

# Bharti Airtel

Estimate change



TP change



Rating change



Bloomberg	BHARTI IN
Equity Shares (m)	6047
M.Cap.(INRb)/(USDb)	7800.2 / 93.4
52-Week Range (INR)	1364 / 784
1, 6, 12 Rel. Per (%)	7/25/44
12M Avg Val (INR M)	6168

## Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Net Sales	1,500	1,673	1,888
EBITDA	783	908	1,060
Adj. PAT	113	213	304
EBITDA Margin (%)	52.2	54.3	56.1
Adj. EPS (INR)	20.2	38.1	54.4
EPS Gr. (%)	39	89	43
BV/Sh. (INR)	147	222	277

## Ratios

Net D:E	2.4	1.2	0.7
RoE (%)	14.2	20.7	21.8
RoCE (%)	9.6	12.6	14.6
Div. Payout (%)	0.0	0.0	0.0

## Valuations

EV/EBITDA (x)	12.1	9.9	8.0
P/E (x)	65.1	34.5	24.2
P/BV (x)	9.0	5.9	4.8
Div. Yield (%)	0.0	0.0	0.0

## Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	53.5	54.6	55.0
DII	19.4	19.7	19.9
FII	24.4	22.7	21.0
Others	2.8	3.0	4.0

FII Includes depository receipts

**CMP: INR1,316**
**TP: INR1,640 (+25%)**
**Buy**

## Soft growth but gaining subscriber share

- Bharti Airtel (BHARTI) reported in-line revenue/EBITDA growth of 3%/2% QoQ for its India business, supported by 2.0%/0.5% QoQ subscriber/ARPU growth. The Africa business was hit by currency devaluation, which led to a 1%/2% QoQ decline in consol. revenue/EBITDA. Even the capex remained elevated QoQ. BHARTI continued with its deleveraging exercise, aided by healthy FCF generation during the quarter.
- Over the next 2-3 years, BHARTI is well poised to gain from sector consolidation and tariff hikes and drive strong FCF generation. We raise our FY25 and FY26 estimates by building in tariff hikes each year. The awaited tariff hikes and moderation in capex could be the positive catalysts. **Reiterate BUY with an SoTP-based TP of INR1,640.**

## India Mobile and Africa's EBITDA (CC) at +2%/-1% QoQ

- BHARTI's consol. revenue/EBITDA declined 0.8%/2.3% QoQ to INR376b/INR194b (in line/5% miss) due to currency devaluation in the African segment in 4QFY24.
- India Mobile's revenue at INR221b grew 2% QoQ (in line), aided by 0.5% ARPU growth to INR209 and 1.9% subscriber growth to 352m. EBITDA grew 2.0% QoQ to INR122b (in line), with a flat margin of 55.1% in 4QFY24.
- The Africa revenue/EBITDA declined 10%/14% QoQ to INR93b/INR43b (reported currency) due to the naira devaluation. However, revenue grew 3% QoQ to USD1.4b (in CC), whereas EBITDA dipped 1% QoQ to USD652m.
- Consol. PAT after minority was down 15% QoQ to INR21b. Adjusted for exceptionals, consol. PAT (post-minority) stood at INR30b (vs. INR25b QoQ and INR22b estimated).
- In FY24**, revenue/EBITDA grew 8%/10%, whereas PAT declined 11% YoY.
- FCF (post-interest) declined to ~INR49b in FY24 (from INR122b in FY23), due to higher interest costs. Capex grew 34% YoY to INR521b (vs. INR388b in FY23). OCF jumped 23% YoY to INR710b, led by a 10% YoY increase in EBITDA and a partial benefit from the release in WC.
- Net debt (excluding lease liability) declined INR116b YoY to INR1,409b.

## Key highlights from the management commentary

- Tariff hikes:** Bharti implemented a moderate price increase in broadband during 4QFY24, in response to competitors raising their prices. Management reiterated the need for tariff reform, which is essential across the industry to improve return ratios. If competition does not follow suit, it will hurt Bharti. Therefore, the management is waiting for the right time to implement tariff increases.
- ARPU target at INR300:** A rise in ARPU from INR200 to INR300 will require a couple of rounds. Even an ARPU of INR300 will be the lowest in the world.
- Capex outlook:** Overall capex is likely to moderate from FY25. The company plans to roll out 25k more sites in locations where it has a lesser market share. Management expects deleveraging to continue.

- **Enterprise business:** The domestic enterprise business continues to grow at 18-20%. The problem has been in the global business, where ~50% of the portfolio has remained under pressure.

#### Valuation and view

- We raise our FY25 and FY26 estimates by building in tariff hikes each year. We factor in 12%/16% consol. revenue/EBITDA growth over FY24-26E.
- The company has the opportunity to grow its EBITDA by 40-50% and halve its net debt over the next 2-3 years. It is well poised to benefit from the sector tailwinds resulting from market share gains, improved ARPU driven by the premiumization of customers and tariff hikes, and non-wireless segments such as Home and Enterprise.
- The management indicated that FY25 capex should moderate. We believe the cash flow generation will suffice for capex and deleveraging.
- We assign FY26E EV/EBITDA of 11x/4x to the India Mobile/Africa businesses and arrive at our SoTP-based TP of INR1,640. **Reiterate BUY.**

#### Consolidated - Quarterly Earnings Model

Y/E March	FY23				FY24				FY23	FY24	FY24E	(INR b)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Est Var (%)
<b>Revenue</b>	<b>328</b>	<b>345</b>	<b>358</b>	<b>360</b>	<b>374</b>	<b>370</b>	<b>379</b>	<b>376</b>	<b>1,391</b>	<b>1,500</b>	<b>389</b>	-3.2
YoY Change (%)	22.2	21.9	19.9	14.3	14.1	7.3	5.9	4.4	19.4	7.8	7.9	
Total Expenditure	163	169	174	173	178	175	181	182	679	717	185	-1.2
<b>EBITDA</b>	<b>165</b>	<b>176</b>	<b>185</b>	<b>187</b>	<b>196</b>	<b>195</b>	<b>198</b>	<b>194</b>	<b>713</b>	<b>783</b>	<b>204</b>	-5.1
YoY Change (%)	27.3	27.4	25.5	16.6	18.6	10.9	7.4	3.6	23.9	9.8	9.1	-61
Depreciation	88	89	93	94	97	97	101	101	364	395	105	-4.2
Net Finance cost	45	49	47	52	56	52	66	52	193	226	55	-4.6
Other Income	4	6	-1	9	9	9	11	11	17	41	13	-11.3
<b>PBT before EO expense</b>	<b>36</b>	<b>43</b>	<b>44</b>	<b>50</b>	<b>53</b>	<b>55</b>	<b>42</b>	<b>52</b>	<b>172</b>	<b>203</b>	<b>57</b>	-8.5
Extra-Ord expense	0	0	7	0	34	16	1	25	7	76	0	
<b>PBT</b>	<b>36</b>	<b>43</b>	<b>37</b>	<b>50</b>	<b>19</b>	<b>39</b>	<b>41</b>	<b>28</b>	<b>166</b>	<b>127</b>	<b>57</b>	-51.4
Tax	11	13	11	8	3	18	12	7	43	41	17	-57.3
Rate (%)	31.3	30.2	29.2	15.7	18.0	46.9	30.0	25.6	25.8	32.5	29.1	
Minority Interest & P/L of Asso. Cos.	9	8	10	12	-1	8	4	0	39	11	19	
<b>Reported PAT</b>	<b>16</b>	<b>21</b>	<b>16</b>	<b>30</b>	<b>16</b>	<b>13</b>	<b>24</b>	<b>21</b>	<b>83</b>	<b>75</b>	<b>22</b>	-5.8
<b>Adj PAT</b>	<b>15</b>	<b>21</b>	<b>20</b>	<b>26</b>	<b>29</b>	<b>30</b>	<b>25</b>	<b>30</b>	<b>82</b>	<b>113</b>	<b>22</b>	34.2
YoY Change (%)	469.4	245.7	147.0	39.4	91.3	44.2	25.0	13.9	131.2	38.6	-15.2	

E: MOFSL Estimates

#### Exhibit 1: SoTP-based valuation on FY26E basis

	EBITDA (INR b)	Ownership	Proportionate EBITDA (INR b)	EV/ EBITDA	Fair Value (INR b)	Value/ Share
India SA business (excl. towers)	850	100%	850	11	9,347	1648
Tower business (20% discount to fair value)		48.0%			352	62
Africa business	210	56.1%	118	4	472	83
Less net debt					878	155
<b>Total Value</b>					<b>9292</b>	<b>1640</b>
Shares o/s (b)	5.7					
<b>CMP</b>						<b>1316</b>
<b>Upside (%)</b>						<b>25</b>

Source: Company, MOFSL

### Key points

- **Currency devaluation impact:** Consol. revenue/EBITDA declined 0.8%/2.3% QoQ (in line), led by African currency devaluation. However, a) India Mobile's revenue/EBITDA grew 2% QoQ each (ARPU/subscriber up 0.5%/1.9%); and b) Africa's revenue grew 3% QoQ (in CC) but EBITDA declined 1% QoQ.
- **Home business** is the silver lining, with 5% QoQ subscriber additions, maintaining steady growth for the last 15 quarters. It has expanded to 1,290 cities now vs. only 100 cities in FY20, with a 2.5x jump in subscribers over the last three years. Revenue/EBITDA grew 3% QoQ each, led by subscriber additions, partially offset by a decline in ARPU. The new Xstream AirFibre launch should further accelerate growth.
- **Capex remains elevated; deleveraging continues:** Capex remained high at INR105b (+13% QoQ). India Mobile's capex increased 5% QoQ to INR60.1b. Even with high capex, it continues to deleverage its book. BHARTI repaid ~INR14b of debt in 4QFY24; net debt stood at INR1,409b, which could further be reduced by 11% through the INR160b rights issue call money.
- **Superior network capability:** BHARTI's data traffic/subscribers are still 20%/40% below RJio's. However, it is still adding sites aggressively at 10.5k, along with accelerated fiberization.

### Results in detail

- BHARTI's consol. revenue/EBITDA declined 0.8%/2.3% QoQ to INR376b/INR194b (in line/5% miss) due to currency devaluation in the African segment.
- India Mobile/Africa CC revenue grew 2%/3% QoQ and EBITDA was up 2%/down 1% QoQ.
- Consol. PAT after minority was down 15% QoQ to INR21b. Adjusted for exceptionals, consol. PAT (post-minority) stood at INR30b (vs. INR25b QoQ and INR22b estimated).

### India Mobile's revenue/EBITDA up 2% QoQ each (in line) led by both subscriber and ARPU growth

1. **Revenue at INR221b grew 2% QoQ (in line) aided by 0.5% ARPU growth to INR209 and 1.9% subscriber growth to 352m.**
  - a. 4G subscriber addition growth was steady at 7.8m (vs. 7.4m in 3Q), reaching 253m subscribers (+3% QoQ), i.e., 72% of total subscribers.
  - b. RJio's revenue grew 2.3% QoQ and it added net 10.9m subscribers, while BHARTI added 6.7m total subscribers.
2. **ARPU increased 0.5% QoQ to INR209 (vs. +2.5% in 3Q). Slower ARPU growth could be due to one day less in 4QFY24.**
3. Growth continued to be aided by 4G and postpaid-led mix improvement and pack upgrades.
4. **EBITDA grew 2.0% QoQ to INR122b (in line),** with flat margin at 55.1%. Incremental margin was at 55%.
5. Data traffic grew 10% QoQ to 18.4t GB, with 23.2GB/user. BHARTI's data usage per subscriber was ~20% below that of RJio (and data subscribers far below).
6. **Churn improved** QoQ to 2.4% vs. ~4.3% for VIL and 1.7% for RJio (the lowest).
7. MOU rose 1% QoQ to 1,138 mins, while RJio's voice consumption stood at 1,008 mins.

8. India Mobile's capex remained high at INR60.1b (up 5% QoQ). Annual capex stood at INR252.7b, up 22% YoY.

#### **Africa saw soft growth led by Nigeria**

1. Africa revenue/EBITDA declined 10%/14% QoQ to INR93b/INR43b (reported currency) due to Naira devaluation.
2. **However, in CC, revenue was up 3% QoQ to USD1.4b, whereas EBITDA declined 1% QoQ to USD652m.**
3. Subs base grew 1.0% QoQ to 152.7m, while ARPU was flat QoQ at USD2.6.

#### **Home business continues to add subscribers**

1. **Home business continued to see strong growth:** 3% QoQ growth each in revenue/EBITDA. Subscriber growth was healthy at 5% QoQ (this strong growth continued for the last seven quarters), but ARPU declined 1% QoQ to INR577 (vs. INR800 in FY20), with increased offtake of lower-price plans.
- a. Reach improved to 1,290 cities (+23 cities in the quarter) vs. 100+ cities in FY20.
2. **Enterprise** revenue/EBITDA grew 5%/1% QoQ to INR55b/INR21b, led by the underlying portfolio and consolidation of Beetel. **Adjusting for Beetel, both revenue/EBITDA grew 1% QoQ each.** Against this, TCOM saw flat growth in adjusted revenue/EBITDA.
3. **Digital TV** revenue declined 1.8% QoQ, while EBITDA rose 2.5% QoQ. Revenue declined as the subscriber base was flat QoQ, while ARPU declined 2% QoQ.

#### **OCF drives FCF; debt reduction continues**

1. For FY24, revenue/EBITDA grew 8%/10%, whereas PAT declined 11% YoY.
2. FCF (post-interest) declined to ~INR49b in FY24 (vs. INR122b in FY23), due to higher interest costs.
- a. Capex grew 34% YoY to INR521b (vs. INR388b in FY23). India capex was INR331b (vs. RJio capex of INR533b for FY24).
- b. OCF grew 23% YoY to INR710b, led by 10% YoY increase in EBITDA and partial benefit from the release in WC.
3. Net debt (excluding lease liability) declined INR116b YoY to INR1,409b.
- a. Lease liability increased to INR637b. Subsequently, overall net debt reduced by INR85b to INR2,047b, with TTM net debt-to-EBITDA at 1.8x.
- b. BHARTI has INR160b (rights issue call money) yet to receive, which could reduce net debt by about 11% more.

#### **Others**

1. Airtel Africa brought back USD9m worth of shares, resulting in an increase in the Group's effective shareholding to 56.12% from 56.01%.
2. The Board has recommended a final dividend of INR8 per fully paid-up equity share of FV of INR5 each and INR2 per partly paid-up equity share (paid-up INR1.25 per equity share).

## Airtel Africa: Reports weak performance

### Currency devaluation hurts profitability

#### Revenue/EBITDA +3/-1% QoQ in CC terms

Airtel Africa's revenue/EBITDA declined 10%/14% QoQ to USD1.1b/USD517m in 4QFY24, due to the impact of the Nigerian naira devaluation. In constant currency (CC) terms, revenue/EBITDA grew 3%/declined 1% QoQ to USD1.4b/ USD652m led by growth in Nigeria (+11% YoY). Subscriber growth slowed down to 1% QoQ (+1.5m net additions) at 152.7m after three quarters of strong additions (2.5% QoQ additions in each quarter), ARPU was flat QoQ at USD2.6. Reported PAT stood at USD128m (vs. USD28m in 3QFY24).

## Nigeria drives an improved performance

- Nigeria's CC revenue reported a sequential growth of 11% to USD447m supported by 7%/1% QoQ increase in blended ARPU/subscribers to USD2.9/51m. Voice/Data revenue grew 7%/13% QoQ led by the increase in ARPU and subscribers. EBITDA in CC terms improved 4% QoQ to USD231m and margin stood at 51.7% (-380bp QoQ). The churn elevated 90bp QoQ to 3.7%.
- East Africa's revenue grew 1% QoQ to USD591m led by 1% QoQ growth in subscribers, while ARPU was flat. The decline in Voice ARPU (-2.2% QoQ) was offset by data revenue growth (+4.7% QoQ). EBITDA in CC terms was flat QoQ at USD310m and margin stood at 52.5% (-40bp QoQ). The churn remained elevated at 4.5% (+10bp QoQ).
- Francophone Africa's CC revenue declined sequentially by 3% to USD337m due to 6% decline in blended ARPU. The decline in Voice revenue (-5% QoQ) was offset by data revenue growth of 1% QoQ. EBITDA in CC terms declined 9% QoQ to USD146m and margin declined to 43.3% (-280bp QoQ). The churn improved 10bp QoQ to 6%.
- **For FY24**, revenue/EBITDA/PAT declined 5%/6%/38% YoY.
- OCF declined 1% YoY to USD1.9b due to a decline in EBITDA by 6% YoY, partly offset by WC inflows. Capex declined 20% YoY to USD1.05b, which led to 80% increase in FCF (post-interest) to USD443m. The company paid a dividend of USD271m. Net debt declined USD19m YoY to USD3.5b.

## Highlights from the management commentary

- **Capex guidance:** For FY25, capex would be between USD725m and USD750m, including ~USD40m allocated to the greenfield data center in Nigeria and Kenya.
- **Mobile money IPO:** The company may plan for Mobile money IPO next year.
- **Buyback:** The Board approved a share buyback program of up to USD100m, over a period of up to 12 months. The first tranche commenced on 1<sup>st</sup> Mar'24, with a maximum of USD50m. During Mar'24, the company purchased 7.4m shares for a total consideration of USD9m.
- **Net cash at HoldCo:** The remaining debt at HoldCo is USD550m, falling due in May'24. Cash at HoldCo is around USD680m and the Group is fully geared to repay the HoldCo debt when due, using this cash.



### Valuation continues to remain compelling

Airtel Africa is trading at 3x on FY26E. Further, if we exclude the ~11% stake that was sold in the Mobile Money business to MasterCard and TPG Group at a 12x valuation, the remaining Airtel Africa business is valued at 2.4x on FY26E. Over FY20-24, Airtel Africa has consistently delivered strong EBITDA growth at ~18% CAGR. A strong balance sheet with low leverage and healthy FCF further adds to its strong capabilities. Assuming a 4x multiple, there could be a potential 3% upside for Bharti. Our SOTP-based TP for Bharti stands at INR1640, which includes a value of INR83/share from Airtel Africa at 4x EV/EBTDA for FY26E.

### Highlights from the management commentary

#### ARPU

- ARPU came in at INR209 and was impacted by one day less in the quarter. This implied that INR16 was added to ARPU in FY24, the highest in the industry due to smartphone upgradation, prepaid-to-postpaid upgradation, and driving higher share of wallet through data monetization, as well as deeper penetration in international roaming.
- **Broadband price hike:** Implemented a moderate price hike in the quarter, which was due to broadcasters raising prices. This also contributed towards revenue growth.
- Reiterated about the need of tariff repair which is solely needed across the industry for return ratios to improve.
- *If competition doesn't follow suit, it will hurt BHARTI. Hence, management is waiting for the right time to take steps to increase tariffs.*

#### Capex

- As the overall capex is concerned, as expected, FY24 was at elevated and at peak levels. It is expected to see a clear moderation going into FY25
- Moderation is expected going forward and will be focused on the capex of the wireless segment which accounts for a large part of the capex.
- The company rolled out about 43,100 sites, network sites, and 55,982 kilometers of fiber. NSA saved the company's capex. However, FWA will be completely SA driven.
- Indicated for more work to do in the broadband segment.
- Will roll out over 25,000 sites in the next couple of quarters where the company has lesser market share.

#### Decline in network costs

- FY24 saw optimization of +INR25b of network costs, as network costs per site declined in absolute terms despite the massive mobile expansion of sites, 5G expansion, and increased cost of power.
- This was enabled through the on-ground execution rigor. BHARTI identified 60,000 high-cost sites, looked at the cost structure of every single site, and put together a plan to optimize cost of the site.

#### 5G related

- 70% to 80% of the shipments that are happening on smartphones are now 5G-enabled.



- 5G shipments continue to grow steadily, and continue to gain the fair share, which is reflecting in the growing 5G base (72m 5G customers).
- Airtel 5G Plus is now available across urban areas and select rural areas.

**Digital TV**

- The company's emphasis on tailored market strategies, alongside streamlined pricing models and a convergence strategy has proven instrumental in driving continuous growth in its market share.

**Broadband business**

- The entry-level plans are slightly lower, which reduces the blended ARPU.

**The Homes business**

- There are top 60m homes in the country, which contribute 35% of industry revenue and of these, broadband penetration is only 40m. To capture this opportunity, the strategy continues to be expanding our fiber presence, driving penetration and leverage FWA as a complement to fiber.

**Enterprise business**

- The domestic enterprise business continues to grow strongly at 18%-20%. The problem has been in the global business.
- Data centers is about 10% of the portfolio, that's having a secular growth of 14%-15%, the global business is ~50% of the portfolio is under pressure. Remaining domestic business is still growing strongly.
- Core connectivity is growing at 6-7% at an industry level.

**Non-mobility growth**

- This part of the business, which is about 20% of the portfolio, is a business that can grow much faster given the opportunity in B2B, the growing penetration of home broadband, and digital services.

**FWA**

- The company will deploy SA 5G for Fixed Wireless access services which will be not a wide 5G rollout. They have already rolled out in 25 cities.

**Exhibit 2: Segmental business performance (INR b)**

INR b	Q4FY23	Q3FY24	Q4FY24	YoY%	QoQ%	Q4FY24E	v/s Est (%)
<b>Revenue</b>							
Mobile India	195	216	221	12.9	2.0	222	-0.4
Home	11	13	13	20.0	3.4	13	-0.6
Enterprise	48	52	55	14.1	5.1	53	3.1
Digital TV	7	8	8	5.5	-1.8	8	-4.9
South Asia	1	1	1	19.2	1.7	1	-0.3
Africa	110	103	93	-15.8	-9.7	106	-12.2
Eliminations	-13	-14	-14	11.0	1.5	-14	-0.9
<b>Consolidated Revenue</b>	<b>360</b>	<b>379</b>	<b>376</b>	<b>4.4</b>	<b>-0.8</b>	<b>389</b>	<b>-3.2</b>
<b>EBITDA</b>							
Mobile India	105	119	122	15.6	2.0	122	-0.4
Home	6	6	7	18.8	2.9	7	-1.1
Enterprise	20	21	21	5.8	1.0	21	-1.0
Passive Infrastructure	0	0	0	NM	NM	0	NM
Digital TV	4	4	4	7.6	2.5	4	-0.7
South Asia	0	0	0	92.0	75.5	0	75.9
Others	0	0	0	NM	NM	0	NM
Africa	54	51	43	-20.2	-14.5	52	-16.5
Eliminations	-2	-3	-3	71.1	-3.8	-2	51.8
<b>Consolidated EBITDA</b>	<b>187</b>	<b>198</b>	<b>194</b>	<b>3.6</b>	<b>-2.3</b>	<b>204</b>	<b>-5.1</b>
<b>EBITDA margin (%)</b>							
Mobile India	53.8	55.1	55.1	128bps	1bps	55.1	5bps
Home	50.4	50.2	49.9	-48bps	-28bps	50.2	-28bps
Enterprise	41.1	39.7	38.1	-299bps	-156bps	39.7	-156bps
Passive Infrastructure	-	NM	NM	NM	NM	NM	NM
Digital TV	56.0	54.7	57.1	110bps	240bps	54.7	240bps
Mobile South Asia	-17.1	-16.0	-27.6	-1045bps	-1160bps	-15.6	-1195bps
Africa	49.1	49.1	46.5	-259bps	-260bps	48.9	-239bps
<b>Consolidated EBITDA margin</b>	<b>51.9</b>	<b>52.3</b>	<b>51.5</b>	<b>-42bps</b>	<b>-78bps</b>	<b>52.5</b>	<b>-99bps</b>
Depreciation and amortization	94	101	101	7.1	0.0	105	-4.2
Operating income	93	97	93	0.0	-4.6	99	-6.0
Other income and share of JV/Associate	9	11	11	29.5	0.4	13	-11.3
Net finance cost	52	66	52	0.8	-21.7	55	-4.6
<b>Proforma Profit Before Taxes</b>	<b>50</b>	<b>42</b>	<b>52</b>	<b>4.4</b>	<b>23.5</b>	<b>57</b>	<b>-8.5</b>
Exceptional Items	0	1	25	NM	NM	0	NM
Proforma Tax	8	12	7	-9.9	-42.4	17	-57.3
<b>Effective Tax Rate (%)</b>	<b>15.7</b>	<b>29.1</b>	<b>13.6</b>	<b>NM</b>	<b>-1550.4</b>	<b>29.1</b>	<b>-15.5</b>
<b>Proforma Profit After Tax</b>	<b>42</b>	<b>29</b>	<b>21</b>	<b>-51.1</b>	<b>-28.1</b>	<b>41</b>	<b>-49.0</b>
Proforma Minority Interest	12	4	0	-100.3	-100.8	19	-100.2
<b>Net Profit post Minority</b>	<b>30</b>	<b>24</b>	<b>21</b>	<b>-31.1</b>	<b>-15.2</b>	<b>22</b>	<b>-5.8</b>
<b>Adj. Net Profit post Minority</b>	<b>26</b>	<b>25</b>	<b>30</b>	<b>13.9</b>	<b>18.5</b>	<b>22</b>	<b>34.2</b>



**Exhibit 3: India Mobile's operating matrix**

India - Wireless KPIs	Q4FY23	Q3FY24	Q4FY24	YoY%	QoQ%	Q4FY24E	v/s Est (%)
Wireless traffic (b min)	1124	1161	1210	7.6	4.2	1185	2.0
Total subscribers (m)	335	346	352	5.0	1.9	348.7	1.0
Data subscribers (m)	233	253	261	12.1	3.0	273.4	-4.6
4G subscribers	224.1	244.9	252.7	12.8	3.2		
ARPU (INR)	193	208	209	8.3	0.5	211	-1.0
MOU (min)	1122	1127	1158	3.2	2.8	1138	1.7
Data Traffic (b MB)	14,248	16,770	16,146	13.3	-3.7	18,385	-12.2
Data usage/sub (MB)	20,762	22,481	23,142	11.5	2.9	23,276	-0.6
Monthly churn (%)	2.8	2.9	2.4	-40bps	-50bps	2.9	-50bps

Source: MOFSL, Company

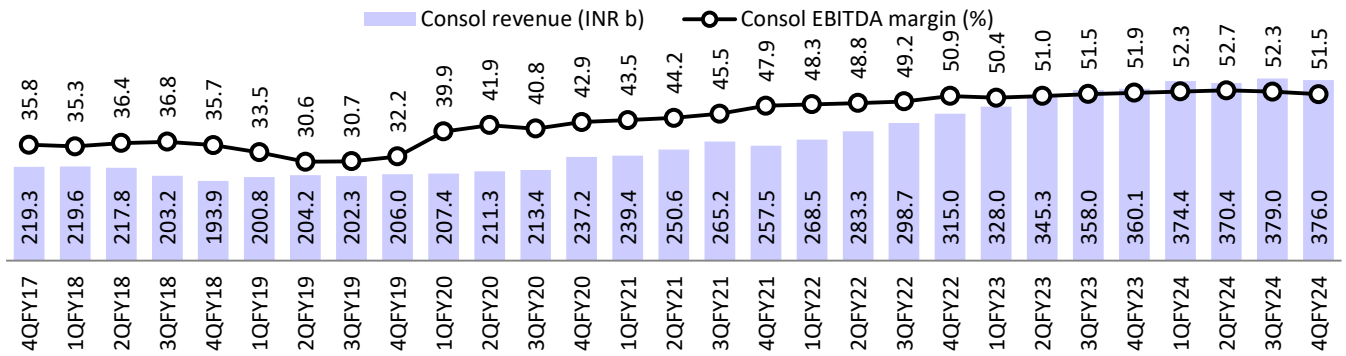
**Exhibit 4: Revisions to our estimates**

Bharti Airtel: summary of estimate change	FY25E	FY26E
<b>Revenue consolidated (INRb)</b>		
Old	1654	1820
New	1673	1888
Change (%)	1.2	3.7
<b>EBITDA consolidated (INRb)</b>		
Old	880	986
New	908	1060
Change (%)	3.2	7.5
<b>EBITDA margin consolidated (%)</b>		
Old	53.2	54.1
New	54.3	56.1
Change (bp)	107	198
<b>India Mobile Revenue (INRb)</b>		
Old	946	1048
New	1019	1172
Change (%)	7.7	11.8
<b>India Mobile EBITDA (INRb)</b>		
Old	529	604
New	596	718
Change (%)	13	19
<b>India Mobile EBITDA margin (%)</b>		
Old	55.9	57.6
New	58.5	61.3
Change (bp)	259	364
<b>Africa Mobile Revenue (INRb)</b>		
Old	449	489
New	395	435
Change (%)	-12.0	-11.1
<b>Africa Mobile EBITDA (INRb)</b>		
Old	223	241
New	191	210
Change (%)	-14.2	-13.0
<b>Africa EBITDA margin (%)</b>		
Old	49.6	49.3
New	48.3	48.3
Change (bp)	-1.3	-1.0
<b>Net Income consolidated (INRb)</b>		
Old	182	227
New	213	304
Change (%)	17	34

Source: Company, MOFSL

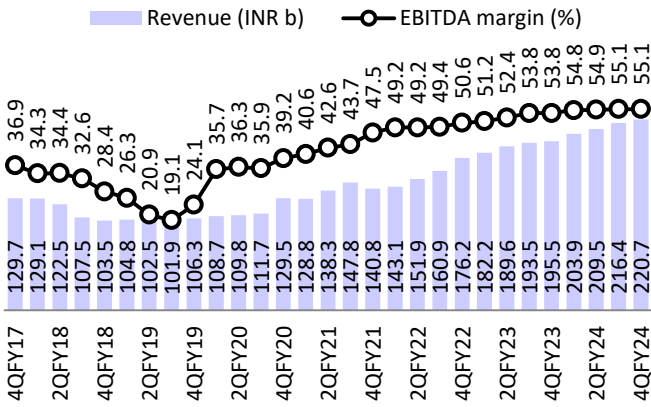
## Story in charts

**Exhibit 5: Consolidated revenue/EBITDA down 0.8%/2.3% QoQ; margin contracted 78bp**

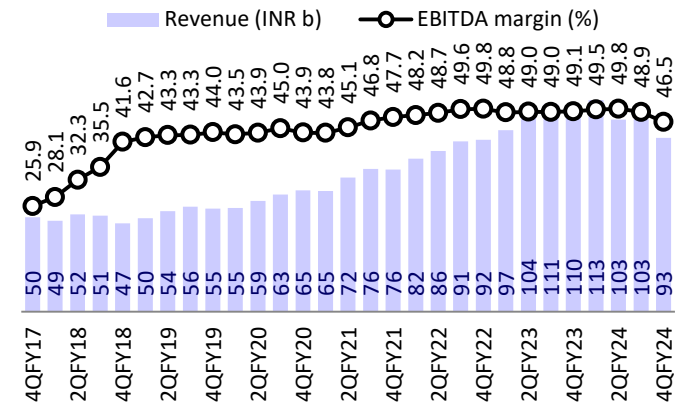


Source: MOFSL, Company

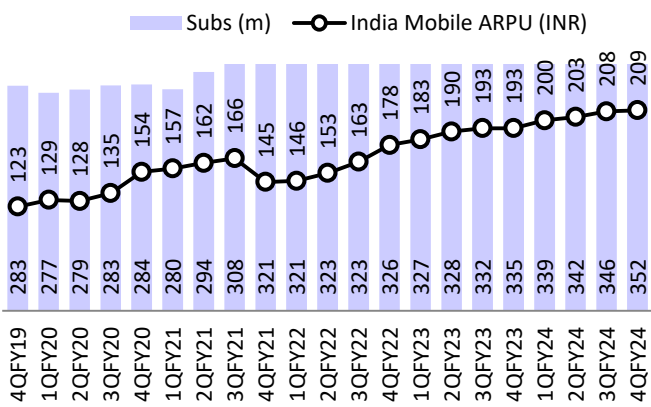
**Exhibit 6: India Mobile's revenue up 2% QoQ, led by subs growth**



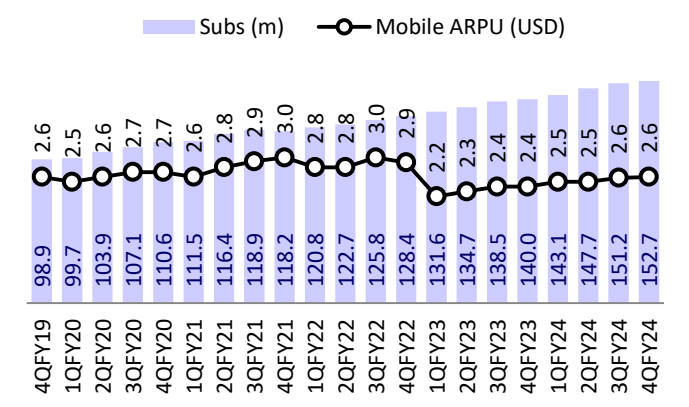
**Exhibit 7: Africa revenue declined 10% QoQ due to naira devaluation**

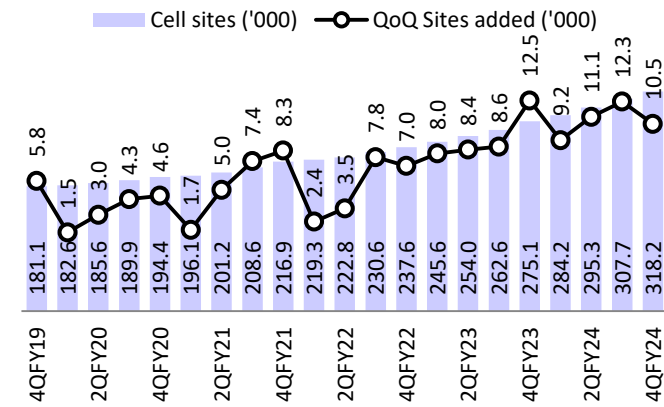


**Exhibit 8: India Mobile's subs/ARPU up 2%/0.5% QoQ**

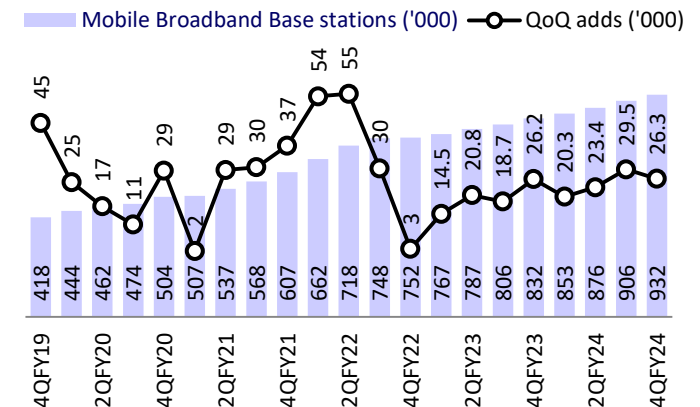


**Exhibit 9: Africa's ARPU/subs up 1%/1% QoQ**

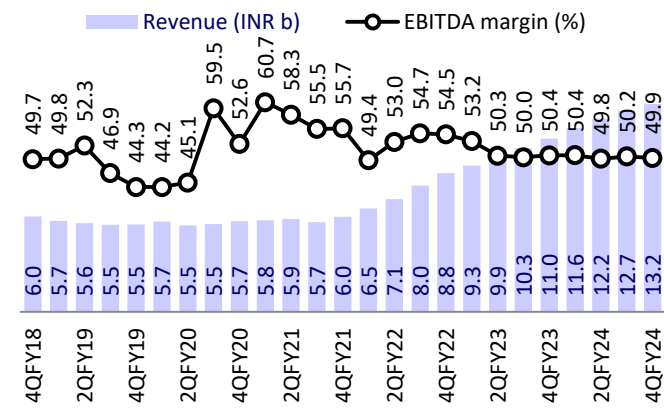


**Exhibit 10: India Mobile's total cell site base and quarterly additions**

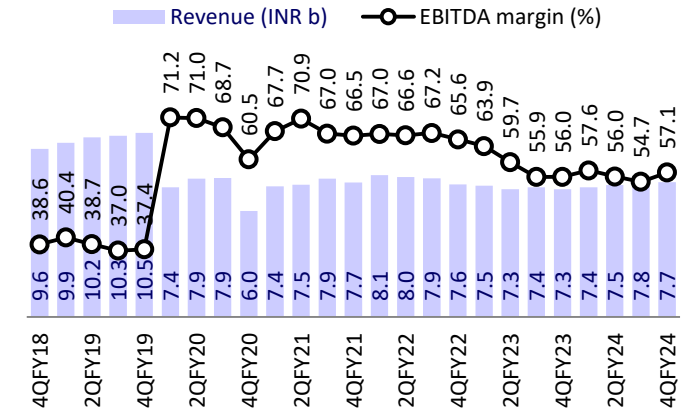
Source: Company, MOFSL

**Exhibit 11: India Mobile's broadband base stations and quarterly additions**

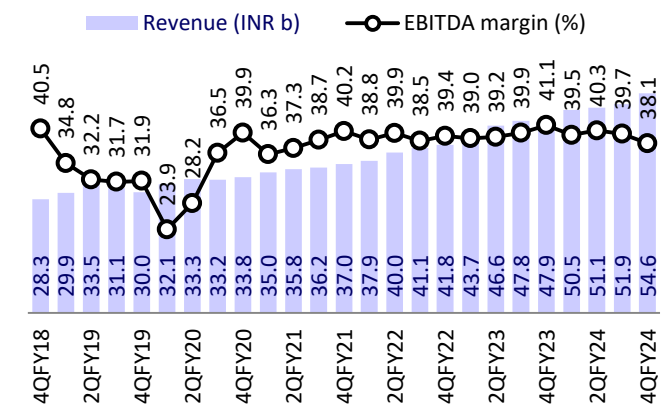
Source: Company, MOFSL

**Exhibit 12: Revenue from Telemedia business up 3% QoQ**

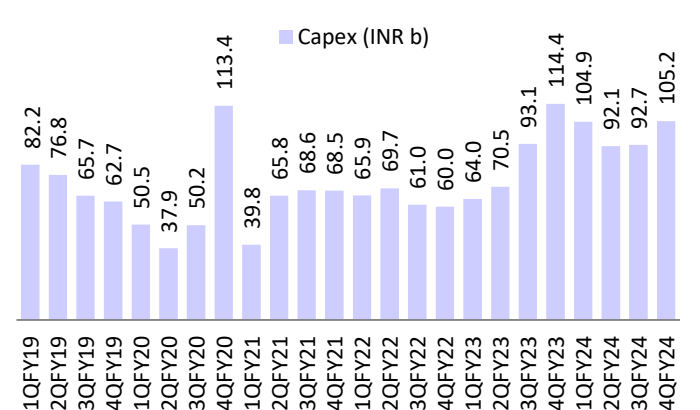
Source: Company, MOFSL

**Exhibit 13: Revenue from Digital TV business down 2% QoQ**

Source: Company, MOFSL

**Exhibit 14: Revenue from Enterprise business up 5% QoQ**

Source: Company, MOFSL

**Exhibit 15: Elevated capex (INRb)**

Source: Company, MOFSL

**Exhibit 16: Business mix**

<b>Revenue (INR b)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>
Mobile	416	460	556	632	761	850	1019	1172
Telemedia	22	22	23	30	40	50	57	66
Enterprise	125	132	144	161	186	208	230	249
Others (incl South Asia)	47	34	35	36	32	34	37	40
Africa	215	242	289	351	423	412	395	435
Total revenue	892	947	1074	1210	1442	1554	1737	1961
Eliminations and others	84	72	50	44	51	55	64	73
<b>Consolidated revenue</b>	<b>808</b>	<b>875</b>	<b>1024</b>	<b>1165</b>	<b>1391</b>	<b>1500</b>	<b>1673</b>	<b>1888</b>
<b>YoY%</b>	<b>-2</b>	<b>8</b>	<b>17</b>	<b>14</b>	<b>19</b>	<b>8</b>	<b>12</b>	<b>13</b>
<b>EBITDA (INR b)</b>								
Mobile	94	170	243	314	402	468	596	718
Telemedia	11	11	13	16	21	25	29	33
Enterprise	41	43	55	63	74	82	88	95
Others (incl South Asia)	13	20	21	20	17	17	18	19
Africa	93	107	133	172	207	201	191	210
Total EBITDA	285	388	483	585	720	792	921	1075
Eliminations and others	-26	-28	-24	-10	-8	-9	-13	-15
<b>Consolidated EBITDA</b>	<b>258</b>	<b>360</b>	<b>459</b>	<b>575</b>	<b>713</b>	<b>783</b>	<b>908</b>	<b>1060</b>
<b>YoY%</b>	<b>-14</b>	<b>40</b>	<b>27</b>	<b>25</b>	<b>24</b>	<b>10</b>	<b>16</b>	<b>17</b>
<b>Consolidated EBITDA margin (%)</b>	<b>31.9</b>	<b>41.4</b>	<b>45.1</b>	<b>49.4</b>	<b>51.2</b>	<b>52.2</b>	<b>54.3</b>	<b>56.1</b>
<b>Capex (INR b)</b>								
<b>Consolidated capex</b>	<b>305</b>	<b>221</b>	<b>334</b>	<b>424</b>	<b>388</b>	<b>521</b>	<b>437</b>	<b>394</b>
<b>YoY%</b>	<b>14</b>	<b>-28</b>	<b>51</b>	<b>27</b>	<b>-8</b>	<b>34</b>	<b>-16</b>	<b>-10</b>
<b>Capex/Sales (%)</b>	<b>38</b>	<b>25</b>	<b>33</b>	<b>36</b>	<b>28</b>	<b>35</b>	<b>26</b>	<b>21</b>

Source: Company, MOFSL

## Financials and valuations

Consolidated - Income Statement							(INR b)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Total Income from Operations</b>	<b>869</b>	<b>1,006</b>	<b>1,165</b>	<b>1,391</b>	<b>1,500</b>	<b>1,673</b>	<b>1,888</b>
Change (%)	7.6	15.7	15.8	19.4	7.8	11.6	12.8
<b>Total Expenditure</b>	<b>509</b>	<b>552</b>	<b>590</b>	<b>679</b>	<b>717</b>	<b>765</b>	<b>829</b>
% of Sales	58.6	54.9	50.6	48.8	47.8	45.7	43.9
<b>EBITDA</b>	<b>360</b>	<b>454</b>	<b>575</b>	<b>713</b>	<b>783</b>	<b>908</b>	<b>1,060</b>
Margin (%)	41.4	45.1	49.4	51.2	52.2	54.3	56.1
Depreciation	276	294	331	364	395	434	469
<b>EBIT</b>	<b>85</b>	<b>160</b>	<b>244</b>	<b>348</b>	<b>388</b>	<b>474</b>	<b>591</b>
Int. and Finance Charges	135	151	166	193	226	200	195
Other Income	16	6	30	17	41	51	69
<b>PBT bef. EO Exp.</b>	<b>-34</b>	<b>14</b>	<b>108</b>	<b>172</b>	<b>203</b>	<b>326</b>	<b>465</b>
EO Items	-402	-159	17	-7	-76	0	0
<b>PBT after EO Exp.</b>	<b>-437</b>	<b>-145</b>	<b>125</b>	<b>166</b>	<b>127</b>	<b>326</b>	<b>465</b>
Total Tax	-123	89	42	43	41	81	116
Tax Rate (%)	28.2	-61.7	33.5	25.8	32.5	25.0	25.0
Profit from discontinued operations	7.1	110.6	0.0	0.0	0.0	0.0	0.0
Minority Interest	15	27	41	39	11	31	44
<b>Reported PAT</b>	<b>-322</b>	<b>-151</b>	<b>43</b>	<b>83</b>	<b>75</b>	<b>213</b>	<b>304</b>
<b>Adjusted PAT</b>	<b>-41</b>	<b>-7</b>	<b>35</b>	<b>82</b>	<b>113</b>	<b>213</b>	<b>304</b>
Change (%)	16.6	-82.3	-590.2	131.2	38.6	88.6	42.7
Margin (%)	-4.7	-0.7	3.0	5.9	7.5	12.7	16.1

Consolidated - Balance Sheet							(INR b)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	27	27	28	28	29	29	29
Total Reserves	744	562	638	747	791	1,213	1,517
<b>Net Worth</b>	<b>771</b>	<b>590</b>	<b>666</b>	<b>776</b>	<b>820</b>	<b>1,242</b>	<b>1,546</b>
Minority Interest	250	223	254	289	235	266	311
Total Loans	1,176	1,628	1,697	2,260	2,156	2,054	1,949
Lease liabilities	306	0	0	0	0	0	0
Deferred Tax Liabilities	-263	-222	-217	-205	-201	-201	-201
<b>Capital Employed</b>	<b>2,241</b>	<b>2,218</b>	<b>2,399</b>	<b>3,119</b>	<b>3,010</b>	<b>3,361</b>	<b>3,605</b>
<b>Net Fixed Assets</b>	<b>1,690</b>	<b>2,292</b>	<b>2,500</b>	<b>3,268</b>	<b>3,202</b>	<b>3,205</b>	<b>3,130</b>
Goodwill on Consolidation	346	0	0	0	0	0	0
Capital WIP	40	0	0	0	0	0	0
<b>Right of use assets</b>	<b>259</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Investments</b>	<b>278</b>	<b>329</b>	<b>367</b>	<b>392</b>	<b>410</b>	<b>410</b>	<b>410</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>724</b>	<b>617</b>	<b>552</b>	<b>596</b>	<b>626</b>	<b>1,011</b>	<b>1,410</b>
Inventory	2	0	0	3	4	4	5
Account Receivables	46	36	41	40	49	50	62
Cash and Bank Balance	136	81	61	72	69	436	808
Loans and Advances	541	500	450	482	505	520	535
<b>Curr. Liability &amp; Prov.</b>	<b>1,097</b>	<b>1,020</b>	<b>1,020</b>	<b>1,137</b>	<b>1,228</b>	<b>1,265</b>	<b>1,345</b>
Account Payables	621	1,020	1,020	849	911	948	1,027
Provisions	476	0	0	288	317	317	317
<b>Net Current Assets</b>	<b>-373</b>	<b>-403</b>	<b>-468</b>	<b>-541</b>	<b>-602</b>	<b>-254</b>	<b>65</b>
<b>Appl. of Funds</b>	<b>2,241</b>	<b>2,218</b>	<b>2,399</b>	<b>3,119</b>	<b>3,010</b>	<b>3,361</b>	<b>3,605</b>

## Financials and valuations

<b>Ratios</b>							
<b>Y/E March</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>
<b>Basic (INR)</b>							
<b>EPS</b>	<b>-7.5</b>	<b>-1.3</b>	<b>6.3</b>	<b>14.6</b>	<b>20.2</b>	<b>38.1</b>	<b>54.4</b>
Cash EPS	43.1	52.2	65.5	79.8	91.0	115.8	138.3
BV/Share	141.4	107.3	119.1	138.8	146.7	222.1	276.6
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Valuation (x)</b>							
P/E	-176.2	-1,004.3	208.5	90.2	65.1	34.5	24.2
Cash P/E	30.6	25.2	20.1	16.5	14.5	11.4	9.5
P/BV	9.3	12.3	11.1	9.5	9.0	5.9	4.8
EV/Sales	9.8	8.7	7.7	6.9	6.3	5.4	4.5
EV/EBITDA	23.7	19.3	15.6	13.4	12.1	9.9	8.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Return Ratios (%)</b>							
RoE	-5.5	-1.1	5.6	11.3	14.2	20.7	21.8
RoCE	3.7	12.8	8.0	10.0	9.6	12.6	14.6
RoIC	3.5	14.4	8.6	11.2	10.1	14.1	18.1
<b>Working Capital Ratios</b>							
Fixed Asset Turnover (x)	0.5	0.4	0.5	0.4	0.5	0.5	0.6
Asset Turnover (x)	0.4	0.5	0.5	0.4	0.5	0.5	0.5
Inventory (Days)	1	0	0	1	1	1	1
Debtor (Days)	19	13	13	10	12	11	12
Creditor (Days)	261	370	320	223	222	207	199
<b>Leverage Ratio (x)</b>							
Current Ratio	0.7	0.6	0.5	0.5	0.5	0.8	1.0
Interest Cover Ratio	0.6	1.1	1.5	1.8	1.7	2.4	3.0
Net Debt/Equity	1.5	2.5	2.3	2.7	2.4	1.2	0.7

### Consolidated - Cash Flow Statement

(INR b)

<b>Y/E March</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>
OP/(Loss) before Tax	-428	-31	125	166	127	326	465
Depreciation	277	297	331	364	395	434	469
Interest & Finance Charges	137	149	165	188	219	200	195
Direct Taxes Paid	-23	-22	-22	-38	-29	-81	-116
(Inc)/Dec in WC	-166	30	-14	-31	24	19	53
<b>CF from Operations</b>	<b>-203</b>	<b>423</b>	<b>585</b>	<b>649</b>	<b>737</b>	<b>898</b>	<b>1,065</b>
Others	384	59	-35	4	52	0	0
<b>CF from Operating incl EO</b>	<b>181</b>	<b>482</b>	<b>550</b>	<b>653</b>	<b>789</b>	<b>898</b>	<b>1,065</b>
(Inc)/Dec in FA	-221	-334	-424	-388	-521	-437	-394
<b>Free Cash Flow</b>	<b>-40</b>	<b>148</b>	<b>127</b>	<b>265</b>	<b>268</b>	<b>460</b>	<b>672</b>
(Pur)/Sale of Investments	-88	38	-5	-20	12	0	0
Others	5	27	10	16	0	0	0
<b>CF from Investments</b>	<b>-305</b>	<b>-269</b>	<b>-419</b>	<b>-392</b>	<b>-509</b>	<b>-437</b>	<b>-394</b>
Issue of Shares	462	7	10	-5	0	208	0
Inc/(Dec) in Debt	-180	-118	-19	-113	-18	-102	-105
Interest Paid	-110	-71	132	-67	-140	-200	-195
Dividend Paid	-18	-27	-14	-36	-44	0	0
Others	37	-40	-257	-24	-76	0	0
<b>CF from Fin. Activity</b>	<b>191</b>	<b>-249</b>	<b>-148</b>	<b>-245</b>	<b>-278</b>	<b>-93</b>	<b>-300</b>
<b>Inc/Dec of Cash</b>	<b>68</b>	<b>-36</b>	<b>-17</b>	<b>16</b>	<b>2</b>	<b>367</b>	<b>372</b>
Opening Balance	54	131	91	74	90	91	457
<b>Closing Balance</b>	<b>131</b>	<b>91</b>	<b>74</b>	<b>90</b>	<b>93</b>	<b>457</b>	<b>829</b>
<b>Less :- Bank overdraft</b>	<b>-5</b>	<b>10</b>	<b>13</b>	<b>18</b>	<b>21</b>	<b>21</b>	<b>21</b>
<b>Net Closing Balance</b>	<b>136</b>	<b>81</b>	<b>61</b>	<b>72</b>	<b>71</b>	<b>436</b>	<b>808</b>

E: MOFSL Estimates

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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 be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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