

May 19, 2022

RESULT REPORT Q4 FY22 | Sector: Telecom

Bharti Airtel Ltd

ARPU accretion drives earnings growth; BUY

Our view

The 4QFY22 consolidated operating profits at Rs 160bn, missed our estimates, however stood in-line with street estimates. The miss on our estimates stemmed from higher than estimated operating expenses and lower than estimated ARPU. The ARPU accretion continued over the 4QFY22, following the 20% price revision undertaken across pre-paid plans in late Nov'21, on staggered recharges by subscribers. The SIM consolidation phase in BHARTI's India mobile business appears to be over with addition of 3mn subscribers during the quarter. The high value subscribers continued to improve engagement with the network over the quarter, while there was some attrition at lower end of the subscriber base. BHARTI believe that there is scope for further increment in mobility ARPU and price revision are expected in later part of the FY23. Maintain BUY on expectation of improvement in cash-flows and return ratios as ARPUs improve with tariff hike and premiumization of subscriber base.

Result Highlights

- **Revenue:** Bharti's consol. revenue at Rs 315bn (+22% YoY; +5.5% QoQ), stood largely in-line with estimates. The YoY growth was largely driven by 1.5% YoY growth in India mobile customer base to 326mn and 23% increase in ARPU to Rs 178. ARPUs improved on 20% price revisions across pre-paid plans (Nov'21) and on addition of 5mn 4G subscribers.
- **Operating Profits:** EBITDA at Rs 160bn, stood higher by 30% YoY and 9% QoQ. A sequential as well as YoY improvement in ARPU, coupled with addition of 5mn 4G subscribers in India, aided profits. The EBITDA margins improved QoQ to 50.9%.
- **Profit/(Loss) After Tax:** On after tax basis, Bharti Reported an adjusted Profit of Rs 28.1 bn (+162% YoY; +74% QoQ).
- **Exceptional Item:** The company reported an exceptional gain of Rs 9.1bn during the quarter on account of gain on a) sale of telecommunication tower assets (Rs 7.6bn) and b) settlement with vendor (Rs 9.9bn), offset by charges on c) impairment of property & equipment (Rs 3.8bn), d) provision of levies (Rs 3.2bn) and e) prepayment of bond (Rs 1.4bn).
- **Customer Base:** The total customer base on consolidated basis stood at 491mn a net addition of 20mn subscribers on YoY basis and 7mn on QoQ basis. Of the above the India mobile subscriber stood at 326mn, with an addition of 5mn subs on a YoY basis and 3mn on QoQ basis.
- **Debt:** The consolidated net debt (excluding lease obligations) stood at Rs 1235.4bn as on 31st Mar 2022 compared to Rs 1,313.4bn as on Sep 30, 2021. Consolidated net debt for the company including leases stood at Rs 1603bn as against Rs 1,485bn at end of 4QFY21. The Net Debt-EBITDA ratio (annualized) for the quarter stood shade better at 2.5x (4QFY21: 2.95x).

Valuation

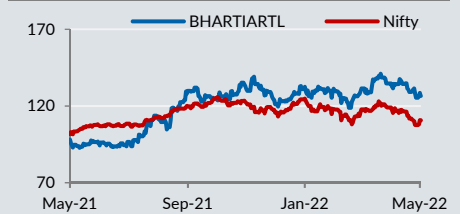
We value BHARTI on SOTP basis at Rs 905/sh, implying a target EV/EBITDA multiple of 7.6x FY24e, vs 6.1x as implied by CMP. With net addition of mobility/4G subscriber in the quarter, the SIM consolidation appears to be over. Going ahead incremental price revision and shift of 2G base to 4G would continue to drive ARPU improvement. We accordingly estimate an operating earnings CAGR (FY22-24e) of 18%, backed by continual subscriber gain and ARPU improvement.

Reco	: BUY
CMP	: Rs 696
Target Price	: Rs 905
Potential Return	: 30%

Stock data (as on May 18, 2022)

Nifty	16,240
52 Week h/l (Rs)	782/509
Market cap (Rs/USD mn)	3946355/50867
Outstanding Shares (mn)	5,492
6m Avg t/o (Rs mn):	5,529
Div yield (%):	0.4
Bloomberg code:	BHARTI IN
NSE code:	BHARTIARTL

Stock performance



Shareholding pattern (As of Mar '22 end)

Promoter	55.9%
FII+DII	38.9%
Others	5.1%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	905	905

Financial Summary

(Rs bn)	FY21	FY22	FY23E
Revenue	1165	1338	1507
YoY Growth	15.6	14.8	12.5
EBIDTA	575	676	795
YoY Growth	26.2	17.5	17.5
PAT	83	157	250
YoY Growth	n.a.	88.9	59.0
ROE	9.6	15.9	21.1
EPS	15.1	28.6	45.4
P/E	46.0	24.4	15.3
BV	166.8	193.3	236.8
EV/EBITDA	9.3	7.4	6.1

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India Mobile Business

- **Revenue:** India mobile revenue stood at Rs 176bn (+25% YoY; +9.5% QoQ); The sequential improvement in ARPU to 178 (+23% YoY; +10% QoQ) along with subscriber addition of 3mn QoQ taking the base at 326mn, were key revenue drivers in the quarter. The improvement in ARPU was on backs of price interventions in pre-paid plans, undertaken towards end of Nov'21 and also addition of QoQ 5mn 4G subscribers, taking total to 201mn
- **EBITDA:** stood at Rs 89.2bn (+33% YoY; +12% QoQ); primarily on higher ARPU; EBITDA margin sequentially better at 50.6%
- **Capex:** Total India Capex stood lower by 17% YoY and 8% QoQ at Rs 43 bn which included mobile business capex of Rs 26.2bn (-30% YoY; -12% QoQ)
- **Infrastructure:** By the end of 4QFY22, total number of towers stood at 237,577 compared to 230,562 in the previous quarter and total number of base stations increased to 752,136, from 748,335 in 2QFY21.
- **Operating Cashflow:** stood +114% QoQ and +27% YoY higher at Rs 63bn
- **ARPU:** stood at Rs 178 vs Rs 145 last year same quarter and Rs 163 in previous quarter, driven by ~20% revision in pre-paid plans towards the end of Nov'21. BHARTI firmly believes that current ARPUs are inadequate for reasonable return on capital, and ARPUs need to improve to Rs 200 and then to Rs 300 eventually. Further price interventions are expected in FY23.
- **Subscriber base:** The total India consumer base stood at 360mn, a net addition of 4mn subscribers QoQ; of which the mobile subscriber base stood at 326mn (+3 mn QoQ)
- **Data subscriber:** base increased by 5.5mn QoQ to 208.5mn, on continued up-trading by consumers and new additions; 4G subscriber base increased to 201mn (+5.2mn). Higher smart-phone ASPs driven by expensive chipsets, slowed accretion in 4G base to some extent during the quarter.
- **Data traffic:** improved by 5% QoQ to 11.8 tnMB; as data usage per sub improved to 19.2 GB (+2.7%QoQ).
- **Voice traffic:** improved by 2% QoQ to 1051bn minutes; voice usage per customer increased marginally to 1083min (from 3Q: 1061 mins)

Other Business Highlights:

- **Airtel Business:** Revenue up 13% YoY & 1.8% QoQ to Rs 41.8bn; EBITDA/EBITDA margin stood at Rs 16.5bn/ 39.4%
- **Home Services:** Revenue up by 46% YoY and 10% QoQ to Rs 8.7bn; ARPU at Rs 650 (vs 657 in 3QFY22); total subscriber base increased to 4.5mn (from 4.2mn in 3QFY22).
- **Digital TV:** Revenue at Rs 7.5bn (-1.6% YoY & +4.6% QoQ); subscriber base declined sequentially to 17.6mn; ARPU at 142 (3QFY22:146); Digital TV business continues to suffer on account of overbearing regulation and disruption from OTT and FTA channels
- **Africa:** Revenue up 21% YoY & 1% QoQ to Rs 91.8bn and EBITDA stood at Rs 45.8bn (+26.5% YoY; +1.5% QoQ); ARPU moderated to USD 3.21 (from USD 3.26 in 3QFY22)
- **South Asia:** Revenue at Rs 984mn (+0.1%YoY; +0.8% QoQ); EBITDA: a loss of Rs 160 mn vs a loss of Rs 209mn in 3QFY22

Exhibit 1: Comparison with estimates

Rs mn	Actual	Estimate		% Variation		Remarks
		YES Sec	Consensus	YES Sec	Consensus	
Sales	315,003	319,330	317,948	-11.2	-0.4	Below estimates on higher than estimated expenses
EBITDA	160,403	171,472	161,531	15.4	0.9	
EBITDA Margin (%)	50.92	53.70	50.80	-278 bps	12 bps	
Adj. PAT	28,088	38,300	13,887	28.5	11.3	

Exhibit 2: Earnings snapshot -Consolidated

(Rs mn)	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	y/y(%)	q/q(%)	FY21	FY22	y/y(%)
Revenue	257,473	268,536	283,264	298,666	315,003	22.3	5.5	1,006,158	1,165,469	15.8
Expenditure	134,154	138,733	145,159	151,638	154,600	15.2	2.0	552,441	590,130	6.8
Operating profit	123,319	129,803	138,105	147,028	160,403	30.1	9.1	453,717	575,339	26.8
EBITDA margin (%)	47.9	48.3	48.8	49.2	50.9	303bps	169bps	45	49	427bps
Other income	839	2,098	1,088	1,971	186	(77.8)	(90.6)	6,428	5,343	(16.9)
Interest	38,606	42,257	39,641	43,671	40,593	5.1	(7.0)	150,910	166,162	10.1
Depreciation	75,019	77,137	82,472	85,472	85,826	14.4	0.4	294,044	330,907	12.5
Share of JV/Associates	(5,274)	(4,947)	(5,988)	(6,161)	(7,136)	n.a.	n.a.	928	(24,232)	n.a.
Exceptional	(4,404)	(305)	(7,221)	(398)	(9,062)	n.a.	n.a.	159,145	(16,986)	n.a.
PBT	20,211	17,759	30,289	26,415	50,368	149.2	90.7	(144,882)	124,831	n.a.
Tax	5,101	8,345	10,308	9,908	13,218	159.1	33.4	89,325	41,779	(53.2)
Profit from discontinued ops	0	0	0	0	0	n.a.	n.a.	110,567	0	n.a.
Reported PAT	15,110	9,414	19,981	16,507	37,150	145.9	125.1	(123,640)	83,052	n.a.
Adj. PAT	10,706	9,109	12,760	16,109	28,088	162.4	74.4	35,505	66,066	86.1
FDEPS (Rs)	2.8	1.7	3.6	3.0	6.8	145.9	125.1	(22.5)	15.1	n.a.

Exhibit 3: Earnings snapshot -Standalone

(Rs mn)	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	y/y(%)	q/q(%)	FY21	FY22	y/y(%)
Net Revenue	183,378	188,284	198,904	209,127	225,004	22.7	7.6	686,917	821,318	19.6
Expenditure	93,676	95,550	100,328	105,060	110,643	18.1	5.3	358,638	411,581	14.8
Operating profit	89,702	92,734	98,576	104,067	114,361	27.5	9.9	328,280	409,738	24.8
EBITDA margin (%)	48.9	49.3	49.6	49.8	50.8	191bps	106bps	47.8	49.9	210bps
Interest	27,900	31,388	24,432	25,821	27,154	(2.7)	5.2	98,988	108,796	9.9
Depreciation	62,071	63,770	68,478	70,872	72,166	16.3	1.8	242,735	275,286	13.4
Exceptional	-	-	-	-	-					n.a.
PBT	(268)	(2,424)	5,665	7,374	15,041	n.a.	104.0	(13,444)	25,656	n.a.
Tax	109	(792)	416	976	3,857	3,435.0	295.4	(7,747)	4,456	n.a.
Reported PAT	(377)	(1,632)	5,249	6,398	11,184	n.a.	74.8	(5,697)	21,199	n.a.
Adj. PAT	(377)	(1,632)	5,249	6,398	11,184	n.a.	74.8	(5,697)	21,199	n.a.
Operating Cashflow	38,289	35,599	40,583	57,529	71,594	87.0	24.4	135,710	205,304	51.3
Capex	51,414	57,135	57,993	46,538	42,767	(16.8)	(8.1)	192,569.9	204,433.1	6.2

Exhibit 4: Segmental highlights

	Units	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	y/y(%)	q/q(%)	FY21	FY22	y/y(%)
India Mobile Business											
Revenue	Rs mn	140,797	143,056	151,914	160,917	176,168	25.1	9.5	555,676	632,054	13.7
EBITDA	Rs mn	66,897	70,335	74,679	79,434	89,215	33.4	12.3	242,642	313,664	29.3
Ebitda mgn	%	47.5	49.2	49.2	49.4	50.6	313 bps	128 bps	43.7	49.6	596bps
Op. CF	Rs mn	29,504	26,591	28,386	49,700	63,038	113.7	26.8	95,879	167,715	74.9
Capex	Rs mn	37,393	43,744	46,293	29,734	26,178	(30.0)	(12.0)	146,763	145,949	(0.6)
Subscribers	mn	321	321	323	323	326	1.5	0.97	301	323	7.5
ARPU	Rs/sub	145	146	153	163	178	22.8	9.7	143	160	11.8
Home Services											
Revenue	Rs mn	6,009	6,533	7,127	7,969	8,762	45.8	10.0	23,342	30,390	30.2
EBITDA	Rs mn	3,345	3,230	3,779	4,358	4,774	42.7	9.5	13,434	16,139	20.1
Ebitda mgn	%	55.7	49.4	53.0	54.7	54.5	-118 bps	-20 bps	57.6	53.1	-444 bps
Op.CF	Rs mn	20	(662)	279	295	(194)	n.a.	n.a.	2,425	(282)	n.a.
Capex	Rs mn	3,325	3,892	3,500	4,062	4,968	49.4	22.3	11,009	16,421	49.2
Subscribers	mn	3.1	3.4	3.8	4.2	4.5	46.2	7.8	3	4	45.3
ARPU	Rs/sub	684	681	661	657	650	(4.9)	(1.0)	744	662	(10.9)
Digital TV Services											
Revenue	Rs mn	7,673	8,095	7,979	7,912	7,552	(1.6)	(4.6)	30,562	31,538	3.2
EBITDA	Rs mn	5,105	5,421	5,314	5,319	4,952	(3.0)	(6.9)	20,789	21,006	1.0
Ebitda mgn	%	66.5	67.0	66.6	67.2	65.6	-96 bps	-165 bps	68.0	66.6	-142 bps
Op CF	Rs mn	1,415	2,489	2,736	945	1,809	27.9	91.4	7,946	7,979	0.4
Capex	Rs mn	3,690	2,932	2,579	4,374	3,143	(14.8)	(28.1)	12,843	13,027	1.4
Subscribers	mn	17.7	18.0	18.0	18.1	17.6	(0.9)	(2.8)	17	18	2.6
ARPU	Rs/sub	144	151	148	146	142	(1.5)	(2.9)	147	147	(0.5)
Airtel Business											
Revenue	Rs mn	37,021	37,893	39,953	41,059	41,798	12.9	1.8	144,075	160,703	11.5
EBITDA	Rs mn	14,867	14,685	15,922	15,824	16,451	10.7	4.0	54,973	62,882	14.4
Ebitda mgn	%	40.2	38.8	39.9	38.5	39.4	-80 bps	82 bps	38.2	39.1	97 bps
Op. CF	Rs mn	7,861	8,118	10,301	7,456	7,973	1.4	6.9	33,018	33,847	2.5
Capex	Rs mn	7,006	6,567	5,622	8,368	8,478	21.0	1.3	21,955	29,035	32.2
South Asia											
Revenue	Rs mn	982	952	958	975	984	0.1	0.8	4,247	3,869	(8.9)
EBITDA	Rs mn	(122)	(111)	(141)	(209)	(160)	n.a.	n.a.	131	(621)	n.a.
Ebitda mgn	%	-12.4	-11.6	-14.8	-21.4	-16.3	-388 bps	514 bps	3.1	-16.0	-1914 bps
Capex	Rs mn	1,593	978	1,414	512	388	(75.6)	(24.2)	3,686	3,292	(10.7)
Op CF	Rs mn	(1,715)	(1,089)	(1,555)	(721)	(548)	n.a.	n.a.	(3,555)	(3,913)	n.a.
Subscribers	mn	2.9	2.8	2.8	2.9	2.9	2.2	1.7	2.86	2.85	(0.3)

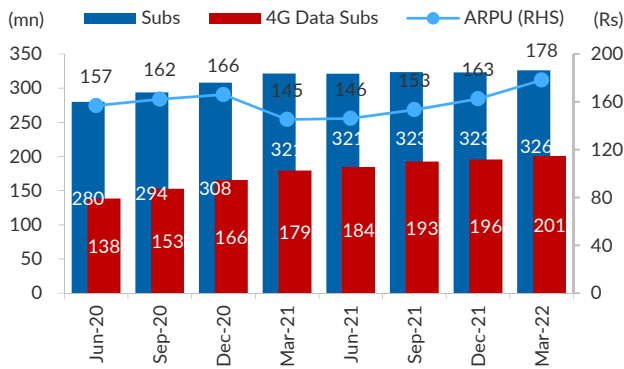
	Units	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	y/y(%)	q/q(%)	FY21	FY22	y/y(%)
Africa											
Revenue	Rs mn	76,017	81,773	85,916	91,053	91,871	20.9	0.9	288,632	350,613	21.5
EBITDA	Rs mn	36,250	39,273	41,743	45,190	45,865	26.5	1.5	132,980	172,071	29.4
Ebitda mgn	%	47.7	48.0	48.6	49.6	49.9	224 bps	29 bps	46.1	49.1	300bps
Op. CF	Rs mn	20,793	31,478	31,428	31,225	29,049	39.7	(7.0)	87,551	123,180	40.7
Capex	Rs mn	15,457	7,795	10,315	13,965	16,816	8.8	20.4	45,429	48,891	7.6
Subscribers	mn	118	121	123	126	128	8.7	2.1	116	124	7.0
ARPU	USD	3.0	3.1	3.1	3.26	3.21	7.4	(1.5)	2.8	3.2	12.2

CON-CALL HIGHLIGHTS

- The Company witnessed consistent growth across all segments during the quarter.
- Broadband – Witnessed strong growth driven by continued strong customer additions and with roll out gathering pace. In 4QFY22 added over 1.85Mn new homes and expanded to 125+ cities taking total to 847 cities. Moreover, the Company expects to reach ~40Mn homes by 2025 and gain higher market share.
- DTH – This segment is witnessing headwinds primarily due to excessive regulation further impacted due to free to air channels and OTT offerings. However, the company expects regulations to be lightened in near future.
- Airtel business – Again witnessed strong quarter with double digit growth, Net of Voice segment all the other segments saw growth in high teens. Connectivity, IOT, CPaaS, cloud and data centers all grew substantially. Overall, Bharti outperformed peers and gained market share.
- Mobile – Witnessed Healthy flow-through of prepaid tariffs hikes taken in Nov'21. Overall, in 4QFY22 saw relatively low net additions due to some sim consolidation at lower end (feature phone segment).
- Net additions in 4QFY22 stood at 3.1Mn taking total customer base to 326Mn customers. ARPU increased to Rs 178 in 4QFY22 compared to Rs 163 in 3QFY22. Additionally, the Company added over 5mn 4G customers. Going forward the company believes postpaid to be key growth driver for the segment.
- Digital banking – Monthly transacting users and total customers stood at ~36.7mn and 129mn respectively during the quarter, while GMV stood at Rs 385bn.
- Incurred over Rs 20bn of capex in FY22 primarily towards transport infrastructure, data centers, digital and submarine cables etc. Expect capex to be in the range of Rs 20bn- Rs 21bn in FY23 and will be directed towards transport infra, data centers, broadband, radio.
- Bharti's leverage in FY22 Improved from 2.95x to 2.4x. Moreover, CFO remained sufficient to meet its capex requirements.
- Semiconductor shortages and rising chip prices has led to players focusing on high priced models. This has led to some softness in conversion from 2G to 4G. However, expect the impact to be temporary in nature.
- Bharti expects a moderated roll out of 5G in 2022 and an accelerated roll out of 5G after 1-2 years.
- Expects to see some tariff increase in this year. One more round of tariff increase will take ARPUs to ~200 with target of Rs 300 to be achieved over a period of time.
- Overall, ARPUs to see an increase on conversion from prepaid to postpaid
- The Company has increased its focus on cutting down Network opex by – driving down energy cost and rental cost. However, rising energy prices has impacted operations in 1QFY23.
- Finance cost – On an annualized basis expect Rs 16bn -Rs 17bn benefit due to the initiatives taken by the company.
- Exceptional items net of minority interest and tax – Rs 1.5bn of which Rs 600mn is attributable to India and South Asia and balance attributable to Africa.

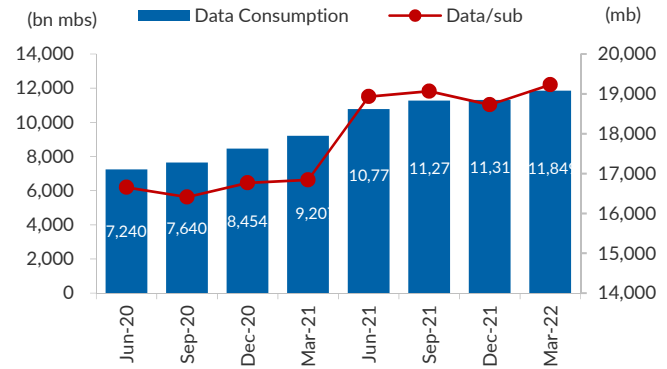
CHARTS

Exhibit 5: India Mobile: Wireless subscriber base improved to 326mn (+1% QoQ); the 4G subscriber base increased to 201mn (+2.7% QoQ)



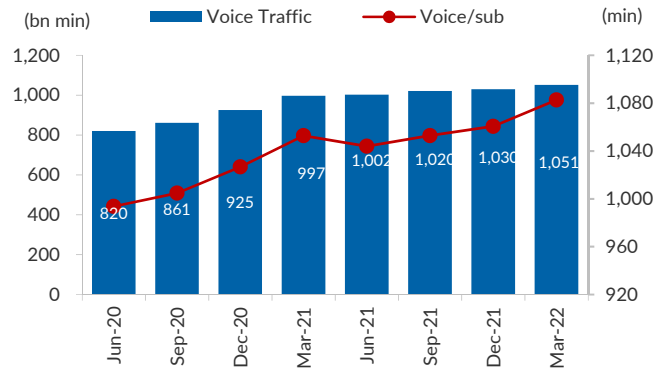
Source: Company, YES Sec - Research

Exhibit 6: The data traffic improved by 5% QoQ on 3% QoQ higher per subscriber consumption



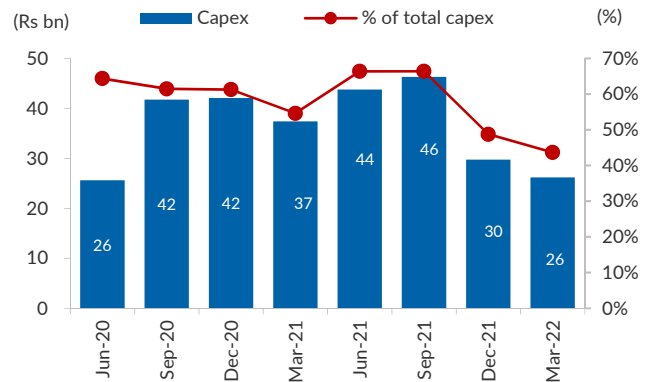
Source: Company, YES Sec - Research

Exhibit 7: Voice traffic improved QoQ with usage per sub improving as well by 2%



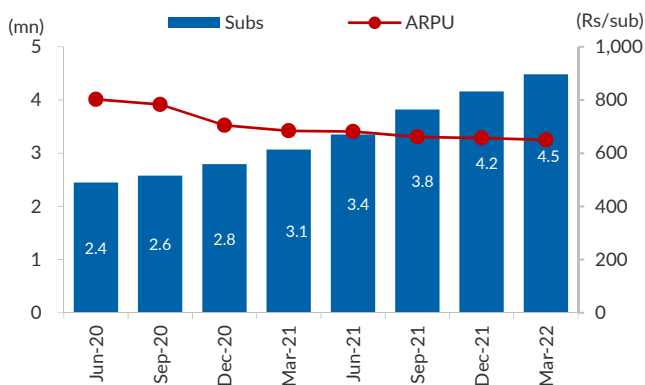
Source: Company, YES Sec - Research

Exhibit 8: Capex during the quarter stood QoQ 12% lower at Rs 26.2bn



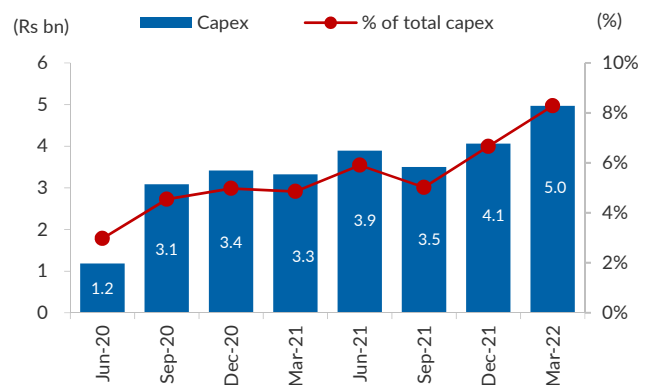
Source: Company, YES Sec - Research

Exhibit 9: Home broadband subscriber base increased to 4.5mn (+8% YoY). ARPU however stood flat at Rs 650 (2Q: Rs 657)



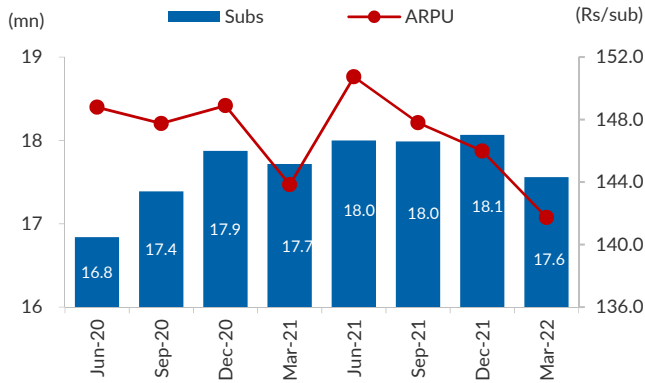
Source: Company, YES Sec - Research

Exhibit 10: Capex in the home broadband segment stood at 4.97bn, sequentially higher



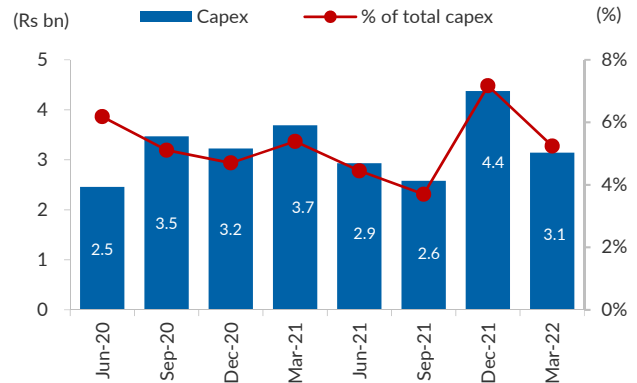
Source: Company, YES Sec - Research

Exhibit 11: Digital TV subscriber base stood 3% QoQ lower at 17.6mn; ARPU at 141.7 (-3% QoQ)



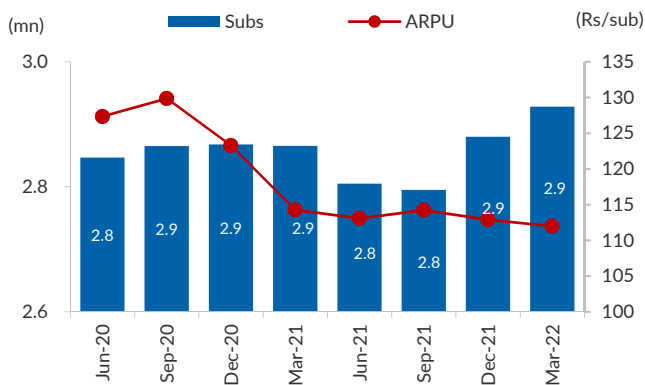
Source: Company, YES Sec - Research

Exhibit 12: The capex in the Digital TV segment stood 28% QoQ lower at Rs 3.14bn



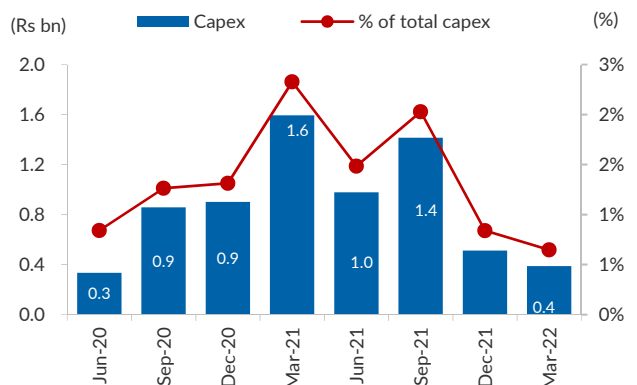
Source: Company, YES Sec - Research

Exhibit 13: South Asia: subscriber base improved to 2.93mn; ARPU flat at 112



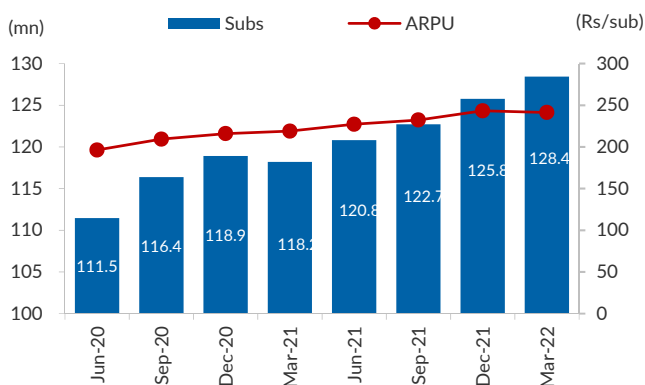
Source: Company, YES Sec - Research

Exhibit 14: Capex in S. Asia stood QoQ lower at 0.4bn



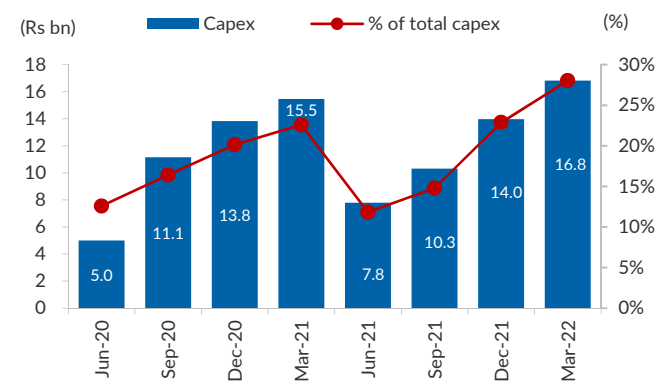
Source: Company, YES Sec - Research

Exhibit 15: Africa buss. had QoQ increase in subscriber base to 128mn; ARPU stood flat at Rs 241



Source: Company, YES Sec - Research

Exhibit 16: Africa had a QoQ higher capex of Rs 17mn



Source: Company, YES Sec - Research

VIEW & VALUATION

BUY with a TP of Rs 905/sh.

We value BHARTI on SOTP basis at Rs 905/sh, implying a target EV/EBITDA multiple of 7.6x FY24e, vs 6.1x as implied by CMP. We believe that the industry wide revision of prepaid tariffs in 3QFY22 was a bold precursor to further revisions expected over coming quarters, as ARPUs in India continue to be amongst the lowest in the World. Bharti believes that an ARPU of ~200-300 is required for adequate return on invested capital and therefore ARPUs need to improve going ahead. In addition BHARTI is rapidly expanding and growing its associated business segments, which should incrementally aid earnings traction and debt reduction. We accordingly estimate an operating earnings CAGR (FY22-24e) of 18%, backed by subscriber gain and ARPU improvement.

Exhibit 17: Valuation table

	EBITDA (Rsmn)	EV (Rs mn)	Multiple	Rs /sh
India				
Mobile Services	458,729	3,669,831	8	668
Homes Services	31,733	253,864	8	46
Digital TV Services	32,507	227,551	7	41
Airtel Business	94,695	757,562	8	138
Africa				
	199,863	1,399,042	7	255
South Asia				
	(878)	(4,392)	5	(1)
Total EV		6,303,459		1,148
Debt		1,626,483		296
Cash & Eq		280,791		51
Equity		4,957,767		903

Exhibit 18: Key Assumptions

	Unit	FY17	FY18	FY19	FY20	FY21	FY22e	FY23e	FY24e
India Subscriber Base									
Mobile Services	mn	263.8	290.8	311.0	281.8	300.7	323.4	329.3	334.5
Homes Services*	mn	2.1	2.2	2.2	2.4	2.7	4.0	5.1	6.1
Digital TV Services	mn	12.5	13.7	15.0	16.3	17.5	17.9	21.3	27.3
Airtel Business*	mn	1.7	1.7	1.8	5.7	7.3	10.0	12.4	13.7
India ARPU									
Mobile Services	Rs/sub	178.3	133.6	108.0	136.5	157.6	160.1	188.5	211.8
Homes Services*	Rs/sub	1112.9	978.3	841.9	797.4	740.0	670.7	680.0	680.0
Digital TV Services	Rs/sub	230.5	230.8	230.8	151.2	147.1	146.6	150.0	150.0
Airtel Business*	Rs/sub	5304.6	5404.2	5786.4	2828.7	1681.4	1416.7	1235.8	1235.8
Africa									
Subscriber	mn	78.9	83.8	95.5	105.3	116.2	124.4	135.0	146.1
ARPU	USD/sub	3.5	3.2	2.7	2.7	2.8	3.2	3.2	3.2
South Asia									
Subscriber	mn	5.5	2.1	2.5	2.8	2.9	2.9	3.0	3.1
ARPU	Rs/sub	152.8	165.2	153.4	136.7	123.3	113.3	125.0	130.0

FINANCIALS

Exhibit 19: Income statement

Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Revenue	954,683	836,879	807,802	862,315	1,006,158	1,165,469	1,338,413	1,506,764
Total Expense	601,385	536,088	549,775	508,263	552,441	590,130	661,940	711,451
Operating Profit	353,298	300,791	258,027	354,052	453,717	575,339	676,472	795,313
Other Income	29,772	17,476	20,835	17,676	6,428	5,343	5,610	5,891
Depreciation	197,730	192,431	213,475	273,731	294,044	330,907	345,785	357,183
EBIT	185,340	125,836	65,387	97,997	166,101	249,775	336,298	444,021
Interest	105,540	95,703	113,656	140,164	150,910	166,162	149,897	130,697
Shr of JV & Assoc.	(10,449)	(10,609)	(3,556)	(828)	928	(24,232)	(28,544)	(28,544)
Extraordinary Item	(11,697)	(7,931)	29,288	(400,892)	(159,145)	16,986	-	-
PBT	77,233	32,670	(17,319)	(442,231)	(144,882)	124,831	214,945	341,867
Tax	34,819	10,835	(34,193)	(124,266)	89,325	41,779	58,035	92,304
PAT	42,414	21,835	16,874	(306,642)	(123,640)	83,052	156,910	249,563
Adj. PAT	54,111	29,766	(12,414)	94,250	35,505	66,066	156,910	249,563
Pat attributable	37,998	10,990	4,095	(321,832)	(150,835)	52,653	125,716	218,511
EPS	8	4	3	(56)	(23)	15	29	45

Exhibit 20: Balance sheet

Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Equity capital	19,987	19,987	19,987	27,278	27,460	27,950	27,950	27,950
Reserves	654,576	675,357	694,235	744,170	562,067	634,135	780,061	1,018,640
Non Controlling Interest	68,750	88,139	135,258	249,847	222,739	253,807	253,807	253,807
Net worth	743,312	783,483	849,480	1,021,295	812,266	915,892	1,061,818	1,300,397
Debt	1,074,281	1,113,335	1,254,283	1,482,281	1,627,852	1,696,779	1,536,779	1,376,779
Deferred & Current tax liab (net)	(10,744)	(7,666)	(69,854)	(260,852)	(190,797)	(171,516)	(171,516)	(171,516)
Total Capital Employed	1,806,848	1,889,152	2,033,909	2,242,724	2,249,321	2,441,155	2,427,081	2,505,660
Fixed assets	620,088	706,079	815,228	1,136,622	1,146,163	1,228,011	1,180,209	1,174,516
Intangible Assets	1,162,263	1,165,925	1,193,087	1,155,933	1,088,633	1,212,822	1,098,035	1,140,609
CWIP	108,385	97,512	96,342	42,823	57,265	59,547	59,547	59,547
Investments (Current & Non Current)	143,386	161,586	157,110	254,765	275,504	293,491	293,491	293,491
Net working capital	(227,274)	(241,950)	(227,858)	(347,419)	(318,244)	(352,716)	(204,202)	(162,503)
Inventories	488	693	884	1,569	2,660	3,750	3,750	3,750
Sundry debtors	49,838	58,830	43,006	46,058	36,377	40,562	77,076	86,678
Cash & Bank Balance	16,177	66,706	81,055	158,927	134,661	131,485	280,791	325,795
Other assets	200,614	219,155	275,884	519,845	496,912	446,705	446,705	446,705
Sundry creditors	268,539	277,675	280,031	250,199	278,721	292,741	330,047	342,953
Other current liabilities	225,853	309,659	348,656	823,619	710,133	682,477	682,477	682,477
Application of Funds	1,806,848	1,889,152	2,033,909	2,242,724	2,249,321	2,441,155	2,427,081	2,505,660

Exhibit 21: Cash flow statement

Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
PBT	77,233	32,670	(17,319)	(430,908)	(34,315)	124,831	214,945	341,867
Depreciation & amortization	197,730	192,431	213,475	273,731	294,044	330,907	345,785	357,183
Interest expense	105,540	95,703	113,656	140,164	150,910	166,162	149,897	130,697
(Inc)/Dec in working capital	(6,319)	25,739	(5,624)	435,006	(103,001)	107,936	792	3,304
Tax paid	(21,240)	(18,230)	(19,391)	(21,051)	(20,584)	(30,331)	(58,035)	(92,304)
Less: Interest/Dividend Income Received								
Other operating Cash Flow	44,506	64,927	15,039	(39,576)	58,282	(29,331)	0	0
Cash flow from operating activities	397,450	393,241	299,836	357,365	345,336	670,174	653,384	740,748
Capital expenditure	(308,518)	(271,211)	(348,616)	(504,452)	(250,727)	(539,226)	(183,196)	(394,063)
Inc/(Dec) in investments	(16,328)	(13,638)	6,574	(89,784)	116,799	31,935	0	0
Add: Interest/Dividend Income Received	(49,853)	(19,550)	(19,860)	(7,871)	(137,538)	(49,922)	0	0
Cash flow from investing activities	(374,700)	(304,399)	(361,902)	(602,107)	(271,466)	(557,213)	(183,196)	(394,063)
Inc/(Dec) in share capital	(0)	0	0	7,291	182	490	0	0
Inc/(Dec) in debt	69,755	39,054	140,948	(15,680)	138,163	29,451	(160,000)	(160,000)
Dividend Paid	(6,865)	(19,332)	(25,263)	0	0	(10,984)	(10,984)	(10,984)
Interest expense	(105,540)	(95,703)	(113,656)	(140,164)	(150,910)	(166,162)	(149,897)	(130,697)
Others	(14,910)	37,667	74,386	471,166	(85,571)	31,068	0	0
Cash flow from financing activities	(57,561)	(38,313)	76,415	322,613	(98,136)	(116,137)	(320,881)	(301,681)
Net cash flow	(34,810)	50,529	14,349	77,872	(24,266)	(3,176)	149,306	45,004
Ending Cash Balance	16,177	66,706	81,055	158,927	134,661	131,485	280,791	325,795

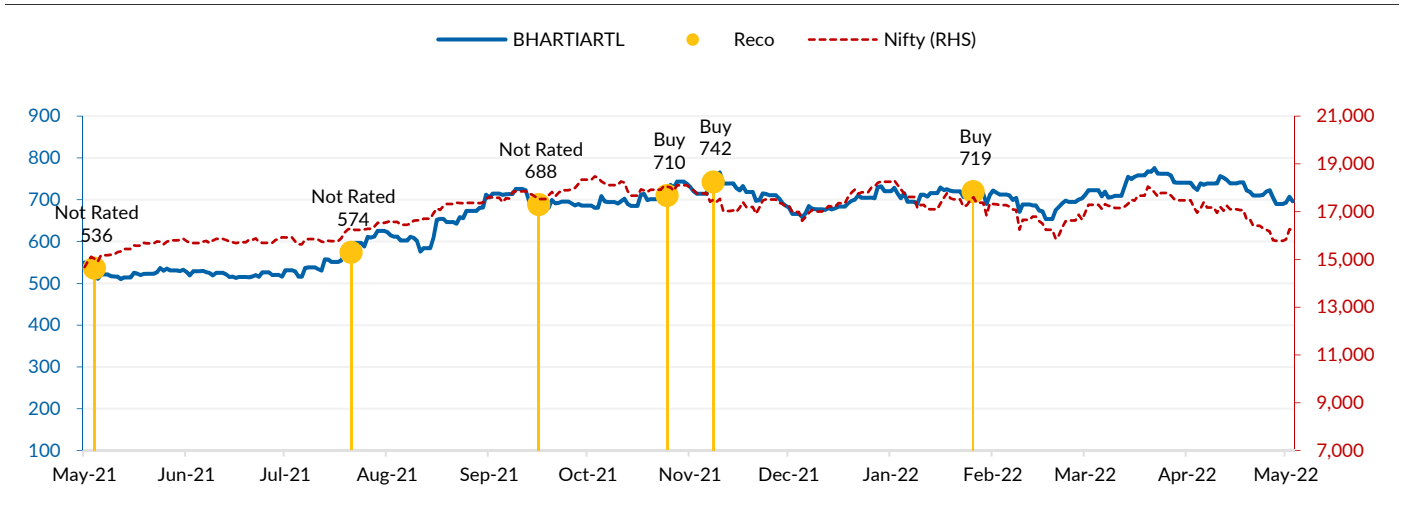
Exhibit 22: Du-pont analysis

Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Tax burden (x)	0.5	0.7	(1.0)	0.7	0.9	0.7	0.7	0.7
Interest burden (x)	0.4	0.3	(0.3)	(4.5)	(0.9)	0.5	0.6	0.8
EBIT margin (x)	0.2	0.2	0.1	0.1	0.2	0.2	0.3	0.3
Asset turnover (x)	0.4	0.3	0.3	0.3	0.3	0.3	0.4	0.4
Financial leverage (x)	3.1	3.2	3.2	3.4	3.9	4.1	3.7	3.1
RoE (%)	5.8	2.9	2.1	(33.5)	(13.6)	9.7	15.9	21.2

Exhibit 23: Ratio analysis

Y/e 31 Mar	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Growth matrix (%)								
Revenue growth	(1.1)	(12.2)	(3.4)	8.5	15.1	15.6	14.8	12.5
Op profit growth	4.0	(14.4)	(13.9)	42.4	23.8	26.2	17.5	17.5
EBIT growth	(5.8)	(29.3)	(57.0)	105.8	69.5	50.4	34.6	32.0
Net profit growth	(31.2)	(48.5)	(22.7)	n.a.	n.a.	n.a.	88.9	59.0
Profitability ratios (%)								
OPM	37.1	36.1	32.2	42.2	45.4	49.6	50.7	53.0
EBIT margin	16.4	13.2	5.9	11.1	16.4	21.3	25.0	29.4
Net profit margin	4.4	2.6	2.1	(34.8)	(12.2)	7.1	11.7	16.5
RoCE	9.3	6.5	2.7	4.8	7.2	10.3	13.5	17.6
RoE	5.8	2.9	2.1	(32.8)	(13.5)	9.6	15.9	21.1
RoA	1.9	0.9	0.6	(9.6)	(3.5)	2.3	4.3	6.7
Per share ratios								
EPS	7.7	4.0	3.1	(55.8)	(22.5)	15.1	28.6	45.4
Dividend per share	1.3	3.5	4.6	0.0	0.0	2.0	2.0	2.0
Cash EPS	43.7	39.0	41.9	(6.0)	31.0	75.4	91.5	110.5
Book value per share	135.3	142.7	154.7	186.0	147.9	166.8	193.3	236.8
Valuation ratios								
P/E	90.1	175.1	226.5	(12.5)	(30.9)	46.0	24.4	15.3
P/CEPS	15.9	17.8	16.6	(116.1)	22.4	9.2	7.6	6.3
P/B	5.1	4.9	4.5	3.7	4.7	4.2	3.6	2.9
EV/EBIDTA	13.7	15.8	19.0	13.5	11.5	9.3	7.4	6.1
Payout (%)								
Dividend payout	16.2	88.5	149.7	0.0	0.0	13.2	7.0	4.4
Tax payout	45.1	33.2	197.4	28.1	(61.7)	33.5	27.0	27.0
Liquidity ratios								
Debtor days	22.1	23.6	22.9	18.5	14.9	12.0	16.0	19.8
Inventory days	1.9	1.1	1.3	2.3	3.5	4.7	5.1	4.8
Creditor days	233.1	274.2	263.2	255.4	232.9	243.4	235.7	234.9

Recommendation Tracker



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