

Bharti Airtel | BUY



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

Bharti's 3QFY24 consolidated EBITDA at INR 203bn (up 2.1% QoQ and 8.3% YoY) was in line with JMFe (but higher than consensus of INR 198bn) despite some adverse impact of currency devaluation on the Africa business. However, India wireless EBITDA was 1% above JMFe at INR 119bn (+3.7% QoQ and +14.5% YoY) as ARPU rose by INR 5 QoQ to INR 208, driven by improved subs (subscribers) mix and rise in AMDU on back of robust 4G net adds (of 7.4mn) and post-paid subs net adds (of 0.9mn). EBITDA margin improved 20 bps QoQ to 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 flattish QoQ at INR 93bn (including India business capex of INR 78bn); net debt declined by INR 51bn to INR 1,424bn at end-3QFY24. We maintain BUY on Bharti (revised TP of INR 1,265) 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 in line with JMFe (slightly above consensus) despite some impact of currency devaluation on Airtel Africa:** Bharti's 3QFY24 consolidated revenue was INR 383bn (up 2.6% QoQ and 6.3% YoY), marginally higher than JMFe and consensus of INR 381bn despite some impact of currency devaluation on Airtel Africa revenue. Consolidated EBITDA was INR 203bn (up 2.1% QoQ and 8.3% YoY), in line with JMFe (but above consensus of INR 198bn). Network cost (at INR 75.8bn, +2.3% QoQ and +3.6% YoY) was slightly lower than JMFe while Licence fee/SUC cost (at INR 30.2bn, +1.9% QoQ and +6.3% YoY) was in line. However, SG&A (at INR 20.5bn) and other cost (at INR 54.2bn) were slightly above JMFe.
- India wireless EBITDA 1% above JMFe; 4G/5G net adds strong at 7.4mn resulting in higher ARPU at INR208:** India wireless revenue was 1% above JMFe at INR 216bn (+3.3% QoQ and +11.8% YoY). India wireless EBITDA was also 1% above JMFe at INR 119bn (+3.7% QoQ and +14.5% YoY) with EBITDA margin improving by another 20bps QoQ to 55.1% due to operating leverage and sustained focus on the 'War on Waste' programme to drive cost optimisation. India wireless business net subscribers rose by 3.3mn to 346mn (a tad higher than JMFe of ~3mn net additions) with reported churn flattish QoQ at 2.9 % in 3QFY24. Further, 4G/5G net additions were stronger than expected at 7.4mn in 3QFY24 vs. JMFe of ~6mn additions (vs. 7.7mn additions in 2QFY24); 4G/5G subscribers constitute 71% of total subscribers. Post-paid subscriber net additions (excluding IoT) continued to be strong at 0.9mn in 3QFY24 (vs. 1.0mn in 2QFY24). Further, usage metrics was up 1.4% QoQ at 22GB/user/month in 3QFY24. India wireless ARPU jumped by INR 5 QoQ to INR 208; significantly above JMFe of INR 206. This compares to [Jio's ARPU](#) (including FTTH) being flat QoQ at INR 181.7 in 3QFY24 and [VIL's ARPU](#) rising by INR 3 to INR 145. The Bharti management reiterated that even at current ARPU, RoCE continues to be low at

Dayanand Mittal

dayanand.mittal@jmfl.com | Tel: (91 96) 19388870

Shivam Gupta

shivam.gupta@jmfl.com | Tel: (+91 22) 66303082

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,265
Upside/(Downside)	11.6%
Previous Price Target	1,175
Change	7.7%

Key Data – BHARTI IN

Current Market Price	INR1,134
Market cap (bn)	INR6,670.1/US\$80.3
Free Float	40%
Shares in issue (mn)	5,723.2
Diluted share (mn)	5,723.2
3-mon avg daily val (mn)	INR5,849.3/US\$70.4
52-week range	1,201/736
Sensex/Nifty	72,186/21,929
INR/US\$	83.1

Price Performance

%	1M	6M	12M
Absolute	8.4	27.5	43.7
Relative*	8.1	16.1	20.4

* 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	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	1,170,812	1,400,814	1,528,134	1,744,938	1,965,822
Sales Growth (%)	13.9	19.6	9.1	14.2	12.7
EBITDA	580,682	722,101	808,570	906,280	1,032,620
EBITDA Margin (%)	49.6	51.5	52.9	51.9	52.5
Adjusted Net Profit	35,989	85,418	126,848	198,534	292,706
Diluted EPS (INR)	6.4	15.1	22.2	34.7	51.1
Diluted EPS Growth (%)	0.0	134.1	47.1	56.5	47.4
ROIC (%)	6.0	9.2	9.6	11.6	14.9
ROE (%)	5.7	11.9	15.4	20.5	24.4
P/E (x)	176.2	75.3	51.2	32.7	22.2
P/B (x)	9.5	8.3	7.4	6.1	4.9
EV/EBITDA (x)	14.4	12.4	10.9	9.4	7.9
Dividend Yield (%)	0.0	0.0	0.0	0.2	0.2

Source: Company data, JM Financial. Note: Valuations as of 06/Feb/2024

9.4% and, hence, tariff hike is extremely critical to repair industry health.

- **FTTH business growth robust; enterprise business growth continues to be subdued due to slowdown in the global business:** FTTH business EBITDA rose to INR 6.4bn in 3QFY24 (+5.1% QoQ and +23% YoY) with addition of 359k subs during the quarter, with the service being now live in 1,267 cities (vs. 1,239 cities at the end of 2QFY24); however, ARPU was down 2.0% QoQ at INR 583. But enterprise business revenue rose only 1.7% QoQ (up 8.7% YoY) to INR 52bn while EBITDA rose only 0.2%/8.3% QoQ/YoY to INR 20.6bn due to slowdown in global business on account of decline in demand for bandwidth, CPaaS and other related services, especially from global OTT players.
- **Consolidated capex flattish QoQ at INR 93bn in 3QFY24; net debt declined by INR 51bn in 3QFY24:** Consolidated capex was flattish QoQ at INR 93bn in 3QFY24 (of which India business capex was INR 78bn) but lower than 1QFY24 capex of INR 105bn (of which India business capex was INR 93bn). Net debt, excluding lease liabilities, declined INR 51bn to INR 1,424bn at end-3QFY24. Net debt-EBITDA, excluding lease liabilities, was 1.76x at end-3QFY24 vs. 1.86x at end-2QFY24.
- **High conviction on our BUY rating on Bharti with 1-year TP of INR 1,265 and 3-year TP of INR 1,710 (implying 14% IRR):** Our FY25-26 consolidated EBITDA is largely unchanged as impact of currency devaluation on Africa EBITDA (~2%) was offset by higher EBITDA of India business (by 1-2%). However, our TP has been raised to INR 1,265 (from INR 1,175) due to higher India business EBITDA and some moderation in our consolidated capex (ex-spectrum) assumption (INR 348bn in FY25 and INR 361bn in FY26 vs. INR 385bn in FY24 and INR 342bn in FY23). 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 from FY25, enabling it to get to net cash by FY29 (vs. net debt excluding lease liability of INR 1,424bn at end-3QFY24); this will also aid in accretion in equity value.

3QFY24 concall takeaways

Reiterated that strong ARPU growth of INR 5 QoQ to INR 208 in 3QFY24 was driven by multiple levers: a) feature phone to smartphone upgrades; b) pre-paid to post-paid upgrade (ARPU rises by 70% due to this); c) data monetisation as customers opt for extra data or upgrade to higher limit plans as they hit their daily data limits; d) international roaming.

But reiterated that major improvement in ARPU will be driven by tariff hikes; tariff hike is more of a question of 'when' rather than 'if'.

Management reiterated that peak capex will be in FY24 before moderating from FY25 onwards with decline in radio capex once 5G and rural rollout is attained by Mar'24; while transportation and core capex in mobility business and overall capex in other businesses (home broadband, DTH etc.) may continue at the same pace while data centre capex can be uneven.

However, the management continued to provide no guidance on FY25 capex but said long-term capex to sales ratio should stabilise ~15-20% (in line with its global peers); but added that it will also depend on quantum of tariff hikes as well.

The management said there is no hard target on consolidated net debt to EBITDA ratio, but expects it to decline to around 2x in the near to medium term vs. 2.49x at end-3QFY24 (including lease liability). It said that it hadn't framed any dividend policy yet and will frame it only after the deleveraging is done to a comfortable level.

On pending rights issue proceeds, the management said there is no necessity for calling the pending right issues money currently, but it's a good optionality that is available.

Reiterated that Bharti's non-standalone (NSA) architecture has saved significant capex and opex and has provided better experience and better coverage. Bharti will switch to SA in the next few years depending on how the traffic grows (for example FWA can move to SA), but as of now that is not the case and the company doesn't want to do unnecessary capex just by getting into a network rollout race.

Bharti has around 65mn 5G subscribers currently (vs. 55mn during 2QFY24 concall) vs. 90mn for Jio. Further, it highlighted that 5G-enabled devices are currently around 15-16% of total smartphones and expect it to rise to 25% by Mar'25; 5G shipments are at 60-80% of total smartphone shipments.

Limited 5G monetisation opportunities currently, except for small monetisation opportunities via FWA and from some enterprise 5G network. Bharti is not in favour of differential 5G pricing as it will limit 5G penetrations; hence, 5G monetisation is most likely via overall tariff hike.

Reiterated 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 driven by IoT opportunities.

Some moderation in home broadband subs addition (359k in 3QFY24 vs. 471k in 2QFY24) due to removal of entry level INR199 back-up broadband plan.

Reiterated that it doesn't have any immediate plan to stop its 2G services as 2G subs, primarily aged and economically weaker subscriber base, may find it difficult to upgrade to smartphones. However, the contribution from 2G services to Bharti's India wireless revenue has come down to 17% (in a few major circles like Mumbai, Maharashtra and Gujarat, such contribution is limited to single digit only). It further expected that 2G services will become insignificant in the next 1 year.

3QFY24 result review

Exhibit 1. Bharti Airtel 3QFY24 quarterly snapshot

Consolidated, INR mn	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	QoQ (%)	YoY (%)
Revenue	3,29,968	3,47,287	3,60,620	3,62,939	3,77,883	3,73,742	3,83,393	2.6%	6.3%
Operating costs	1,62,752	1,69,330	1,73,512	1,73,119	1,78,415	1,75,301	1,80,847	3.2%	4.2%
-Network costs	66,828	71,303	73,284	74,018	74,036	74,240	75,926	2.3%	3.6%
-License fees, SUC and other revenue share	31,306	29,511	28,421	28,279	29,403	29,643	30,205	1.9%	6.3%
-SG&A costs	15,669	17,823	19,118	19,844	20,596	19,590	20,473	4.5%	7.1%
-Other costs	48,949	50,693	52,689	50,978	54,380	51,828	54,243	4.7%	2.9%
EBITDA	1,67,216	1,77,957	1,87,108	1,89,820	1,99,468	1,98,441	2,02,546	2.1%	8.3%
Depreciation & Amortization	87,814	89,468	92,977	94,059	96,538	97,343	1,00,743	3.5%	8.4%
EBIT	79,402	88,489	94,131	95,761	1,02,930	1,01,098	1,01,803	0.7%	8.2%
Associates	1,628	3,567	-3,684	6,010	5,899	5,860	7,032		
Net interest cost	45,109	49,403	46,856	51,631	56,137	51,858	66,449		
Reported PBT	35,921	42,653	36,893	50,140	18,529	39,397	41,084		
Tax	-12,836	-14,523	-14,149	-16,050	-14,460	-16,756	-12,412		
Reported PAT	16,069	21,452	15,882	30,056	16,125	13,407	24,422		
Reported EPS	2.88	3.80	2.81	5.30	2.84	2.36	4.27		
Tax/PBT (%)	-36%	-34%	-38%	-32%	-78%	-43%	-30%		
EBITDA margin (%)	50.7%	51.2%	51.9%	52.3%	52.8%	53.1%	52.8%		

Source: Company, JM Financial.

Exhibit 2. Bharti Airtel 3QFY24 segmental snapshot

	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	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	3.3%	11.8%
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	3.7%	14.5%
Post IND AS EBITDA margin (%)	51.1	52.3	53.8	53.8	54.8	54.9	55.1	20bps	130bps
Subscribers (mn)	327	328	332	335	339	342	346	1.0%	4.0%
Net subscriber addition (mn)	1.3	0.5	4.4	3.2	3.2	3.7	3.3		
Post-paid subscribers	18.1	18.3	19.0	19.7	20.5	21.5	22.3	4.1%	17.6%
Net post-paid subscriber addition (mn)	0.2	0.3	0.7	0.7	0.8	1.0	0.9		
Postpaid subscribers as % of total subs	5.5%	5.6%	5.7%	5.9%	6.1%	6.3%	6.5%		
4G subscribers	205	210	217	224	230	237	245	3.1%	13.0%
Net 4G subscriber addition (mn)	4.5	5.0	6.4	7.4	5.6	7.7	7.4		
4G subs as % of total subs	63%	64%	65%	67%	68%	69%	71%		
Total Data subscribers	213	219	225	233	238	246	253		
Net Data subscriber addition (mn)	4.8	5.8	6.2	7.4	5.5	7.7	7.3		
Data subs as % of total subs	65%	67%	68%	69%	70%	72%	73%		
AMDU (GB/month)	19.5	20.3	20.3	20.3	21.1	21.7	22.0	1.4%	8.4%
ARPU (INR/month)	183	190	193	193	200	203	208	2.5%	7.8%
Total subscriber Churn	3.0%	3.3%	3.0%	2.8%	2.8%	2.9%	2.9%		
Mobile service population coverage	95.7%	95.7%	95.8%	95.9%	96.0%	96.0%	96.1%		
Home Services (Broadband)									
Revenue (INR mn)	9,265	9,899	10,343	10,966	11,621	12,207	12,718	4.2%	23.0%
EBITDA (INR mn)	4,878	4,918	5,173	5,526	5,860	6,073	6,384	5.1%	23.4%
EBITDA margin (%)	52.6	49.7	50.0	50.4	50.4	49.8	50.2	45bps	18bps
Subscribers (mn)	4.79	5.21	5.64	6.05	6.46	6.93	7.29	5.2%	29.2%
ARPU (INR/month)	652	646	624	614	608	595	583	-2.0%	-6.6%
Telemedia (DTH)									
Revenue (INR mn)	7,482	7,288	7,390	7,290	7,403	7,515	7,837	4.3%	6.0%
EBITDA (INR mn)	4,779	4,352	4,132	4,081	4,264	4,212	4,285	1.7%	3.7%
EBITDA margin (%)	63.9	59.7	55.9	56.0	57.6	56.0	54.7	-137bps	-124bps
Subscribers (mn)	15.7	15.8	16.0	15.9	15.9	15.7	16.1	2.5%	1.0%
ARPU (INR/month)	158	155	154	153	154	159	163	2.5%	5.8%
Enterprise Business									
Revenue (INR mn)	43,656	46,646	47,779	47,850	50,545	51,100	51,948	1.7%	8.7%
EBITDA (INR mn)	16,945	18,146	19,050	19,680	19,979	20,578	20,625	0.2%	8.3%
EBITDA margin (%)	38.8	38.9	39.9	41.1	39.5	40.3	39.7	-57bps	-17bps
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	0.2%	-7.1%
EBITDA (INR mn)	47,381	51,252	54,468	54,180	56,031	51,158	50,590	-1.1%	-7.1%
EBITDA margin (%)	48.8	49.1	49.1	49.1	49.5	49.8	49.1	-65bps	1bps
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	2.6%	6.3%
EBITDA (INR mn)	1,67,216	1,77,957	1,87,108	1,89,820	1,99,468	1,98,441	2,02,546	2.1%	8.3%
EBITDA margin (%)	50.7	51.2	51.9	52.3	52.8	53.1	52.8	-27bps	94bps
PAT (INR mn)	16,069	21,452	15,882	30,056	16,125	13,407	24,422		

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 51bn in 3QFY24

Particulars (INR bn)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	QoQ (%)	YoY (%)
Long term debt, net of current portion	405	407	414	401	395	333	332	-0.3%	-20.0%
Short-term borrowings and current portion of long-term debt	167	173	172	135	128	162	161	-0.3%	-6.0%
Deferred payment liability	729	1,075	1,086	1,119	1,138	1,084	1,095	1.0%	0.9%
Gross debt excluding Lease Obligations	1,301	1,655	1,672	1,655	1,660	1,578	1,588	0.6%	-5.0%
Less: Cash and Cash Equivalents	76	65	61	72	59	44	54	22.6%	-11.9%
Less: Investments & Receivables	30	18	63	57	113	60	111	85.5%	77.3%
Net Debt excluding Lease Obligations	1,195	1,573	1,548	1,527	1,488	1,475	1,424	-3.5%	-8.1%
Lease Obligation	478	524	549	605	589	596	597	0.3%	8.8%
Net Debt including Lease Obligations	1,673	2,096	2,097	2,131	2,077	2,070	2,021	-2.4%	-3.7%
Net Debt (excl Lease liability) to EBITDA	1.79	2.21	2.07	2.01	1.87	1.86	1.76		
Consolidated Capex	64	70	93	114	105	92	93	0.7%	-0.4%

Source: Company, JM Financial.

Exhibit 4. Bharti Airtel – Key operational assumptions

Particulars	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
India wireless											
India ARPU (INR)	135	154	160	189	205	231	252	275	297	313	328
India subs EoP (mn)	284	321	326	335	348	357	363	367	372	377	383
India data subs (mn)	149	189	208	233	256	276	290	303	315	324	333
Data subs as % of total subs	52%	59%	64%	69%	73%	77%	80%	82%	85%	86%	87%
Data usage per sub (GB)	13.3	16.1	19.0	20.5	21.4	21.8	22.2	22.7	23.1	23.6	24.1
Minutes of usage per sub (MoU)	893	992	1,056	1,096	1,130	1,172	1,215	1,260	1,307	1,355	1,406
India Home Services/Broadband											
Fixed line subscribers (mn)	2.4	3.1	4.5	6.0	7.7	9.4	11.1	13.0	15.0	17.1	19.3
Fixed line ARPU (INR)	798	740	661	628	599	605	614	627	639	652	665
India DTH											
DTH subscribers (mn)	17	18	16	16	16	16	16	16	16	16	16
DTH ARPU (INR)	152	148	156	154	160	160	160	160	160	160	160
Airtel Africa											
Africa ARPU (INR)	193	210	237	262	244	251	275	306	345	377	406
Africa subs (mn)	111	118	128	140	152	156	159	163	166	169	172

Source: Company, JM Financial.

Exhibit 5. Revenue breakup for Bharti Airtel consolidated

Particulars	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Revenues (INR mn)											
India wireless	459,664	555,676	630,405	759,246	851,050	984,655	1,095,007	1,211,200	1,324,595	1,409,015	1,501,018
Home services/Broadband	22,451	23,342	30,391	40,473	49,322	61,890	75,389	90,445	107,051	125,264	145,139
DTH	29,239	30,561	31,538	29,450	30,707	30,942	31,060	31,119	31,148	31,163	31,171
Airtel Business	132,331	144,075	160,703	185,931	206,662	243,862	284,099	326,713	375,720	398,264	422,160
Tower	67,430										
Others											
Africa	242,170	288,632	350,613	422,665	426,483	462,569	520,432	591,451	679,764	757,055	830,867
South Asia	4,552	4,247	3,869	2,945	3,731	3,303	2,917	2,570	2,258	1,979	1,730
Eliminations	-71,054	-53,037	-36,707	-39,896	-39,821	-42,283	-43,081	-43,146	-42,286	-39,274	-35,691
Total	886,778	1,027,513	1,170,812	1,400,814	1,528,134	1,744,938	1,965,822	2,210,351	2,478,251	2,683,466	2,896,393
Revenue proportion (%)											
India wireless	51.8%	54.1%	53.8%	54.2%	55.7%	56.4%	55.7%	54.8%	53.4%	52.5%	51.8%
Home services/Broadband	2.5%	2.3%	2.6%	2.9%	3.2%	3.5%	3.8%	4.1%	4.3%	4.7%	5.0%
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%	13.5%	14.0%	14.5%	14.8%	15.2%	14.8%	14.6%
Tower	7.6%										
Others	0.0%										
Africa	27.3%	28.1%	29.9%	30.2%	27.9%	26.5%	26.5%	26.8%	27.4%	28.2%	28.7%
South Asia	0.5%	0.4%	0.3%	0.2%	0.2%	0.2%	0.1%	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%	12.1%	15.7%	11.2%	10.6%	9.4%	6.4%	6.5%
Home services/Broadband	0.3%	4.0%	30.2%	33.2%	21.9%	25.5%	21.8%	20.0%	18.4%	17.0%	15.9%
DTH	-28.7%	4.5%	3.2%	-6.6%	4.3%	0.8%	0.4%	0.2%	0.1%	0.0%	0.0%
Airtel Business	6.3%	8.9%	11.5%	15.7%	11.2%	18.0%	16.5%	15.0%	15.0%	6.0%	6.0%
Tower	-1.1%										
Others											
Africa	8.4%	19.2%	21.5%	20.6%	0.9%	8.5%	12.5%	13.6%	14.9%	11.4%	9.7%
South Asia	2.6%	-6.7%	-8.9%	-23.9%	26.7%	-11.5%	-11.7%	-11.9%	-12.1%	-12.4%	-12.6%
Total	8%	16%	14%	20%	9%	14%	13%	12%	12%	8%	8%

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	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
EBITDA (INR mn)											
India wireless	169,560	242,642	312,666	400,751	467,672	543,409	609,181	680,180	752,029	810,591	874,989
Home services/Broadband	11,309	13,434	16,030	20,494	24,750	32,155	39,957	48,765	58,600	69,516	81,571
DTH	19,959	20,788	21,006	17,344	17,340	17,463	17,525	17,556	17,571	17,579	17,583
Airtel Business	42,642	54,973	62,639	73,821	82,631	99,412	117,116	135,866	157,430	167,349	177,863
Tower	36,170										
Others											
Africa	106,425	132,995	172,092	207,244	210,848	226,419	255,960	292,281	337,549	378,405	418,348
South Asia	429	131	-621	-518	-547	-590	-466	-356	-259	-174	-100
Eliminations/Adjustment	-9,294	7,010	-3,130	2,965	5,876	-11,987	-6,653	-8,851	-11,108	-19,751	-30,306
Total	377,200	471,973	580,682	722,101	808,570	906,280	1,032,620	1,165,441	1,311,811	1,423,514	1,539,947
EBITDA proportion (%)											
India wireless	45.0%	51.4%	53.8%	55.5%	57.8%	60.0%	59.0%	58.4%	57.3%	56.9%	56.8%
Home services/Broadband	3.0%	2.8%	2.8%	2.8%	3.1%	3.5%	3.9%	4.2%	4.5%	4.9%	5.3%
DTH	5.3%	4.4%	3.6%	2.4%	2.1%	1.9%	1.7%	1.5%	1.3%	1.2%	1.1%
Airtel Business	11.3%	11.6%	10.8%	10.2%	10.2%	11.0%	11.3%	11.7%	12.0%	11.8%	11.5%
Tower	9.6%										
Others											
Africa	28.2%	28.2%	29.6%	28.7%	26.1%	25.0%	24.8%	25.1%	25.7%	26.6%	27.2%
South Asia	0.1%	0.0%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA margins											
India wireless	36.9%	43.7%	49.6%	52.8%	55.0%	55.2%	55.6%	56.2%	56.8%	57.5%	58.3%
Home services/Broadband	50.4%	57.6%	52.7%	50.6%	50.2%	52.0%	53.0%	53.9%	54.7%	55.5%	56.2%
DTH	68.3%	68.0%	66.6%	58.9%	56.5%	56.4%	56.4%	56.4%	56.4%	56.4%	56.4%
Airtel Business	32.2%	38.2%	39.0%	39.7%	40.0%	40.8%	41.2%	41.6%	41.9%	42.0%	42.1%
Tower	53.6%										
Others											
Africa	43.9%	46.1%	49.1%	49.0%	49.4%	48.9%	49.2%	49.4%	49.7%	50.0%	50.4%
South Asia	9.4%	3.1%	-16.1%	-17.6%	-14.7%	-17.9%	-16.0%	-13.9%	-11.5%	-8.8%	-5.8%
Total	42.5%	45.9%	49.6%	51.5%	52.9%	51.9%	52.5%	52.7%	52.9%	53.0%	53.2%

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	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Capex (INR mn)											
India wireless (ex-spectrum)	178,048	146,763	145,262	204,802	251,060	196,931	197,101	205,904	205,312	218,397	232,658
Home services/Broadband	5,825	11,010	16,654	21,992	27,374	29,917	34,180	38,293	42,112	45,519	48,387
DTH	10,512	12,842	13,028	13,602	13,572	12,377	12,424	12,448	12,459	12,465	12,468
Airtel Business	30,217	21,955	30,119	40,171	34,926	34,628	40,342	46,393	53,352	56,553	59,947
Africa	45,839	45,429	67,062	60,391	56,936	74,011	78,065	88,718	95,167	105,988	116,321
South Asia	1,026	3,686	3,292	978	746	826	729	642	564	495	432
Total (ex-spectrum)	280,187	428,675	275,418	341,936	384,613	348,690	362,841	392,398	408,967	439,417	470,213
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%	55.5%	48.3%	45.3%	42.3%	39.3%	36.3%	33.3%
DTH	36.0%	42.0%	41.3%	46.2%	44.2%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Airtel Business	22.8%	15.2%	18.7%	21.6%	16.9%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%
Africa	18.9%	15.7%	19.1%	14.3%	13.4%	16.0%	15.0%	15.0%	14.0%	14.0%	14.0%
South Asia	22.5%	86.8%	85.1%	33.2%	20.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Total	31.6%	41.7%	23.5%	24.4%	25.2%	20.0%	18.5%	17.8%	16.5%	16.4%	16.2%

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 1,265/share

Particulars, Enterprise Values unless mentioned	Valuation (INR bn)	(INR / share)	Implied FY26 EV/EBITDA	Implied FY26 PE
India business				
Wireless	5,847	1022	9.6	
Enterprise	952	166	8.1	
DTH	6	1	0.4	
Broadband	554	97	13.9	
Total India business EV	7,360	1,286	9.4	
India net debt	-888	-155		
Total India subsidiary Equity value	6,471	1,131		
Indus Towers Equity value (47.95% share of Bharti)	224	39		
Total India business Equity value including Indus Towers	6,696	1,170		
Africa business				
Africa Business Standalone EV	970	169	3.8	
Less: Africa business Net Debt	4	1		
Africa business Equity value (Airtel's 56% share)	546	95		
Total Equity value for Bharti Airtel	7,241	1,265	8.3	24.7

Source: Company, JM Financial.

Exhibit 9. Bharti Airtel – 3-year SoTP DCF valuation of INR 1,710/share, implying 14% IRR

Particulars, Enterprise Values unless mentioned	Valuation		Implied FY28 EV/EBITDA	Implied FY28 PE
	Valuation (INR bn)	(INR / share)		
India business				
Wireless	6,897	1,205	9.2	
Enterprise	1,076	188	6.8	
DTH	6	1	0.4	
Broadband	696	122	11.9	
Total India business EV	8,674	1,516	8.8	
India net debt	-35	-6		
Total India subsidiary Equity value	8,639	1,509		
Indus Towers Equity value (47.95% share of Bharti)	224	53		
Total India business Equity value including Indus Towers	8,863	1,563		
Africa business				
Africa Business Standalone EV	1294	226	3.8	
Less: Africa business Net Debt	225	37		
Africa business Equity value (Airtel's 56% share)	851	147		
Total Equity value for Bharti Airtel	9,714	1,710	7.8	19.5

Source: Company, JM Financial.

Exhibit 10. Bharti Airtel – one-year forward EV/EBITDA



Source: JM Financial, Bloomberg

Exhibit 11. Global telecom valuation snapshot

Company	EV/EBITDA (x)			P/E (x)			P/B (x)			EBITDA Margins (%)			ROE (%)		
	CY22/FY23	CY23/FY24	CY24/FY25	CY22/FY23	CY23/FY24	CY24/FY25	CY22/FY23	CY23/FY24	CY24/FY25	CY22/FY23	CY23/FY24	CY24/FY25	CY22/FY23	CY23/FY24	CY24/FY25
Bharti Airtel	9.3	11.0	9.7	50.6	54.5	32.0	5.4	6.7	5.6	51.2	52.8	53.6	11.6	12.6	19.3
Jio (JMFe)	15.5	13.7	11.3	33.8	29.8	21.7	2.8	2.6	2.3	51.6	52.6	53.7	8.8	9.1	11.3
Vodafone Idea	15.8	17.7	15.5	NM	NM	NM	NM	NM	NM	39.9	40.5	42.5	NM	NM	NM
Indian telcos average	13.5	14.1	12.2	42.2	42.1	26.9	4.1	4.6	4.0	47.6	48.6	49.9	10.2	10.9	15.3
AT&T	15.6	6.7	6.1	6.6	7.3	8.0	1.3	1.2	1.1	15.6	34.5	36.2	(6.6)	14.1	14.0
T-Mobile	10.5	9.3	8.5	21.5	19.9	17.3	2.5	3.0	3.0	33.6	40.8	39.0	3.7	12.4	17.0
Verizon	6.5	8.2	6.7	7.7	8.3	9.1	1.8	1.7	1.7	38.5	30.2	35.8	24.6	12.7	19.7
US telcos average	10.9	8.1	7.1	12.0	11.8	11.5	1.9	1.9	1.9	29.2	35.2	37.0	7.2	13.1	16.9
Deutsche Telekom	6.4	7.0	6.4	12.3	13.8	12.3	1.9	2.0	1.8	36.9	36.3	39.1	17.5	19.7	15.4
Orange	4.8	5.4	5.3	12.7	10.0	9.0	0.9	0.9	0.9	30.9	29.5	30.0	7.3	8.5	8.7
Telefonica	5.5	5.0	4.9	8.5	13.0	10.7	1.1	0.8	0.8	32.1	31.6	31.9	14.2	6.2	7.5
Telenor	5.9	7.3	7.1	13.2	23.2	15.3	2.1	2.3	2.4	53.2	43.2	43.6	100.9	24.5	15.4
Vodafone Plc	2.8	5.7	5.7	2.4	9.8	8.9	0.4	0.3	0.3	60.1	29.9	30.2	20.0	3.2	3.3
Europe telcos average	5.1	6.1	5.9	9.8	13.9	11.2	1.3	1.3	1.3	42.7	34.1	35.0	32.0	12.4	10.1
China Mobile	2.3	3.2	3.0	7.8	9.7	9.0	0.8	1.0	0.9	35.1	34.6	34.2	10.0	10.2	10.5
China Telecom	2.8	3.7	3.5	9.0	11.2	10.1	0.6	0.8	0.7	27.1	26.5	26.1	6.4	6.9	7.5
China Unicom	1.0	1.2	1.1	7.8	8.0	7.3	0.4	0.4	0.4	27.9	27.1	26.5	5.0	5.4	5.7
China telcos average	2.1	2.7	2.6	8.2	9.6	8.8	0.6	0.7	0.7	30.0	29.4	28.9	7.1	7.5	7.9
KT Corp	3.6	3.4	3.4	6.5	8.3	7.5	0.5	0.6	0.5	20.9	20.5	20.3	8.0	6.9	7.2
LG Uplus	3.2	3.2	3.1	7.2	6.7	6.5	0.6	0.5	0.5	25.4	25.6	25.6	8.4	8.0	7.9
SK Telecom	3.8	3.8	3.7	11.5	10.0	9.6	0.9	0.9	0.9	31.0	31.2	30.9	7.8	9.4	9.5
Korea telcos average	3.5	3.5	3.4	8.4	8.3	7.9	0.7	0.7	0.6	25.8	25.8	25.6	8.1	8.1	8.2
Axiata	6.6	6.0	5.9	NM	66.1	30.1	1.2	1.0	1.0	44.3	46.6	46.0	46.5	2.1	3.0
Maxis	10.0	9.8	9.6	25.4	22.7	20.4	4.7	4.7	4.7	40.3	39.8	39.6	18.1	20.5	22.5
Malaysia telcos average	8.3	7.9	7.7	25.4	44.4	25.2	3.0	2.9	2.9	42.3	43.2	42.8	32.3	11.3	12.7
Advanced Info	7.8	8.3	7.7	22.3	22.3	20.8	6.8	7.3	6.8	48.4	48.9	48.5	31.1	32.8	33.2
Chungwa Telecom	10.2	10.9	10.8	24.0	25.2	24.9	2.3	2.4	2.4	39.8	39.1	38.8	9.6	9.7	9.9
Converge ICT	8.6	4.6	4.2	15.7	8.3	8.1	3.4	1.6	1.4	53.5	57.1	56.8	20.9	20.5	18.1
Digi.com	15.5	NM	NM	NM	NM	NM	NM	NM	NM	44.0	46.8	46.8	9.1	11.2	12.4
Globe Telecom	6.1	6.9	6.7	8.9	13.4	12.5	2.1	1.6	1.5	54.8	45.4	45.4	25.3	14.5	12.7
Indosat	4.1	5.4	4.8	10.5	22.0	15.7	1.8	2.4	2.2	51.9	46.6	48.1	25.2	11.7	14.4
MTN Group	3.7	3.2	3.3	11.0	8.7	9.1	2.0	1.2	1.1	43.1	41.6	40.8	17.0	NM	NM
Singtel	13.4	12.9	12.1	18.2	16.4	14.2	1.6	1.4	1.4	25.4	25.7	26.3	8.2	9.1	9.9
Taiwan Mobile	9.9	12.8	11.1	24.2	25.5	24.5	4.1	3.8	3.9	20.0	18.8	19.2	17.0	17.0	17.1
Telecom Indonesia	5.8	5.7	5.4	17.9	15.3	14.1	2.9	2.8	2.6	49.3	53.0	53.5	16.5	18.5	18.9
Telstra	8.5	7.7	7.4	25.7	22.0	20.6	3.2	3.0	3.0	34.8	34.9	35.5	12.5	13.5	13.8
XL Axiata	4.6	4.6	4.3	20.4	23.2	17.6	1.1	1.1	1.1	50.3	49.2	49.4	4.9	4.9	6.1
Other regional telcos average	8.2	7.5	7.1	18.1	18.4	16.5	2.8	2.6	2.5	42.9	42.3	42.4	16.4	14.9	15.1
Global telcos average	7.4	7.1	6.6	15.8	18.4	14.7	2.1	2.1	2.0	39.1	38.1	38.5	17.0	12.3	12.8

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	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Sales	1,170,812	1,400,814	1,528,134	1,744,938	1,965,822	
Sales Growth	13.9%	19.6%	9.1%	14.2%	12.7%	
Other Operating Income	0	0	0	0	0	
Total Revenue	1,170,812	1,400,814	1,528,134	1,744,938	1,965,822	
Cost of Goods Sold/Op. Exp	428,452	479,157	498,178	598,886	664,802	
Personnel Cost	44,333	48,308	53,654	58,760	65,790	
Other Expenses	117,345	151,248	167,732	181,011	202,611	
EBITDA	580,682	722,101	808,570	906,280	1,032,620	
EBITDA Margin	49.6%	51.5%	52.9%	51.9%	52.5%	
EBITDA Growth	23.0%	24.4%	12.0%	12.1%	13.9%	
Depn. & Amort.	330,907	364,318	396,528	399,373	423,116	
EBIT	249,775	357,783	412,041	506,907	609,504	
Other Income	2,070	5,555	10,033	8,391	8,161	
Finance Cost	158,018	170,197	194,748	204,916	179,316	
PBT before Excep. & Forex	93,827	193,140	227,326	310,382	438,349	
Excep. & Forex Inc./Loss(-)	-9,125	-24,494	-33,322	0	0	
PBT	84,702	168,647	194,004	310,382	438,349	
Taxes	40,946	57,558	63,596	109,076	144,839	
Extraordinary Inc./Loss(-)	24,191	14,350	-53,723	0	0	
Assoc. Profit/Min. Int.(-)	56,231	40,713	52,584	53,372	55,340	
Reported Net Profit	60,180	99,768	73,125	198,534	292,706	
Adjusted Net Profit	35,989	85,418	126,848	198,534	292,706	
Net Margin	3.1%	6.1%	8.3%	11.4%	14.9%	
Diluted Share Cap. (mn)	5,592.8	5,670.9	5,723.2	5,723.2	5,723.2	
Diluted EPS (INR)	6.4	15.1	22.2	34.7	51.1	
Diluted EPS Growth	0.0%	134.1%	47.1%	56.5%	47.4%	
Total Dividend + Tax	0	0	0	11,948	19,376	
Dividend Per Share (INR)	0.0	0.0	0.0	1.7	2.8	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Profit before Tax	108,934	176,168	218,517	335,682	465,617	
Depn. & Amort.	330,907	364,318	396,528	399,373	423,116	
Net Interest Exp. / Inc. (-)	24,191	14,350	-53,723	0	0	
Inc (-) / Dec in WCap.	31,547	70,124	14,316	33,235	20,671	
Others	0	0	0	0	0	
Taxes Paid	-40,946	-57,558	-63,596	-109,076	-144,839	
Operating Cash Flow	454,633	567,402	512,041	659,214	764,565	
Capex	-539,226	-1,132,130	-384,613	-348,690	-362,841	
Free Cash Flow	-84,593	-564,728	127,428	310,524	401,724	
Inc (-) / Dec in Investments	-49,485	-1,701	0	0	0	
Others	30,346	1,707	0	0	0	
Investing Cash Flow	-558,365	-1,132,124	-384,613	-348,690	-362,841	
Inc / Dec (-) in Capital	0	0	0	0	0	
Dividend + Tax thereon	15,836	10,318	24,142	-9,927	-16,099	
Inc / Dec (-) in Loans	68,927	563,424	-71,150	-284,597	-357,553	
Others	-931	1,815	-40,143	-28,072	-28,072	
Financing Cash Flow	83,832	575,557	-87,151	-322,595	-401,724	
Inc / Dec (-) in Cash	-19,900	10,835	40,277	-12,071	0	
Opening Cash Balance	80,859	60,959	71,794	112,071	100,000	
Closing Cash Balance	60,959	71,794	112,071	100,000	100,000	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Shareholders' Fund	665,543	775,629	872,896	1,061,504	1,338,111	
Share Capital	55,928	56,709	57,232	57,232	57,232	
Reserves & Surplus	609,615	718,920	815,664	1,004,271	1,280,879	
Preference Share Capital	0	0	0	0	0	
Minority Interest	253,807	288,814	276,743	276,743	276,743	
Total Loans	1,696,779	2,260,203	2,189,053	1,904,457	1,546,904	
Def. Tax Liab. / Assets (-)	0	0	0	0	0	
Total - Equity & Liab.	2,616,129	3,324,646	3,338,693	3,242,703	3,161,758	
Net Fixed Assets	2,500,380	3,268,192	3,256,277	3,205,593	3,145,319	
Gross Fixed Assets	0	0	0	0	0	
Intangible Assets	1,229,983	1,659,192	1,571,243	1,485,656	1,396,574	
Less: Depn. & Amort.	0	0	0	0	0	
Capital WIP	0	0	0	0	0	
Investments	316,224	356,356	356,356	356,356	356,356	
Current Assets	819,956	841,784	898,582	912,823	939,424	
Inventories	0	0	0	0	0	
Sundry Debtors	161,464	171,634	188,155	214,467	241,068	
Cash & Bank Balances	60,959	71,794	112,071	100,000	100,000	
Loans & Advances	0	0	0	0	0	
Other Current Assets	597,533	598,356	598,356	598,356	598,356	
Current Liab. & Prov.	1,020,431	1,141,686	1,172,522	1,232,069	1,279,341	
Current Liabilities	443,779	487,216	518,052	577,599	624,871	
Provisions & Others	576,652	654,470	654,470	654,470	654,470	
Net Current Assets	-200,475	-299,902	-273,941	-319,246	-339,917	
Total - Assets	2,616,129	3,324,646	3,338,693	3,242,703	3,161,758	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Margin	3.1%	6.1%	8.3%	11.4%	14.9%	
Asset Turnover (x)	0.4	0.4	0.4	0.5	0.6	
Leverage Factor (x)	4.3	4.3	4.2	3.6	2.8	
RoE	5.7%	11.9%	15.4%	20.5%	24.4%	

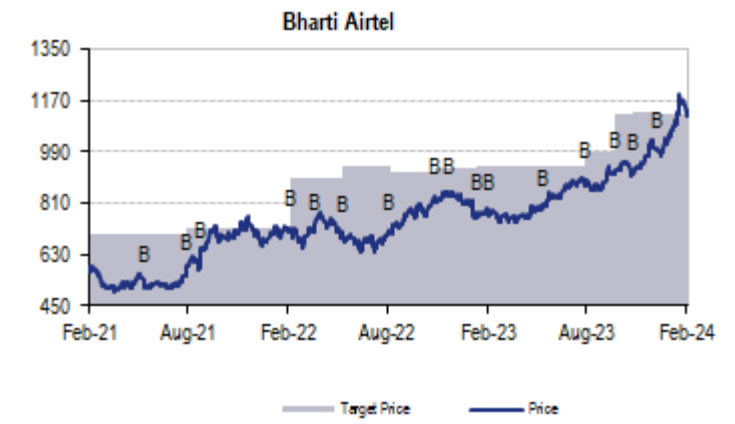
Key Ratios						
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
BV/Share (INR)	119.0	136.8	152.5	185.5	233.8	
ROIC	6.0%	9.2%	9.6%	11.6%	14.9%	
ROE	5.7%	11.9%	15.4%	20.5%	24.4%	
Net Debt/Equity (x)	2.4	2.8	2.3	1.7	1.0	
P/E (x)	176.2	75.3	51.2	32.7	22.2	
P/B (x)	9.5	8.3	7.4	6.1	4.9	
EV/EBITDA (x)	14.4	12.4	10.9	9.4	7.9	
EV/Sales (x)	7.1	6.4	5.8	4.9	4.2	
Debtor days	50	45	45	45	45	
Inventory days	0	0	0	0	0	
Creditor days	181	177	183	183	183	

Source: Company, JM Financial

History of Earnings Estimate and Target Price

Date	Recommendation	Target Price	% Chg.
11-Oct-20	Buy	600	
28-Oct-20	Buy	615	2.5
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

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Definition of ratings	
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.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject JM Financial Institutional Securities and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

Additional disclosure only for U.S. persons: JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1325 Avenue of the Americas, 28th Floor, Office No. 2821, New York, New York 10019. Telephone +1 (332) 900 4958 which is registered with the SEC and is a member of FINRA and SIPC.

Additional disclosure only for U.K. persons: Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

Additional disclosure only for Canadian persons: This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.