

Bharti Airtel | BUY



Premiumisation at play; tariff hike & capex moderation to boost FCF

Bharti's 4QFY24 consolidated EBITDA at INR 197bn (down 2.8% QoQ but up 3.7% YoY) was 4% lower than JMFe/consensus, primarily due to impact of Nigerian Naira currency devaluation on the Africa business. However, India wireless EBITDA was largely in-line with JMFe at INR 122bn (+2% QoQ and +15.6% YoY) as higher net subscriber (subs) adds (at 6.7mn) and 4G/5G subs adds (at 7.8mn) were offset by lower APRU at INR 209. EBITDA margin remained stable QoQ at 55.1%. Traction in FTTH business remained strong; however, enterprise business growth continues to be subdued due to slowdown in the global business. Consolidated capex was INR 12bn higher QoQ at INR 105bn with India capex INR 7bn higher QoQ at INR85bn; management re-iterated FY24 was peak capex and will moderate from FY25. Further, board approved final dividend of INR 8/share (or 61% payout), though will frame dividend policy once some deleveraging is done. We maintain BUY on Bharti (revised TP of INR 1,450) as we believe India wireless business tariff hikes are likely to be more frequent, going forward, given the consolidated industry structure and higher ARPU requirement for Jio also to justify significant 5G capex. ARPU growth aided by likely moderation in capex will drive Bharti's FCF from FY25, enabling it to get to net cash by FY29; this will also aid in accretion in equity value.

- Consolidated EBITDA lower than JMFe/consensus due to impact of currency devaluation on Airtel Africa:** Bharti's 4QFY24 consolidated revenue at INR 379bn (down 1.1% QoQ but up 4.5% YoY), was 1.9% lower than JMFe/consensus of INR 386bn, primarily due to impact of Nigerian Naira currency devaluation on the Africa business. Hence, consolidated EBITDA at INR 197bn (down 2.8% QoQ but up 3.7% YoY) was 4% lower than JMFe/consensus of INR 205bn. Network cost (at INR 76bn, +0.1% QoQ and +2.7% YoY) was slightly lower than JMFe while Licence fee/SUC cost (at INR 31.1bn, +3% QoQ and +10% YoY) was in-line. Further, SG&A cost was also slightly lower at INR 20.7bn vs. JMFe of INR 20.9bn though other costs were higher at INR 54.6bn (+0.6% QoQ, +7.1% YoY) vs. JMFe of INR 53.0bn.
- India wireless EBITDA in-line with JMFe as higher net subs adds (at 6.7mn) and 4G/5G subs adds (at 7.8mn) offset by lower APRU at INR 209:** India wireless revenue was 0.5% lower than JMFe at INR 221bn (+2% QoQ and +12.9% YoY). India wireless EBITDA was largely in-line with JMFe at INR 122bn (+2% QoQ and +15.6% YoY). India wireless EBITDA margin remained stable QoQ at 55.1% in 4QFY24. India wireless business net subscribers rose sharply by 6.7mn to 352mn (vs. JMFe of ~3.5mn net additions) with reported churn lower QoQ at 2.4% in 4QFY24 (vs. 2.9% in 3QFY24) - management attributed the decline in churn to its focus on improving customer experience. Further, 4G/5G net additions were also slightly stronger than expected at 7.8mn in 4QFY24 v JMFe of ~7.2mn addition (vs. 7.4mn addition in 3QFY24); 4G/5G subscribers constitute 72% of total subscribers. Post-paid subscriber net addition (excluding IoT) continued to be strong at 0.8mn in 4QFY24 (vs. 0.9mn in 3QFY24). Further, usage metrics was up 2.7% QoQ at 22.6GB/user/month in 4QFY24. However, India wireless ARPU increased only by INR 1 QoQ to INR 209 (vs. INR 208 in

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,480
Upside/(Downside)	13.0%
Previous Price Target	1,350
Change	9.6%

Key Data – BHARTI IN

Current Market Price	INR1,310
Market cap (bn)	INR7,800.2/US\$93.4
Free Float	40%
Shares in issue (mn)	5,738.5
Diluted share (mn)	5,738.5
3-mon avg daily val (mn)	INR8,654.4/US\$103.6
52-week range	1,364/784
Sensex/Nifty	72,987/22,201
INR/US\$	83.5

Price Performance

%	1M	6M	12M
Absolute	7.0	37.9	64.3
Relative*	6.9	24.7	39.5

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Financial Summary					(INR mn)	
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	FY27E
Net Sales	14,00,814	15,14,178	17,62,044	19,80,706	22,16,795	
Sales Growth (%)	19.6	8.1	16.4	12.4	11.9	
EBITDA	7,22,101	7,97,272	9,25,008	10,36,898	11,65,057	
EBITDA Margin (%)	51.5	52.7	52.5	52.3	52.6	
Adjusted Net Profit	87,109	1,22,203	2,13,923	2,84,494	3,80,752	
Diluted EPS (INR)	15.4	21.3	37.3	49.6	66.4	
Diluted EPS Growth (%)	138.7	38.6	75.1	33.0	33.8	
ROIC (%)	9.2	9.6	12.0	15.0	18.4	
ROE (%)	12.1	15.3	23.2	24.6	25.9	
P/E (x)	85.3	61.5	35.1	26.4	19.7	
P/B (x)	9.6	9.2	7.3	5.8	4.6	
EV/EBITDA (x)	13.8	12.3	10.3	8.9	7.5	
Dividend Yield (%)	0.0	0.6	0.1	0.2	0.3	

Source: Company data, JM Financial. Note: Valuations as of 15/May/2024

3QFY24); lower than JMFe of INR 211. This compares to [Jio's ARPU](#) (including FTTH) being flat QoQ at INR 181.7 in 4QFY24 and Bharti Hexacom's ARPU rising by INR 4 QoQ to INR 204 in 4QFY24 (aided by low base). Bharti's management reiterated that even at current ARPU, RoCE continues to be low at 9.5% and, hence, tariff hike is extremely critical to repair industries health.

- **FTTH business growth robust; enterprise business growth continues to be subdued due to slowdown in the global business:** FTTH business EBITDA increased to INR 6.6bn in 4QFY24 (+2.9% QoQ and +18.8% YoY) with addition of 330k subscribers during the quarter, with the service being now live in 1,290 cities (vs. 1,267 cities at the end of 3QFY24); however, ARPU was down 1.0% QoQ at INR 577. Enterprise business revenue rose by 5.1% QoQ and up 14.1% YoY to INR 54.6bn and EBITDA was up 1% QoQ and up 5.8% YoY to INR 20.8bn due to consolidation of Beetel Teletech Limited (acquired during 4QFY24). However, without such acquisition, enterprise business revenue would have grown only by 0.6%/9.2% QoQ/YoY to INR 52bn and EBITDA by only 0.8%/5.6% QoQ/YoY to INR 20.8bn due to slowdown in global business on account of decline in demand for bandwidth, CPaaS and related services, especially from global OTT players.
- **Consolidated capex up INR 12bn QoQ at INR 105bn in 4QFY24 with India capex up INR 7bn QoQ at INR85bn; net debt declined by INR 14bn:** Consolidated capex rose INR12bn QoQ to INR 105bn in 4QFY24 (of which India business capex rose to INR 85bn), higher than 3QFY24 capex of INR 93bn (of which India business capex was INR 78bn). FY24 consolidated capex was INR 395bn (of which India business capex was INR 334bn), higher than FY23 capex of INR 342bn (of which INR 282bn was for India business) and FY22 capex of INR 257bn (of which INR 204bn was for India business). Management re-iterated FY24 was peak capex and will moderate from FY25. Net debt, excluding lease liabilities, declined INR 14bn QoQ to INR 1,410bn at end 4QFY24. Net debt-EBITDA, excluding lease liabilities, was 1.79x at end 4QFY24.
- **High conviction on our BUY rating on Bharti with 1-year TP of INR 1,450 and 3-year TP of INR 1,970 (implying 14% IRR):** We have marginally tweaked FY25-26 consolidated EBITDA factoring in FY24 financials, with currency devaluation impact on Airtel Africa financials offsetting higher subscriber additions. However, our 1 year DCF TP has been raised to INR 1,480 (from INR 1,350) due to roll forward of our valuations to Sep'25 (implying 10.6x Sep'26 EV/EBITDA for India wireless business). Further, given the attractive long growth runway, we see Bharti delivering a 3-year IRR of 14% based on our 3-year TP of INR 1,970 (**Exhibit 9**), implying 8.9x FY28 EV/EBITDA and 22.9 FY28 PE. As detailed in our Dec'23 note ([Biggest beneficiary of structural ARPU growth story](#)), we reiterate the high conviction we have on our BUY rating as we believe India wireless business tariff hikes are likely to be more frequent, going forward, given the consolidated industry structure and higher ARPU requirement for Jio also to justify significant 5G capex. Bharti is the biggest beneficiary of higher tariffs given the sticky and premium quality of its subs. ARPU growth aided by likely moderation in capex will drive Bharti's FCF growth from FY25, enabling it to get to net cash by FY29 (vs. net debt excluding lease liability of INR 1,410bn at end-FY24); this will also aid in accretion in equity value.

4QFY24 concall takeaways

Management reiterated that FY24 witnessed the peak capex for India business (at INR 334bn) and will moderate from FY25 onwards (but didn't quantify the same); during the 3QFY24 concall, it had said long term capex to sales ratio should stabilise in the range of 15-20% (in-line with its global peers) but will also depend on quantum of tariff hikes as well.

Management added that Bharti plans to roll-out 30k towers in FY25 to take it to ~350k towers by end FY25 (vs. 43k towers added in FY24; of which 33k sites added in rural areas in last 6 quarters to plug the gaps) which will lead to rural roll-out saturation. Also said that moderation in capex would be driven by decline in wireless radio capex given the aggressive spends in last few years; while capex will continue to be robust for transport and core infra given the likely growth in data usage, and also in other businesses (home broadband, Enterprise, data centre).

Management re-iterated that it hasn't framed any dividend policy yet but will frame the same only after the deleveraging is done to a comfortable level.

On pending rights issue proceeds, management said their understanding is that the 3 year timeline for calling pending rights issue proceeds is more of guidance, but will come up with final plans in next 3-4 months.

Management re-iterated need for tariff hike to make industry viable as current tariff in India is very low with RoCE for Bharti's India business being only at 9.5% for a business that needs huge capex; however said tariff hike is not fully in their hands (as will depend upon how competition responds) but tariff hike is more of a question of 'when' rather than 'if'. Also added that even if we get to its medium term ARPU target of INR 300, it will still be lowest globally. On Unlimited plans, re-iterated this is like a one size fit all plan and need to be corrected as this has led to customers who can pay more also paying less – but can't correct on its own and expect sanity to prevail soon.

Management expects any sharp tariff hike to lead to some SIM consolidation – but the impact of SIM consolidation is modest as digital and smartphone has become an essential part of customer life.

Re-iterated that Bharti's non-standalone (NSA) architecture has saved significant capex and opex and has provided better experience and better coverage. However, said has started switching to SA mode for rolling out FWA, which as of now has been rolled out in 25 cities. Also added that FWA roll-out is taking time to scale up supply of CPE from global market is gradually picking up; FWA will always complement Fibre and will focus on fibre where it's available and on FWA where fibre is not available.

Bharti has around 72mn 5G subs at end Mar'24 and has been adding 2-2.5mn 5G subscribers per month (vs. 65mn during 3QFY24 concall and 55mn during 2QFY24 concall) vs. +108mn for Jio at end FY24. Also added that 5G users are currently using 2x the data used by 4G users; if promotional 5G scheme is discontinued, then it might lead to some moderation in data usage but still it is expected to be significantly higher than 4G users. Expect monetisation of 5G capex mostly via overall tariff hike only with limited 5G use cases currently except for FWA and Enterprise offerings.

Re-iterated that moderation in Enterprise segment revenue is due to slowdown in global business on account of decline in demand for bandwidth, CPaaS and other related services especially from global OTT players. However, domestic business growth continues to be strong at 18-20% driven by connectivity, CPAAS, IOT, Cloud & analytics

On Vodafone-Idea fund raise, said Bharti has always believed that it's good for India to have been 3 player market.

Highlighted INR 25bn cost saving by optimising 60,000 high cost network site under its war on waste program.

4QFY24 result review

Exhibit 1. Bharti Airtel quarterly snapshot

Consolidated, INR mn	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	QoQ (%)	YoY (%)
Revenue	3,29,968	3,47,287	3,60,620	3,62,939	3,77,883	3,73,742	3,83,393	3,79,160	-1.1%	4.5%
Operating costs	1,62,752	1,69,330	1,73,512	1,73,119	1,78,415	1,75,301	1,80,847	1,82,343	0.8%	5.3%
-Netw ork costs	66,828	71,303	73,284	74,018	74,036	74,240	75,926	75,986	0.1%	2.7%
-License fees, SUC and other revenue share	31,306	29,511	28,421	28,279	29,403	29,643	30,205	31,107	3.0%	10.0%
-SG&A costs	15,669	17,823	19,118	19,844	20,596	19,590	20,473	20,667	0.9%	4.1%
-Other costs	48,949	50,693	52,689	50,978	54,380	51,828	54,243	54,583	0.6%	7.1%
EBITDA	1,67,216	1,77,957	1,87,108	1,89,820	1,99,468	1,98,441	2,02,546	1,96,817	-2.8%	3.7%
Depreciation & Amortization	87,814	89,468	92,977	94,059	96,538	97,343	1,00,743	1,00,752	0.0%	7.1%
EBIT	79,402	88,489	94,131	95,761	1,02,930	1,01,098	1,01,803	96,065	-5.6%	0.3%
Associates	1,628	3,567	-3,684	6,010	5,899	5,860	7,032	8,303		
Net interest cost	45,109	49,403	46,856	51,631	56,137	51,858	66,449	52,033		
Reported PBT	35,921	42,653	36,893	50,140	18,529	39,397	41,084	27,780		
Tax	-12,836	-14,523	-14,149	-16,050	-14,460	-16,756	-12,412	-15,325		
Reported PAT	16,069	21,452	15,882	30,056	16,125	13,407	24,422	20,716		
Reported EPS	2.88	3.80	2.81	5.30	2.84	2.36	4.27	3.61		
Tax/PBT (%)	-36%	-34%	-38%	-32%	-78%	-43%	-30%	-55%		
EBITDA margin (%)	50.7%	51.2%	51.9%	52.3%	52.8%	53.1%	52.8%	51.9%		

Source: Company, JM Financial.

Exhibit 2. Bharti Airtel segmental snapshot

	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	QoQ (%)	YoY (%)
India wireless										
Revenue (INR mn)	1,81,404	1,88,823	1,93,527	1,95,493	2,03,924	2,09,521	2,16,386	2,20,657	2.0%	12.9%
Post IND AS EBITDA (INR mn)	92,667	98,736	1,04,121	1,05,227	1,11,665	1,15,039	1,19,240	1,21,607	2.0%	15.6%
Post IND AS EBITDA margin (%)	51.1	52.3	53.8	53.8	54.8	54.9	55.1	55.1	1bps	128bps
EoP Subscribers (mn)	327	328	332	335	339	342	346	352	1.9%	5.0%
Net subscriber addition (mn)	1.3	0.5	4.4	3.2	3.2	3.7	3.3	6.7		
EoP Post-paid subscribers (excluding IoT) (mn)	18.1	18.3	19.0	19.7	20.5	21.5	22.3	23.1	3.4%	17.5%
Net post-paid subscriber (excluding IoT) addition (mn)	0.2	0.3	0.7	0.7	0.8	1.0	0.9	0.8		
Postpaid subscribers (excluding IoT) as % of total subs	5.5%	5.6%	5.7%	5.9%	6.1%	6.3%	6.5%	6.6%		
EoP 4G/5G subscribers (mn)	205	210	217	224	230	237	245	253	3.2%	12.8%
Net 4G/5G subscriber addition (mn)	4.5	5.0	6.4	7.4	5.6	7.7	7.4	7.8		
4G/5G subs as % of total subs	63%	64%	65%	67%	68%	69%	71%	72%		
EoP Total Data subscribers (mn)	213	219	225	233	238	246	253	261		
Net Data subscriber addition (mn)	4.8	5.8	6.2	7.4	5.5	7.7	7.3	7.7		
Data subs as % of total subs	65%	67%	68%	69%	70%	72%	73%	74%		
AMDU (GB/month)	19.5	20.3	20.3	20.3	21.1	21.7	22.0	22.6	2.7%	11.5%
ARPU (INR/month)	183	190	193	193	200	203	208	209	0.5%	8.3%
Total subscriber Churn	3.0%	3.3%	3.0%	2.8%	2.8%	2.9%	2.9%	2.4%		
Mobile service population coverage	95.7%	95.7%	95.8%	95.9%	96.0%	96.0%	96.1%	96.1%		
Netw ork towers (#)	2,45,626	2,53,998	2,62,619	2,75,069	2,84,221	2,95,318	3,07,663	3,18,171	3.4%	15.7%
Total Mobile Broadband Base stations (#)	7,66,673	7,87,498	8,06,197	8,32,369	8,52,650	8,76,096	9,05,556	9,31,854	2.9%	12.0%
Optic Fibre Netw ork (R km)	3,61,538	3,67,976	3,76,978	3,88,726	4,03,708	4,15,903	4,30,412	4,44,708	3.3%	14.4%
Home Services (Broadband)										
Revenue (INR mn)	9,265	9,899	10,343	10,966	11,621	12,207	12,718	13,155	3.4%	20.0%
EBITDA (INR mn)	4,878	4,918	5,173	5,526	5,860	6,073	6,384	6,566	2.9%	18.8%
EBITDA margin (%)	52.6	49.7	50.0	50.4	50.4	49.8	50.2	49.9	-28bps	-48bps
Subscribers (mn)	4.79	5.21	5.64	6.05	6.46	6.93	7.29	7.62	4.5%	26.1%
ARPU (INR/month)	652	646	624	614	608	595	583	577	-1.0%	-6.0%
Cities covered (#)	983	1,060	1,140	1,199	1,225	1,239	1,267	1,290		
Telemedia (DTH)										
Revenue (INR mn)	7,482	7,288	7,390	7,290	7,403	7,515	7,837	7,693	-1.8%	5.5%
EBITDA (INR mn)	4,779	4,352	4,132	4,081	4,264	4,212	4,285	4,391	2.5%	7.6%
EBITDA margin (%)	63.9	59.7	55.9	56.0	57.6	56.0	54.7	57.1	240bps	110bps
Subscribers (mn)	15.7	15.8	16.0	15.9	15.9	15.7	16.1	16.1	0.1%	1.3%
ARPU (INR/month)	158	155	154	153	154	159	163	160	-1.8%	4.6%
Enterprise Business										
Revenue (INR mn)	43,656	46,646	47,779	47,850	50,545	51,100	51,948	54,616	5.1%	14.1%
EBITDA (INR mn)	16,945	18,146	19,050	19,680	19,979	20,578	20,625	20,830	1.0%	5.8%
EBITDA margin (%)	38.8	38.9	39.9	41.1	39.5	40.3	39.7	38.1	-156bps	-299bps
EoP Post-paid IoT/M2M connections (mn)	11	13	13	16	20	22	26	28	8.5%	76.1%
Net Post-paid IoT/M2M connections (mn)	1.2	2.1	0.3	2.5	3.9	2.5	3.5	2.2		
Airtel Africa										
Revenue (INR mn)	97,021	1,04,452	1,10,877	1,10,315	1,13,168	1,02,768	1,02,972	92,933	-9.7%	-15.8%
EBITDA (INR mn)	47,381	51,252	54,468	54,180	56,031	51,158	50,590	43,237	-14.5%	-20.2%
EBITDA margin (%)	48.8	49.1	49.1	49.1	49.5	49.8	49.1	46.5	-260bps	-259bps
Consolidated										
Revenue (INR mn)	3,29,968	3,47,287	3,60,620	3,62,939	3,77,883	3,73,742	3,83,393	3,79,160	-1.1%	4.5%
EBITDA (INR mn)	1,67,216	1,77,957	1,87,108	1,89,820	1,99,468	1,98,441	2,02,546	1,96,817	-2.8%	3.7%
EBITDA margin (%)	50.7	51.2	51.9	52.3	52.8	53.1	52.8	51.9	-92bps	-39bps
PAT (INR mn)	16,069	21,452	15,882	30,056	16,125	13,407	24,422	20,716		

Source: Company, JM Financial. The previous year numbers are as per reported including IUC, hence YoY ARPU and revenue numbers are not comparable for India wireless

Exhibit 3. Net debt (excluding lease liability) declined INR 14bn in 4QFY24

Particulars (INR bn)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	QoQ (%)	YoY (%)
Long term debt, net of current portion	405	407	414	401	395	333	332	276	-16.8%	-31.2%
Short-term borrowings and current portion of long-term debt	167	173	172	135	128	162	161	204	26.5%	51.5%
Deferred payment liability	729	1,075	1,086	1,119	1,138	1,084	1,095	1,040	-5.1%	-7.1%
Gross debt excluding Lease Obligations	1,301	1,655	1,672	1,655	1,660	1,578	1,588	1,520	-4.3%	-8.2%
Less: Cash and Cash Equivalents	76	65	61	72	59	44	54	76	41.8%	5.7%
Less: Investments & Receivables	30	18	63	57	113	60	111	34	-69.3%	-40.0%
Net Debt excluding Lease Obligations	1,195	1,573	1,548	1,527	1,488	1,475	1,424	1,410	-1.0%	-7.7%
Lease Obligation	478	524	549	605	589	596	597	637	6.6%	5.3%
Net Debt including Lease Obligations	1,673	2,096	2,097	2,131	2,077	2,070	2,021	2,046	1.3%	-4.0%
Net Debt (excl Lease liability) to EBITDA (x)	1.79	2.21	2.07	2.01	1.87	1.86	1.76	1.79		

Source: Company, JM Financial.

Exhibit 4. Bharti Airtel – Key operational assumptions

Particulars	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
India wireless											
India ARPU (INR)	135	154	160	189	204	233	255	278	303	325	348
YoY Growth (%)	14.6%	13.8%	3.7%	18.4%	8.0%	14.2%	9.1%	9.1%	9.1%	7.1%	7.1%
India subs EoP (mn)	284	321	326	335	352	360	365	370	375	380	386
YoY Growth (%)	0.4%	13.3%	1.5%	2.9%	5.0%	2.1%	1.6%	1.3%	1.2%	1.5%	1.5%
India data subs (mn)	149	189	208	233	261	281	294	307	320	329	338
Data subs as % of total subs	52%	59%	64%	69%	74%	78%	81%	83%	86%	87%	88%
Data usage per sub (GB)	13.3	16.1	19.0	20.5	22.3	22.7	23.2	23.6	24.1	24.6	25.1
Minutes of usage per sub (MoU)	893	992	1,056	1,096	1,131	1,171	1,214	1,259	1,306	1,355	1,405
India Home Services/Broadband											
Fixed line subscribers (mn)	2.4	3.1	4.5	6.0	7.6	9.3	11.0	12.9	14.8	17.0	19.2
Fixed line ARPU (INR)	798	740	661	628	594	588	597	609	621	633	646
India DTH											
DTH subscribers (mn)	17	18	16	16	16	16	16	16	16	16	16
DTH ARPU (INR)	152	148	156	154	158	161	161	161	161	161	161
Airtel Africa											
Africa ARPU (INR)	193	210	237	262	235	248	267	293	325	350	372
Africa subs (mn)	111	118	128	140	153	162	165	169	172	175	178

Source: Company, JM Financial.

Exhibit 5. Revenue breakup for Bharti Airtel consolidated

Particulars	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Revenues (INR mn)											
India wireless	4,59,664	5,55,676	6,30,405	7,59,246	8,50,488	10,04,839	11,15,825	12,34,228	13,62,515	14,77,495	16,04,533
Home services/Broadband	22,451	23,342	30,391	40,473	49,701	59,631	72,665	87,209	1,03,254	1,20,858	1,40,073
DTH	29,239	30,561	31,538	29,450	30,448	31,194	31,338	31,410	31,446	31,464	31,473
Airtel Business	1,32,331	1,44,075	1,60,703	1,85,931	2,08,209	2,39,440	2,78,948	3,20,790	3,68,909	3,91,043	4,14,506
Tower	67,430										
Others											
Africa	2,42,170	2,88,632	3,50,613	4,22,665	4,11,841	4,68,441	5,24,894	5,86,872	6,63,957	7,29,126	7,89,262
South Asia	4,552	4,247	3,869	2,945	3,773	3,635	3,208	2,824	2,479	2,171	1,896
Eliminations	-71,054	-53,037	-36,707	-39,896	-40,282	-45,135	-46,172	-46,538	-46,292	-44,068	-41,197
Total	8,86,778	10,27,513	11,70,812	14,00,814	15,14,178	17,62,044	19,80,706	22,16,795	24,86,268	27,08,089	29,40,547
Revenue proportion (%)											
India wireless	51.8%	54.1%	53.8%	54.2%	56.2%	57.0%	56.3%	55.7%	54.8%	54.6%	54.6%
Home services/Broadband	2.5%	2.3%	2.6%	2.9%	3.3%	3.4%	3.7%	3.9%	4.2%	4.5%	4.8%
DTH	3.3%	3.0%	2.7%	2.1%	2.0%	1.8%	1.6%	1.4%	1.3%	1.2%	1.1%
Airtel Business	14.9%	14.0%	13.7%	13.3%	13.8%	13.6%	14.1%	14.5%	14.8%	14.4%	14.1%
Tower	7.6%										
Others	0.0%										
Africa	27.3%	28.1%	29.9%	30.2%	27.2%	26.6%	26.5%	26.5%	26.7%	26.9%	26.8%
South Asia	0.5%	0.4%	0.3%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Revenue growth (%)											
India wireless	10.6%	20.9%	13.4%	20.4%	12.0%	18.1%	11.0%	10.6%	10.4%	8.4%	8.6%
Home services/Broadband	0.3%	4.0%	30.2%	33.2%	22.8%	20.0%	21.9%	20.0%	18.4%	17.0%	15.9%
DTH	-28.7%	4.5%	3.2%	-6.6%	3.4%	2.4%	0.5%	0.2%	0.1%	0.1%	0.0%
Airtel Business	6.3%	8.9%	11.5%	15.7%	12.0%	15.0%	16.5%	15.0%	15.0%	6.0%	6.0%
Tower	-1.1%										
Others											
Africa	8.4%	19.2%	21.5%	20.6%	-2.6%	13.7%	12.1%	11.8%	13.1%	9.8%	8.2%
South Asia	2.6%	-6.7%	-8.9%	-23.9%	28.1%	-3.7%	-11.8%	-12.0%	-12.2%	-12.4%	-12.7%
Total	8%	16%	14%	20%	8%	16%	12%	12%	12%	9%	9%

Source: Company, JM Financial. * The company stopped the 'others' classification from FY20 **Indus Towers has been de-consolidated post the merger from 3QFY21

Exhibit 6. EBITDA breakup for Bharti Airtel consolidated

Particulars	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
EBITDA (INR mn)											
India wireless	1,69,560	2,42,642	3,12,666	4,00,751	4,67,551	5,51,918	6,18,465	6,91,005	7,70,973	8,46,106	9,29,748
Home services/Broadband	11,309	13,434	16,030	20,494	24,883	30,827	38,341	46,828	56,306	66,831	78,456
DTH	19,959	20,788	21,006	17,344	17,152	17,541	17,616	17,654	17,672	17,682	17,687
Airtel Business	42,642	54,973	62,639	73,821	82,012	97,466	1,14,850	1,33,260	1,54,432	1,64,172	1,74,495
Tower	36,170										
Others											
Africa	1,06,425	1,32,995	1,72,092	2,07,244	2,00,860	2,30,998	2,60,137	2,92,470	3,32,679	3,67,885	4,01,283
South Asia	429	131	-621	-518	-648	-651	-543	-422	-316	-222	-141
Eliminations/Adjustment	-9,294	7,010	-3,130	2,965	5,462	-3,091	-11,968	-15,737	-19,809	-30,419	-42,988
Total	3,77,200	4,71,973	5,80,682	7,22,101	7,97,272	9,25,008	10,36,898	11,65,057	13,11,938	14,32,035	15,58,540
EBITDA proportion (%)											
India wireless	45.0%	51.4%	53.8%	55.5%	58.6%	59.7%	59.6%	59.3%	58.8%	59.1%	59.7%
Home services/Broadband	3.0%	2.8%	2.8%	2.8%	3.1%	3.3%	3.7%	4.0%	4.3%	4.7%	5.0%
DTH	5.3%	4.4%	3.6%	2.4%	2.2%	1.9%	1.7%	1.5%	1.3%	1.2%	1.1%
Airtel Business	11.3%	11.6%	10.8%	10.2%	10.3%	10.5%	11.1%	11.4%	11.8%	11.5%	11.2%
Tower	9.6%										
Others											
Africa	28.2%	28.2%	29.6%	28.7%	25.2%	25.0%	25.1%	25.1%	25.4%	25.7%	25.7%
South Asia	0.1%	0.0%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	0.0%	0.0%	0.0%
EBITDA margins											
India wireless	36.9%	43.7%	49.6%	52.8%	55.0%	54.9%	55.4%	56.0%	56.6%	57.3%	57.9%
Home services/Broadband	50.4%	57.6%	52.7%	50.6%	50.1%	51.7%	52.8%	53.7%	54.5%	55.3%	56.0%
DTH	68.3%	68.0%	66.6%	58.9%	56.3%	56.2%	56.2%	56.2%	56.2%	56.2%	56.2%
Airtel Business	32.2%	38.2%	39.0%	39.7%	39.4%	40.7%	41.2%	41.5%	41.9%	42.0%	42.1%
Tower	53.6%										
Others											
Africa	43.9%	46.1%	49.1%	49.0%	48.8%	49.3%	49.6%	49.8%	50.1%	50.5%	50.8%
South Asia	9.4%	3.1%	-16.1%	-17.6%	-17.2%	-17.9%	-16.9%	-15.0%	-12.7%	-10.2%	-7.4%
Total	42.5%	45.9%	49.6%	51.5%	52.7%	52.5%	52.3%	52.6%	52.8%	52.9%	53.0%

Source: Company, JM Financial. * The company stopped the 'others' classification from FY20 **Indus Towers has been de-consolidated post the merger from 3QFY21

Exhibit 7. Capex breakdown for Bharti Airtel consolidated

Particulars	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Capex (INR mn)											
India wireless (ex-spectrum)	1,78,048	1,46,763	1,45,262	2,04,802	2,50,894	2,00,968	2,00,849	2,09,819	2,11,190	2,29,012	2,48,703
Home services/Broadband	5,825	11,010	16,654	21,992	28,538	28,824	32,945	36,923	40,618	43,918	46,698
DTH	10,512	12,842	13,028	13,602	14,386	12,477	12,535	12,564	12,579	12,586	12,589
Airtel Business	30,217	21,955	30,119	40,171	37,876	34,001	39,611	45,552	52,385	55,528	58,860
Africa	45,839	45,429	67,062	60,391	60,988	79,635	78,734	88,031	92,954	1,02,078	1,10,497
South Asia	1,026	3,686	3,292	978	268	909	802	706	620	543	474
Total (ex-spectrum)	2,80,187	4,28,675	2,75,418	3,41,936	3,92,950	3,56,814	3,65,476	3,93,595	4,10,346	4,43,664	4,77,821
Capex intensity (Capex/Revenue)											
India wireless	38.7%	26.4%	23.0%	27.0%	29.5%	20.0%	18.0%	17.0%	15.5%	15.5%	15.5%
Home services/Broadband	25.9%	47.2%	54.8%	54.3%	57.4%	48.3%	45.3%	42.3%	39.3%	36.3%	33.3%
DTH	36.0%	42.0%	41.3%	46.2%	47.2%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Airtel Business	22.8%	15.2%	18.7%	21.6%	18.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%
Africa	18.9%	15.7%	19.1%	14.3%	14.8%	17.0%	15.0%	15.0%	14.0%	14.0%	14.0%
South Asia	22.5%	86.8%	85.1%	33.2%	7.1%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Total	31.6%	41.7%	23.5%	24.4%	26.0%	20.2%	18.5%	17.8%	16.5%	16.4%	16.2%
Capex proportion (%)											
India wireless	63.5%	34.2%	52.7%	59.9%	63.8%	56.3%	55.0%	53.3%	51.5%	51.6%	52.0%
Home services/Broadband	2.1%	2.6%	6.0%	6.4%	7.3%	8.1%	9.0%	9.4%	9.9%	9.9%	9.8%
DTH	3.8%	3.0%	4.7%	4.0%	3.7%	3.5%	3.4%	3.2%	3.1%	2.8%	2.6%
Airtel Business	10.8%	5.1%	10.9%	11.7%	9.6%	9.5%	10.8%	11.6%	12.8%	12.5%	12.3%
Africa	16.4%	10.6%	24.3%	17.7%	15.5%	22.3%	21.5%	22.4%	22.7%	23.0%	23.1%
South Asia	0.4%	0.9%	1.2%	0.3%	0.1%	0.3%	0.2%	0.2%	0.2%	0.1%	0.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company, JM Financial. * The company stopped the 'others' classification from FY20**Indus Towers has been de-consolidated post the merger from 3QFY21. Note that the capex includes spectrum capex as well.

Valuation

Exhibit 8. Bharti Airtel – 1-year SoTP DCF valuation of INR 1,480/share

Particulars, Enterprise Values unless mentioned	Valuation (INR bn)	Valuation (INR / share)	Implied Sep'26 EV/EBITDA	Implied Sep'26 PE
India business				
Wireless	6,913	1205	10.6	
Enterprise	986	172	8.0	
DTH	6	1	0.4	
Broadband	562	98	13.2	
Total India business EV	8,467	1,476	10.1	
India net debt	-852	-148		
Total India subsidiary Equity value	7,615	1,327		
Indus Towers Equity value (47.95% share of Bharti)	336	60		
Total India business Equity value including Indus Towers	7,951	1,387		
Africa business				
Africa Business Standalone EV	987	172	3.6	
Less: Africa business Net Debt	-28	-5		
Africa business Equity value (Airtel's 56% share)	537	94		
Total Equity value for Bharti Airtel	8,489	1,480	8.9	25.5

Source: Company, JM Financial.

Exhibit 9. Bharti Airtel – 3-year SoTP DCF valuation of INR 1,970/share, implying 14% IRR

Particulars, Enterprise Values unless mentioned	Valuation (INR bn)	Valuation (INR / share)	Implied FY28 EV/EBITDA	Implied FY28 PE
India business				
Wireless	8,229	1,434	10.7	
Enterprise	1,114	194	7.2	
DTH	6	1	0.4	
Broadband	706	123	12.5	
Total India business EV	10,055	1,752	10.1	
India net debt	9	2		
Total India subsidiary Equity value	10,064	1,754		
Indus Towers Equity value (47.95% share of Bharti)	336	75		
Total India business Equity value including Indus Towers	10,400	1,828		
Africa business				
Africa Business Standalone EV	1275	222	3.8	
Less: Africa business Net Debt	190	31		
Africa business Equity value (Airtel's 56% share)	820	142		
Total Equity value for Bharti Airtel	11,220	1,970	8.9	22.9

Source: Company, JM Financial.

Bharti's EBITDA and valuation sensitivity to ARPU

Every increase/decrease in ARPU by INR 10 results in increase/decrease in Bharti's consolidated FY25 EBITDA by ~0.8% and valuation by INR 27/share.

Similarly, every increase/decrease in subscribers by 10mn results in increase/decrease in Bharti's consolidated FY25 EBITDA by ~2.3% and valuation by INR 27/share.

Exhibit 10. Bharti - Sensitivity of FY25 consolidated EBITDA (INR 925bn in base case) & Valuation (INR 1,480/share in base case) to FY25E ARPU and subscriber base (mn)

FY25 consolidated EBITDA (INR Bn) sensitivity								Valuation per share (INR/share) sensitivity									
		Subscriber base (mn)								Subscriber base (mn)							
		330	340	350	360	370	380	390			330	340	350	360	370	380	390
ARPU (INR)	203	843	863	884	904	924	945	965	ARPU (INR)	203	1,324	1,349	1,374	1,399	1,424	1,449	1,474
	213	849	870	890	911	932	952	973		213	1,349	1,375	1,400	1,426	1,452	1,478	1,503
	223	855	876	897	918	939	960	981		223	1,374	1,400	1,427	1,453	1,480	1,506	1,532
	233	861	882	904	925	946	968	989		233	1,399	1,426	1,453	1,480	1,507	1,534	1,562
	243	867	889	910	932	954	975	997		243	1,424	1,452	1,480	1,507	1,535	1,563	1,591
	253	873	895	917	939	961	983	1,005		253	1,449	1,477	1,506	1,534	1,563	1,591	1,620
	263	879	902	924	946	968	990	1,013		263	1,474	1,503	1,532	1,561	1,591	1,620	1,649

Source: JM Financial

Exhibit 11. Bharti Airtel – one-year forward EV/EBITDA



Source: JM Financial, Bloomberg

Exhibit 12. Global telecom valuation snapshot

Company	EV/EBITDA (x)			P/E (x)			P/B (x)			EBITDA Margins (%)			ROE (%)		
	CY23/FY24	CY24/FY25	CY25/FY26	CY23/FY24	CY24/FY25	CY25/FY26	CY23/FY24	CY24/FY25	CY25/FY26	CY23/FY24	CY24/FY25	CY25/FY26	CY23/FY24	CY24/FY25	CY25/FY26
Bharti Airtel	12.5	10.8	9.4	62.5	36.7	26.4	8.5	6.7	5.5	52.7	54.0	55.1	12.5	19.4	23.3
Bharti Hexacom	15.9	13.0	10.6	95.8	32.9	23.0	9.7	8.0	6.4	46.9	48.1	51.0	10.5	26.7	31.1
Jio (JMFe)	17.4	14.6	11.0	37.3	27.3	17.4	3.2	2.9	2.5	52.6	53.2	53.9	9.0	11.2	15.3
Vodafone Idea	19.0	16.4	14.3	NM	NM	NM	NM	NM	NM	40.0	42.3	43.5	NM	NM	NM
Indian telcos average	16.2	13.7	11.3	65.2	32.3	22.3	7.1	5.9	4.8	48.1	49.4	50.9	10.7	19.1	23.2
AT&T	8.4	6.0	5.9	11.6	7.8	7.6	2.4	1.1	1.0	84.9	36.6	36.9	21.5	14.0	13.3
T-Mobile	8.4	8.5	8.0	11.6	18.1	14.7	2.4	3.1	3.2	84.9	39.5	40.5	21.5	16.9	21.3
Verizon	8.4	6.6	6.5	11.6	8.8	8.6	2.4	1.7	1.5	84.9	36.2	36.3	21.5	19.6	18.3
US telcos average	8.4	7.0	6.8	11.6	11.6	10.3	2.4	2.0	1.9	84.9	37.4	37.9	21.5	16.8	17.7
Deutsche Telekom	8.4	6.2	5.8	11.6	12.4	11.0	2.4	1.9	1.8	84.9	38.9	40.0	21.5	14.6	15.6
Orange	8.4	5.5	5.3	11.6	9.8	8.9	2.4	0.9	0.8	84.9	30.8	31.3	21.5	8.5	9.2
Telefonica	8.4	5.0	5.0	11.6	12.6	11.9	2.4	1.1	1.1	84.9	32.2	32.2	21.5	7.9	8.4
Telenor	8.4	7.5	7.3	11.6	13.1	15.0	2.4	2.6	2.6	84.9	43.7	44.1	21.5	21.6	17.9
Vodafone Plc	5.8	6.1	6.0	10.3	9.0	7.5	0.4	0.3	0.3	29.9	30.0	30.4	3.0	3.4	3.9
Europe telcos average	7.9	6.0	5.9	11.3	11.4	10.9	2.0	1.3	1.3	73.9	35.1	35.6	17.8	11.2	11.0
China Mobile	8.4	3.4	3.3	11.6	10.4	9.8	2.4	1.1	1.0	40.3	32.7	32.0	21.5	10.3	10.3
China Telecom	8.4	3.5	3.3	11.6	11.4	10.5	2.4	0.8	0.8	84.9	26.2	25.8	21.5	7.4	7.9
China Unicom	8.4	1.4	1.3	11.6	8.6	7.8	2.4	0.5	0.5	84.9	26.3	26.0	21.5	5.9	6.3
China telcos average	8.4	2.8	2.7	11.6	10.1	9.4	2.4	0.8	0.8	70.0	28.4	27.9	21.5	7.8	8.2
KT Corp	8.4	3.3	3.2	11.6	7.6	6.8	2.4	0.5	0.5	84.9	20.6	20.5	21.5	7.1	7.2
LG Uplus	8.4	3.1	3.1	11.6	7.0	6.6	2.4	0.5	0.5	40.3	24.9	24.8	21.5	7.1	7.2
SK Telecom	8.4	3.9	3.9	11.6	10.0	9.6	2.4	1.0	0.9	84.9	30.9	30.4	21.5	9.7	9.7
Korea telcos average	8.4	3.4	3.4	11.6	8.2	7.7	2.4	0.7	0.6	70.0	25.4	25.2	21.5	8.0	8.0
Axiata	8.4	6.1	5.9	11.6	39.0	27.5	2.4	1.2	1.2	84.9	45.3	45.8	21.5	2.9	4.0
Maxis	8.4	9.3	9.0	11.6	21.2	20.2	2.4	5.0	4.9	84.9	39.6	39.5	21.5	22.1	23.4
Malaysia telcos average	8.4	7.7	7.4	11.6	30.1	23.9	2.4	3.1	3.1	84.9	42.4	42.7	21.5	12.5	13.7
Advanced Info	8.4	7.8	7.5	11.6	19.6	17.7	2.4	6.5	6.3	84.9	50.2	50.6	21.5	33.9	35.4
Chungwa Telecom	8.4	10.9	10.7	11.6	25.7	24.6	2.4	2.5	2.5	84.9	38.9	39.1	21.5	10.0	10.2
Converge ICT	8.4	4.1	3.7	11.6	7.3	6.8	2.4	1.3	1.1	84.9	58.5	58.6	21.5	18.4	16.6
Digi.com	NM	NM	NM	NM	NM	NM	NM	NM	NM	84.9	47.3	48.3	21.5	11.8	13.1
Globe Telecom	8.4	7.0	6.7	11.6	12.8	12.3	2.4	1.6	1.6	84.9	45.4	45.2	21.5	13.7	12.7
Indosat	8.4	5.1	4.7	11.6	16.2	13.3	2.4	2.5	2.3	84.9	48.5	49.0	21.5	15.6	17.0
MTN Group	8.4	4.0	3.5	11.6	14.9	10.9	2.4	1.1	1.1	84.9	37.7	38.9	NM	NM	NM
Singtel	13.3	12.6	12.0	17.4	15.3	13.3	1.5	1.5	1.5	25.8	26.4	26.9	8.7	10.1	10.9
Taiwan Mobile	8.4	12.3	11.7	11.6	26.4	23.6	2.4	4.2	4.3	84.9	19.3	18.7	21.5	15.0	16.9
Telecom Indonesia	8.4	4.5	4.3	11.6	11.7	11.1	2.4	2.1	2.0	84.9	52.3	52.4	21.5	18.1	18.2
XL Axiata	8.4	4.6	4.3	11.6	19.0	15.6	2.4	1.2	1.1	84.9	49.8	49.7	21.5	6.6	7.3
Other regional telcos average	8.9	7.3	6.9	12.1	16.9	14.9	2.3	2.4	2.4	79.5	43.1	43.4	20.3	15.3	15.8
Global telcos average	9.5	7.1	6.6	17.3	16.3	13.8	2.8	2.3	2.1	73.6	38.9	39.3	19.3	13.4	14.2

Source: JM Financial, Bloomberg; Note: Jio equity value and EV taken at the last transaction value of INR 4.91tn and INR 5.16tn respectively

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	14,00,814	15,14,178	17,62,044	19,80,706	22,16,795	
Sales Growth	19.6%	8.1%	16.4%	12.4%	11.9%	
Other Operating Income	0	0	0	0	0	
Total Revenue	14,00,814	15,14,178	17,62,044	19,80,706	22,16,795	
Cost of Goods Sold/Op. Exp	4,79,157	4,95,731	5,93,740	6,72,176	7,49,623	
Personnel Cost	48,308	53,231	60,384	67,425	75,012	
Other Expenses	1,51,248	1,67,944	1,82,912	2,04,207	2,27,103	
EBITDA	7,22,101	7,97,272	9,25,008	10,36,898	11,65,057	
EBITDA Margin	51.5%	52.7%	52.5%	52.3%	52.6%	
EBITDA Growth	24.4%	10.4%	16.0%	12.1%	12.4%	
Depn. & Amort.	3,64,318	3,95,376	4,14,097	4,33,229	4,61,728	
EBIT	3,57,783	4,01,896	5,10,911	6,03,668	7,03,329	
Other Income	5,555	9,148	8,474	7,904	7,904	
Finance Cost	1,68,506	1,89,531	1,88,099	1,86,884	1,53,715	
PBT before Excep. & Forex	1,94,832	2,21,513	3,31,286	4,24,688	5,57,519	
Excep. & Forex Inc./Loss(-)	-24,494	-36,943	0	0	0	
PBT	1,70,338	1,84,570	3,31,286	4,24,688	5,57,519	
Taxes	57,558	58,953	1,16,026	1,42,074	1,81,398	
Extraordinary Inc./Loss(-)	14,350	-77,578	0	0	0	
Assoc. Profit/Min. Int.(-)	40,713	57,602	59,679	62,896	65,647	
Reported Net Profit	1,01,459	44,625	2,13,923	2,84,494	3,80,752	
Adjusted Net Profit	87,109	1,22,203	2,13,923	2,84,494	3,80,752	
Net Margin	6.2%	8.1%	12.1%	14.4%	17.2%	
Diluted Share Cap. (mn)	5,670.9	5,738.5	5,738.5	5,738.5	5,738.5	
Diluted EPS (INR)	15.4	21.3	37.3	49.6	66.4	
Diluted EPS Growth	138.7%	38.6%	75.1%	33.0%	33.8%	
Total Dividend + Tax	0	55,254	12,874	18,833	27,496	
Dividend Per Share (INR)	0.0	8.0	1.9	2.7	4.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	1,77,859	2,11,664	3,60,457	4,57,076	5,92,658	
Depn. & Amort.	3,64,318	3,95,376	4,14,097	4,33,229	4,61,728	
Net Interest Exp. / Inc. (-)	14,350	-77,578	0	0	0	
Inc (-) / Dec in WCap.	70,124	85,849	16,287	27,022	25,590	
Others	0	0	0	0	0	
Taxes Paid	-57,558	-58,953	-1,16,026	-1,42,074	-1,81,398	
Operating Cash Flow	5,69,093	5,56,358	6,74,814	7,75,253	8,98,578	
Capex	-11,32,130	-3,29,256	-3,56,814	-3,65,476	-3,93,595	
Free Cash Flow	-5,63,037	2,27,102	3,18,001	4,09,777	5,04,984	
Inc (-) / Dec in Investments	-1,701	-32,444	0	0	0	
Others	1,707	-9,080	0	0	0	
Investing Cash Flow	-11,32,124	-3,70,780	-3,56,814	-3,65,476	-3,93,595	
Inc / Dec (-) in Capital	0	0	0	0	0	
Dividend + Tax thereon	8,627	-66	-10,696	-15,647	-22,845	
Inc / Dec (-) in Loans	5,63,424	-1,04,280	-2,45,951	-3,63,622	-4,51,630	
Others	1,815	-83,871	-30,508	-30,508	-30,508	
Financing Cash Flow	5,73,866	-1,88,217	-2,87,156	-4,09,777	-5,04,984	
Inc / Dec (-) in Cash	10,835	-2,639	30,845	0	0	
Opening Cash Balance	60,959	71,794	69,155	1,00,000	1,00,000	
Closing Cash Balance	71,794	69,155	1,00,000	1,00,000	1,00,000	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	7,75,629	8,20,188	10,23,415	12,92,261	16,50,168	
Share Capital	56,709	57,385	57,385	57,385	57,385	
Reserves & Surplus	7,18,920	7,62,803	9,66,030	12,34,876	15,92,783	
Preference Share Capital	0	0	0	0	0	
Minority Interest	2,88,814	2,35,451	2,35,451	2,35,451	2,35,451	
Total Loans	22,60,203	21,55,923	19,09,972	15,46,349	10,94,719	
Def. Tax Liab. / Assets (-)	0	0	0	0	0	
Total - Equity & Liab.	33,24,646	32,11,562	31,68,837	30,74,061	29,80,338	
Net Fixed Assets	32,68,192	32,02,072	31,44,789	30,77,035	30,08,902	
Gross Fixed Assets	0	0	0	0	0	
Intangible Assets	16,59,192	14,87,507	14,00,311	13,09,226	12,14,058	
Less: Depn. & Amort.	0	0	0	0	0	
Capital WIP	0	0	0	0	0	
Investments	3,56,356	3,44,450	3,44,450	3,44,450	3,44,450	
Current Assets	8,41,784	8,98,788	9,80,539	10,06,903	10,35,278	
Inventories	0	0	0	0	0	
Sundry Debtors	1,71,634	1,65,955	2,16,861	2,43,225	2,71,600	
Cash & Bank Balances	71,794	69,155	1,00,000	1,00,000	1,00,000	
Loans & Advances	0	0	0	0	0	
Other Current Assets	5,98,356	6,63,678	6,63,678	6,63,678	6,63,678	
Current Liab. & Prov.	11,41,686	12,33,748	13,00,941	13,54,327	14,08,292	
Current Liabilities	4,87,216	5,05,421	5,72,614	6,26,000	6,79,965	
Provisions & Others	6,54,470	7,28,327	7,28,327	7,28,327	7,28,327	
Net Current Assets	-2,99,902	-3,34,960	-3,20,402	-3,47,424	-3,73,014	
Total - Assets	33,24,646	32,11,562	31,68,837	30,74,061	29,80,338	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Margin	6.2%	8.1%	12.1%	14.4%	17.2%	
Asset Turnover (x)	0.4	0.4	0.5	0.6	0.7	
Leverage Factor (x)	4.3	4.3	3.6	2.8	2.2	
RoE	12.1%	15.3%	23.2%	24.6%	25.9%	

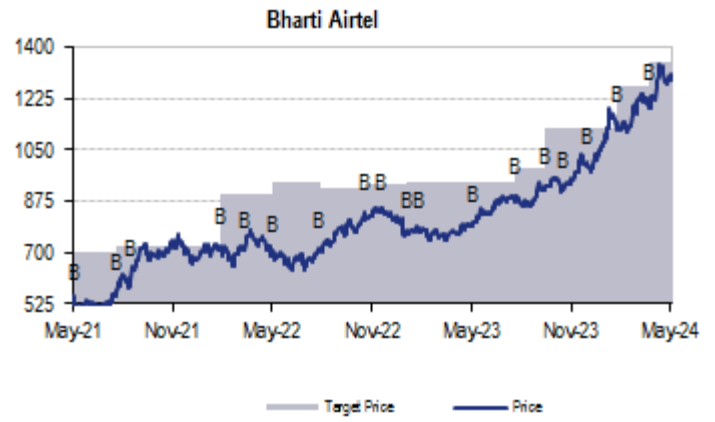
Key Ratios						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
BV/Share (INR)	136.8	142.9	178.3	225.2	287.6	
ROIC	9.2%	9.6%	12.0%	15.0%	18.4%	
ROE	12.1%	15.3%	23.2%	24.6%	25.9%	
Net Debt/Equity (x)	2.8	2.5	1.8	1.1	0.6	
P/E (x)	85.3	61.5	35.1	26.4	19.7	
P/B (x)	9.6	9.2	7.3	5.8	4.6	
EV/EBITDA (x)	13.8	12.3	10.3	8.9	7.5	
EV/Sales (x)	7.1	6.5	5.4	4.6	3.9	
Debtor days	45	40	45	45	45	
Inventory days	0	0	0	0	0	
Creditor days	177	179	183	183	183	

Source: Company, JM Financial

History of Earnings Estimate and Target Price

Date	Recommendation	Target Price	% Chg.
28-Oct-20	Buy	615	
4-Feb-21	Buy	700	13.8
18-May-21	Buy	700	0.0
4-Aug-21	Buy	725	3.6
30-Aug-21	Buy	725	0.0
9-Feb-22	Buy	900	24.1
27-Mar-22	Buy	900	0.0
18-May-22	Buy	940	4.4
9-Aug-22	Buy	920	-2.1
1-Nov-22	Buy	930	1.1
29-Nov-22	Buy	930	-0.1
18-Jan-23	Buy	940	1.1
8-Feb-23	Buy	940	0.0
17-May-23	Buy	940	0.0
4-Aug-23	Buy	985	4.9
29-Sep-23	Buy	1,125	14.1
1-Nov-23	Buy	1,125	0.0
12-Dec-23	Buy	1,125	0.0
6-Feb-24	Buy	1,265	12.5
4-Apr-24	Buy	1,350	6.7

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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* REITs refers to Real Estate Investment Trusts.

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