

15 May 2024

India | Equity Research | Q4FY24 results review

Bharti Airtel

Telecom

Delivers on FCF generation; increases dividend payout

Bharti Airtel's (Bharti) India EBITDA grew 14.1% YoY, of which mobile EBITDA was up 15.6% YoY despite recognising some 5G-related expenses and the lack of any major tariff hikes in the past year; however, non-mobile EBITDA growth decelerated to 8.5% YoY in Q4FY24. This compares with Rjio's EBITDA growth of 11.5% YoY. Bharti saw consistent strong revenue growth in mobile services, which establishes its execution capabilities. Further, the company has generated FCF of INR 24bn, even after an INR 84bn prepayment of spectrum dues and the leverage ratio dropping with each passing quarter. Bharti anticipates moderation in capex intensity on the back of lower rural 4G expansion in FY25; it also envisages further deleveraging via internal accruals, and looks forward to a rise in dividend payouts. Consequently, we see return ratios improving too.

We tweak our estimates (down 1.5–2%) for FY25–26E as we incorporate FY24 actuals in our model. Accordingly, our SoTP-based target price works to INR 1,500 (earlier INR 1,520) on an unchanged India EV/EBTDA multiple to 12x. Maintain **BUY**. Key risks: 1) market share loss in India mobile business, and 2) rise in competitive and regulatory intensity.

Growth in non-mobile businesses decelerate slightly

1) Home services: The number of home broadband customers grew 26% YoY to 7.6mn. Revenue/EBITDA grew 20%/18.8% YoY to INR 13bn/INR 6.6bn. **2) Enterprise:** Revenue/EBITDA grew 14%/5.8% YoY to INR 55bn/INR 20.8bn. **3) Payments bank:** Active users were up 22.4% YoY, to 66.9mn, and revenue grew 42.2% YoY (14.8% QoQ) to INR 5.4bn; EBITDA was at INR 572mn, up 72% YoY.

Mobile revenue jumped 12.9% YoY/2% QoQ to INR 221bn

This was in comparison to Rjio's revenue growth of 2.3% QoQ/11% YoY, which also includes FTTH and enterprise. Rjio added 10.9mn subs, while Bharti added 6.7mn subs and 7.8mn 4G subs. Rjio's ARPU grew 1.6% YoY vs. Bharti's 8% YoY. Bharti benefited from the 2G to 4G transition, and strong post-paid sub-base (up 17.5% YoY). Bharti is consistently winning market share and narrowing its gap vs. Rjio. In Q4FY24, Bharti's mobile ARPU rose 0.5% QoQ (adversely impacted by one lower day in quarter) to INR 209, and sub-base grew 1.9% QoQ to 352mn (average net add for Bharti in past ten quarters were 2.4mn). Bharti's 4G net add was 7.8mn, taking the total to 253mn, and post-paid subs add was 0.8mn to 23.1mn, and including M2M, it rose 3.5mn to 51.2mn.

Financial Summary

Y/E March (INR mn)	FY23A	FY24A	FY25E	FY26E
Net Revenue	1,391,448	1,499,824	1,648,962	1,872,848
EBITDA	712,735	782,918	872,403	1,020,860
EBITDA Margin (%)	51.2	52.2	52.9	54.5
Net Profit	88,469	131,311	237,840	300,586
EPS (INR)	15.6	22.8	41.3	48.9
EPS % Chg YoY	187.0	46.4	81.1	18.3
P/E (x)	84.0	57.4	31.7	26.8
EV/EBITDA (x)	13.3	12.2	10.5	9.0
RoCE (%)	10.4	11.2	12.3	16.0
RoE (%)	12.3	16.5	24.8	24.7

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Market Data

Market Cap (INR)	7,800bn
Market Cap (USD)	93,410mn
Bloomberg Code	BHARTI IN
Reuters Code	BRTI.BO
52-week Range (INR)	1,364 /784
Free Float (%)	46.0
ADTV-3M (mn) (USD)	103.6

Price Performance (%)	3m	6m	12m
Absolute	16.9	37.9	64.3
Relative to Sensex	15.6	26.8	47.3

Earnings Revisions (%)

	FY25E	FY26E
Revenue	0.7	0.7
EBITDA	(1.2)	(1.7)
EPS	(2.0)	(1.5)

Previous Reports

01-11-2023: [Q2FY24 results review](#)
05-08-2023: [Q1FY24 results review](#)

India EBITDA grew 2% QoQ/14.1% YoY to INR 153bn

India EBITDA was driven by mobile EBITDA growth of 2% QoQ/15.6% YoY to INR 122bn. Incremental EBITDA margin for the mobile business was 55.1% – restricted by higher network opex, which increased due to charging of 5G-related opex. Notably, spectrum under CWIP has dipped by 80% in FY24, which provides a broad indicator for 5G cost recognition to P&L. In comparison, Rjio's EBITDA rose 2.5% QoQ/11.5% YoY and the company is yet to start charging 5G-related cost to its P&L. India depreciation rose 13.6% YoY/2.6% QoQ on rise in amortisation (5G spectrum) while interest cost rose 21.5% QoQ to INR 39bn. Net profit increased by 11.5% YoY to INR 25bn and EPS was INR 6.2/share. India capex stood at INR 85bn (29% of revenue) in Q4FY24.

For FY24, India revenue grew 12.4% YoY to INR 1,107bn and EBITDA jumped 15.6% YoY to INR 589bn. EBITDA margin stood at 53.2%, up 150bp. Incremental EBITDA margin was 65.2% for FY24. India PBT jumped 86% YoY to INR 149bn. Bharti India's capex came in at INR 334bn (29% of revenue) for FY24.

FCF generation was INR 24bn despite prepayment of spectrum dues

Net debt dipped by INR 14bn to INR 1,410bn, benefitting partly from the devaluation of African local currency (cross currency benefit). Bharti's operating cashflow, after lease payment and interest cost, was INR 132bn, down 9.7% YoY, owing to higher finance cost which also includes interest paid that was part of 'interest accrued but not paid' for spectrum dues [as part of prepayment of spectrum dues]. The company saw working capital outflow of INR 14bn vs. a benefit of INR 17bn in Q3FY24; and its FCF, after interest cost, was INR 24bn. Capex outflow was INR 94bn (capitalised capex was INR 105bn, implying a slight rise in capex creditors).

For FY24, operating cashflow (after lease payment and interest cost) was at INR 765bn, and cash capex was INR 381bn. Bharti generated FCF (after interest cost) of INR 189bn despite higher interest outflow due to the prepayment of spectrum dues. The company has increased its dividend quantum to INR 8/share (from INR 4/share); implied dividend payout is ~30% on consolidated EPS.

Other highlights

- Bharti is finding advantage of rolling out NSA-5G from better experience, better coverage at lower opex and power cost. Bharti has already started trial for SA-5G in one circle, and adding another circle. 5G subs base was 72mn for Bharti.
- The company now plans to rollout FWA on SA-5G, and it has gone live on FWA in 25 cities (note: not entirely on SA-5G); the company is also likely to push the pedal on rolling it out in the next eight weeks.
- Bharti is planning to accelerate FWA deployment in locations where its fibre reach is insufficient/non-existence. The company expects a gradual ramp-up as it fixes CPE supply chain, and train manpower. FWA is now getting tested on mmWave (26GHz) in North America where the company has 800MHz spectrum. However, mmWave may take a few more years to mature.
- Subscriber growth has been particularly strong in Q4FY24 for the industry, and is unlikely to sustain. Bharti believes, industry subs growth of 2–3% p.a. is doable propelled by rising population, multi-SIMs in urban areas with addition of devices, and rising reach for telecom services.
- **Postpaid:** Bharti's workings suggest that it has 18mn existing customers on its network (based on credit scores) who could potentially upgrade to postpaid services.
- **FTTH subs:** 43% of customer addition is happening on converged platform.

- **Network cost:** Bharti's optimisation efforts have resulted in a drop in opex per site for the second time in its history. It has identified 60k sites that may need re-calibration of opex.
- **Network rollout:** Bharti believe 350k sites should see a saturation in coverage requirement. New additions will be driven by growing tier-1 cities, particularly in the outskirts.
- **Enterprise:** Revenue mix – data centre 10%; global wholesale business 50% and rest is domestic. Domestic business is growing at a healthy clip of 18–20%. It expects domestic business growth to benefit from adjacencies such as IoT, cloud services, CPaaS, security services etc. In the medium term, the company believes the share of non-mobile business can rise.
- **B2B segment capex** was higher in Q4FY24 owing to a few one-off investments in data centres which is lumpy; and sub-sea cable fibre expansion on certain milestones. Save for these, capex has been steady for the segment.
- **Capital allocation:** Bharti plans to use capital for deleveraging, and also intends to raise its dividend payout. However, it is still some time away from framing a firm dividend policy.
- **Capex:** Bharti anticipates absolute capex to moderate in FY25, as it expects lower wireless radio investment. It is looking to add 25k sites in FY25 (vs. 43k in FY24). However, it will continue to invest in transport network. Bharti also to maintain investing in the Home Services and Enterprise businesses, as it sees more opportunities opening up. The company's investment in 4G capacity addition has dropped to nil.

Other financial highlights

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

- **Bharti India's mobile revenue** grew 2% QoQ and 12.9% YoY to INR 221bn. This is in comparison to Rjio's 2.3% QoQ/11% YoY, which also includes FTTH and enterprise revenues. Rjio added +10.9mn total subs vs. Bharti's 4G net add of 7.8mn. Bharti has benefited from 2G to 4G transition, faster growth in post-paid subs base (up 17.5% YoY), and 2G price hike. EBITDA improved 2% QoQ/15.6% YoY to INR 122bn, and EBITDA margin was 55.1% (flattish QoQ/+130bp YoY). Incremental EBITDA margin was at 55.4%, which was lower due to recognition of 5G related cost in P&L.
- **Sub-base** expanded by 6.7mn subs to 352mn (Rjio: +10.9mn in Q4FY24) vs. the average of 2.4mn in the past ten quarters. Bharti added 0.8mn post-paid subs, which worked out to 17.5% YoY growth to 23.1mn. Post-paid subs, including M2M/IoT, stood at 51.2mn (+3.5mn).
- **ARPU** rose to INR 209 (up 0.5% QoQ/8% YoY) driven by: **1)** improved mix of post-paid subs rose by 10bps QoQ to 6.6%; **2)** continued addition of 4G subs (+7.8mn); **3)** premiumisation from 2G to 4G; **4)** 2G tariff hike; and **5)** data monetisation. Q4FY24 had one day less in the quarter, which had an adverse impact, on a QoQ basis, of 1%.
- **Mobile minutes** up 4.2% QoQ/+7.6% YoY to 1,210bn, implying a net rise of 49bn minutes QoQ. Minutes of usage per sub came in at 1,158 minutes per month, up 2.8% QoQ.
- **4G sub base** grew 3.2% QoQ/12.8% YoY to 253mn (+7.8mn) vs. addition of 7.4mn in Q3FY24. Total data subs rose by 7.7mn to 261mn, up 3% QoQ.

- **Data usage** grew 6.2% QoQ/25% YoY to 17,391bn MB. Data usage per sub came in at 22.6GB per month, up 2.9% QoQ.
- **Churn rate** for Bharti was down 50bp QoQ at 2.4% (vs. 2.9% in Q3FY24). Gross subscriber addition came in at 31.5mn during the quarter (vs. 32.7mn in Q3FY24).
- **Non-mobile businesses highlights:** 1) Non-mobile revenue grew 4.1% QoQ/14.2% YoY to INR 75bn and EBITDA rose 1.6% QoQ/8.5% YoY to INR 32bn.
- **DTH revenue** was down 1.8% QoQ/+5.5% YoY, to INR 7.7bn. EBITDA was up 2.5% QoQ to INR 4.4bn.
- **Airtel business (enterprise) revenue** rose 5.1% QoQ/14.1% YoY to INR 54.6bn; EBITDA was up 1% QoQ/5.8% YoY to INR 21bn.
- **Home services revenue** jumped 3.4% QoQ/20% YoY to INR 13.2bn; EBITDA expanded 2.9% QoQ/18.8% YoY to INR 6.6bn.
- Overall, **Bharti's India revenue** rose 2.5% QoQ/13.4% YoY to INR 287bn. India EBITDA grew 2% QoQ/14.1% YoY to INR 153bn.
- **India capex** stood at INR 85bn (29% of revenue) in Q4FY24; and INR 334bn (29% of revenue) in FY24.

Bharti Africa: Naira devaluation dampen the show

- In constant currency terms, gross revenue rose 23% YoY to USD 1.4bn.
- In USD terms, reported revenue dipped 9.7% QoQ/16.4% YoY to USD 1.1bn, which was affected by the >50% QoQ devaluation in the Nigerian naira. ARPU rose 1.5% QoQ/11.1% YoY to USD 2.6. Subs rose 1.6mn to 153mn.
- **Mobile minutes** rose 1.1% QoQ/15.2% YoY; data usage grew 9.9% QoQ/42.2% YoY.
- **Data subscribers** rose 4.9% QoQ to 63mn (up 2.9mn in Q4FY24). Data usage per subscriber stood at 5.5GB per month, up 5.4% QoQ.
- **EBITDA** stood at USD 517mn in Q4FY24, down 14.4% QoQ and 21.1% YoY. EBITDA margin was at 46.2%, down 260bp QoQ.
- Bharti Africa reported net loss of USD 104mn in Q4FY24 (vs. loss of USD 6mn in Q3FY24). Finance cost was at USD 462mn, and hurt from higher forex losses related African currency devaluation.
- **Africa capex** was USD 243mn (22% of revenue) in Q4FY24 and USD 737mn (15% of revenue) in FY24.

Bharti (consolidated)

- **Consolidated revenue** was at INR 376bn (down 0.8% QoQ/up 4.4% YoY).
- EBITDA was at INR 194bn, down 2.3%QoQ / up 3.6% YoY. EBITDA margin stood at 51.5% in Q4FY24 vs. 52.3% in Q3FY24.
- The company reported net profit of INR 21bn. This was impacted by exceptional losses of INR 25bn, largely on account of forex loss in Airtel Africa.
- Net debt dipped by INR 14bn to INR 1,410bn. The company generated FCF (after interest cost) of INR 24bn in Q4FY24 despite prepayment of spectrum dues of INR 84bn, which is partly recognised in investing activity and interest component in finance cost; and cash capex of INR 94bn. Bharti paid dividend of INR 8/share.

Exhibit 1: Q4FY24 result review (consolidated)

INR mn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ (%)	YoY (%)
Revenue	3,60,090	3,74,400	3,70,438	3,78,995	3,75,991	(0.8)	4.4
EBITDA	1,86,971	1,95,985	1,95,137	1,98,148	1,93,648	(2.3)	3.6
EBITDA margin (%)	51.9	52.3	52.7	52.3	51.5		
Depreciation & Amortisation	94,059	96,538	97,343	1,00,743	1,00,752	0.0	7.1
EBIT	92,912	99,447	97,794	97,405	92,896	(4.6)	(0.0)
Interest	48,782	52,654	48,554	62,051	48,864	(21.3)	0.2
Share of profits(losses) in JV	6,010	5,899	5,860	7,032	8,303	18.1	38.2
PBT	50,140	52,692	55,100	42,386	52,335	23.5	4.4
Exceptional item (as reported)	-	(34,163)	(15,703)	(1,302)	(24,555)		
Provision for tax	7,880	3,327	18,465	12,320	7,098	(42.4)	(9.9)
Minority interest	12,204	(923)	7,525	4,342	(34)	(100.8)	(100.3)
PAT (reported)	30,056	16,125	13,407	24,422	20,716	(15.2)	(31.1)

Source: I-Sec research, Company data

Exhibit 2: Bharti India – EBITDA rose 14.1% YoY/2% QoQ

INR mn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ (%)	YoY (%)
Revenue	2,53,432	2,64,834	2,70,954	2,80,285	2,87,377	2.5	13.4
Access charges	13,127	14,464	14,294	14,799	15,478	4.6	17.9
% of revenue	5.2	5.5	5.3	5.3	5.4		
Licence fees & spectrum charges	23,049	24,002	24,592	25,130	25,906	3.1	12.4
% of revenue	9.1	9.1	9.1	9.0	9.0		
Network operations costs	52,209	51,953	55,668	57,206	58,394	2.1	11.8
% of revenue	20.6	19.6	20.5	20.4	20.3		
Employee costs	6,283	6,473	7,150	6,851	7,482	9.2	19.1
% of revenue	2.5	2.4	2.6	2.4	2.6		
Selling, general & other exp	24,738	26,400	23,638	26,296	27,185	3.4	9.9
% of revenue	9.8	10.0	8.7	9.4	9.5		
EBITDA	1,34,026	1,41,542	1,45,612	1,50,003	1,52,934	2.0	14.1
EBITDA Margin (%)	52.9	53.4	53.7	53.5	53.2		
Depreciation	75,653	78,067	80,705	83,789	85,979	2.6	13.6
Interest	32,573	34,935	31,377	32,415	39,375	21.5	20.9
Share of profit from JV	6,010	5,899	5,860	7,032	8,303	18.1	38.2
Tax	7,400	7,827	8,231	9,443	8,907	(5.7)	20.4
Net income	22,072	24,148	28,781	29,020	24,616	(15.2)	11.5
NPM (%)	8.7	9.1	10.6	10.4	8.6		
EPS (INR)	5.5	6.0	7.2	7.3	6.2	(15.2)	11.5

Source: I-Sec research, Company data

Exhibit 3: Segmental performance – India mobile services EBITDA grew 2% QoQ/15.6% YoY

INR mn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ (%)	YoY (%)
Mobile Services India							
Revenue	1,95,493	2,03,924	2,09,521	2,16,386	2,20,657	2.0	12.9
EBITDA	1,05,227	1,11,665	1,15,039	1,19,240	1,21,607	2.0	15.6
EBITDA margin (%)	53.8	54.8	54.9	55.1	55.1		
Home Services							
Revenue	10,966	11,621	12,207	12,718	13,155	3.4	20.0
EBITDA	5,526	5,860	6,073	6,384	6,566	2.9	18.8
EBITDA margin (%)	50.4	50.4	49.8	50.2	49.9		
Digital TV Services							
Revenue	7,290	7,403	7,515	7,837	7,693	(1.8)	5.5
EBITDA	4,081	4,264	4,212	4,285	4,391	2.5	7.6
EBITDA margin (%)	56.0	57.6	56.1	54.7	57.1		
Airtel Business							
Revenue	47,850	50,545	51,100	51,948	54,616	5.1	14.1
EBITDA	19,680	19,979	20,578	20,625	20,830	1.0	5.8
EBITDA margin (%)	41.1	39.5	40.3	39.7	38.1		
Non-mobile revenue	66,106	69,569	70,822	72,503	75,465	4.1	14.2
Non-mobile EBITDA	29,288	30,104	30,863	31,294	31,787	1.6	8.5

Source: I-Sec research, Company data

Exhibit 4: India mobile services – ARPU rose 8% YoY

INR mn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ (%)	YoY (%)
Subscribers (mn)	335	339	342	346	352	1.9	5.0
Prepaid subs (% of total subs)	94.1	93.9	93.7	93.5	93.4		
Blended churn rate (%)	2.8	2.8	2.9	2.9	2.4		
ARPU (INR)	193	200	203	208	209	0.5	8.0
MoU (mins)	1,122	1,138	1,123	1,127	1,158	2.8	3.2
Minutes on Network (mn)	11,24,343	11,48,793	11,47,713	11,60,820	12,09,564	4.2	7.6
Incremental mins (QoQ, mn)	42,393	24,450	(1,079)	13,107	48,743		
Revenue per minute (INR)	0.174	0.178	0.183	0.186	0.182	(2.1)	4.9
2G cell sites	2,75,069	2,84,221	2,95,318	3,07,663	3,18,171	3.4	15.7

Source: I-Sec research, Company data

Exhibit 5: Data service KPIs (India) – 4G subscriber-base expanded by 7.8mn

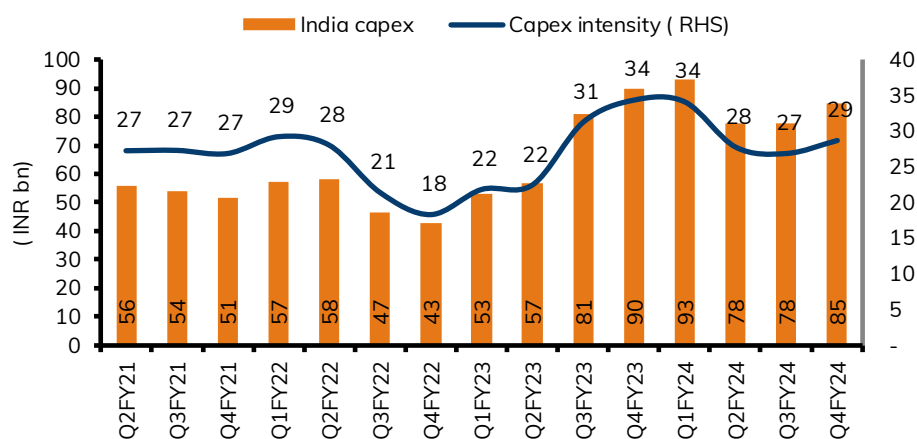
	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ (%)	YoY (%)
Data Customer Base (mn)	233	238	246	253	261	3.0	12.1
Net adds (mn)	7.4	5.5	7.7	7.3	7.7		
As % of customer base	69.4	70.4	71.8	73.3	74.1		
Total MBs on the network (mn)	1,39,14,370	1,49,15,279	1,57,48,977	1,63,76,505	1,73,90,877	6.2	25.0
Data Usage/ customer (MB)	20,275	21,124	21,701	21,954	22,598	2.9	11.5
4G subs (m)	224	230	237	245	253	3.2	12.8
Net adds (m)	7.4	5.6	7.7	7.4	7.8		
As % of customer base	66.8	67.9	69.4	70.9	71.8		
3G/4G cell sites	8,32,369	8,52,650	8,76,096	9,05,556	9,31,854	2.9	12.0
Net add (3G/4G cell sites)	26,172	20,281	23,446	29,460	26,298		

Source: I-Sec research, Company data

Exhibit 6: Other services' KPIs – home services subscriber base rose 26% YoY

	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ (%)	YoY (%)
Home Services							
Subscribers ('000)	6,046	6,460	6,931	7,290	7,621	4.5	26.0
ARPU (INR)	614	608	595	583	577	(1.0)	(6.0)
DTH Services							
Subscribers ('000)	15,946	15,918	15,749	16,137	16,146	0.1	1.3
ARPU (INR)	153	154	159	163	160	(1.8)	4.9
Churn (%)	2.3	2.2	2.7	1.8	2.3		

Source: I-Sec research, Company data

Exhibit 7: Bharti India capex intensity was 29% in Q4FY24


Source: I-Sec research, Company data

Exhibit 8: Bharti Africa – EBITDA dipped 21.1% YoY

USD mn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ (%)	YoY (%)
Revenue	1,341	1,377	1,246	1,238	1,118	(9.7)	(16.6)
Access charges	102	101	78	72	63	(12.5)	(38.2)
% of revenue	7.6	7.3	6.3	5.8	5.6		
Licence fees & spectrum charges	62	64	60	59	61	3.4	(1.6)
% of revenue	4.6	4.6	4.8	4.8	5.5		
Network operations costs	268	268	223	225	210	(6.7)	(21.6)
% of revenue	20.0	19.5	17.9	18.2	18.8		
Employee costs	76	73	79	77	72	(6.5)	(5.3)
% of revenue	5.7	5.3	6.3	6.2	6.4		
Selling, general & other exp	178	196	195	201	195	(3.0)	9.6
% of revenue	13.3	14.2	15.7	16.2	17.4		
EBITDA	655	675	611	604	517	(14.4)	(21.1)
EBITDA Margin (%)	48.8	49.0	49.0	48.8	46.2		
Depreciation	220	220	197	198	173	(12.6)	(21.4)
Interest	200	676	181	363	462		
Tax	6	(70)	95	28	(27)		
Net income/(loss)	227	(170)	115	(6)	(104)		

Source: I-Sec research, Company data

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

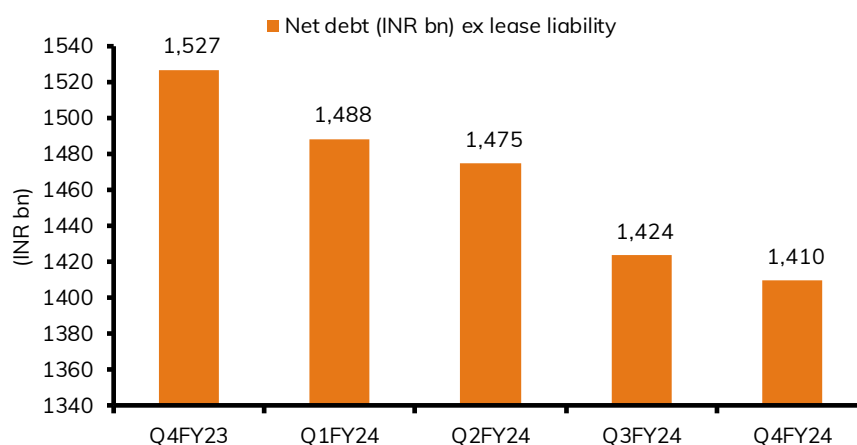
	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ (%)	YoY (%)
Subscribers (mn)	140	143	148	151	153	1.0	9.0
Blended churn rate (%)	4.2	4.1	4.1	4.3	4.5		
ARPU (USD)	2.4	2.5	2.5	2.6	2.6	1.5	11.1
Minutes on Network (mn)	1,13,056	1,19,663	1,25,743	1,28,828	1,30,210	1.1	15.2
RPM (US cent)	1.2	1.2	1.0	1.0	0.9	(10.7)	(27.6)
Data Customer Base (mn)	51	55	57	60	63	4.9	22.4
As % of customer base	37.0	39.0	39.7	40.5	41.5		
Total MBs on the network (mn)	7,09,570	7,49,942	8,23,635	9,17,900	10,09,040	9.9	42.2
Data Usage/ customer (MB)	4,741	4,702	4,923	5,226	5,510	5.4	16.2

Source: I-Sec research, Company data

Exhibit 10: Bharti consolidated cashflow

INR mn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ (%)	YoY (%)
Operating cashflow	1,83,030	1,86,218	1,91,895	1,97,430	1,89,302	(4.1)	3.4
Less: Lease cost	16,961	19,759	20,935	19,646	18,212	(7.3)	7.4
Interest expenses	19,958	23,200	54,561	23,310	39,193	68.1	96.4
Operating cashflow	1,46,111	1,43,260	1,16,398	1,54,474	1,31,898	(14.6)	(9.7)
Less Capex (incl. spectrum)	71,851	90,931	97,060	98,723	93,973	(4.8)	30.8
FCF	74,260	52,329	19,338	55,751	37,924	(32.0)	(48.9)
Change in working capital	(28,330)	21,879	(604)	16,917	(14,053)		
Cashflow available for debt payment	45,930	74,208	18,734	72,668	23,871	(67.2)	(48.0)

Source: I-Sec research, Company data

Exhibit 11: Net debt dipped by INR 14bn to INR 1,410bn in Q4FY24

Source: I-Sec research, Company data

Exhibit 12: Earnings revision

INR mn	Revised		Earlier		% change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
India KPIs						
Subs (mn)	360	368	358	366	0.5	0.5
ARPU (INR)	231	263	230	262	0.4	0.4
India financial						
Revenue	12,69,915	14,65,432	12,60,240	14,53,976	0.8	0.8
EBITDA	6,90,272	8,24,502	6,95,071	8,35,724	(0.7)	(1.3)
EBITDA margin (%)	54.4	56.3	55.2	57.5		
PAT	3,40,213	2,49,454	3,64,409	2,70,311	(6.6)	(7.7)
Africa financial (USD mn)						
Revenue	4,675	4,862	4,668	4,855	0.2	0.2
EBITDA	2,204	2,302	2,267	2,367	(2.8)	(2.7)
EBITDA margin (%)	47.1	47.3	48.6	48.8		
PAT	557	585	550	577	1.4	1.4
Bharti Airtel Consolidated						
Revenue	16,48,962	18,72,848	16,38,069	18,59,875	0.7	0.7
EBITDA	8,72,403	10,20,860	8,83,281	10,38,409	(1.2)	(1.7)
EBITDA margin (%)	52.9	54.5	53.9	55.8		
PAT	3,87,440	3,00,586	3,95,458	3,05,174	(2.0)	(1.5)
EPS (INR)	32.6	48.9	32.2	50.3		

Source: I-Sec research

Exhibit 13: SoTP-based valuation

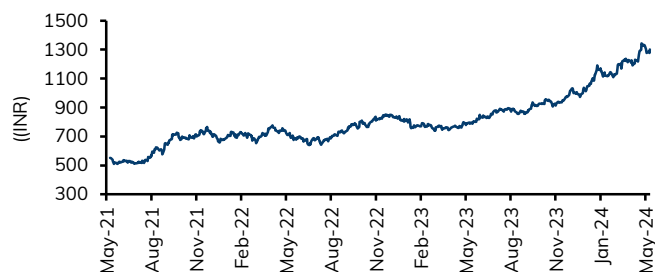
INR mn	FY26E
India business (ex-Tower)	
EBITDA (adj. IND AS 116)	7,51,132
Multiple (x)	12.0
EV	90,13,583
Less net debt	4,46,697
Equity value...(a)	85,66,886
Tower business (DCF from Indus model)	
EV	7,85,803
Less net debt	9,652
Equity value	7,76,151
Stake (%)	48
Attributable Equity value...(b)	3,72,165
Airtel Africa	
EBITDA (adj. IND AS 116)	1,53,732
Multiple (x)	4.0
EV	6,14,926
Less net debt	66,372
Equity value	5,48,554
Stake (%)	53
Bharti attributable Equity value...(c)	2,91,831
Bharti Airtel Equity value	92,30,881
Outstanding shares (mn)	6,145
Equity value per share (INR)	1,500

Source: I-Sec research

Exhibit 14: Shareholding pattern

%	Sep'23	Dec'23	Mar'24
Promoters	54.8	54.6	53.5
Institutional investors	41.7	42.3	43.7
MFs and other	11.3	11.3	11.1
FIs/ Banks	0.1	0.0	0.0
Insurance Cos.	6.9	6.7	6.6
FII	23.4	24.3	26.0
Others	3.5	3.1	2.8

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)

	FY23A	FY24A	FY25E	FY26E
Net Sales	13,91,448	14,99,824	16,48,962	18,72,848
Operating Expenses	6,78,713	7,16,906	7,76,560	8,51,988
EBITDA	7,12,735	7,82,918	8,72,403	10,20,860
EBITDA Margin (%)	51.2	52.2	52.9	54.5
Depreciation & Amortization	364,318	395,376	441,470	468,366
EBIT	348,417	387,542	430,933	552,494
Interest expenditure	192,999	221,261	154,582	126,852
Other Non-operating Income	9,366	9,138	-	-
Recurring PBT	1,72,305	2,02,513	3,03,025	4,57,702
Profit / (Loss) from Associates	7,521	27,094	26,674	32,060
Less: Taxes	42,733	41,210	73,834	112,950
PAT	1,22,874	85,580	4,29,191	3,44,752
Less: Minority Interest	39,415	10,910	41,751	44,166
Extraordinaries (Net)	(6,698)	(75,723)	200,000	-
Net Income (Reported)	83,459	74,670	387,440	300,586
Net Income (Adjusted)	90,157	1,50,393	1,87,440	3,00,586

Source Company data, I-Sec research

Exhibit 17: Balance sheet

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Total Current Assets	527,968	580,066	591,575	781,472
of which cash & cash eqv.	134,186	163,399	179,128	355,172
Total Current Liabilities & Provisions	983,416	1,079,652	1,079,049	1,159,346
Net Current Assets	(455,448)	(499,586)	(487,474)	(377,874)
Investments	329,539	268,636	265,941	265,941
Net Fixed Assets	2,383,985	2,377,688	2,384,568	2,354,968
ROU Assets	546,466	559,367	559,367	559,367
Capital Work-in-Progress	494,254	169,041	169,041	169,041
Total Intangible Assets	337,741	312,404	312,404	312,404
Other assets	151,114	154,721	160,449	180,306
Deferred Tax Assets	-	-	-	-
Total Assets	3,293,397	3,173,230	3,195,255	3,295,112
Liabilities				
Borrowings	1,655,448	1,519,165	1,169,165	869,165
Deferred Tax Liability	(168,757)	(167,310)	(113,686)	(22,608)
Provisions	-	-	-	-
Other Liabilities	137,508	128,978	130,651	147,798
Equity Share Capital	28,366	28,766	28,766	30,726
Reserves & Surplus	747,263	791,422	1,066,398	1,311,904
Total Net Worth	775,629	820,188	1,095,164	1,342,630
Minority Interest	288,814	235,451	277,202	321,368
Total Liabilities	3,293,397	3,173,230	3,195,255	3,295,112

Source Company data, I-Sec research

Exhibit 18: Quarterly trend

(INR mn, year ending March)

	Jun-23	Sep-23	Dec-23	Mar-24
Net Sales	3,74,400	3,70,438	3,78,995	3,75,991
% growth (YOY)	14.1	7.3	5.9	4.4
EBITDA	1,95,985	1,95,137	1,98,148	1,93,648
Margin %	52.3	52.7	52.3	51.5
Other Income	(2,141)	(1,803)	(3,360)	(1,834)
Extraordinaries	(34,163)	(15,703)	(1,302)	(24,555)
Net Profit	16,125	13,407	24,422	20,716

Source Company data, I-Sec research

Exhibit 19: Cashflow statement

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Operating Cashflow	684,366	764,846	1,078,867	1,031,048
Working Capital Changes	(31,120)	24,136	(437)	63,733
Capital Commitments	(3,89,069)	(5,22,062)	(3,66,662)	(3,53,799)
Free Cashflow	2,64,177	2,66,920	7,11,768	7,40,982
Other investing cashflow	(1,733)	20,023	2,695	-
Cashflow from Investing Activities	(1,733)	20,023	2,695	-
Issue of Share Capital	52,245	6	-	157,290
Interest Cost	(66,893)	(140,263)	-	-
Inc (Dec) in Borrowings	(113,122)	(17,591)	(350,000)	(300,000)
Dividend paid	(35,898)	(41,845)	(112,464)	(210,410)
Others	(4,542)	3,521	(154,582)	(126,852)
Cash flow from Financing Activities	(244,695)	(277,785)	(698,734)	(564,939)
Chg. in Cash & Bank balance	17,749	9,158	15,729	176,043
Closing cash & balance	90,214	90,521	179,128	355,172

Source Company data, I-Sec research

Exhibit 20: Key ratios

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
Per Share Data (INR)				
Reported EPS	15.6	22.8	41.3	48.9
Adjusted EPS (Diluted)	15.6	22.8	41.3	48.9
Cash EPS	66.7	81.2	95.1	111.3
Dividend per share (DPS)	4.0	8.0	19.5	34.2
Book Value per share (BV)	136.7	142.6	190.4	218.5
Dividend Payout (%)	25.7	35.1	47.3	70.0
Growth (%)				
Net Sales	19.4	7.8	9.9	13.6
EBITDA	23.9	9.8	11.4	17.0
EPS (INR)	187.0	46.4	81.1	18.3
Valuation Ratios (x)				
P/E	84.0	57.4	31.7	26.8
P/CEPS	19.6	16.1	13.8	11.8
P/BV	9.6	9.2	6.9	6.0
EV / EBITDA	13.3	12.2	10.5	9.0
EV / Sales	6.8	6.4	5.6	4.9
Dividend Yield (%)	0.3	0.6	1.5	2.6
Operating Ratios				
Gross Profit Margins (%)	-	-	-	-
EBITDA Margins (%)	51.2	52.2	52.9	54.5
Effective Tax Rate (%)	25.9	23.5	26.7	26.5
Net Profit Margins (%)	6.4	8.8	14.4	16.0
NWC / Total Assets (%)	(13.8)	(15.7)	(15.3)	(11.5)
Net Debt / Equity (x)	1.9	1.6	0.9	0.4
Net Debt / EBITDA (x)	2.9	2.5	1.9	1.1
Profitability Ratios				
RoCE (%)	10.5	11.7	12.7	16.4
RoE (%)	11.6	9.4	40.5	24.7
RoIC (%)	11.3	12.5	13.7	18.3
Fixed Asset Turnover (x)	4.2	4.2	4.6	5.1
Inventory Turnover Days				
Receivables Days	10	12	11	11
Payables Days	150	147	136	136

Source Company data, I-Sec research

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