

Estimate changes



TP change



Rating change



	BHARTI IN
Bloomberg	
Equity Shares (m)	5,456
M.Cap.(INRb)/(USDb)	3276.6 / 45.5
52-Week Range (INR)	623 / 381
1, 6, 12 Rel. Per (%)	11/-25/-8
12M Avg Val (INR M)	11329

#### Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E
Sales	869.4	1,019.9	1,149.6
EBITDA	360.2	461.2	555.5
Adj. PAT	-40.7	4.3	25.3
EBITDA Margin (%)	41.4	45.2	48.3
Adj. EPS (INR)	-7.5	0.8	4.6
EPS Gr. (%)	-14.6	-110.6	483.5
BV/Sh. (INR)	141.4	115.9	120.5

#### Ratios

Net D:E	1.5	2.0	1.8
RoE (%)	NM	0.6	3.9
RoCE (%)	3.7	13.5	6.9
Payout (%)	0.0	0.0	0.0

#### Valuations

EV/EBITDA (x)	12.8	9.9	8.1
P/E (x)	NM	756.8	129.7
P/BV (x)	4.2	5.2	5.0
Div Yield (%)	0.0	0.0	0.0

#### Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	56.2	56.2	62.7
DII	21.8	21.7	14.1
FII	17.8	17.6	16.5
Others	4.2	4.5	6.7

FII Includes depository receipts

**CMP: INR600**

**TP: INR720 (+20%)**

**Buy**

## Continued strong performance on market share wins

- Bharti Airtel (BHARTI) displayed a good performance in 3QFY21 for the second quarter in a row, with a consol. EBITDA jump of 9% QoQ (5% beat). This was attributable to strong market share gains and ARPU improvement, aided by operating leverage in Mobile India. The Africa business also continued its good run.
- We marginally raise our FY22E consol. EBITDA, factoring in steady 20% EBITDA growth in FY22 over a stellar 28% growth in FY21. We roll over the valuation to FY23, revising TP to INR720 (INR650 earlier). **Maintain Buy.**

## India Wireless EBITDA up 10% QoQ despite no tariff hike

- BHARTI's consol. revenue was up 6% QoQ to INR265.2b (in-line on LTL). Consol. EBITDA was up 9% QoQ to INR120.5b (5% beat on LTL) on healthy operating leverage in the India Mobile and Africa businesses. The EBITDA margin was up 130bp QoQ to 45.5% (240bp above estimate).
- Subsequently, reported net profit stood at INR13.5b. Continued exceptional cost of INR45.6b was a key dampener. Excluding this and INR99b profit from the Indus Towers de-merger adjustment, adjusted net loss after minority stood at INR2.98b v/s INR7.4b loss QoQ (est. net profit of INR5.3b).
- **India Wireless:** Revenue was up 6.8% QoQ to INR147.8b (2% above est.), with strong market share gains led by 2%/5% growth in ARPU/subs. This was on an already high base of the sequential quarter, which made it more resounding.
- India Wireless EBITDA was up 10% QoQ to INR64.6b. (3% above est.), with incremental EBITDA margins at 60% (below 70%+ in previous quarters), as the management intensified marketing to gain market share.
- ARPU continued to see a steady uptick – it came in 2% higher QoQ (23% YoY) at INR166 (v/s est. INR164). Strong 4G subscriber adds of 14m further aided growth. ARPU has improved 8% since 4QFY20, without any tariff hike. Subscribers jumped strongly for the second quarter in a row by 14.2m (RJio added 1.7m); this highlights that BHARTI may have potentially continued to gain the lion's share out of VIL's subscriber loss.
- It reported high capex of INR68.6b (INR173b in 9MFY21) to cope with the strong data growth / subscriber adds. Moreover, an increase in interest cost softened FCF post interest to INR13.3b.
- Net debt increased by INR45b to INR1,145b, potentially due to a) an INR20b impact from Bharti Infratel's deconsolidation with the Indus merger, b) an INR30b investment in the Indus merger, and c) an increase in deferred spectrum liability, accounting for additional AGR liability. Including lease liabilities net debt increased to INR1,474b, raising net debt to EBITDA to over 3x on an FY21 basis.

## Highlights from management commentary

- **Mobile India to continue stellar growth:** This segment presents huge opportunity, with a) 300m feature phone subscribers available for upgrades, b) strong traction in postpaid subscribers, and c) the revamping of digital distribution by targeting micro markets.

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- **Enterprise and Home businesses seeing strong opportunity:** The company has superior capabilities and offerings in these segments. An increased focus on network penetration in new cities and LCO partnership models should drive growth.
- **5G capex poses no threat:** The company has displayed market-readiness with the test launch in Hyderabad; it would be prudent about making incremental investments until the ecosystem/spectrum is available; the investments would be offset against a reduction in 4G capex.

#### Valuation and view

- BHARTI's superior execution quality is reflected in its strong performance over the past three quarters, with 8% ARPU growth without a tariff hike, leading to resounding EBITDA growth of 27% in Mobile India. It has certainly surprised with market share gains and quality customer acquisitions – 29m 4G subscriber additions (in 9MFY21) – which have supported ARPU growth.
- We believe that regardless of a price hike, it could deliver resounding growth as a delayed tariff hike may be compensated by market share gains – given its improving competitive position in the market. We partly capture this in our 20% consol. EBITDA growth estimate (5% ARPU growth in FY22) over an already sharp 28% increase in FY21. This certainly has an upward bias if the ongoing pace of market share gains continues.
- a) Efforts toward digital super app Airtel Thanks by widening capabilities through the partnership model and b) enhancing offerings to mine the growing base of 4G and Airtel Thanks customers are welcome and should further improve subscriber stickiness and ARPU. Also, the Enterprise and Home businesses certainly present good opportunity in the coming quarters.
- The derailment of FCF generation and deleveraging despite a good operational performance are the key dampeners.
- With the expectation of healthy FCF generation, BHARTI's position is hedged – do not see any urgent need for a price hike. We roll over the valuation to FY23E, assigning EV/EBITDA of 10x to the India Mobile business and 6x to the Africa business, arriving at an SOTP-based TP of INR720. Our higher target multiple for the India Mobile business captures expected gains from any potential increase in ARPU or market share, both of which may not be fully captured in our model.

**Maintain Buy.**

## Consolidated - Quarterly Earnings Model

(INR b)

Y/E March	FY20				FY21				FY20	FY21E	3Q FY21E	Est Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Revenue</b>	<b>207</b>	<b>211</b>	<b>213</b>	<b>237</b>	<b>239</b>	<b>251</b>	<b>265</b>	<b>265</b>	<b>869</b>	<b>1,020</b>	<b>267</b>	-0.5
YoY Change (%)	3.3	3.5	5.5	15.1	15.4	18.6	24.2	11.6	7.6	17.3	28.6	
Total Expenditure	125	123	126	136	135	140	145	139	509	559	146	-0.9
<b>EBITDA</b>	<b>83</b>	<b>89</b>	<b>87</b>	<b>102</b>	<b>104</b>	<b>111</b>	<b>121</b>	<b>126</b>	<b>360</b>	<b>461</b>	<b>121</b>	-0.1
YoY Change (%)	23.1	41.9	40.2	53.3	25.7	24.9	38.3	23.9	39.8	28.0	38.4	-13
Depreciation	68	69	68	71	72	73	75	84	276	305	78	-3.2
Net Finance cost	32	29	33	41	35	38	40	29	135	142	36	9.0
Other Income	1	4	1	10	6	-2	-2	4	16	6	5	-132.1
<b>PBT before EO expense</b>	<b>-15</b>	<b>-6</b>	<b>-13</b>	<b>0</b>	<b>4</b>	<b>-2</b>	<b>4</b>	<b>16</b>	<b>-34</b>	<b>21</b>	<b>12</b>	-66.1
Extra-Ord expense	15	307	11	70	117	0	46	0	402	164	0	
<b>PBT</b>	<b>-30</b>	<b>-313</b>	<b>-23</b>	<b>-70</b>	<b>-114</b>	<b>-2</b>	<b>-42</b>	<b>16</b>	<b>-437</b>	<b>-142</b>	<b>12</b>	-445.8
Tax	-6	-85	-12	-20	38	4	43	6	-123	92	5	
Rate (%)	20.2	27.1	49.8	29.0	-33.6	-167.6	-103.7	40.0	28.2	-64.5	40.0	
Minority Interest & P/L of Asso. Cos.	5	2	6	3	7	7	5	-10	15	10	2	
<b>Reported PAT</b>	<b>-29</b>	<b>-230</b>	<b>-10</b>	<b>-52</b>	<b>-159</b>	<b>-8</b>	<b>9</b>	<b>19</b>	<b>-322</b>	<b>-139</b>	<b>5</b>	59.6
<b>Adj PAT</b>	<b>-14</b>	<b>-11</b>	<b>-11</b>	<b>-5</b>	<b>-4</b>	<b>-7</b>	<b>-3</b>	<b>19</b>	<b>-41</b>	<b>4</b>	<b>5</b>	-155.8
YoY Change (%)	366.1	16.4	3.8	-60.4	-68.8	-33.7	-72.4	-506.0	16.6	-110.6	-138.2	

E: MOFSL Estimates

## Key Performance Indicators

	FY20				FY21				FY20	FY21E	3Q FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
<b>Bharti India Wireless</b>											
ARPU (INR)	129	128	135	154	157	162	166	156	135	158	164
Total Subscribers (m)	277	279	283	284	280	294	308	314	284	314	297
Data Subscribers (m)	120	124	138	149	149	162	175	189	149	189	174
Monthly churn (%)	2.6	2.1	2.6	2.6	2.2	1.7	1.9	1.9	2.5	1.9	1.7
Data Traffic (b MB)	4,192	4,829	5,547	6,453	7,240	7,640	8,454	9,475	21,020	32,809	8,590
Data usage/sub (MB)	11,930	13,116	13,928	14,972	16,655	16,409	16,766	17,379	13,284	16,211	17,017
<b>Airtel Africa</b>											
Mobile Subs (m)	100	104	107	111	111	116	119	121	111	121	119
ARPU <sub>s</sub> (USD)	3	3	3	3	3	3	3	3	3	3	3
EBITDA Margins (%)	39.9	41.9	40.8	42.9	43.5	44.2	45.5	47.6	41.4	45.2	45.3
EBIT Margin (%)	7.3	9.1	8.9	13.1	13.3	15.1	17.2	15.7	9.7	15.4	16.2
Adj. PAT Margins (%)	-6.8	-5.3	-5.1	-2.0	-1.8	-3.0	-1.1	7.2	-4.7	0.4	2.0

E: MOFSL Estimates

**Rebound in Africa nos surpasses 1QFY21 loss; EBITDA up 12% QoQ**

- Africa revenue/EBITDA jumped by a strong 8%/12% CC. In reported currency, it increased 7%/10% to INR76.4b/INR35.9b.
- Subs/ARPU was up 2%/4% as both Voice and Airtel Money saw good offtake.

**Other segments present tailwinds**

- Home revenue/EBITDA declined 4%/8% QoQ to INR5.7b/INR3.3b with the recent price cuts taken to match RJio. However, subscriber growth has shown good elasticity – 8% growth v/s 1–3% growth earlier – which should offset the impact in the coming quarters. Also, the no. of cities covered has consistently increased to 219 from 103 over the last four quarters.
- Enterprise revenue was flat (up 1% QoQ) at INR36.2b, while EBITDA grew 5% QoQ to INR13.5b.
- Passive revenue fell 47% due to the deconsolidation of Indus Towers post the Bharti Infratel-Indus Towers merger.
- Digital revenue grew 5% to INR7.9b, while EBITDA was flat at INR5.6b.

### Other highlights

- 4G subs adds were at 12.9m – the second straight quarter of high adds for the company – accounting for nearly 90% of industry adds. For the past six months, BHARTI's pace of subscriber additions has grown robustly and consistently.
- Data traffic grew 11% QoQ to 8.5b GB (16.8 GB/user). BHARTI's data traffic and data subscribers are ~50% of RJio's levels, with the capacity gap much lower. This highlights a healthy network capacity and room for improvement.
- MOU remained stable at 1,027min (up 2%).  
4G base stations/towers continue to see strong 31k/8k adds to 568k/207k, in addition to a healthy 4000km ramp-up in fiber.

### Key positives

- **EBITDA beat despite no price hike:** Consol rev/EBITDA jumped 6%/9% QoQ (inline/5% beat); India Mobile EBITDA grew 7% QoQ despite no price hike. Despite no tariff hikes over the last three quarters, ARPU is up 8% and India Wireless EBITDA is up 30% (from 4QFY20 levels).
- **Quality 4G subs adds aid ARPU:** India Mobile added a strong 12.9m 4G subscribers (~5m monthly) – the second straight quarter of the highest 4G adds (except the 3QFY20 disruption quarter). This is also reflected in a consistent ARPU increase of 2% to INR166. Gross subscriber adds were also healthy at 14.4m.
- **Other segments offer tailwinds:** Africa reported strong EBITDA growth of 12% CC. Home posted 8% decline in EBITDA, but reported a strong 8% subscriber adds and increased coverage, which should prove advantageous in the coming quarters.
- **Superior network capacity:** Despite robust data traffic volumes of 8.5b GB (16.8 GB/user), data traffic / subscribers stood at ~50% of RJio's levels, thus highlighting healthy network capacity and room for improvement. It has 568k base stations (closer to RJio's levels) with 207k unique broadband towers.

### Negatives

- **High capex driving down FCF:** Capex rose to INR67.9b (v/s INR39.8b in 1QFY21); thus, FCF post interest slowed to INR13.3b (v/s INR36.1b in 1QFY21).
- **Deconsolidation of Bharti Infratel raises net debt, interest cost:** Both net debt and interest cost rose due to the deconsolidation of Bharti Infratel – net debt was up by INR45b to INR1,145b and interest cost increased 5%, taking the net debt to EBITDA to >3x.

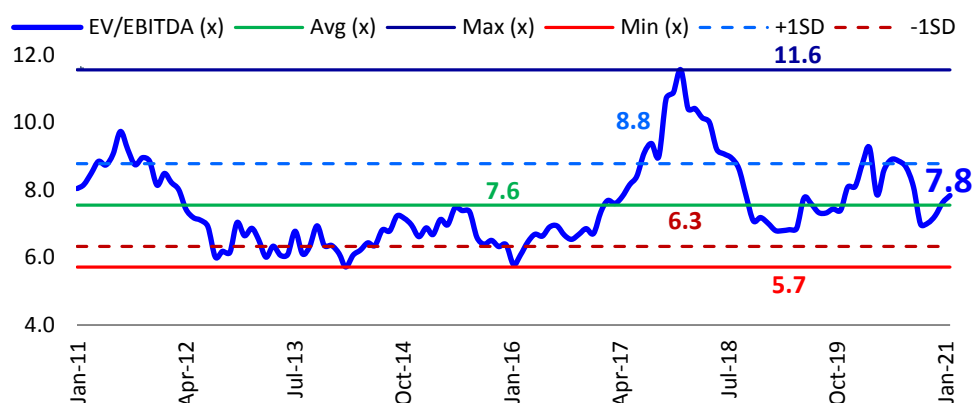
### Valuation and view

- With the expectation of healthy FCF generation, Bharti's position is hedged – do not foresee any urgent need for a price hike.
- We roll over the valuation to FY23E, assigning EV/EBITDA of 10x to the India Mobile business and 6x to the Africa business, arriving at an SOTP-based TP of INR720.
- Our higher target multiple for the India Mobile business captures expected gains from any potential increase in ARPU or market share, both of which may not be fully captured in our model. **Maintain Buy.**

**Exhibit 1: Bharti Airtel — SOTP based on FY23E**

	EBITDA (INR b)	Ownership	Proportionate EBITDA (INR b)	EV/EBITDA	Fair Value (INR b)	Value/Share
India SA business (excl. towers)	446	100%	446	10	4,587	841
Tower business (15% discount to fair value)		41.0%			230	42
Africa business	192	55.2%	106	6	582	107
Less net debt					1474	270
<b>Total Value</b>					<b>3924</b>	<b>720</b>
Shares o/s (b)	5.5					
CMP						<b>600</b>
<b>Upside (%)</b>						<b>20</b>

Source: Company, MOFSL

**Exhibit 2: BHARTI: One-year forward EV/EBITDA**

Source: MOFSL, Company

## Highlights from management commentary

### Key highlights

- **Mobile India to continue stellar growth:** This segment presents huge opportunity, with a) 300m feature phone subscribers available for upgrades, b) strong traction in postpaid subscribers, and c) the revamping of digital distribution by targeting micro markets.
- **Enterprise and Home businesses seeing strong opportunity:** The company has superior capabilities and offerings in these segments. An increased focus on network penetration in new cities and LCO partnership models should drive growth.
- **5G capex poses no threat:** The company has displayed market-readiness with the test launch in Hyderabad; it would be prudent about making incremental investments until the ecosystem/spectrum is available; the investments would be offset against a reduction in 4G capex.
- **Deleveraging strategy:** FCF should be the key driver of deleveraging, along with asset monetization (at some stage) and dividends from Indus Towers and Airtel Africa.

### Operational performance

- **Revenue market share (RMS):** Bharti has shown a consistent performance and its RMS has grown for each of the businesses.



- **Indus Merger:** The merger of Indus Towers and BNIN was completed in 3QFY21. Thus, the Tower entity is no longer a subsidiary of BHARTI. The merged entity is now treated as a JV and represented as 'Share of Joint Ventures' in the income statement.
- **Exceptional items:** BHARTI recognized exceptional dues in four categories: a) the merger completion of BHIN and Indus Towers, b) the reassessment of tangible and intangible assets for impairment, c) the obsolescence of parts of copper assets, and d) tax charges.
- **Strong subscriber additions:** This was led by the company's a) focus on experience, b) positioning as an aspirational brand, c) simplified way of going to market, and d) increase efforts in micro marketing. Strong 4G additions are seen coming from upgrades by existing customers, movement from competitors, and an increase in the shelf life of its devices.
- **Mobile churn:** Mobile churn was at 1.9% in 3QFY21 v/s 1.7% in 2QFY21. It came in lower than the historic range of 2.2–2.5%. The increase in churn in this quarter was attributable to market dynamics.

### Business portfolio

- **Enterprise:** The company aims to be a significant player in the B2B space. There are three parts to this portfolio: a) increasing connectivity where it has significant room to grow market share, b) introducing data centers and Airtel IQ, and c) adopting a partnership-led model, which has significant growth opportunity. This would accelerate both the hunt for new clients and the farming of existing clients to drive growth.
- **Home Broadband:** Bharti added 1.4m home passes in 3QFY21 and has set a target to upgrade copper assets to fiber within a year. This should reduce the operational cost of the business. Overall, it has reached 120 cities through the LCO model and is on track to increase its reach to 1,000 cities within a year. It would continue to invest in the segment on its own in metro cities and through LCOs in smaller cities. Revenue/EBITDA declined in 3QFY21 due to a reduction in price plans, which would also see some flow-through in numbers in 4QFY21. Lastly, it is looking to integrate this with other business segments to increase ARPA, i.e., Average Revenue per Account.
- **DTH:** Bharti has outstripped all other players in terms of revenue growth and ranks second on an LTL basis. The management believes this business is attractive in the medium-to-long term as a) liner TV prices are low compared with global standards, b) DTH industry penetration is very low in the overall industry, and c) the shift from cable to DTH comes at marginally higher price, but offers better services.
- **Mobile India:** It garnered an incremental EBITDA margin of 60% in 3QFY21. Overall, it added 700k postpaid customers in 3QFY21 and 1.4m over the last two quarters – the highest in a decade. RMS reached lifetime highs of 35%. Furthermore, it added 7,414 sites and continues to densify the network.

### Digital Services

- **Focus:** Bharti is focusing on three pillars in Digital Services: a) efficiency, b) new revenue streams, and c) an ecosystem for powerful partnerships.



- **Highlights for 3QFY21:** There are four highlights of the quarter: a) Bharti consistently grew its business share online, b) the launch of Airtel Safe Pay, which leverages network intelligence, c) the growth of digital assets, and d) growth in partnerships – it partnered with Amazon Prime for its first mobile-only plan.
- **Drivers:** The core business is the major driver currently, while new businesses and partnerships are expected to grow the segment significantly in the future.

### 5G outlook

- **Market-readiness:** The ecosystem and use cases for 5G adoption are still nascent in India. However, the shipment of 5G-compatible devices increased to 5% in Dec'20 from 2% in Oct'20; this should increase further over the next year. Over the next 3–5 years, all spectrum bands would be ready for 5G adoption.
- **5G capex:** Bharti is not expected to see a significant increase in capex with the introduction of 5G as this would be partly offset by a reduction in 4G capex.
- **Strategy:** Bharti would deploy 5G capex in a prudent way. Initially, it would look to launch it in urban areas and later on at the pan-India level.

### Outlook

- **Spectrum renewal:** Bharti would look to have sub GHz spectrum in all the circles. Many circles such as Haryana, Maharashtra, Western Gujarat, MP, and Kerala do not have these spectrums, so companies may look to launch GHz spectrums in these circles. Furthermore, some of the 1,800MHz spectrum is also coming for renewal, so it might look to make a purchase. Overall, the spectrum-buying strategy would depend on a balance of these factors.
- **Tariff hike:** ARPU should reach INR200 in the near term and INR300 in the long term, generating healthy RoCE. Bharti would take the price hike if any competitor initiates the move.
- **Leverage strategy:** FCF should be the driver of leverage. As Bharti continues to increase its earnings from various initiatives, its FCF would increase, which could be used for deleveraging. It could also look for asset monetization to deleverage, but this would be event-based. Furthermore, it would use dividends from associate companies to deleverage.
- **Additional stake in Indus Towers:** This was a financial decision based on the company's understanding of the intrinsic value of underlying assets. Moreover, it would get ~65% of its investment as dividend within a few days. The decision to monetize the tower asset would depend on pricing.
- **Data subscriber:** Currently, there are 300m feature phone subscribers who can be upgraded to 4G. Many of these would be upgraded over the next three years and most would be upgraded over the next five years.
- **AGR:** For the clerical errors made in the AGR calculation, Bharti has approached the SC to direct DoT for an investigation.

## Bharti Airtel - Consolidated Segment-wise Summary (INR b)

	3QFY20	2QFY21	3QFY21	YoY%	QoQ%	3QFY21E	v/s Est (%)
<b>Revenue</b>							
Mobile India	112	138	148	32.4	6.8	145	2.2
Telemedia	6	6	6	2.3	-3.4	6	-7.0
Enterprise	33	36	36	9.2	1.1	37	-0.9
Passive Infrastructure*	6	7	4	-36.5	-47.1	18	-48.1
Digital TV	8	8	8	-0.4	4.6	8	0.8
South Asia	1	1	1	-8.2	-5.0	1	-6.9
Others	0	0	0	-88.8	-40.9	0	-42.1
Africa	63	72	76	21.9	6.7	74	3.2
Eliminations	-9	-10	-10	12.2	1.5	-22	NM
<b>Consolidated Revenue*</b>	<b>219</b>	<b>258</b>	<b>269</b>	<b>22.6</b>	<b>4.3</b>	<b>267</b>	<b>0.9</b>
<b>EBITDA</b>							
Mobile India	40	59	65	61.1	9.6	63	2.9
Telemedia	3	3	3	-4.6	-8.0	4	-11.4
Enterprise	12	13	14	15.6	4.8	14	2.7
Passive Infrastructure*	9	9	0	-100.0	-100.0	9	-100.0
Digital TV	5	5	5	-2.7	-1.1	6	-4.7
South Asia	0	0	0	-63.7	-66.8	0	-1103.7
Others	0	0	0	NM	NM	0	NM
Africa	28	32	36	27.2	10.5	33	7.5
Eliminations	-11	-7	-8	-29.1	8.9	-8	-0.1
<b>Consolidated EBITDA*</b>	<b>87</b>	<b>111</b>	<b>121</b>	<b>38.3</b>	<b>8.9</b>	<b>121</b>	<b>5.1</b>
<b>Consolidated EBITDA (Adj. for Ind-As 116)</b>	<b>72</b>	<b>95</b>	<b>105</b>	<b>46.5</b>	<b>10.3</b>	<b>105</b>	<b>-0.1</b>
<b>EBITDA margin (%)</b>							
Mobile India	35.9	42.6	43.7	779bps	111bps	43.4	28bps
Telemedia	59.5	58.3	55.5	-401bps	-277bps	58.3	-277bps
Enterprise	36.5	37.3	38.7	216bps	136bps	37.3	136bps
Passive Infrastructure	145.5	128.3	0.0	-14552bps	-12825bps	52.6	-5261bps
Digital TV	68.7	70.9	67.0	-163bps	-384bps	70.9	-384bps
Mobile South Asia	9.1	10.3	3.6	-550bps	-670bps	-0.3	394bps
Africa	45.0	45.3	46.9	195bps	164bps	45.0	188bps
<b>Consolidated EBITDA margin*</b>	<b>40.8</b>	<b>44.2</b>	<b>45.5</b>	<b>461bps</b>	<b>128bps</b>	<b>45.3</b>	<b>243bps</b>
Depreciation and amortization	68	73	75	10.1	3.0	78	-3.2
Operating income	19	38	45	139.6	20.3	43	5.5
Other income and share of JV/Associate	1	-2	-2	-262.9	-9.6	5	-132.1
Net finance cost	33	38	40	20.8	4.8	36	9.0
<b>Proforma Profit Before Taxes</b>	<b>-13</b>	<b>-2</b>	<b>4</b>	<b>-131.6</b>	<b>-306.0</b>	<b>12</b>	<b>-66.1</b>
Exceptional Items	11	0	46	334.3	9149.3	0	NM
Proforma Tax	-12	4	43	-470.1	941.5	5	796.4
<b>Effective Tax Rate (%)</b>	<b>0.1</b>	<b>-0.2</b>	<b>1.1</b>	<b>96867.3</b>	<b>126867.1</b>	<b>0.0</b>	<b>2548.0</b>
Profit from discontinued operations	7	6	98			0	
<b>Proforma Profit After Tax</b>	<b>-5</b>	<b>0</b>	<b>14</b>	<b>-390.4</b>	<b>-4082.6</b>	<b>7</b>	<b>NM</b>
Proforma Minority Interest	6	7	5	-13.0	-31.9	2	167.0
<b>Proforma Net Profit</b>	<b>-10</b>	<b>-8</b>	<b>9</b>	<b>-182.4</b>	<b>-211.8</b>	<b>5</b>	<b>NM</b>
<b>Proforma Adj. Net Profit</b>	<b>-11</b>	<b>-7</b>	<b>-3</b>	<b>NM</b>	<b>NM</b>	<b>5</b>	<b>NM</b>

\*LTL comparison



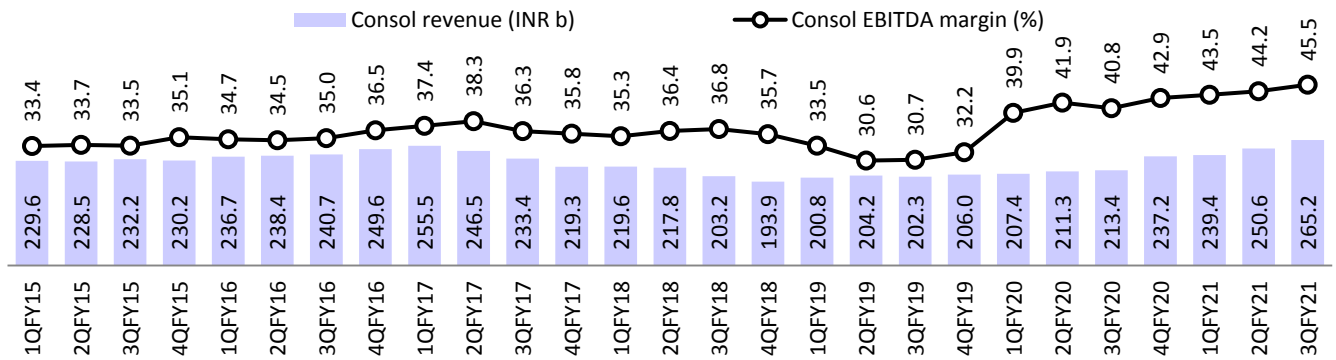
**Exhibit 3: Summary of estimate change**

	<b>FY21E</b>	<b>FY22E</b>
<b>Revenue consolidated (INR b)</b>		
Old	1022	1097
New	1020	1150
<i>Change (%)</i>	-0.2	4.8
<b>EBITDA consolidated (INR b)</b>		
Old	464	544
New	461	555
<i>Change (%)</i>	-0.7	2.1
<b>EBITDA margin consolidated (%)</b>		
Old	45.4	49.6
New	45.2	48.3
<i>Change (bp)</i>	-20	-126
<b>India Mobile Revenue (INR b)</b>		
Old	544	572
New	558	633
<i>Change (%)</i>	3	11
<b>India Mobile EBITDA (INR b)</b>		
Old	238	287
New	244	308
<i>Change (%)</i>	3	7
<b>India ARPU (INR)</b>		
Old	158	159
New	158	166
<i>Change (%)</i>	0.2	4.5
<b>Adj. EPS (INR)</b>		
Old	1.7	4.4
New	0.8	4.6
<i>Change (%)</i>	-54.3	5.9
<b>Africa Mobile Revenue (INR b)</b>		
Old	286	316
New	291	340
<i>Change (%)</i>	1.9	7.6
<b>Africa Mobile EBITDA (INR b)</b>		
Old	129	154
New	134	163
<i>Change (%)</i>	4.1	6.0

Source: Company, MOFSL

Story in charts

Exhibit 4: Consol. revenue increased 6% QoQ; consol. EBITDA margin expanded 130bp (INR b, %)



Source: MOFSL, Company

Exhibit 5: India Mobile revenue increased 7% QoQ

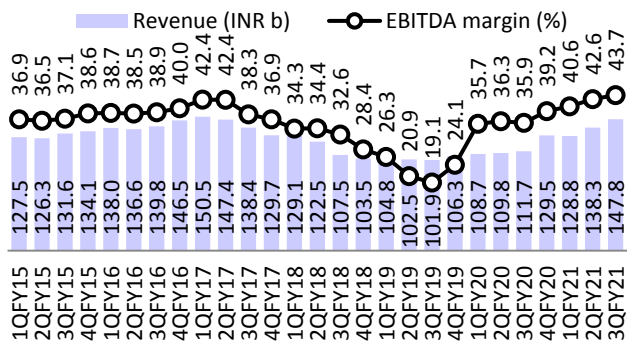


Exhibit 6: Africa revenue increased 7% QoQ

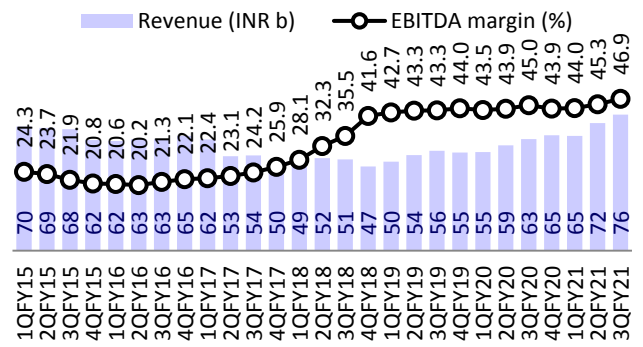


Exhibit 7: India Mobile ARPU stood at INR166

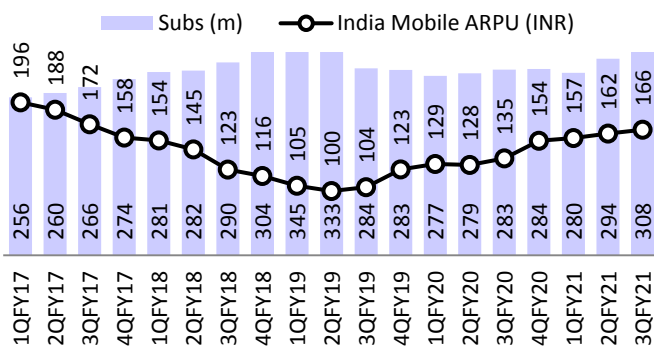
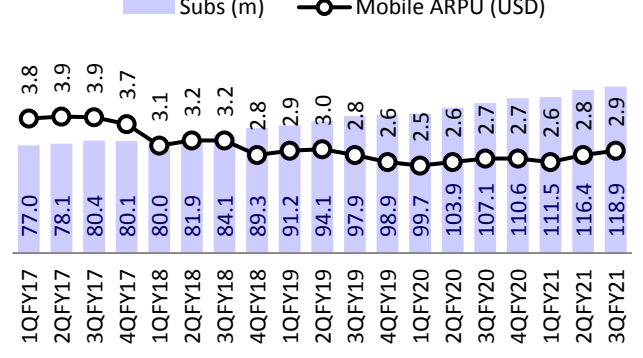
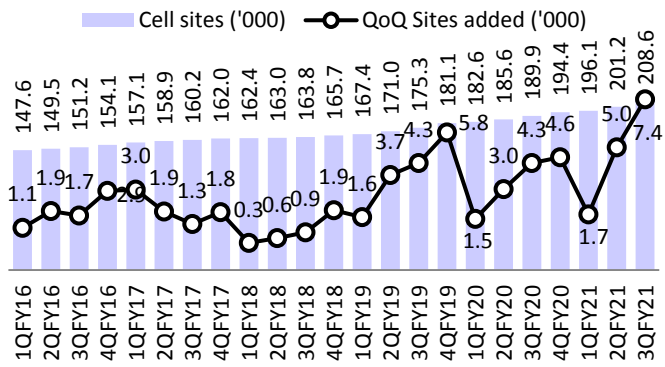


Exhibit 8: Africa ARPU increased to USD2.9

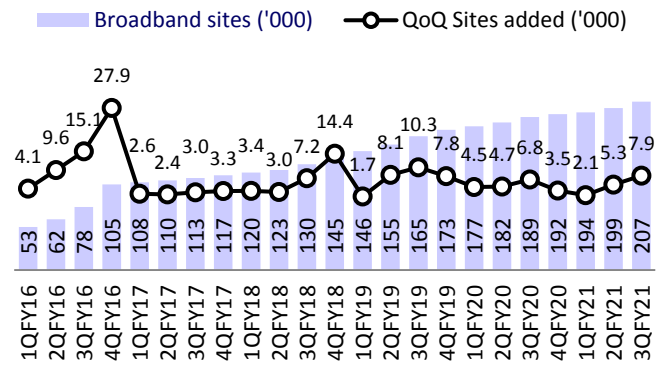


**Exhibit 9: India Mobile total cell site base and quarterly additions**



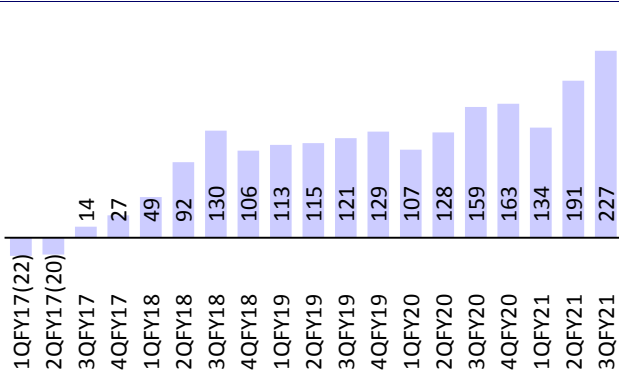
Source: Company, MOFSL

**Exhibit 10: India Mobile broadband sites base and quarterly additions**



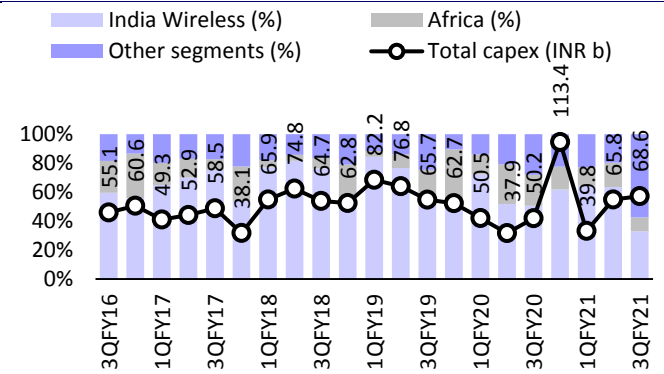
Source: Company, MOFSL

**Exhibit 11: Bharti Africa – PBT in constant currency (USD m)**



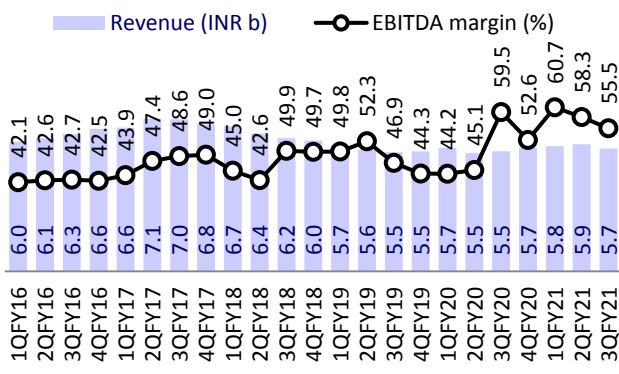
Source: Company, MOFSL

**Exhibit 12: Bharti Airtel – segmental capex trend (INR b)**



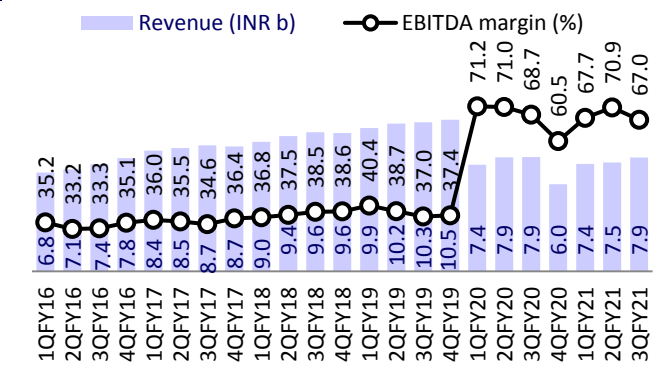
Source: Company, MOFSL

**Exhibit 13: Telemedia business revenue down 3% QoQ**



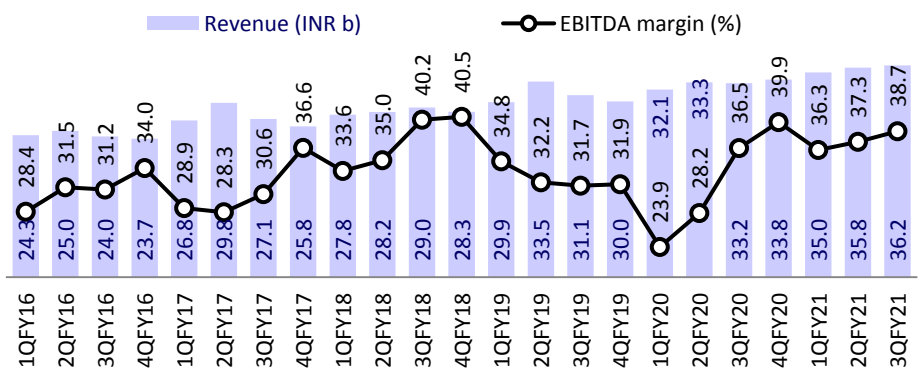
Source: Company, MOFSL

**Exhibit 14: Digital TV business trend**



Source: Company, MOFSL

**Exhibit 15: Enterprise business revenue flat QoQ**



Source: MOFSL, Company

**Exhibit 16: Business mix**

<b>Revenue (INR b)</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Mobile	520	561	566	463	416	460	558	633	713
Telemedia	44	25	28	25	22	22	23	24	27
Enterprise	67	97	109	113	125	132	144	155	168
Others (incl South Asia)	43	49	49	46	47	34	35	39	42
Africa	269	251	220	191	215	242	291	340	375
Total revenue	998	1039	1032	904	892	947	1080	1191	1325
Eliminations and others	77	76	78	78	84	72	49	42	46
<b>Consolidated revenue</b>	<b>920</b>	<b>963</b>	<b>955</b>	<b>826</b>	<b>808</b>	<b>875</b>	<b>1031</b>	<b>1150</b>	<b>1278</b>
<b>YoY%</b>	<b>7</b>	<b>5</b>	<b>-1</b>	<b>-13</b>	<b>-2</b>	<b>8</b>	<b>18</b>	<b>12</b>	<b>11</b>
<b>EBITDA (INR b)</b>									
Mobile	194	219	227	151	94	170	244	308	354
Telemedia	18	11	13	12	11	11	13	13	15
Enterprise	14	30	34	42	41	43	54	60	65
Others (incl South Asia)	5	8	10	10	13	20	21	23	25
Africa	61	53	51	68	93	107	134	163	192
Total EBITDA	292	347	364	315	285	388	485	567	650
Eliminations and others	-5	-7	-11	-14	-26	-28	-24	-11	-13
<b>Consolidated EBITDA</b>	<b>287</b>	<b>340</b>	<b>353</b>	<b>301</b>	<b>258</b>	<b>360</b>	<b>461</b>	<b>555</b>	<b>637</b>
<b>YoY%</b>	<b>13</b>	<b>19</b>	<b>4</b>	<b>-15</b>	<b>-14</b>	<b>40</b>	<b>28</b>	<b>20</b>	<b>15</b>
<b>Consolidated EBITDA margin (%)</b>	<b>33.9</b>	<b>35.2</b>	<b>37.0</b>	<b>36.4</b>	<b>31.9</b>	<b>41.4</b>	<b>45.2</b>	<b>48.3</b>	<b>49.9</b>
<b>Capex (INR b)</b>									
<b>Consolidated capex</b>	<b>210</b>	<b>271</b>	<b>384</b>	<b>267</b>	<b>305</b>	<b>221</b>	<b>222</b>	<b>344</b>	<b>215</b>
<b>YoY%</b>	<b>20</b>	<b>29</b>	<b>42</b>	<b>-30</b>	<b>14</b>	<b>-28</b>	<b>0</b>	<b>55</b>	<b>-38</b>
<b>Capex/Sales (%)</b>	<b>23</b>	<b>28</b>	<b>40</b>	<b>32</b>	<b>38</b>	<b>25</b>	<b>22</b>	<b>30</b>	<b>17</b>

Source: Company, MOFSL

## Financials and valuations

Consolidated - Income Statement								(INR b)	
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>Total Income from Operations</b>	<b>920</b>	<b>965</b>	<b>955</b>	<b>826</b>	<b>808</b>	<b>869</b>	<b>1,020</b>	<b>1,150</b>	<b>1,278</b>
Change (%)	7.3	4.9	-1.1	-13.4	-2.2	7.6	17.3	12.7	11.2
<b>Total Expenditure</b>	<b>608</b>	<b>625</b>	<b>601</b>	<b>526</b>	<b>550</b>	<b>509</b>	<b>559</b>	<b>594</b>	<b>641</b>
% of Sales	66.1	64.8	63.0	63.6	68.1	58.6	54.8	51.7	50.1
<b>EBITDA</b>	<b>312</b>	<b>340</b>	<b>353</b>	<b>301</b>	<b>258</b>	<b>360</b>	<b>461</b>	<b>555</b>	<b>637</b>
Margin (%)	33.9	35.2	37.0	36.4	31.9	41.4	45.2	48.3	49.9
Depreciation	155	174	198	192	213	276	305	347	380
<b>EBIT</b>	<b>157</b>	<b>165</b>	<b>156</b>	<b>108</b>	<b>44</b>	<b>85</b>	<b>157</b>	<b>208</b>	<b>258</b>
Int. and Finance Charges	48	69	77	81	96	135	142	142	130
Other Income	7	11	10	13	5	16	6	14	14
<b>PBT bef. EO Exp.</b>	<b>115</b>	<b>107</b>	<b>89</b>	<b>41</b>	<b>-47</b>	<b>-34</b>	<b>21</b>	<b>81</b>	<b>142</b>
EO Items	-8	22	-12	-8	29	-402	-164	0	0
<b>PBT after EO Exp.</b>	<b>107</b>	<b>128</b>	<b>77</b>	<b>33</b>	<b>-17</b>	<b>-437</b>	<b>-142</b>	<b>81</b>	<b>142</b>
Total Tax	54	60	35	11	-34	-123	92	32	57
Tax Rate (%)	50.4	46.3	45.1	33.2	197.4	28.2	-64.5	40.0	40.0
Profit from discontinued operations						7	104	0	0
Minority Interest	1	8	4	11	13	15	10	23	41
<b>Reported PAT</b>	<b>52</b>	<b>61</b>	<b>38</b>	<b>11</b>	<b>4</b>	<b>-322</b>	<b>-139</b>	<b>25</b>	<b>45</b>
<b>Adjusted PAT</b>	<b>56</b>	<b>49</b>	<b>44</b>	<b>14</b>	<b>-35</b>	<b>-41</b>	<b>4</b>	<b>25</b>	<b>45</b>
Change (%)	102.7	-12.0	-9.5	-68.6	-350.3	16.6	-110.6	483.5	76.2
Margin (%)	6.1	5.1	4.7	1.7	-4.3	-4.7	0.4	2.2	3.5

Consolidated - Balance Sheet								(INR b)	
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Equity Share Capital	20	20	20	20	20	27	27	27	27
Total Reserves	600	648	655	675	694	744	605	630	675
<b>Net Worth</b>	<b>620</b>	<b>668</b>	<b>675</b>	<b>695</b>	<b>714</b>	<b>771</b>	<b>632</b>	<b>657</b>	<b>702</b>
Minority Interest	49	55	69	88	135	250	260	283	324
Total Loans	807	1,005	1,073	1,113	1,254	1,176	1,391	1,220	1,048
Lease liabilities						306	306	306	306
Deferred Tax Liabilities	-44	-34	-17	-22	-83	-263	-263	-263	-263
<b>Capital Employed</b>	<b>1,431</b>	<b>1,693</b>	<b>1,799</b>	<b>1,875</b>	<b>2,021</b>	<b>2,241</b>	<b>2,326</b>	<b>2,204</b>	<b>2,117</b>
<b>Net Fixed Assets</b>	<b>1,501</b>	<b>1,780</b>	<b>1,891</b>	<b>1,589</b>	<b>1,684</b>	<b>1,690</b>	<b>1,994</b>	<b>1,991</b>	<b>1,825</b>
<b>Right of use assets</b>						259	259	259	259
<b>Total Investments</b>	<b>170</b>	<b>120</b>	<b>182</b>	<b>180</b>	<b>176</b>	<b>278</b>	<b>141</b>	<b>141</b>	<b>141</b>
<b>Curr. Assets, Loans &amp; Adv.</b>	<b>227</b>	<b>311</b>	<b>234</b>	<b>327</b>	<b>382</b>	<b>724</b>	<b>1,058</b>	<b>972</b>	<b>1,082</b>
Inventory	1	2	0	1	1	2	1	2	2
Account Receivables	67	55	47	59	43	46	58	59	72
Cash and Bank Balance	12	37	13	48	62	136	417	295	363
Loans and Advances	146	217	173	219	276	541	582	616	646
<b>Curr. Liability &amp; Prov.</b>	<b>468</b>	<b>518</b>	<b>507</b>	<b>602</b>	<b>641</b>	<b>1,097</b>	<b>1,126</b>	<b>1,158</b>	<b>1,190</b>
Account Payables	459	508	497	577	621	621	649	676	707
Provisions	8	10	10	25	20	476	477	483	483
<b>Net Current Assets</b>	<b>-241</b>	<b>-207</b>	<b>-273</b>	<b>-275</b>	<b>-259</b>	<b>-373</b>	<b>-67</b>	<b>-186</b>	<b>-108</b>
<b>Appl. of Funds</b>	<b>1,431</b>	<b>1,693</b>	<b>1,799</b>	<b>1,875</b>	<b>2,021</b>	<b>2,241</b>	<b>2,326</b>	<b>2,204</b>	<b>2,117</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>Basic (INR)</b>									
<b>EPS</b>	<b>14.0</b>	<b>12.3</b>	<b>11.1</b>	<b>3.5</b>	<b>-8.7</b>	<b>-7.5</b>	<b>0.8</b>	<b>4.6</b>	<b>8.2</b>
Cash EPS	52.8	55.9	60.6	51.6	44.7	43.1	56.6	68.3	77.8
BV/Share	155.0	168.8	168.8	173.9	178.7	141.4	115.9	120.5	128.7
DPS	2.2	1.4	1.0	1.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	19.9	10.8	12.7	43.8	0.0	0.0	0.0	0.0	0.0
<b>Valuation (x)</b>									
P/E	43.0	48.9	54.0	171.9	NM	NM	756.8	129.7	73.6
Cash P/E	11.4	10.7	9.9	11.6	13.4	13.9	10.6	8.8	7.7
P/BV	3.9	3.6	3.6	3.5	3.4	4.2	5.2	5.0	4.7
EV/Sales	3.5	3.5	3.6	4.2	4.4	5.3	4.5	3.9	3.3
EV/EBITDA	10.2	9.9	9.8	11.5	13.9	12.8	9.9	8.1	6.7
Dividend Yield (%)	0.4	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0
<b>Return Ratios (%)</b>									
RoE	9.2	7.6	6.6	2.0	NM	NM	0.6	3.9	6.5
RoCE	5.8	6.1	5.3	4.6	NM	3.7	13.5	6.9	9.0
RoIC	6.5	6.4	5.4	4.5	NM	3.5	14.5	7.1	9.1
<b>Working Capital Ratios</b>									
Asset Turnover (x)	0.6	0.6	0.5	0.4	0.4	0.4	0.4	0.5	0.6
Debtor (Days)	27	21	18	26	19	19	21	19	20
<b>Leverage Ratio (x)</b>									
Net Debt/Equity	1.0	1.3	1.3	1.3	1.4	1.4	1.8	1.7	1.2

### Consolidated - Cash Flow Statement

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
(INR b)									
OP/(Loss) before Tax	107	128	77	33	-17	-428	-38	81	142
Depreciation	155	174	198	192	213	277	305	347	380
Interest & Finance Charges	73	85	95	93	110	137	142	142	130
Direct Taxes Paid	-46	-47	-32	-14	-12	-23	-92	-32	-57
(Inc)/Dec in WC	-2	-4	-27	6	-55	-166	-24	-4	-10
<b>CF from Operations</b>	<b>288</b>	<b>338</b>	<b>311</b>	<b>311</b>	<b>239</b>	<b>-203</b>	<b>293</b>	<b>534</b>	<b>584</b>
Others	-12	-58	-19	-12	-39	384	0	0	0
<b>CF from Operating incl EO</b>	<b>276</b>	<b>279</b>	<b>292</b>	<b>299</b>	<b>201</b>	<b>181</b>	<b>293</b>	<b>534</b>	<b>584</b>
(Inc)/Dec in FA	-210	-271	-384	-267	-305	-221	-222	-344	-215
<b>Free Cash Flow</b>	<b>66</b>	<b>8</b>	<b>-92</b>	<b>31</b>	<b>-105</b>	<b>-40</b>	<b>71</b>	<b>190</b>	<b>370</b>
(Pur)/Sale of Investments	-12	68	-1	-33	1	-88	138	0	0
Others	14	61	69	40	28	10	5	5	5
<b>CF from Investments</b>	<b>-207</b>	<b>-142</b>	<b>-316</b>	<b>-260</b>	<b>-277</b>	<b>-300</b>	<b>-79</b>	<b>-339</b>	<b>-210</b>
Issue of Shares	0	1	1	0	99	462	0	0	0
Inc/(Dec) in Debt	-72	-118	9	40	106	-180	214	-170	-172
Interest Paid	-34	-33	-59	-44	-76	-110	-142	-142	-130
Dividend Paid	-21	-15	-9	-33	-47	-18	0	0	0
Others	31	47	53	56	13	37	0	0	0
<b>CF from Fin. Activity</b>	<b>-97</b>	<b>-118</b>	<b>-4</b>	<b>19</b>	<b>95</b>	<b>191</b>	<b>73</b>	<b>-312</b>	<b>-302</b>
<b>Inc/Dec of Cash</b>	<b>-28</b>	<b>19</b>	<b>-28</b>	<b>58</b>	<b>19</b>	<b>73</b>	<b>286</b>	<b>-117</b>	<b>73</b>
Opening Balance	40	-1	18	-10	41	54	131	412	290
<b>Closing Balance</b>	<b>12</b>	<b>37</b>	<b>13</b>	<b>48</b>	<b>62</b>	<b>136</b>	<b>417</b>	<b>295</b>	<b>363</b>
<b>Less: adj for bank balance</b>	<b>13</b>	<b>-19</b>	<b>-23</b>	<b>7</b>	<b>-8</b>	<b>-5</b>	<b>-5</b>	<b>-5</b>	<b>-5</b>
<b>Net Closing Balance</b>	<b>-1</b>	<b>18</b>	<b>-10</b>	<b>41</b>	<b>54</b>	<b>131</b>	<b>412</b>	<b>290</b>	<b>358</b>

E: MOFSL Estimates



Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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