQ at ₹ 12,953 crore, driven by strong ARPU growth of 14.3% at ₹ 154. **The growth was largely a function of pass through of tariff hike done in December, 2019 as well as strong addition of 4G data customers that have higher ARPU. The company also indicated that but for Covid impact in the last 10 days in Q4, revenues would have been higher**
- **Subscriber base and addition:** Overall subscriber (sub) base saw net addition of 0.6 mn QoQ at 283.7 mn. Churn rate was steady QoQ at 2.6%. Key positive highlight in the wireless business was healthy 4G net adds of ~12.5 mn during the quarter, with 4G data sub base at 136.3 mn (overall data base of 148.6 mn). The company indicated that 2G to 4G conversion will continue to drive sub addition traction
- **Minutes and data usage:** Data usage/customer was up 7.5% QoQ to 14.6 GB. Minutes of usage (MOU) per subscriber was at 965 minutes, up 7.5% QoQ. The total minutes on network was up 8.3% QoQ to 821.9 billion (bn) minutes
- **Non-wireless:** On the India non-wireless front, home services (broadband) revenues were up 3.2% QoQ at ₹ 572.5 crore while Airtel business (enterprise) revenues were up 1.8% QoQ at ₹ 3376.2 crore. DTH reported revenues, however, witnessed a steep decline of 23.8% QoQ at ₹ 603.5 crore, largely due to revenue recognition policy change with core revenue growth of 1.3% QoQ
- **Network capacity and capex:** The company has maintained continued access expansion in the form of sites additions (~4500 sites) and mobile broadband BTS additions (30000+ addition in Q4). Given the higher traction in data subs as well as data demand, the company pulled forward some capex during the quarter. For Q3, India mobile capex was at ₹ 6969 crore (vs. ₹ 2542 crore in Q3) with overall India capex of ₹ 9521 crore (vs. ₹ 4082 crore in Q3). For FY20, India mobile capex was at ₹ 15145 crore (vs. ₹ 20012 crore in FY19) with overall India capex of ₹ 20672 crore (vs. ₹ 24187 crore in FY19)

## Business highlights (Africa)

- Africa revenues improved 2.9% QoQ to US\$922 million (mn) (constant currency driven by Nigeria, with EBITDA margins of 44.1% (down 100 bps QoQ) largely owing to higher sales and marketing expenses sequentially. In rupee terms, Africa revenues were up 3.5% QoQ at ₹ 6488.8 crore
- There was a one-time US\$75 million forex loss on account of devaluation on foreign exchange denominated liabilities as a result of the devaluation of Nigerian naira, Kenyan and Ugandan shilling and Zambian kwacha
- Subscriber base was up 3.2% QoQ at 110.6 mn with ARPU at US\$2.8, down 0.8% QoQ. Data subs base was up 7.8% QoQ at 35 mn while data usage was up 15.4% QoQ at 219 bn MB. Data usage per subscriber was at 2.1 GB per month, up 9.0% QoQ
- In constant currency, Nigeria reported 7.3% QoQ growth to US\$383 mn while EBITDA margins were up 80 bps QoQ at 55.5%

- In constant currency, East Africa reported 0.6% QoQ growth to US\$279 mn while EBITDA margins were down 10 bps at 40.5%
- In constant currency, Rest of Africa reported 0.9% QoQ revenue decline at US\$220 mn while EBITDA margins were at 32.6%
- Airtel Money reported 2.4% QoQ revenue growth at US\$86 mn while EBITDA margins were at 47.2%
- Africa net debt (including lease obligations) was at US\$3.25 bn. Capex was ~US\$240 mn
- Operating free cash flow for Q3FY20 was at US\$125 million

## Other Highlights

- **Covid-19 impact (so far):** The company termed the Covid-19 as mixed bag event with implications such as
  - Significant surge in demand for home broadband
  - Significant increase in B2B business
  - Growth in new segments (through collaboration/video conferencing)
  - Resilient 4G customers base
  - New device addition have been very low due to lockdown
  - Significant pressure on low end subs
- **Digital:** To scale up its digital platforms business, Airtel has been betting on four pillars: data, distribution, payments and network. The company has over 150 million monthly active users across its digital assets viz Airtel Thanks, Wynk and X Stream. Furthermore, over 1.1 million retailers transact and make payments daily on its Mitra App. Airtel has been partnering with several companies and is also doing pilots for several services to develop new streams of revenues and drive efficiencies. The company also alluded to strong partnerships in the work from home area, cyber security services, in IoT and in delivering cloud services through key global players such as Cisco, Zoom, Symantec, Palo Alto Networks, Google, Microsoft, Amazon, etc
- **Home broadband demand:** The company added ~63k broadband subs during the quarter. Airtel indicated that India is an underserved market with home broadband demand being expedited during lockdown. They have scope to expand beyond the top 10 cities and are partnering with local cable operators. The home pass addition has stepped up and cost per home pass has gone down significantly
- **Spectrum Holdings:** While the company is comfortable with existing spectrum footprints, they have refarmed 25 MHz of 3G spectrum for 4G. They also seek to fill the gap in the challengers markets of Kerala, UP West, Haryana through sub-giga hertz spectrum
- **AGR case:** Based on self-assessment, the company has made payments aggregating ₹ 12749 crore to DoT with an additional ₹ 5000 crore as a deposit (subject to subsequent refund/ adjustment) to cover differences resulting from re-verification /reconciliation by DoT. They also said that DoT had filed an application with respect to giving reasonable time to the affected parties (a period of 20 years with 8% interest). However, the Supreme Court ordered that no exercise of self-assessment/reassessment is to be done. The dues that were placed before the court have to be paid, including interest and penalty. However, DoT's plea of staggered payment will be heard at the next hearing (delayed owing to Covid-19)

- **Debt & capex:** Net debt (excluding lease liability) was at ~₹ 88251 crore, with net debt to annualised reported EBITDA at 2.9x. Total capex spend for the quarter was ₹ 11,339 crore vs. ₹ 5183 crore in Q3 (FY20 capex at ₹ 25359 crore vs. ₹ 28743 crore in FY19). **The company indicated that while they would continue to invest in networks, capex intensity will go down and FY21 capex will be lower than FY20**
- **Fund raise:** During Q4, the company successfully raised ₹ 21,502 crore of additional long term financing through a combination of ₹ 14400 crore in the form of QIP of equity shares (~32.36 crore equity shares of face value ₹ 5 each were issued and allotted at a price of ₹ 445 per equity share) and ₹ 7102 crore in the form of 1.50% FCCB offerings (issued at par and repayable in 2025 at 102.66% of their outstanding principal amount)
- **Dividends:** The board has recommend a dividend of ₹ 2 per share for FY20, largely a pass through of dividends received from Infratel
- **Exceptional items:** Overall exceptional charge of ₹ 7004 crore, was mainly on account of one time spectrum charge related matter of ₹ 5642 crore and interest on the provision of license fee and spectrum usage charges of ₹ 871 crore, among others

Exhibit 4: Segmental revenues

₹ crore	FY18	FY19	FY20	FY21E	FY22E
<b>India</b>	<b>70,898</b>	<b>67,256</b>	<b>71,111</b>	<b>85,216</b>	<b>94,623</b>
Mobility	46,264	41,554	45,966	58,940	66,654
Broadband	2,526	2,239	2,245	2,593	2,903
Enterprise	11,322	12,454	13,233	14,124	15,168
Passive Infrastructure	6,628	6,819	6,742	7,033	7,206
Digital + Others	4,158	4,190	2,924	2,526	2,692
<b>Africa</b>	<b>20,156</b>	<b>22,346</b>	<b>24,217</b>	<b>27,366</b>	<b>28,898</b>
<b>South Asia</b>	<b>405</b>	<b>444</b>	<b>455</b>	<b>460</b>	<b>460</b>
<b>Total Gross Revenue</b>	<b>91,459</b>	<b>90,046</b>	<b>95,783</b>	<b>113,042</b>	<b>123,980</b>
Intersegmental Elimination	-7,572	-7,978	-7,789	-10,396	-11,544
<b>Net Revenue</b>	<b>83,688</b>	<b>81,624</b>	<b>87,539</b>	<b>102,646</b>	<b>112,437</b>

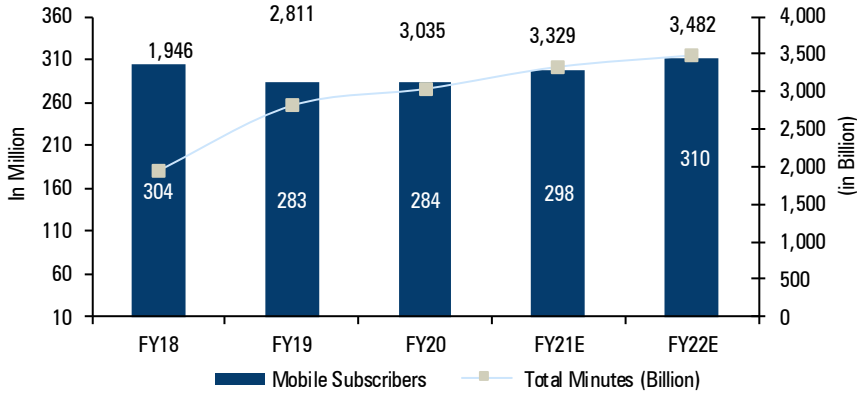
Source: Company, ICICI Direct Research

Exhibit 5: Segmental EBITDA

₹ crore	FY18	FY19	FY20	FY21E	FY22E
<b>India &amp; South Asia</b>	<b>23,798</b>	<b>17,936</b>	<b>26,376</b>	<b>35,154</b>	<b>41,202</b>
<b>Africa</b>	<b>6,653</b>	<b>8,363</b>	<b>10,726</b>	<b>12,128</b>	<b>12,774</b>
<b>Gross EBITDA</b>	<b>30,451</b>	<b>26,300</b>	<b>37,102</b>	<b>47,282</b>	<b>53,976</b>
Intersegmental Elimination	386	670	617	223	116
<b>Reported EBITDA</b>	<b>30065</b>	<b>25630</b>	<b>36486</b>	<b>47058</b>	<b>53860</b>

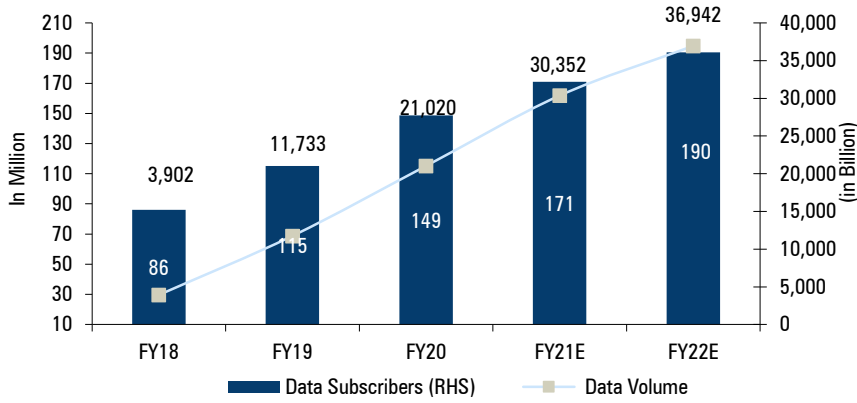
Source: Company, ICICI Direct Research

Exhibit 6: India subscriber details



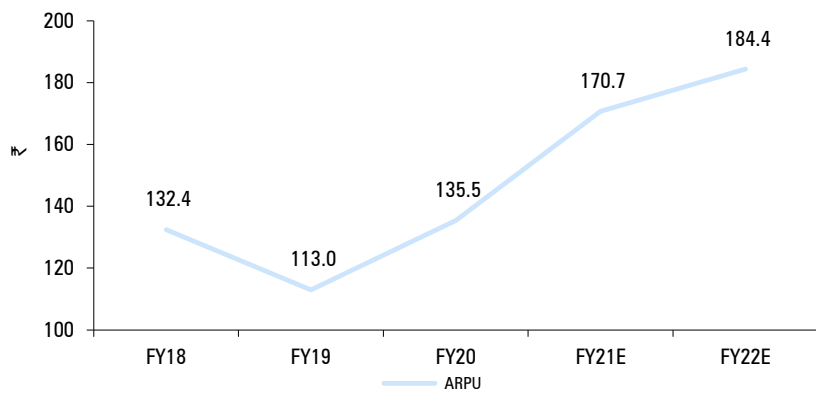
Source: Company, ICICI Direct Research

Exhibit 7: Data volume and data subs trend



Source: Company, ICICI Direct Research

Exhibit 8: India mobile ARPU trend



Source: Company, ICICI Direct Research

## Financial summary

Exhibit 9: Profit and loss statement				
	₹ crore			
(Year-end March)	FY19	FY20	FY21E	FY22E
<b>Total operating income</b>	<b>80,780.2</b>	<b>87,533.7</b>	<b>102,645.6</b>	<b>112,436.5</b>
Growth (%)	-3.5	8.4	17.3	9.5
Employee Expenses	3,797.5	3,807.2	4,172.6	4,451.9
Marketing Expenses	12,668.5	9,544.7	10,222.6	11,044.2
Access Charges	9,352.1	10,739.5	11,052.0	11,445.5
Network Operating	22,390.0	19,700.6	21,368.0	22,017.9
License Fee	6,942.6	7,256.1	8,772.0	9,617.1
Other Costs	0.0	0.0	0.0	0.0
Total Operating Expenditure	55,150.7	51,048.1	55,587.2	58,576.6
<b>EBITDA</b>	<b>25,629.5</b>	<b>36,485.6</b>	<b>47,058.5</b>	<b>53,859.9</b>
Growth (%)	-14.8	42.4	29.0	14.5
Depreciation	21,347.5	27,689.6	29,869.9	33,168.8
Interest	9,589.4	12,382.0	12,679.0	11,536.0
Other Income	291.2	316.2	400.0	500.0
Exceptional Items	(2,928.8)	40,234.4	-	-
PBT	-2,087.4	-43,504.2	4,909.6	9,655.1
MI / Profit from associates	922.4	866.7	200.0	200.0
Total Tax	-3,419.3	-12,182.3	700.0	1,931.0
<b>PAT</b>	<b>409.5</b>	<b>-32,188.6</b>	<b>4,009.6</b>	<b>7,524.1</b>
Growth (%)	-62.7	NA	NA	NA
<b>EPS (₹)</b>	<b>1.0</b>	<b>-59.0</b>	<b>7.3</b>	<b>13.8</b>

Source: Company, ICICI Direct Research

Exhibit 10: Cash flow statement				
	₹ crore			
(Year-end March)	FY19	FY20	FY21E	FY22E
Profit after Tax	409.5	-32,188.6	4,009.6	7,524.1
Add: Depreciation	21,347.5	27,689.6	29,869.9	33,168.8
Add: Interest Paid	9,589.4	12,382.0	12,679.0	11,536.0
(Inc)/dec in Current Assets	1,635.6	(26,805.6)	(8,111.1)	(5,255.1)
Inc/(dec) in CL and Prov	3,025.6	43,834.5	17,232.0	11,056.8
Others	0.0	0.0	0.0	0.0
<b>CF from op activities</b>	<b>36,007.6</b>	<b>24,911.9</b>	<b>55,679.3</b>	<b>58,030.6</b>
(Inc)/dec in Investments	2,271.4	-9,833.6	0.0	0.0
(Inc)/dec in Fixed Assets	-34,863.6	-50,761.7	-22,000.0	-22,000.0
Others	-6,082.2	-4,858.4	336.1	-7,915.5
<b>CF from invactivities</b>	<b>-38,674.4</b>	<b>-65,453.7</b>	<b>-21,663.9</b>	<b>-29,915.5</b>
Issue/(Buy back) of Equity	0.0	729.1	0.0	0.0
Inc/(dec) in loan funds	14,094.8	22,799.8	-14,700.0	-10,700.0
Dividend paid & dividend tax	0.0	-1,276.6	0.0	0.0
Interest Paid	9,589.4	12,382.0	12,679.0	11,536.0
Others	-17,700.6	13,694.7	-30,100.7	-23,072.1
<b>CF from fin activities</b>	<b>5,983.6</b>	<b>48,329.0</b>	<b>-32,121.7</b>	<b>-22,236.0</b>
Net Cash flow	3,316.8	7,787.2	1,893.8	5,879.1
Opening Cash	4,788.6	8,105.5	15,892.7	17,786.5
<b>Closing Cash</b>	<b>8,105.5</b>	<b>15,892.7</b>	<b>17,786.5</b>	<b>23,665.5</b>

Source: Company, ICICI Direct Research

Exhibit 11: Balance sheet				
	₹ crore			
(Year-end March)	FY19	FY20	FY21E	FY22E
<b>Liabilities</b>				
Equity Capital	1,998.7	2,727.8	2,727.8	2,727.8
Reserve and Surplus	69,423.5	74,417.0	73,683.9	81,208.0
Total Shareholders funds	71,422.2	77,144.8	76,411.7	83,935.8
Total Debt	125,428.3	148,228.1	133,528.1	122,828.1
Deferred Tax Liability	1,129.7	1,687.7	1,687.7	1,687.7
Others	22,345.3	35,011.9	35,348.0	27,432.5
<b>Total Liabilities</b>	<b>220,325.5</b>	<b>262,072.5</b>	<b>246,975.5</b>	<b>235,884.1</b>
<b>Assets</b>				
Gross Block	379,841.0	430,602.7	452,604.7	474,604.7
Less: Acc Depreciation	169,375.3	197,064.9	226,934.8	260,103.6
Net Block	210,465.7	233,537.8	225,669.9	214,501.1
Investments	17,989.4	27,823.0	27,823.0	27,823.0
Inventory	88.4	0.0	0.0	0.0
Debtors	4,300.6	4,605.8	5,401.0	5,916.1
Loans and Advances	13,711.1	21,045.3	24,678.6	27,032.6
Other Current Assets	2,076.9	21,331.5	25,014.2	27,400.2
Cash	8,105.5	15,892.7	17,786.5	23,665.5
Total Current Assets	28,282.5	62,875.3	72,880.2	84,014.4
Creditors	28,003.1	25,019.9	29,528.2	32,344.8
Provisions	219.7	0.0	0.0	0.0
Other Current Liabilities	26,651.2	73,688.6	86,412.3	94,652.6
Total Current Liabilities	54,874.0	98,708.5	115,940.5	126,997.3
Net Current Assets	-26,591.5	-35,833.2	-43,060.3	-42,982.9
Others Assets	18,459.9	36,542.9	36,542.9	36,542.9
<b>Application of Funds</b>	<b>220,323.5</b>	<b>262,072.5</b>	<b>246,975.5</b>	<b>235,884.1</b>

Source: Company, ICICI Direct Research

Exhibit 12: Key ratios				
	₹ crore			
(Year-end March)	FY19	FY20	FY21E	FY22E
<b>Per share data (₹)</b>				
EPS	1.0	-59.0	7.3	13.8
Cash EPS	54.4	-8.2	62.1	74.6
BV	178.7	141.4	140.1	153.9
DPS	0.0	2.3	0.0	0.0
Cash Per Share	20.3	29.1	32.6	43.4
<b>Operating Ratios</b>				
EBITDA Margin (%)	31.7	41.7	45.8	47.9
EBIT Margin (%)	5.3	10.0	16.7	18.4
PAT Margin (%)	-3.1	-4.1	3.9	6.7
Inventory days	0.4	0.0	0.0	0.0
Debtor days	19.4	19.2	19.2	19.2
Creditor days	126.5	104.3	105.0	105.0
<b>Return Ratios (%)</b>				
RoE	-3.5	-4.7	5.2	9.0
RoCE	2.1	3.5	7.1	9.0
RoIC	2.3	4.5	9.6	12.8
<b>Valuation Ratios (x)</b>				
P/E	575.6	NA	80.2	42.8
EV / EBITDA	16.9	12.1	9.0	7.6
EV / Net Sales	5.4	5.0	4.1	3.6
Market Cap / Sales	4.0	3.7	3.1	2.9
Price to Book Value	3.3	4.2	4.2	3.8
<b>Solvency Ratios</b>				
Debt/EBITDA	4.9	4.1	2.8	2.3
Debt / Equity	1.8	1.9	1.7	1.5
Current Ratio	0.4	0.5	0.5	0.5
Quick Ratio	0.4	0.5	0.5	0.5

Source: Company, ICICI Direct Research

**Exhibit 13: ICICI Direct Coverage Universe (Telecom)**

Sector / Company	CMP (₹)	TP (₹)	Rating	M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
					FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E
Bharti Airtel	590	700	Buy	321,880	1.0	-59.0	7.3	575.9	NM	80.3	17.0	12.1	9.0	2.1	3.5	7.1	-3.5	-4.7	5.2
Bharti Infratel	198	175	Hold	28,114	13.5	17.8	16.3	14.7	11.1	12.2	4.6	4.7	4.5	21.2	18.1	19.4	17.2	24.4	23.3
Vodafone Idea	6	UR	UR	11,465	-5.1	-23.7	-5.4	NM	NM	NM	31.7	8.4	6.3	-5.0	-5.1	-3.3	-25.9	-120.8	-108.6
Sterlite Tech	99	95	Hold	3,975	14.0	10.8	8.5	7.1	9.2	11.6	5.1	5.6	6.0	29.7	27.8	20.9	28.7	33.0	25.1
Tata Comm	459	345	Buy	13,089	-2.9	8.1	12.2	NM	56.6	37.7	8.0	7.0	6.6	5.9	5.4	7.4	9.4	127.7	-118.8

Source: Company, ICICI Direct Research



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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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