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India | Equity Research | Results update

Bharti Airtel

Telecom

Value creation from AGR market share win + capital allocation + FCF + deleveraging

Bharti Airtel (Bharti) delivered another strong quarter with an improvement in its key focus criteria, mainly: 1) AGR market share win with Bharti continuing to narrow the gap vs. Rjio. 2) Higher incremental EBITDA margin, and profits growing faster. 3) Disciplined capital allocation with tight control on capex. The company has been calibrated on capex into spectrum, SA-5G, FWA, and allied service. 4) Capital structure with continuously reducing debt/leverage. Apart from mobile services, the company has intensified penetration for fixed broadband, using both fibre and FWA; rising adoption of convergence, and digital services within B2B business including cloud, security, IOT, and CPaaS. Bharti has exhibited good discipline in capex, as guided – with capex being lower than FY24; it guided for a further drop in FY26, largely from a slowing in radio deployment.

We have incorporated Indus Towers as a subsidiary (earlier associate), which has increased our EBITDA estimates, but our EPS assumption remains unchanged. However, AGR relief estimate has moved to FY26 (from FY25), which has altered EPS. Our SoTP-based TP is revised to INR 1,925 (from INR 1,875) as we raise India EV/EBITDA multiple to 13x (from 12.5x). Maintain **BUY**. Key risks: 1) Market share loss in India mobile business, and 2) rise in competitive and regulatory intensities.

Growth in non-mobile businesses stable

1) Home services: Number of home broadband customers grew 26.6% YoY to 9.2mn. Revenue/EBITDA grew 18.7%/16.9% YoY to INR 15.1bn/INR 7.5bn. **2) Enterprise:** Revenue grew 8.7% YoY to INR 57bn, EBITDA was down 3.8% YoY to INR 20bn. **3) Payments bank:** Active users were up 48.8% YoY, to 87.2mn, and revenue grew 49.3% YoY/4% QoQ to INR 7bn; EBITDA stood at INR 879mn, up 67.4% YoY/15.5% QoQ.

Mobile revenue jumped 21.4% YoY/5.8% QoQ to INR 263bn

This was in comparison to Rjio's revenue growth of 3.4% QoQ/15.5% YoY, which also includes FTTH and enterprise. Rjio gained 3.3mn subs while Bharti gained 4.9mn subs and added 6.5mn 4G subs. Rjio's ARPU grew 11.9% YoY vs. Bharti's 18% YoY. Bharti benefited from 2G to 4G transition, and a strong post-paid sub-base (up 13.1% YoY). Bharti is consistently winning market share and narrowing its gap vs. Rjio. In Q3FY25, Bharti's mobile ARPU rose 5.3% QoQ to INR 245, and subs base rose 1.4% QoQ to 357mn. Bharti's 4G net add was 6.5mn, taking the total to 270mn, and post-paid subs add was 0.6mn to 25mn; including M2M, it rose 2.2mn to 55.4mn.

Financial Summary

Y/E March (INR mn)	FY24A	FY25E	FY26E	FY27E
Net Revenue	14,99,824	17,22,063	20,59,918	22,74,522
EBITDA	7,82,918	9,43,179	12,12,958	13,54,897
EBITDA Margin (%)	52.2	54.8	58.9	59.6
Net Profit	1,31,311	1,91,841	3,17,476	4,19,940
EPS (INR)	22.8	33.3	51.7	68.3
EPS % Chg YoY	46.4	46.1	54.9	32.3
P/E (x)	73.5	50.3	32.5	24.5
EV/EBITDA (x)	14.9	12.2	9.5	8.3
RoCE (%)	11.2	13.9	17.6	23.3
RoE (%)	16.5	22.3	28.6	30.4

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Market Data

Market Cap (INR)	10,040bn
Market Cap (USD)	1,14,783mn
Bloomberg Code	BHARTI IN
Reuters Code	BRTI.BO
52-week Range (INR)	1,779 / 1,098
Free Float (%)	47.0
ADTV-3M (mn) (USD)	105.0

Price Performance (%)	3m	6m	12m
Absolute	6.4	16.3	47.8
Relative to Sensex	8.5	18.3	39.9

ESG Score	2023	2024	Change
ESG score	74.9	74.5	(0.4)
Environment	51.8	56.9	5.1
Social	73.4	75.0	1.6
Governance	86.5	85.4	(1.1)

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

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY25E	FY26E	FY27E
Revenue	3.3	8.8	8.6
EBITDA	4.4	15.1	13.9
EPS	(8.3)	(16.7)	(0.6)

Previous Reports

29-11-2024: [Company Update](#)

29-10-2024: [Q2FY25 results review](#)

India EBITDAaL grew 43.1% QoQ/ 66.7% YoY to INR 222bn

India EBITDAaL was driven by mobile EBITDA growth of 9.1% QoQ/ 29.6% YoY to INR 155bn. Incremental EBITDA margin for mobile business was 89.8%, despite higher network opex, which increased due to charging of 5G-related opex. However, lower churn rate, and war-on-waste has helped. In comparison, Rjio's EBITDA rose 2.9% QoQ/16.6% YoY with incremental EBITDA margin at 45.6% despite the company yet to start charging 5G-related cost to its P&L. Bharti's India depreciation rose 22.3% YoY/ 9.2% QoQ on rise in amortisation (5G spectrum). Net profit increased 91% YoY to INR 55bn and EPS was INR 9.6/share. India pro-rata capex stood at INR 74bn (18% of revenue) in Q3FY25.

FCF generation was INR 125bn

Net debt declined INR 74bn to INR 1,337bn, and was partially restricted from dividend payout of INR 8bn and other payouts of INR 4bn. Bharti's operating cashflow, after lease payment and interest cost, was INR 187bn, up 21.2% YoY. The company saw working capital benefit of INR 21bn, and its FCF, after interest cost, was INR 125bn. Capex outflow was INR 84bn (capitalised capex was INR 74bn).

Other highlights

- Bharti Airtel has agreed to transfer 12.7k towers (including macro sites, ultra lean sites and cell on wheels, but excluding sites under USOF) to Indus Towers on slump sale basis for INR 21.7bn.
- 5G subs was 120mn, as on Q3FY25, and 80% of smartphone shipped are 5G enabled.
- **Postpaid:** The company believes industry potential to be 80mn, and has been expanding its postpaid subs base.
- **Fixed broadband:** The company has expanded FWA services to 2,000 cities, and helping to increase TAM for fixed broadband as FWA helps cover locations that were fibre dark. The company expects FBB subs to potentially double to 80-90mn (from ~45mn now) with increased connectivity. It is also rolling-out 1.9mn home pass per quarter. The company is trying to catch-up with competition by not only improving FWA footprint, but also sweetening its content/OTT offering, and expanding sales channel beyond digital and D2C by firing retail channel. Resultantly, Bharti has seen improvement in subs addition each month with Jan'25 being better; and Feb'25 has started well.
- **Standalone-5G:** The company has prepared itself for rolling out SA-5G, and can deploy network when required. Currently, it has enough capacity on NSA-5G for FWA, and does not see a requirement.
- **B2B:** Company has defocused on international wholesale voice and SMS services which contribute negligible to EBITDA. The focus remains on 1) domestic connectivity business and expand digital services which is growing fast (90% of incremental revenues). These services are cloud, security, IOT, and CPaaS. Company is also realigning manpower to increase penetration of digital services. However, rise in digital services have hurt segment EBITDA margin as digital services have lower margin profile but also lower capex intensity.
- **Cloud:** Data centre expansion remains focus with steady growth, and expansion in capacity. Company plans to increase its cloud offering, and also increasing its AI enabled data centres, but it will remain slow on GPU as service offering.

- **Capex:** Company has guided FY25 capex to be lower than FY24, while 9MFY25 capex intensity is not the benchmark. It has also guided that FY26 capex to be lower than FY25. The major reduction in capex is due to drop in radio deployment with completion of 4G rollout, and 5G rollout remain stable. Its investment in transport will continue, and capex on core is small. Home service capex may remain high for CPE as subs base grow faster. B2B and data centre capex to be stable.

Other financial highlights

Bharti India: India EBITDA outperforms peers post tariff increase (wef July'24)

- **Bharti India's mobile revenue** grew 5.8% QoQ/21.4% YoY to INR 263bn. This is in comparison to Rjio's 3.4% QoQ/15.5% YoY, which also includes FTTH and enterprise revenue. Rjio gained 3.3mn total subs vs. Bharti's 4G net add of 6.5mn. Bharti has benefited from 2G to 4G transition, faster growth in post-paid subs base (up 13.1% YoY), and better monetisation of data. EBITDA improved 9.1% QoQ/ 29.6% YoY to INR 155bn, and EBITDA margin was 58.8% (+180bps QoQ/ 375bps YoY). Incremental EBITDA margin stood at 89.8% on lower churn and despite higher network cost on large network rollout on 4G rural and 5G loading charges progressively getting charged to P&L.
- **Sub-base** improved by 4.9mn subs to 357mn (Rjio: down 3.3mn in Q3FY25) vs. average addition of 2.9mn in the past 10 quarters. The sharp rise can be attributed to winning back customers lost in previous quarter. Bharti added 0.6mn post-paid subs, which worked out to 13.1% YoY growth to 25.3mn. Post-paid subs, including M2M/IoT, stood at 55.4mn (+2.2mn).
- **ARPU** rose to INR 245 (up 5.3% QoQ/ 18% YoY) driven by: **1)** residual benefit of tariff hike taken in July'24; **2)** Improved mix of post-paid subs rising by 13.1% YoY to 25.3mn; **3)** continued addition of 4G subs (+6.5mn); **4)** premiumisation from 2G to 4G; and **5)** data monetization including rising 5G subs.
- **Mobile minutes** were up 2.8% QoQ/ 6.2% YoY to 1,233-bn, implying a net increase of 33.5-bn minutes QoQ. Minutes of usage per sub came in at 1,160 minutes per month, up 2.2% QoQ.
- **4G sub base** grew 2.5% QoQ/ 10.3% YoY to 270mn (+6.5mn) vs. addition of 4.2mn in Q2FY25. Total data subs rose by 6.4mn to 278mn, up 2.4% QoQ.
- **Data usage** grew 4.5% QoQ/ 23.2% YoY to 20,174bn MB. Data usage per sub came in at 24.5GB per month, up 2.5% QoQ.
- **Churn rate** for Bharti was down 70bp QoQ at 2.5% (vs. 3.2% in Q2FY25). Gross subscriber addition came in at 31.4mn in Q3FY25 (vs. 31.4mn in Q2FY25).
- **Non-mobile business (excluding Indus Towers) highlights:** 1) Non-mobile revenue grew 0.9% QoQ/ 9.2% YoY to INR 79.2bn and EBITDA grew 0.3% QoQ/ 1.4% YoY to INR 32bn.
- **DTH revenue** was up 0.3% QoQ/ down 2.9% YoY, to INR 8bn, due to Airtel Black's convergence plan. EBITDA was up 4.3% QoQ to INR 4.4bn.
- **Airtel business (enterprise) revenue** dipped 0.2% QoQ/ +8.7% YoY to INR 56.5bn; EBITDA was down 1.8% QoQ/ 3.8% YoY to INR 20bn.
- **Home services revenue** jumped 5.4% QoQ/ 18.7% YoY to INR 15.1bn; EBITDA expanded 3.6% QoQ/ 16.9% YoY to INR 7.5bn.
- Overall, **Bharti's India revenue** rose 15.5% QoQ/30.7% YoY to INR 366bn; also includes Indus Towers consolidation for 43 days. India EBITDAaL grew 43.1%

QoQ/66.7% YoY to INR 222bn. D&A rose 9.2% QoQ/22.3% YoY to INR 103bn as the company has been recognising 5G-related costs in P&L and recently acquired spectrum. Net profit rose 38.1% QoQ/91% YoY to INR 85bn. Indus Towers had one-off gains from reversal of provision for doubtful debt of INR 32bn (benefit flow to Bharti India at PAT is INR 16bn).

- **India capex** (pro-rata inclusion of Indus capex) stood at INR 74bn (18% of revenue) in Q3FY25, and INR 205bn (20% of revenue) in 9MFY25.

Bharti Africa: Sequential growth remains healthy

- In constant currency terms, gross revenue rose 21.3% YoY to USD 1.3bn.
- In USD terms, reported revenue rose 4.4% QoQ/2.4% YoY to USD 1.3bn, which was affected by the devaluation in Nigerian naira. Subs rose 6.5mn at 163mn.
- **Mobile minutes** rose 6.2% QoQ/15.2% YoY; data usage grew 9.3% QoQ/50.6% YoY.
- **Data subscribers** grew 8.2% QoQ/13.8% YoY to 71mn in Q3FY25. Data usage per subscriber stood at 7.4GB per month, up 4.2% QoQ.
- **EBITDAaL** stood at USD 466mn in Q3FY25, up 8.6% QoQ and 0.4% YoY. EBITDA margin stood at 36.8%, up 150bps QoQ.
- Bharti Africa reported net profit of USD 133mn in Q3FY25 (vs. USD 24mn in Q2FY25). Finance cost was USD 54mn, benefited from forex gains related to African currencies.
- **Africa capex** was USD 140mn (11% of revenue) in Q3FY25, and USD 456mn (13% of revenue) in 9MFY25.

Bharti (consolidated) – includes Indus Towers' consolidation for 43days

- **Consolidated revenue** was INR 451bn, up 8.8% QoQ/19.1% YoY.
- EBITDAaL was INR 216bn, up 13.9%QoQ/ 26.2% YoY. EBITDAaL margin stood at 47.8% in Q3FY25 vs. 45.7% in Q2FY25. EBITDAaL is EBITDA after lease liabilities.
- The company reported net profit of INR 148bn. This was benefited from exceptional gain of INR 75.5bn, on account of consolidation of Indus Towers, reversal of provision created for input tax credit on passive infrastructure services, forex gains related to Africa currency appreciation, partially set off by regulatory charges and impairment loss on intangible assets.
- Net debt declined by INR 74bn to INR 1,337bn. The company generated FCF (after interest cost) of INR 125bn in Q3FY25 despite prepayment of spectrum dues of INR 36bn, which is partly recognised in investing activity and the interest component in finance cost, and cash capex of INR 84bn. The company paid dividend of INR 8bn and recognised spectrum payment of INR 35bn.

Exhibit 1: Q3FY25 result review (consolidated)

INR mn	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	QoQ (%)	YoY (%)
Revenue	3,78,995	3,75,991	3,85,064	4,14,733	4,51,293	8.8	19.1
EBITDA	1,98,148	1,93,648	1,97,077	2,18,462	2,45,966	12.6	24.1
<i>EBITDA margin (%)</i>	52.3	51.5	51.2	52.7	54.5		
EBITDAaL	1,70,974	1,65,859	1,69,462	1,89,471	2,15,742	13.9	26.2
<i>EBITDAaL margin (%)</i>	45.1	44.1	44.0	45.7	47.8		
Depreciation & Amortisation	1,00,743	1,00,752	1,05,401	1,10,000	1,17,042	6.4	16.2
EBIT	97,405	92,896	91,676	1,08,462	1,28,924	18.9	32.4
Interest	62,051	48,864	47,889	51,690	52,058	0.7	(16.1)
Share of profits(losses) in JV	7,032	8,303	9,117	10,739	16,597	54.5	136.0
PBT	42,386	52,335	52,904	67,511	93,463	38.4	120.5
Exceptional item (as reported)	(1,302)	(24,555)	7,350	(8,537)	75,456		
Provision for tax	12,320	7,098	13,078	17,440	7,573	(56.6)	(38.5)
Minority interest	4,342	(34)	5,576	5,602	13,534		
PAT (reported)	24,422	20,716	41,600	35,932	1,47,812	311.4	505.2

Source: I-Sec research, Company data

Exhibit 2: Bharti India – EBITDAaL rose 66.7% YoY/43.1% QoQ

INR mn	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	QoQ (%)	YoY (%)
Revenue	2,80,285	2,87,377	2,92,300	3,17,221	3,66,339	15.5	30.7
Access charges	14,799	15,478	16,012	15,187	16,469	8.4	11.3
<i>% of revenue</i>	5.3	5.4	5.5	4.8	4.5		
Licence fees & spectrum charges	25,130	25,906	26,239	29,198	30,122	3.2	19.9
<i>% of revenue</i>	9.0	9.0	9.0	9.2	8.2		
Network operations costs	57,206	58,394	58,281	61,083	70,232	15.0	22.8
<i>% of revenue</i>	20.4	20.3	19.9	19.3	19.2		
Employee costs	6,851	7,482	7,721	8,468	10,589	25.1	54.6
<i>% of revenue</i>	2.4	2.6	2.6	2.7	2.9		
Selling, general & other exp	26,296	27,185	28,056	30,335	(1,344)	(104.4)	(105.1)
<i>% of revenue</i>	9.4	9.5	9.6	9.6	(0.4)		
EBITDA	1,50,003	1,52,934	1,55,991	1,72,950	2,40,271	38.9	60.2
<i>EBITDA Margin (%)</i>	53.5	53.2	53.4	54.5	65.6		
EBITDAaL	1,33,193	1,36,058	1,38,047	1,55,133	2,22,009	43.1	66.7
<i>EBITDAaL Margin (%)</i>	47.5	47.3	47.2	48.9	60.6		
Depreciation	83,789	85,979	89,386	93,843	1,02,506	9.2	22.3
Interest	15,605	22,499	19,466	16,866	30,178	78.9	93.4
Share of profit from JV	7,032	8,303	9,117	10,739	16,597	54.5	136.0
Tax	9,443	8,907	9,257	12,546	29,395	134.3	211.3
Net income	29,020	24,616	26,814	40,138	55,443	38.1	91.0
<i>NPM (%)</i>	10.4	8.6	9.2	12.7	15.1		
EPS (INR)	5.0	4.3	4.7	7.0	9.6	38.1	91.0

Source: I-Sec research, Company data

Exhibit 3: Segmental performance – India mobile services EBITDA grew 9.1% QoQ/ 29.6% YoY

INR mn	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	QoQ (%)	YoY (%)
Mobile Services India							
Revenue	2,16,386	2,20,657	2,25,274	2,48,371	2,62,687	5.8	21.4
EBITDA	1,19,240	1,21,607	1,25,274	1,41,710	1,54,568	9.1	29.6
<i>EBITDA margin (%)</i>	55.1	55.1	55.6	57.1	58.8		
Home Services							
Revenue	12,718	13,155	13,670	14,321	15,092	5.4	18.7
EBITDA	6,384	6,566	6,867	7,203	7,465	3.6	16.9
<i>EBITDA margin (%)</i>	50.2	49.9	50.2	50.3	49.5		
Digital TV Services							
Revenue	7,837	7,693	7,771	7,586	7,607	0.3	(2.9)
EBITDA	4,285	4,391	4,402	4,243	4,425	4.3	3.3
<i>EBITDA margin (%)</i>	54.7	57.1	56.6	55.9	58.2		
Airtel Business							
Revenue	51,948	54,616	54,765	56,555	56,460	(0.2)	8.7
EBITDA	20,625	20,830	19,855	20,208	19,846	(1.8)	(3.8)
<i>EBITDA margin (%)</i>	39.7	38.1	36.3	35.7	35.2		
Non-mobile revenue	72,503	75,465	76,206	78,462	79,159	0.9	9.2
Non-mobile EBITDA	31,294	31,787	31,124	31,654	31,736	0.3	1.4

Source: I-Sec research, Company data

Exhibit 4: India mobile services – ARPU rose 18% YoY

INR mn	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	QoQ (%)	YoY (%)
Subscribers (mn)	346	352	355	352	357	1.4	3.2
Prepaid subs (% of total subs)	93.5	93.4	93.3	93.0	92.9		
Blended churn rate (%)	2.9	2.4	2.8	3.2	2.5		
ARPU (INR)	208	209	211	233	245	5.3	18.0
MoU (mins)	1,127	1,158	1,128	1,135	1,160	2.2	3.0
Minutes on Network (mn)	11,60,820	12,09,564	11,95,080	11,99,795	12,33,306	2.8	6.2
<i>Incremental mins (QoQ, mn)</i>	13,107	48,743	(14,484)	4,715	33,511		
Revenue per minute (INR)	0.186	0.182	0.189	0.207	0.213	2.9	14.3
2G cell sites	3,07,663	3,18,171	3,24,498	3,29,543	3,34,757	1.6	8.8

Source: I-Sec research, Company data

Exhibit 5: Data service KPIs (India) – 4G subscriber base expanded by 6.5mn

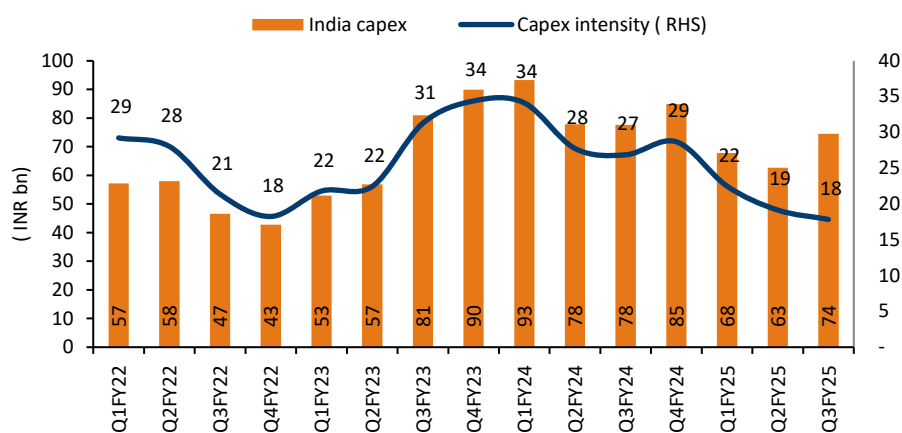
	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	QoQ (%)	YoY (%)
Data Customer Base (mn)	253	261	267	271	278	2.4	9.7
<i>Net adds (mn)</i>	7.3	7.7	6.3	4.0	6.4		
<i>As % of customer base</i>	73.3	74.1	75.4	77.1	77.8		
Total MBs on the network (mn)	1,63,76,505	1,73,90,877	1,87,88,716	1,93,11,255	2,01,74,386	4.5	23.2
Data Usage/ customer (MB)	21,954	22,598	23,743	23,899	24,499	2.5	11.6
4G subs (m)	245	253	259	264	270	2.5	10.3
<i>Net adds (m)</i>	7.4	7.8	6.7	4.2	6.5		
<i>As % of customer base</i>	70.9	71.8	73.2	75.0	75.8		
3G/4G cell sites	9,05,556	9,31,854	9,47,377	9,62,565	9,78,832	1.7	8.1
<i>Net add (3G/4G cell sites)</i>	29,460	26,298	15,523	15,188	16,267		

Source: I-Sec research, Company data

Exhibit 6: Other services' KPIs – home services subscriber base rose 26.6% YoY

	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	QoQ (%)	YoY (%)
Home Services							
Subscribers ('000)	7,290	7,621	7,969	8,553	9,226	7.9	26.6
ARPU (INR)	583	577	572	566	554	(2.1)	(4.9)
DTH Services							
Subscribers ('000)	16,137	16,146	16,341	15,794	15,823	0.2	(1.9)
ARPU (INR)	163	160	159	158	160	1.1	(2.1)
Churn (%)	1.8	2.3	2.0	3.7	2.5		

Source: I-Sec research, Company data

Exhibit 7: Bharti India capex intensity was 18% in Q3FY25


Source: I-Sec research, Company data

Exhibit 8: Bharti Africa – EBITDAaL rose 8.6% QoQ

USD mn	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	QoQ (%)	YoY (%)
Revenue	1,238	1,118	1,156	1,214	1,268	4.4	2.4
Access charges	72	63	61	61	58	(4.9)	(19.4)
% of revenue	5.8	5.6	5.3	5.0	4.6		
Licence fees & spectrum charges	59	61	62	65	66	1.5	11.9
% of revenue	4.8	5.5	5.4	5.4	5.2		
Network operations costs	225	210	231	232	245	5.6	8.9
% of revenue	18.2	18.8	20.0	19.1	19.3		
Employee costs	77	72	71	77	79	2.6	2.6
% of revenue	6.2	6.4	6.1	6.3	6.2		
Selling, general & other exp	201	195	212	219	231	5.5	14.9
% of revenue	16.2	17.4	18.3	18.0	18.2		
EBITDA	604	517	519	560	589	5.2	(2.5)
EBITDA Margin (%)	48.8	46.2	44.9	46.1	46.5		
EBITDAaL	464	384	403	429	466	8.6	0.4
EBITDAaL Margin (%)	37.5	34.3	34.9	35.3	36.8		
Depreciation	198	173	188	193	219	13.5	10.6
Interest	363	462	257	263	54		
Tax	28	(27)	43	56	147		
Net income/(loss)	(6)	(104)	7	24	133		

Source: I-Sec research, Company data

Exhibit 9: Bharti Africa – subscriber base expanded 7.9% YoY

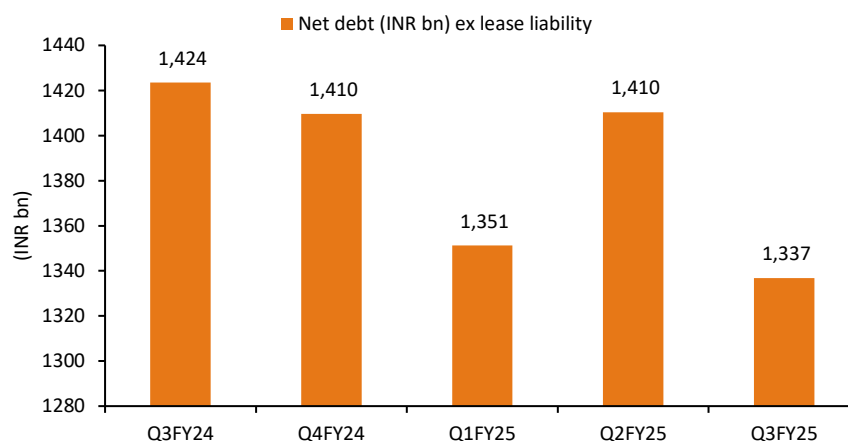
	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	QoQ (%)	YoY (%)
Subscribers (mn)	151	153	155	157	163	4.1	7.9
Blended churn rate (%)	4.3	4.5	4.0	4.7	3.8		
ARPU (USD)	2.6	2.6	2.2	2.3	2.4	2.2	(8.9)
Minutes on Network (mn)	1,28,828	1,30,210	1,34,209	1,39,756	1,48,361	6.2	15.2
RPM (US cent)	1.0	0.9	0.9	0.9	0.9	(1.6)	(11.1)
Data Customer Base (mn)	63	64	64	66	71	8.2	13.8
As % of customer base	41.5	42.1	41.4	42.1	43.8		
Total MBs on the network (mn)	10,09,040	10,91,329	11,89,097	13,89,481	15,19,263	9.3	50.6
Data Usage/ customer (MB)	5,510	5,735	6,157	7,132	7,434	4.2	34.9

Source: I-Sec research, Company data

Exhibit 10: Bharti consolidated cashflow

INR mn	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	QoQ (%)	YoY (%)
Operating cashflow	1,97,430	1,89,302	1,93,641	2,14,417	2,35,970	10.1	19.5
Less: Lease cost	19,646	18,212	18,471	19,667	16,321	(17.0)	(16.9)
Interest expenses	23,310	39,193	41,580	63,744	32,502	(49.0)	39.4
Operating cashflow	1,54,474	1,31,898	1,33,590	1,31,006	1,87,148	42.9	21.2
Less Capex (incl. spectrum)	98,723	93,973	98,751	95,562	83,524	(12.6)	(15.4)
FCF	55,751	37,924	34,839	35,445	1,03,623	192.4	85.9
Change in working capital	16,917	(14,053)	24,393	34,890	21,307		
Cashflow available for debt payment	72,668	23,871	59,232	70,335	1,24,931	77.6	71.9

Source: I-Sec research, Company data

Exhibit 11: Net debt declined by INR 74bn to INR 1,337bn in Q3FY25


Source: I-Sec research, Company data

Exhibit 12: Earnings revision

INR mn	Revised			Earlier			% change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
India KPIs									
Subs (mn)	360	368	376	360	368	376	-	-	-
ARPU (INR)	235	268	295	235	268	295	-	-	-
India financial									
Revenue	13,43,301	16,52,787	18,41,399	12,88,704	14,86,359	16,61,696	4.2	11.2	10.8
EBITDA	7,61,333	10,16,885	11,45,612	7,21,383	8,57,778	9,80,066	5.5	18.5	16.9
EBITDA margin (%)	56.7	61.5	62.2	56.0	57.7	59.0			
PAT	1,46,846	4,18,239	3,68,235	3,64,237	2,71,957	3,70,787	(59.7)	53.8	(0.7)
Africa financial (USD mn)									
Revenue	4,675	4,862	5,008	4,675	4,862	5,008	-	-	-
EBITDA	2,204	2,302	2,381	2,204	2,302	2,381	-	-	-
EBITDA margin (%)	47.1	47.3	47.5	47.1	47.3	47.5			
PAT	533	561	576	533	561	576	-	-	-
Bharti Airtel Consolidated									
Revenue	17,22,063	20,59,918	22,74,522	16,67,466	18,93,490	20,94,819	3.3	8.8	8.6
EBITDA	9,43,179	12,12,958	13,54,896	9,03,229	10,53,851	11,89,350	4.4	15.1	13.9
EBITDA margin (%)	54.8	58.9	59.6	54.2	55.7	56.8			
PAT	1,91,841	4,67,076	4,19,940	4,09,231	3,20,794	4,22,492	(53.1)	45.6	(0.6)
EPS (INR)	33.3	43.5	68.3	36.4	52.2	68.8	(8.3)	(16.7)	(0.6)

Source: I-Sec research

Exhibit 13: SoTP-based valuation

INR mn	FY26E
India business (ex-Tower)	
EBITDA (adj. IND AS 116)	8,50,497
<i>Multiple (x)</i>	13.0
EV	1,10,56,462
Less net debt	73,311
Equity value...(a)	1,09,83,151
Tower business (DCF from Indus model)	
EV	9,70,268
Less net debt	(59,020)
Equity value	10,29,288
Stake (%)	50
Attributable Equity value...(b)	5,14,644
Airtel Africa	
EBITDA (adj. IND AS 116)	1,63,999
<i>Multiple (x)</i>	4.0
EV	6,55,997
Less net debt	44,454
Equity value	6,11,543
Stake (%)	53
Bharti attributable Equity value...(c)	3,25,341
Bharti Airtel Equity value	1,18,23,136
<i>Outstanding shares (mn)</i>	6,145
Equity value per share (INR)	1,925

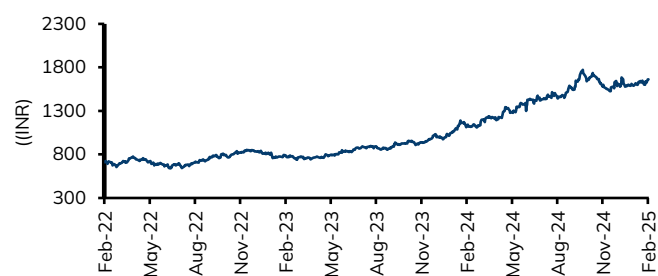
Source: I-Sec research

Exhibit 14: Shareholding pattern

%	Jun'24	Sep'24	Dec'24
Promoters	53.2	53.2	53.2
Institutional investors	43.8	43.9	44.0
MFs and other	11.0	10.7	11.4
FIs/ Banks	1.2	1.2	1.2
Insurance Cos.	6.5	6.3	6.5
FII	25.1	25.7	24.9
Others	3.0	2.9	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)

	FY24A	FY25E	FY26E	FY27E
Net Sales	14,99,824	17,22,063	20,59,918	22,74,522
Operating Expenses	7,16,906	7,78,885	8,46,960	9,19,626
EBITDA	7,82,918	9,43,179	12,12,958	13,54,897
EBITDA Margin (%)	52.2	54.8	58.9	59.6
Depreciation & Amortization	3,95,376	4,65,009	5,27,861	5,56,419
EBIT	3,87,542	4,78,170	6,85,097	7,98,477
Interest expenditure	2,26,477	1,74,502	1,60,911	1,29,143
Other Non-operating Income	14,354	-	-	-
Recurring PBT	1,75,419	3,03,668	5,24,186	6,69,335
Profit / (Loss) from Associates	27,094	16,748	(1,131)	(794)
Less: Taxes	41,210	78,179	1,79,779	1,66,142
PAT	1,34,209	2,25,489	3,44,407	5,03,192
Less: Minority Interest	10,910	50,396	76,200	82,459
Extraordinaries (Net)	(75,723)	-	2,00,000	-
Net Income (Reported)	74,670	1,91,841	4,67,076	4,19,940
Net Income (Adjusted)	1,31,311	1,91,841	3,17,476	4,19,940

Source Company data, I-Sec research

Exhibit 17: Balance sheet

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Total Current Assets	5,80,066	5,35,825	7,65,994	9,19,433
of which cash & cash eqv.	1,63,399	1,15,979	3,20,759	4,61,273
Total Current Liabilities & Provisions	10,79,652	10,96,209	11,85,530	12,55,023
Net Current Assets	(4,99,586)	(5,60,384)	(4,19,535)	(3,35,590)
Investments	3,16,023	3,13,328	3,13,328	3,13,328
Net Fixed Assets	23,77,688	24,65,048	24,60,818	24,15,685
ROU Assets	5,59,367	5,59,367	5,59,367	5,59,367
Capital Work-in-Progress	1,69,041	1,69,041	1,69,041	1,69,041
Total Intangible Assets	2,65,017	2,65,017	2,65,017	2,65,017
Other assets	1,54,721	1,66,933	1,96,898	2,15,931
Deferred Tax Assets	-	-	-	-
Total Assets	31,73,230	32,09,309	33,75,892	34,33,739
Liabilities				
Borrowings	15,19,165	13,69,165	8,69,165	7,19,165
Deferred Tax Liability	(1,67,310)	(1,15,636)	20,238	20,238
Provisions	-	-	-	-
Other Liabilities	1,28,978	1,36,250	1,62,126	1,78,562
Equity Share Capital	28,766	28,766	30,726	30,726
Reserves & Surplus	7,91,422	8,68,158	12,94,832	14,03,784
Total Net Worth	8,20,188	8,96,924	13,25,558	14,34,510
Minority Interest	2,35,451	2,85,847	3,62,047	4,44,506
Total Liabilities	31,73,230	32,09,309	33,75,892	34,33,739

Source Company data, I-Sec research

Exhibit 18: Quarterly trend

(INR mn, year ending March)

	Mar-24	Jun-24	Sep-24	Dec-24
Net Sales	3,75,991	3,85,064	4,14,733	4,51,293
% growth (YOY)	4.4	2.8	12.0	19.1
EBITDA	1,93,648	1,97,077	2,18,462	2,45,966
Margin %	51.5	51.2	52.7	54.5
Other Income	(1,834)	(1,761)	(1,048)	(3,109)
Extraordinaries	(24,555)	7,350	(8,537)	75,456
Adjusted Net Profit	20,716	41,600	35,932	1,47,812

Source Company data, I-Sec research

Exhibit 19: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Operating Cashflow	7,64,846	9,33,421	13,67,922	11,87,960
Working Capital Changes	24,136	8,438	59,842	53,972
Capital Commitments	(5,22,062)	(4,62,474)	(4,14,419)	(3,96,983)
Free Cashflow	2,66,920	4,79,386	10,13,345	8,44,950
Other investing cashflow	20,023	2,695	-	-
Cashflow from Investing Activities	20,023	2,695	-	-
Issue of Share Capital	6	-	1,57,290	-
Interest Cost	(1,40,263)	-	-	-
Inc (Dec) in Borrowings	(17,591)	(1,50,000)	(5,00,000)	(1,50,000)
Dividend paid	(41,845)	(1,15,104)	(1,86,953)	(2,93,958)
Others	3,521	(1,74,502)	(1,69,690)	(1,46,173)
Cash flow from Financing Activities	(2,77,785)	(5,29,500)	(8,08,566)	(7,04,435)
Chg. in Cash & Bank balance	9,158	(47,420)	2,04,779	1,40,515
Closing cash & balance	90,521	1,15,979	3,20,759	4,61,273

Source Company data, I-Sec research

Exhibit 20: Key ratios

(Year ending March)

	FY24A	FY25E	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	22.8	33.3	51.7	68.3
Adjusted EPS (Diluted)	22.8	33.3	51.7	68.3
Cash EPS	81.2	98.5	111.6	140.3
Dividend per share (DPS)	8.0	20.0	30.4	47.8
Book Value per share (BV)	142.6	155.9	215.7	233.4
Dividend Payout (%)	35.1	60.0	58.9	70.0
Growth (%)				
Net Sales	7.8	14.8	19.6	10.4
EBITDA	9.8	20.5	28.6	11.7
EPS (INR)	46.4	46.1	54.9	32.3
Valuation Ratios (x)				
P/E	73.5	50.3	32.5	24.5
P/CEPS	20.6	17.0	15.0	12.0
P/BV	11.8	10.8	7.8	7.2
EV / EBITDA	14.9	12.2	9.5	8.3
EV / Sales	7.8	6.7	5.6	4.9
Dividend Yield (%)	0.5	1.2	1.8	2.9
Operating Ratios				
Gross Profit Margins (%)	-	-	-	-
EBITDA Margins (%)	52.2	54.8	58.9	59.6
Effective Tax Rate (%)	23.5	25.7	34.3	24.8
Net Profit Margins (%)	8.8	11.1	15.4	18.5
NWC / Total Assets (%)	(15.7)	(17.5)	(12.4)	(9.8)
Net Debt / Equity (x)	1.6	1.4	0.4	0.2
Net Debt / EBITDA (x)	2.5	2.0	1.0	0.7
Profitability Ratios				
RoCE (%)	11.2	13.9	17.6	23.3
RoE (%)	16.5	22.3	28.6	30.4
RoC (%)	15.7	19.7	29.3	36.5
Fixed Asset Turnover (x)	3.9	4.4	5.0	5.3
Inventory Turnover Days	0.9	0.9	0.8	0.7
Receivables Days	11.5	10.8	10.8	10.8
Payables Days	85.5	74.5	67.2	67.2

Source Company data, I-Sec research

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