

# Bharti Airtel | BUY



## Robust performance; tariff hike & capex moderation to boost FCF

Bharti's 2QFY24 consolidated EBITDA was ~1% below JMFe/consensus at INR 198.4bn (down 0.5% QoQ) due to the impact of the Nigerian Naira's devaluation on Airtel Africa EBITDA. However, India wireless EBITDA was marginally above JMFe at INR 115bn (+3% QoQ and +16.5% YoY) due to moderation of SG&A expenses; EBITDA margin improved 15 bps QoQ to 54.9%. ARPU improved by INR 3 QoQ to INR 203, aided by one more day in the quarter and improved subs mix on back of robust 4G net additions (7.7mn) and post-paid net additions (1.0mn). Traction in FTTH business remained strong; however, enterprise business growth moderated due to slowdown in global business. Cons. capex moderated QoQ to INR 92bn in 2QFY24 (vs. INR 105bn in 1QFY24) led by moderation in India capex; Net debt (excluding lease liability) declined by INR14bn to INR 1,475bn. We maintain BUY on Bharti (unchanged TP of INR 1,125) 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 ~1% below JMFe/consensus at INR 198.4bn (down 0.5% QoQ) due to impact of Nigerian Naira's devaluation on Airtel Africa EBITDA:** Bharti's 2QFY24 consolidated revenue was INR 374bn (down 1.1% QoQ but +7.6% YoY), 1-2% below JMFe and consensus due to the impact of the Nigerian Naira's devaluation on Airtel Africa EBITDA. Hence, consolidated EBITDA at INR 198.4bn (down 0.5% QoQ but +11.5% YoY) was also ~1% below JMFe/consensus. Network cost was up 0.3% only QoQ at INR 74.2bn (+4.1% YoY) due to the company's 'war on waste' programme; however, other cost (down 4.7% QoQ but up 4.2% YoY) was 3.5% below JMFe due to lower SG&A and other expense.
- India wireless EBITDA marginally above JMFe; 4G net adds strong at 7.7mn though ARPU a tad lower at INR 203:** India wireless revenue was in line with JMFe at INR 210bn (+2.7% QoQ and +11% YoY). However, India wireless EBITDA was marginally above JMFe at INR 115bn (+3.0% QoQ and +16.5% YoY) due to moderation in SG&A cost (down 13.2% QoQ); hence, EBITDA margin improved by another 15 bps QoQ to 54.9%. In the core India wireless business, net subscribers rose by 3.7mn to 342mn (a tad lower than JMFe of ~4mn net additions) with reported churn rising slightly to 2.9% in 2QFY24 (vs. 2.8% in 1QFY24) possibly due to outsized churn in lower ARPU segments given the sharp hike entry level prepaid tariffs. Further, 4G net additions were stronger than expected at 7.7mn in 2QFY24 (vs. 5.6mn addition in 1QFY24); 4G subscribers constitute 69% of total subscribers. Post-paid subscriber addition was at a record high of 1.0mn in 2QFY24 (vs. 0.8mn in 1QFY24). In addition, usage metrics was up 2.8% QoQ at 21.7GB/user/month in 2QFY24. Hence, India wireless ARPU improved by INR 3 QoQ to INR 203, aided by one more day in the quarter and improved subs mix on back of robust 4G and post-paid subs. This compares to Jio's reported ARPU (including FTTH) growth of INR 1.2 in [2QFY24](#) at

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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,125
Upside/(Downside)	23.0%
Previous Price Target	1,125
Change	0.0%

### Key Data – BHARTI IN

Current Market Price	INR914
Market cap (bn)	INR5,347.3/US\$64.2
Free Float	38%
Shares in issue (mn)	5,670.9
Diluted share (mn)	5,670.9
3-mon avg daily val (mn)	INR4,623.2/US\$55.5
52-week range	961/736
Sensex/Nifty	63,875/19,080
INR/US\$	83.3

### Price Performance

%	1M	6M	12M
Absolute	-1.3	14.4	9.9
Relative*	1.7	9.5	5.2

\* To the BSE Sensex

Financial Summary	(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	1,170,812	1,400,814	1,543,336	1,733,032	1,951,712
Sales Growth (%)	13.9	19.6	10.2	12.3	12.6
EBITDA	580,682	722,101	821,725	903,656	1,028,935
EBITDA Margin (%)	49.6	51.5	53.2	52.1	52.7
Adjusted Net Profit	35,989	85,418	133,632	208,887	301,383
Diluted EPS (INR)	6.4	15.1	23.6	36.8	53.1
Diluted EPS Growth (%)	0.0	134.1	56.4	56.3	44.3
ROIC (%)	6.0	9.2	9.9	11.5	14.6
ROE (%)	5.7	11.9	16.1	21.3	24.7
P/E (x)	142.0	60.7	38.8	24.8	17.2
P/B (x)	7.7	6.7	5.9	4.8	3.8
EV/EBITDA (x)	12.2	10.5	9.1	8.0	6.7
Dividend Yield (%)	0.0	0.0	0.0	0.2	0.3

Source: Company data, JM Financial. Note: Valuations as of 31/Oct/2023

JM Financial Institutional Securities Limited

JM Financial Research is also available on:  
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INR 181.7 and VIL's reported ARPU growth of INR 3 in 2QFY24 at INR 142.

- **FTTH business growth robust; enterprise business growth moderated due to slowdown in global business:** FTTH business continued to perform robustly, with addition of 471k subs during the quarter, with the service being now live in 1,239 cities (vs. 1,225 cities at the end of 1QFY24); however, ARPU was down 2.1% QoQ at INR 595. However, enterprise business revenue rose only 1.1% QoQ (up 9.5% YoY) to INR 51.1bn while EBITDA rose 3%/13.4% 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.
- **High conviction on our BUY rating on Bharti with 1-year TP of INR 1,125 and 3-year TP of INR 1,625 (implying 21% IRR):** As detailed in our Sep'23 note ([Premiumisation strategy makes it best play on 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 of INR 2,070bn at end-2QFY24); this will also aid in accretion in equity value.

## 2QFY24 concall takeaways

The management **reiterated the need for tariff hikes to make the industry viable** as the current tariff in India is very low; however, it said **tariff hikes are not fully in its hands** (as it will depend upon how the competition responds) but a **tariff hike should happen in the not too distant future**.

Highlighted that **three drivers for boosting post-paid subs are: a) family plans; b) densification of stores via small format store expansion, and c) 5G rollout** (as a pivot to accelerate post-paid by attracting VIL's customers as it has not rolled out 5G.) There exists a huge opportunity to boost the post-paid subscriber base from the current 6% with post-paid subscriber base constituting 20-40% of the subscriber base in other emerging markets.

**ARPU upside from upgrading entry level feature phone to entry level smart-phone plan has moderated** as entry level feature phone plan is at INR 179 vs. entry level smartphone plan of INR 239 – so there is only an incremental INR 60 for upgrade to 4G.

Reiterated focus on quality customers via focus on: **a) top 150 cities** (100% of B2B opportunities and more than 80% of broadband, post-paid are situated); **b) high potential 60,000 villages**.

**Reiterated that continued efforts on war on waste have resulted in reduction in network opex/site**. Network rollout cost in rural areas has been lower than expected.

Reiterated that **Bharti's non-standalone (NSA) architecture for rollout of 5G has advantage over SA architecture** in form of lower capex, lower power cost, better coverage, etc. Bharti will only switch to SA if required in future, 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.

Highlighted that **AirFiber will complement FTTH** where fiber is weak or cannot reach; **Bharti will be rolling out AirFiber in full by end of CY23** and expects CPE cost to decline with economies of scale

5G is a long haul technology and, hence, **Bharti is not in a race with Jio for aggressive 5G network rollout**; it is also slightly concerned as **mobile customers are indifferent towards 5G as they are indifferent to data speed over 4-5mbps** given the apps currently being used. Hence, the industry needs to make 5G-specific use case to drive usage, so **higher tariff for 5G is unlikely in the near term**. **Bharti has 55mn unique 5G customers on its network**; Bharti's market share of high end phone has risen by 100bps.

**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 rate has doubled over the last year**.

The management said **peak capex will be in FY24 before moderating from FY25 onwards** with moderation in radio capex once 5G rollout is attained by Mar'24 (while transportation and data centre capex may continue at the same pace). Earlier, the management had said that **India business capex for FY24 could be in broad ball-park range of INR 280bn spent in FY23 and cumulative capex on India business over 3 years will be at a similar run-rate** as in the past (of around INR 250bn p.a.) as 5G capex will replace 4G capex, **but there will be advancement of capex to FY24 due to 5G rollout and rural push**.

**Review of SC decision on AGR is for arithmetical errors of omission/commission – yet to get a date** when this will be heard.

The company is evaluating whether it needs to file a review petition against the SC decision of treating licence fee as revenue expenditure vs. capex. **Bharti's provision of INR15.7bn for the same is based on internal evaluation on a best estimate basis**; it is yet to get a demand from Income Tax department.

## 2QFY24 result review

## Exhibit 1. Bharti Airtel 2QFY24 quarterly snapshot

Consolidated, INR mn	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	QoQ (%)	YoY (%)
Revenue	2,70,634	2,84,352	3,00,637	3,15,189	3,29,968	3,47,287	3,60,620	3,62,939	3,77,883	3,73,742	-1.1%	7.6%
Operating costs	1,38,733	1,45,159	1,51,638	1,54,600	1,62,752	1,69,330	1,73,512	1,73,119	1,78,415	1,75,301	-1.7%	3.5%
-Network costs	57,973	61,788	64,986	65,458	66,828	71,303	73,284	74,018	74,036	74,240	0.3%	4.1%
-License fees, SUC and other revenue share	26,455	26,794	27,298	30,089	31,306	29,511	28,421	28,279	29,403	29,643	0.8%	0.4%
-SG&A costs	10,613	12,670	14,425	15,327	15,669	17,823	19,118	19,844	20,596	19,590	-4.9%	9.9%
-Other costs	43,692	43,907	44,929	43,726	48,949	50,693	52,689	50,978	54,380	51,828	-4.7%	2.2%
EBITDA	1,31,901	1,39,193	1,48,999	1,60,589	1,67,216	1,77,957	1,87,108	1,89,820	1,99,468	1,98,441	-0.5%	11.5%
Depreciation & Amortization	77,137	82,472	85,472	85,826	87,814	89,468	92,977	94,059	96,538	97,343	0.8%	8.8%
EBIT	54,764	56,721	63,527	74,763	79,402	88,489	94,131	95,761	1,02,930	1,01,098	-1.8%	14.2%
Associates	4,947	5,988	6,161	7,136	1,628	3,567	-3,684	6,010	5,899	5,860		
Net interest cost	42,057	39,641	43,671	40,593	45,109	49,403	46,856	51,631	56,137	51,858		
Reported PBT	17,959	30,289	26,415	50,368	35,921	42,653	36,893	50,140	18,529	39,397		
Tax	-8,545	-8,491	-9,908	-14,002	-12,836	-14,523	-14,149	-16,050	-14,460	-16,756		
Reported PAT	2,835	11,340	8,296	20,078	16,069	21,452	15,882	30,056	16,125	13,407		
Reported EPS	0.52	2.06	1.49	3.59	2.88	3.80	2.81	5.30	2.84	2.36		
Tax/PBT (%)	-48%	-28%	-38%	-28%	-36%	-34%	-38%	-32%	-78%	-43%		
EBITDA margin (%)	48.7%	49.0%	49.6%	51.0%	50.7%	51.2%	51.9%	52.3%	52.8%	53.1%		

Source: Company, JM Financial.

## Exhibit 2. Bharti Airtel 2QFY24 segmental snapshot

	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	QoQ (%)	YoY (%)
<b>India wireless</b>												
Revenue (INR mn)	1,43,056	1,51,914	1,60,173	1,75,262	1,81,404	1,88,823	1,93,527	1,95,493	2,03,924	2,09,521	2.7%	11.0%
Post IND AS EBITDA (INR mn)	70,335	74,769	78,962	88,599	92,667	98,736	1,04,121	1,05,227	1,11,665	1,15,039	3.0%	16.5%
Post IND AS EBITDA margin (%)	49.2	49.2	49.3	50.6	51.1	52.3	53.8	53.8	54.8	54.9	15bps	262bps
Subscribers (mn)	321	323	323	326	327	328	332	335	339	342	1.1%	4.4%
Net subscriber addition (mn)	-0.1	2.2	-0.6	3.1	1.3	0.5	4.4	3.2	3.2	3.7		
Post-paid subscribers	16.9	17.3	17.6	17.8	18.1	18.3	19.0	19.7	20.5	21.5	4.8%	17.1%
Net post-paid subscriber addition (mn)	0.3	0.4	0.3	0.2	0.2	0.3	0.7	0.7	0.8	1.0		
Postpaid subscribers as % of total subs	5.3%	5.3%	5.4%	5.5%	5.5%	5.6%	5.7%	5.9%	6.1%	6.3%		
4G subscribers	184	193	196	201	205	210	217	224	230	237	3.4%	12.9%
Net 4G subscriber addition (mn)	5.1	8.1	3.0	5.2	4.5	5.0	6.4	7.4	5.6	7.7		
4G subs as % of total subs	57%	60%	61%	62%	63%	64%	65%	67%	68%	69%		
Total Data subscribers	193	200	203	208	213	219	225	233	238	246		
Net Data subscriber addition (mn)	4.3	7.1	2.9	5.5	4.8	5.8	6.2	7.4	5.5	7.7		
Data subs as % of total subs	60%	62%	63%	64%	65%	67%	68%	69%	70%	72%		
AMDU (GB/month)	18.5	18.6	18.3	18.8	19.5	20.3	20.3	20.3	21.1	21.7	2.8%	7.0%
ARPU (INR/month)	146	153	163	178	183	190	193	193	200	203	1.5%	6.8%
Total subscriber Churn	2.8%	3.0%	2.9%	2.8%	3.0%	3.3%	3.0%	2.8%	2.8%	2.9%		
Mobile service population coverage	95.5%	95.6%	95.6%	95.7%	95.7%	95.7%	95.8%	95.9%	96.0%	96.0%		
<b>Home Services (Broadband)</b>												
Revenue (INR mn)	6,533	7,127	7,969	8,762	9,265	9,899	10,343	10,966	11,621	12,207	5.0%	23.3%
EBITDA (INR mn)	3,230	3,779	4,292	4,729	4,878	4,918	5,173	5,526	5,860	6,073	3.6%	23.5%
EBITDA margin (%)	49.4	53.0	53.9	54.0	52.6	49.7	50.0	50.4	50.4	49.8	-68bps	7bps
Subscribers (mn)	3.35	3.82	4.16	4.48	4.79	5.21	5.64	6.05	6.46	6.93	7.3%	33.0%
ARPU (INR/month)	681	661	657	650	652	646	624	614	608	595	-2.1%	-7.9%
<b>Telemedia (DTH)</b>												
Revenue (INR mn)	8,095	7,979	7,912	7,552	7,482	7,288	7,390	7,290	7,403	7,515	1.5%	3.1%
EBITDA (INR mn)	5,421	5,314	5,319	4,952	4,779	4,352	4,132	4,081	4,264	4,212	-1.2%	-3.2%
EBITDA margin (%)	67.0	66.6	67.2	65.6	63.9	59.7	55.9	56.0	57.6	56.0	-155bps	-366bps
Subscribers (mn)	18.0	16.3	16.2	16.0	15.7	15.8	16.0	15.9	15.9	15.7	-1.1%	-0.1%
ARPU (INR/month)	151	163	161	157	158	155	154	153	154	159	3.2%	2.6%
<b>Enterprise Business</b>												
Revenue (INR mn)	37,893	39,953	41,059	41,798	43,656	46,646	47,779	47,850	50,545	51,100	1.1%	9.5%
EBITDA (INR mn)	14,685	15,922	15,641	16,390	16,945	18,146	19,050	19,680	19,979	20,578	3.0%	13.4%
EBITDA margin (%)	38.8	39.9	38.1	39.2	38.8	38.9	39.9	41.1	39.5	40.3	74bps	137bps
<b>Airtel Africa</b>												
Revenue (INR mn)	81,773	85,916	91,053	91,871	97,021	1,04,452	1,10,877	1,10,315	1,13,168	1,02,768	-9.2%	-1.6%
EBITDA (INR mn)	39,273	41,743	45,190	45,865	47,381	51,252	54,468	54,180	56,031	51,158	-8.7%	-0.2%
EBITDA margin (%)	48.0	48.6	49.6	49.9	48.8	49.1	49.1	49.1	49.5	49.8	27bps	71bps
<b>Consolidated</b>												
Revenue (INR mn)	2,70,634	2,84,352	3,00,637	3,15,189	3,29,968	3,47,287	3,60,620	3,62,939	3,77,883	3,73,742	-1.1%	7.6%
EBITDA (INR mn)	1,31,901	1,39,193	1,48,999	1,60,589	1,67,216	1,77,957	1,87,108	1,89,820	1,99,468	1,98,441	-0.5%	11.5%
EBITDA margin (%)	48.7	49.0	49.6	51.0	50.7	51.2	51.9	52.3	52.8	53.1	31bps	185bps
PAT (INR mn)	2,835	11,340	8,296	20,078	16,069	21,452	15,882	30,056	16,125	13,407		

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 2QFY24

Particulars (INR bn)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	QoQ (%)	YoY (%)
Long term debt, net of current portion	451	404	416	425	405	407	414	401	395	333	-15.7%	-18.4%
Short-term borrowings and current portion of long-term debt	116	156	156	194	167	173	172	135	128	162	26.7%	-6.4%
Deferred payment liability	788	893	759	709	729	1,075	1,086	1,119	1,138	1,084	-4.8%	0.8%
<b>Gross debt excluding Lease Obligations</b>	<b>1,355</b>	<b>1,453</b>	<b>1,331</b>	<b>1,328</b>	<b>1,301</b>	<b>1,655</b>	<b>1,672</b>	<b>1,655</b>	<b>1,660</b>	<b>1,578</b>	<b>-5.0%</b>	<b>-4.7%</b>
Less: Cash and Cash Equivalents	85	62	73	61	76	65	61	72	59	44	-25.8%	-32.8%
Less: Investments & Receivables	5	78	18	31	30	18	63	57	113	60	-47.2%	238.5%
<b>Net Debt excluding Lease Obligations</b>	<b>1,265</b>	<b>1,313</b>	<b>1,239</b>	<b>1,235</b>	<b>1,195</b>	<b>1,573</b>	<b>1,548</b>	<b>1,527</b>	<b>1,488</b>	<b>1,475</b>	<b>-0.9%</b>	<b>-6.2%</b>
Lease Obligation	331	349	352	368	478	524	549	605	589	596	1.1%	13.7%
<b>Net Debt including Lease Obligations</b>	<b>1,596</b>	<b>1,662</b>	<b>1,591</b>	<b>1,603</b>	<b>1,673</b>	<b>2,096</b>	<b>2,097</b>	<b>2,131</b>	<b>2,077</b>	<b>2,070</b>	<b>-0.3%</b>	<b>-1.3%</b>
<b>Net Debt (excl Lease liability) to EBITDA</b>	<b>2.40</b>	<b>2.36</b>	<b>2.08</b>	<b>1.92</b>	<b>1.79</b>	<b>2.21</b>	<b>2.07</b>	<b>2.01</b>	<b>1.87</b>	<b>1.86</b>		
<b>Consolidated Capex</b>	<b>66</b>	<b>70</b>	<b>61</b>	<b>60</b>	<b>64</b>	<b>70</b>	<b>93</b>	<b>114</b>	<b>105</b>	<b>92</b>	<b>-12.2%</b>	<b>30.6%</b>

Source: Company, JM Financial.

**Exhibit 4. Bharti Airtel – Key operational assumptions**

Particulars	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
<b>India wireless</b>											
India ARPU (INR)	135	154	160	189	205	230	251	274	296	311	327
India subs EoP (mn)	284	321	326	335	345	350	356	363	368	374	380
India data subs (mn)	149	189	208	233	253	271	285	299	313	321	330
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	21.2	21.6	22.1	22.5	22.9	23.4	23.9
Minutes of usage per sub (MoU)	893	992	1,056	1,096	1,136	1,179	1,222	1,268	1,315	1,364	1,414
<b>India Home Services/Broadband</b>											
Fixed line subscribers (mn)	2.4	3.1	4.5	6.0	7.8	9.5	11.3	13.2	15.2	17.3	19.6
Fixed line ARPU (INR)	798	740	661	628	606	612	618	631	643	656	669
<b>India DTH</b>											
DTH subscribers (mn)	17	18	16	16	16	16	16	16	16	16	16
DTH ARPU (INR)	152	148	156	154	154	154	154	154	154	154	154
<b>Airtel Africa</b>											
Africa ARPU (INR)	193	210	237	262	257	261	288	321	362	397	429
Africa subs (mn)	111	118	128	140	146	151	156	160	164	169	173

Source: Company, JM Financial.

**Exhibit 5. Revenue breakup for Bharti Airtel consolidated**

Particulars	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
<b>Revenues (INR mn)</b>											
India wireless	4,59,664	5,55,676	6,30,405	7,59,246	8,44,197	9,66,015	10,70,388	11,88,014	13,04,613	13,89,802	14,80,551
Home services/Broadband	22,451	23,342	30,391	40,473	50,440	63,690	77,136	92,473	1,09,376	1,27,905	1,48,114
DTH	29,239	30,561	31,538	29,450	29,425	29,311	29,254	29,226	29,212	29,205	29,201
Airtel Business	1,32,331	1,44,075	1,60,703	1,85,931	2,15,122	2,47,390	2,84,499	3,27,174	3,76,250	3,98,825	4,22,755
Tower	67,430										
Others											
Africa	2,42,170	2,88,632	3,50,613	4,22,665	4,40,810	4,65,466	5,30,085	6,08,791	7,05,885	7,93,217	8,78,781
South Asia	4,552	4,247	3,869	2,945	3,214	2,964	2,727	2,503	2,291	2,092	1,906
Eliminations	-71,054	-53,037	-36,707	-39,896	-39,871	-41,805	-42,377	-42,559	-41,847	-38,915	-35,371
<b>Total</b>	<b>8,86,778</b>	<b>10,27,513</b>	<b>11,70,812</b>	<b>14,00,814</b>	<b>15,43,336</b>	<b>17,33,032</b>	<b>19,51,712</b>	<b>22,05,621</b>	<b>24,85,779</b>	<b>27,02,131</b>	<b>29,25,937</b>
<b>Revenue proportion (%)</b>											
India wireless	51.8%	54.1%	53.8%	54.2%	54.7%	55.7%	54.8%	53.9%	52.5%	51.4%	50.6%
Home services/Broadband	2.5%	2.3%	2.6%	2.9%	3.3%	3.7%	4.0%	4.2%	4.4%	4.7%	5.1%
DTH	3.3%	3.0%	2.7%	2.1%	1.9%	1.7%	1.5%	1.3%	1.2%	1.1%	1.0%
Airtel Business	14.9%	14.0%	13.7%	13.3%	13.9%	14.3%	14.6%	14.8%	15.1%	14.8%	14.4%
Tower	7.6%										
Others	0.0%										
Africa	27.3%	28.1%	29.9%	30.2%	28.6%	26.9%	27.2%	27.6%	28.4%	29.4%	30.0%
South Asia	0.5%	0.4%	0.3%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Revenue growth (%)</b>											
India wireless	10.6%	20.9%	13.4%	20.4%	11.2%	14.4%	10.8%	11.0%	9.8%	6.5%	6.5%
Home services/Broadband	0.3%	4.0%	30.2%	33.2%	24.6%	26.3%	21.1%	19.9%	18.3%	16.9%	15.8%
DTH	-28.7%	4.5%	3.2%	-6.6%	-0.1%	-0.4%	-0.2%	-0.1%	0.0%	0.0%	0.0%
Airtel Business	6.3%	8.9%	11.5%	15.7%	15.7%	15.0%	15.0%	15.0%	15.0%	6.0%	6.0%
Tower	-1.1%										
Others											
Africa	8.4%	19.2%	21.5%	20.6%	4.3%	5.6%	13.9%	14.8%	15.9%	12.4%	10.8%
South Asia	2.6%	-6.7%	-8.9%	-23.9%	9.1%	-7.8%	-8.0%	-8.2%	-8.4%	-8.7%	-8.9%
<b>Total</b>	<b>8%</b>	<b>16%</b>	<b>14%</b>	<b>20%</b>	<b>10%</b>	<b>12%</b>	<b>13%</b>	<b>13%</b>	<b>13%</b>	<b>9%</b>	<b>8%</b>

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
<b>EBITDA (INR mn)</b>											
India wireless	1,69,560	2,42,642	3,12,666	4,00,751	4,60,231	5,29,444	5,91,492	6,62,412	7,35,149	7,93,509	8,56,587
Home services/Broadband	11,309	13,434	16,030	20,494	25,656	33,528	41,390	50,456	60,570	71,789	84,170
DTH	19,959	20,788	21,006	17,344	16,729	16,669	16,639	16,624	16,617	16,613	16,611
Airtel Business	42,642	54,973	62,639	73,821	86,649	1,00,830	1,17,137	1,35,891	1,57,458	1,67,379	1,77,895
Tower	36,170										
<b>Others</b>											
Africa	1,06,425	1,32,995	1,72,092	2,07,244	2,17,806	2,27,666	2,60,368	3,00,356	3,49,888	3,95,703	4,41,536
South Asia	429	131	-621	-518	-423	-494	-413	-338	-268	-204	-146
Eliminations/Adjustment	-9,294	7,010	-3,130	2,965	15,076	-3,986	2,323	1,580	590	-6,940	-16,393
<b>Total</b>	<b>3,77,200</b>	<b>4,71,973</b>	<b>5,80,682</b>	<b>7,22,101</b>	<b>8,21,725</b>	<b>9,03,656</b>	<b>10,28,935</b>	<b>11,66,981</b>	<b>13,20,003</b>	<b>14,37,848</b>	<b>15,60,260</b>
<b>EBITDA proportion (%)</b>						<b>915</b>					
India wireless	45.0%	51.4%	53.8%	55.5%	56.0%	58.6%	57.5%	56.8%	55.7%	55.2%	54.9%
Home services/Broadband	3.0%	2.8%	2.8%	2.8%	3.1%	3.7%	4.0%	4.3%	4.6%	5.0%	5.4%
DTH	5.3%	4.4%	3.6%	2.4%	2.0%	1.8%	1.6%	1.4%	1.3%	1.2%	1.1%
Airtel Business	11.3%	11.6%	10.8%	10.2%	10.5%	11.2%	11.4%	11.6%	11.9%	11.6%	11.4%
Tower	9.6%										
<b>Others</b>											
Africa	28.2%	28.2%	29.6%	28.7%	26.5%	25.2%	25.3%	25.7%	26.5%	27.5%	28.3%
South Asia	0.1%	0.0%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBITDA margins</b>											
India wireless	36.9%	43.7%	49.6%	52.8%	54.5%	54.8%	55.3%	55.8%	56.3%	57.1%	57.9%
Home services/Broadband	50.4%	57.6%	52.7%	50.6%	50.9%	52.6%	53.7%	54.6%	55.4%	56.1%	56.8%
DTH	68.3%	68.0%	66.6%	58.9%	56.9%	56.9%	56.9%	56.9%	56.9%	56.9%	56.9%
Airtel Business	32.2%	38.2%	39.0%	39.7%	40.3%	40.8%	41.2%	41.5%	41.8%	42.0%	42.1%
Tower	53.6%										
<b>Others</b>											
Africa	43.9%	46.1%	49.1%	49.0%	49.4%	48.9%	49.1%	49.3%	49.6%	49.9%	50.2%
South Asia	9.4%	3.1%	-16.1%	-17.6%	-13.2%	-16.7%	-15.1%	-13.5%	-11.7%	-9.8%	-7.6%
<b>Total</b>	<b>42.5%</b>	<b>45.9%</b>	<b>49.6%</b>	<b>51.5%</b>	<b>53.2%</b>	<b>52.1%</b>	<b>52.7%</b>	<b>52.9%</b>	<b>53.1%</b>	<b>53.2%</b>	<b>53.3%</b>

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
<b>Capex (INR mn)</b>											
India wireless (ex-spectrum)	1,78,048	3,44,088	1,45,262	2,04,802	2,53,259	1,93,203	1,92,670	2,01,962	2,08,738	2,22,368	2,36,888
Home services/Broadband	5,825	11,010	16,654	21,992	24,489	30,787	34,972	39,151	43,027	46,478	49,379
DTH	10,512	12,842	13,028	13,602	12,358	11,724	11,702	11,690	11,685	11,682	11,680
Airtel Business	30,217	21,955	30,119	40,171	39,105	35,129	40,399	46,459	53,428	56,633	60,031
Africa	45,839	45,429	67,062	60,391	70,530	74,475	79,513	91,319	98,824	1,11,050	1,23,029
South Asia	1,026	3,686	3,292	978	1,030	950	874	802	734	671	611
<b>Total (ex-spectrum)</b>	<b>2,80,187</b>	<b>4,39,010</b>	<b>2,75,418</b>	<b>3,41,936</b>	<b>4,00,771</b>	<b>3,46,268</b>	<b>3,60,129</b>	<b>3,91,384</b>	<b>4,16,435</b>	<b>4,48,883</b>	<b>4,81,619</b>
<b>Capex intensity (Capex/Revenue)</b>											
India wireless	38.7%	61.9%	23.0%	27.0%	30.0%	20.0%	18.0%	17.0%	16.0%	16.0%	16.0%
Home services/Broadband	25.9%	47.2%	54.8%	54.3%	48.6%	48.3%	45.3%	42.3%	39.3%	36.3%	33.3%
DTH	36.0%	42.0%	41.3%	46.2%	42.0%	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%	16.0%	16.0%	15.0%	15.0%	14.0%	14.0%	14.0%
South Asia	22.5%	86.8%	85.1%	33.2%	32.1%	32.1%	32.1%	32.1%	32.1%	32.1%	32.1%
<b>Total</b>	<b>31.6%</b>	<b>42.7%</b>	<b>23.5%</b>	<b>24.4%</b>	<b>26.0%</b>	<b>20.0%</b>	<b>18.5%</b>	<b>17.7%</b>	<b>16.8%</b>	<b>16.6%</b>	<b>16.5%</b>

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 1,125/share

Particulars, Enterprise Values unless mentioned	Valuation (INR bn)	Valuation (INR / share)	Implied FY25 EV/EBITDA	Implied FY25 PE
<b>India business</b>				
Wireless	5,508	971	10.4	
Enterprise	940	166	9.3	
DTH	9	2	0.5	
Broadband	468	82	14.0	
<b>Total India business EV</b>	<b>6,925</b>	<b>1,221</b>	<b>10.2</b>	
India net debt	-1,170	-206		
<b>Total India subsidiary Equity value</b>	<b>5,755</b>	<b>1,015</b>		
Indus Towers Equity value (47.95% share of Bharti)	191	33		
<b>Total India business Equity value including Indus Towers</b>	<b>5,946</b>	<b>1,048</b>		
<b>Africa business</b>				
Africa Business Standalone EV	858	151	3.8	
Less: Africa business Net Debt	-75	-13		
<b>Africa business Equity value (Airtel's 56% share)</b>	<b>439</b>	<b>77</b>		
<b>Total Equity value for Bharti Airtel</b>	<b>6,385</b>	<b>1,125</b>	<b>8.8</b>	<b>30.5</b>

Source: Company, JM Financial.

## Exhibit 9. Bharti Airtel – 3-year SoTP DCF valuation of INR 1,625/share, implying 21% IRR

Particulars, Enterprise Values unless mentioned	Valuation (INR bn)	Valuation (INR / share)	Implied FY28 EV/EBITDA	Implied FY28 PE
<b>India business</b>				
Wireless	6,986	1,232	9.5	
Enterprise	1,135	200	7.2	
DTH	10	2	0.6	
Broadband	662	117	10.9	
<b>Total India business EV</b>	<b>8,792</b>	<b>1,550</b>	<b>9.1</b>	
India net debt	-463	-82		
<b>Total India subsidiary Equity value</b>	<b>8,329</b>	<b>1,469</b>		
Indus Towers Equity value (47.95% share of Bharti)	191	38		
<b>Total India business Equity value including Indus Towers</b>	<b>8,521</b>	<b>1,506</b>		
<b>Africa business</b>				
Africa Business Standalone EV	1147	202	3.3	
Less: Africa business Net Debt	62	10		
<b>Africa business Equity value (Airtel's 56% share)</b>	<b>677</b>	<b>119</b>		
<b>Total Equity value for Bharti Airtel</b>	<b>9,198</b>	<b>1,625</b>	<b>7.7</b>	<b>17.9</b>

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	9.6	8.4	50.6	42.9	27.5	5.4	5.5	4.5	51.2	52.7	53.5	11.6	13.2	18.3
Jio (JMFe)	15.1	13.4	11.1	31.2	27.4	20.4	2.6	2.4	2.1	51.6	53.0	54.1	8.8	9.2	11.1
Vodafone Idea	15.8	14.4	12.6	NM	NM	NM	NM	NM	NM	39.9	41.1	43.2	NM	NM	NM
<b>Indian telcos average</b>	<b>13.4</b>	<b>12.5</b>	<b>10.7</b>	<b>40.9</b>	<b>35.1</b>	<b>24.0</b>	<b>4.0</b>	<b>3.9</b>	<b>3.3</b>	<b>47.6</b>	<b>48.9</b>	<b>50.3</b>	<b>10.2</b>	<b>11.2</b>	<b>14.7</b>
AT&T	15.6	5.9	5.7	6.6	6.3	6.1	1.3	1.0	0.9	15.6	35.5	36.0	(6.6)	16.2	15.2
T-Mobile	10.5	8.2	7.6	21.5	19.5	14.1	2.5	2.6	2.6	33.6	37.3	39.0	3.7	13.3	18.6
Verizon	6.5	6.0	5.9	7.7	7.3	7.4	1.8	1.4	1.3	38.5	35.8	35.8	24.6	20.4	18.2
<b>US telcos average</b>	<b>10.9</b>	<b>6.7</b>	<b>6.4</b>	<b>12.0</b>	<b>11.0</b>	<b>9.2</b>	<b>1.9</b>	<b>1.7</b>	<b>1.6</b>	<b>29.2</b>	<b>36.2</b>	<b>37.0</b>	<b>7.2</b>	<b>16.6</b>	<b>17.3</b>
Deutsche Telekom	6.4	6.7	6.2	12.3	12.3	11.1	1.9	1.9	1.7	36.9	36.6	38.6	17.5	15.8	15.7
Orange	4.8	5.5	5.4	12.7	10.1	9.2	0.9	0.9	0.9	30.9	29.4	29.8	7.3	8.9	9.2
Telefonica	5.5	5.5	5.5	8.5	11.2	10.5	1.1	0.8	0.8	32.1	31.9	31.6	14.2	7.1	7.6
Telenor	5.6	7.3	7.0	11.7	13.8	14.9	2.1	2.3	2.4	43.5	43.0	43.7	103.9	25.4	15.1
Vodafone Plc	2.8	5.5	5.4	2.4	10.3	9.1	0.4	0.4	0.4	60.1	30.4	30.5	20.0	3.4	3.7
<b>Europe telcos average</b>	<b>5.0</b>	<b>6.1</b>	<b>5.9</b>	<b>9.5</b>	<b>11.6</b>	<b>11.0</b>	<b>1.3</b>	<b>1.3</b>	<b>1.2</b>	<b>40.7</b>	<b>34.3</b>	<b>34.8</b>	<b>32.6</b>	<b>12.1</b>	<b>10.2</b>
China Mobile	2.3	3.0	2.8	7.8	9.2	8.5	0.8	0.9	0.9	35.1	34.6	33.9	10.0	10.2	10.6
China Telecom	2.8	3.3	3.1	9.0	9.4	8.4	0.6	0.6	0.6	27.1	26.3	26.0	6.4	7.0	7.6
China Unicom	1.0	1.1	1.0	7.8	7.4	6.6	0.4	0.4	0.4	27.9	27.2	26.6	5.0	5.4	6.0
<b>China telcos average</b>	<b>2.1</b>	<b>2.5</b>	<b>2.3</b>	<b>8.2</b>	<b>8.7</b>	<b>7.9</b>	<b>0.6</b>	<b>0.7</b>	<b>0.6</b>	<b>30.0</b>	<b>29.4</b>	<b>28.8</b>	<b>7.1</b>	<b>7.6</b>	<b>8.0</b>
KT Corp	3.6	3.3	3.2	6.5	6.9	6.2	0.5	0.5	0.5	20.9	21.3	21.2	8.0	7.0	7.4
LG Uplus	3.2	3.0	2.9	7.2	6.2	5.9	0.6	0.5	0.5	25.4	25.8	25.9	8.4	8.4	8.4
SK Telecom	3.8	3.8	3.7	11.5	10.0	9.5	0.9	0.9	0.9	31.0	31.2	30.8	7.8	9.2	9.4
<b>Korea telcos average</b>	<b>3.5</b>	<b>3.3</b>	<b>3.3</b>	<b>8.4</b>	<b>7.7</b>	<b>7.2</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>	<b>25.8</b>	<b>26.1</b>	<b>26.0</b>	<b>8.1</b>	<b>8.2</b>	<b>8.4</b>
Axiata	6.6	5.8	5.5	NM	35.9	22.6	1.2	0.9	0.9	44.3	45.6	45.9	46.5	2.0	3.2
Maxis	10.0	10.1	10.0	25.4	22.6	22.0	4.7	4.9	4.9	40.3	40.3	39.7	18.1	20.8	21.5
<b>Malaysia telcos average</b>	<b>8.3</b>	<b>7.9</b>	<b>7.7</b>	<b>25.4</b>	<b>29.3</b>	<b>22.3</b>	<b>3.0</b>	<b>2.9</b>	<b>2.9</b>	<b>42.3</b>	<b>42.9</b>	<b>42.8</b>	<b>32.3</b>	<b>11.4</b>	<b>12.3</b>
Advanced Info	7.8	8.3	7.8	22.3	22.8	20.6	6.8	7.2	6.8	48.4	48.1	48.1	31.1	32.3	33.5
Chungwa Telecom	10.2	10.2	10.0	24.0	23.6	23.2	2.3	2.3	2.3	39.8	39.8	39.6	9.6	10.1	10.3
Converge ICT	8.6	4.3	4.0	15.7	7.3	6.7	3.4	1.4	1.2	53.5	57.2	57.0	20.9	20.4	18.4
Digi.com	15.5	NM	NM	NM	NM	NM	NM	NM	NM	44.0	44.4	44.9	9.1	10.0	11.9
Globe Telecom	6.1	6.9	6.7	8.9	13.3	12.6	2.1	1.6	1.5	54.8	44.9	45.1	25.3	13.8	11.9
Indosat	4.1	5.5	5.0	10.5	21.9	16.0	1.8	2.5	2.3	51.9	45.9	47.4	25.2	12.5	14.0
MTN Group	3.7	3.2	3.1	11.0	8.4	8.1	2.0	1.3	1.1	43.1	42.8	42.5	17.0	NM	NM
Singtel	13.4	12.8	12.1	18.2	16.3	14.0	1.6	1.5	1.4	25.4	25.8	26.4	8.2	9.0	10.0
Taiwan Mobile	9.9	11.2	10.4	24.2	23.6	21.9	4.1	3.9	3.9	20.0	19.3	18.8	17.0	17.2	17.9
Telecom Indonesia	5.8	4.8	4.6	17.9	13.1	12.2	2.9	2.4	2.3	49.3	52.9	53.1	16.5	18.8	19.2
Telstra	8.5	7.4	7.1	25.7	20.7	19.0	3.2	2.7	2.7	34.8	34.8	35.3	12.5	13.3	14.1
True Corp	11.7	8.0	7.5	NM	NM	NM	4.2	2.5	2.5	39.8	40.7	42.1	(25.7)	(5.2)	0.1
XL Axiata	4.5	4.4	4.1	20.4	20.3	16.2	1.1	1.0	0.9	50.4	48.8	48.8	4.9	5.0	6.1
<b>Other regional telcos average</b>	<b>8.5</b>	<b>7.2</b>	<b>6.9</b>	<b>18.1</b>	<b>17.4</b>	<b>15.5</b>	<b>2.9</b>	<b>2.5</b>	<b>2.4</b>	<b>42.7</b>	<b>42.0</b>	<b>42.2</b>	<b>13.2</b>	<b>13.1</b>	<b>14.0</b>
<b>Global telcos average</b>	<b>7.5</b>	<b>6.7</b>	<b>6.3</b>	<b>15.7</b>	<b>15.9</b>	<b>13.5</b>	<b>2.2</b>	<b>2.0</b>	<b>1.9</b>	<b>38.8</b>	<b>38.3</b>	<b>38.6</b>	<b>15.7</b>	<b>12.0</b>	<b>12.5</b>

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	1,543,336	1,733,032	1,951,712	
Sales Growth	13.9%	19.6%	10.2%	12.3%	12.6%	
Other Operating Income	0	0	0	0	0	
<b>Total Revenue</b>	<b>1,170,812</b>	<b>1,400,814</b>	<b>1,543,336</b>	<b>1,733,032</b>	<b>1,951,712</b>	
Cost of Goods Sold/Op. Exp	428,452	479,157	503,701	592,889	657,424	
Personnel Cost	44,333	48,308	51,618	56,266	63,161	
Other Expenses	117,345	151,248	166,292	180,221	202,192	
<b>EBITDA</b>	<b>580,682</b>	<b>722,101</b>	<b>821,725</b>	<b>903,656</b>	<b>1,028,935</b>	
EBITDA Margin	49.6%	51.5%	53.2%	52.1%	52.7%	
EBITDA Growth	23.0%	24.4%	13.8%	10.0%	13.9%	
Depn. & Amort.	330,907	364,318	382,153	401,820	425,256	
EBIT	249,775	357,783	439,572	501,837	603,679	
Other Income	2,070	5,555	7,625	8,354	8,161	
Finance Cost	158,018	170,197	217,062	178,576	153,241	
PBT before Excep. & Forex	93,827	193,140	230,136	331,614	458,599	
Excep. & Forex Inc./Loss(-)	-9,125	-24,494	-9,261	0	0	
PBT	84,702	168,647	220,875	331,614	458,599	
Taxes	40,946	57,558	76,602	115,141	150,841	
Extraordinary Inc./Loss(-)	24,191	14,350	-48,869	0	0	
Assoc. Profit/Min. Int.(-)	56,231	40,713	56,386	59,440	60,651	
Reported Net Profit	60,180	99,768	84,763	208,887	301,383	
<b>Adjusted Net Profit</b>	<b>35,989</b>	<b>85,418</b>	<b>133,632</b>	<b>208,887</b>	<b>301,383</b>	
Net Margin	3.1%	6.1%	8.7%	12.1%	15.4%	
Diluted Share Cap. (mn)	5,592.8	5,670.9	5,670.9	5,670.9	5,670.9	
<b>Diluted EPS (INR)</b>	<b>6.4</b>	<b>15.1</b>	<b>23.6</b>	<b>36.8</b>	<b>53.1</b>	
Diluted EPS Growth	0.0%	134.1%	56.4%	56.3%	44.3%	
Total Dividend + Tax	0	0	0	12,571	19,951	
Dividend Per Share (INR)	0.0	0.0	0.0	1.8	2.9	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Profit before Tax	108,934	176,168	243,747	357,541	485,737	
Depn. & Amort.	330,907	364,318	382,153	401,820	425,256	
Net Interest Exp. / Inc. (-)	24,191	14,350	-48,869	0	0	
Inc (-) / Dec in WCap.	31,547	70,124	13,509	30,887	20,390	
Others	0	0	0	0	0	
Taxes Paid	-40,946	-57,558	-76,602	-115,141	-150,841	
<b>Operating Cash Flow</b>	<b>454,633</b>	<b>567,402</b>	<b>513,938</b>	<b>675,107</b>	<b>780,542</b>	
Capex	-539,226	-1,132,130	-400,771	-346,268	-360,129	
Free Cash Flow	-84,593	-564,728	113,167	328,839	420,413	
Inc (-) / Dec in Investments	-49,485	-1,701	0	0	0	
Others	30,346	1,707	0	0	0	
<b>Investing Cash Flow</b>	<b>-558,365</b>	<b>-1,132,124</b>	<b>-400,771</b>	<b>-346,268</b>	<b>-360,129</b>	
Inc / Dec (-) in Capital	0	0	0	0	0	
Dividend + Tax thereon	15,836	10,318	20,272	-10,444	-16,576	
Inc / Dec (-) in Loans	68,927	563,424	-51,448	-295,017	-370,324	
Others	-931	1,815	-43,649	-33,513	-33,513	
<b>Financing Cash Flow</b>	<b>83,832</b>	<b>575,557</b>	<b>-74,825</b>	<b>-338,975</b>	<b>-420,413</b>	
<b>Inc / Dec (-) in Cash</b>	<b>-19,900</b>	<b>10,835</b>	<b>38,342</b>	<b>-10,136</b>	<b>0</b>	
Opening Cash Balance	80,859	60,959	71,794	110,136	100,000	
Closing Cash Balance	60,959	71,794	110,136	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	880,664	1,079,107	1,363,914	
Share Capital	55,928	56,709	56,709	56,709	56,709	
Reserves & Surplus	609,615	718,920	823,955	1,022,398	1,307,205	
Preference Share Capital	0	0	0	0	0	
Minority Interest	253,807	288,814	278,678	278,678	278,678	
Total Loans	1,696,779	2,260,203	2,208,755	1,913,737	1,543,413	
Def. Tax Liab. / Assets (-)	0	0	0	0	0	
<b>Total - Equity &amp; Liab.</b>	<b>2,616,129</b>	<b>3,324,646</b>	<b>3,368,097</b>	<b>3,271,523</b>	<b>3,186,005</b>	
Net Fixed Assets	2,500,380	3,268,192	3,286,810	3,231,258	3,166,131	
Gross Fixed Assets	0	0	0	0	0	
Intangible Assets	1,229,983	1,659,192	1,576,990	1,491,496	1,402,503	
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	898,477	911,336	937,647	
Inventories	0	0	0	0	0	
Sundry Debtors	161,464	171,634	189,985	212,980	239,291	
Cash & Bank Balances	60,959	71,794	110,136	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	1,173,546	1,227,428	1,274,129	
Current Liabilities	443,779	487,216	519,076	572,958	619,659	
Provisions & Others	576,652	654,470	654,470	654,470	654,470	
Net Current Assets	-200,475	-299,902	-275,069	-316,091	-336,482	
<b>Total - Assets</b>	<b>2,616,129</b>	<b>3,324,646</b>	<b>3,368,097</b>	<b>3,271,523</b>	<b>3,186,005</b>	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Margin	3.1%	6.1%	8.7%	12.1%	15.4%	
Asset Turnover (x)	0.4	0.4	0.4	0.5	0.6	
Leverage Factor (x)	4.3	4.3	4.2	3.5	2.8	
RoE	5.7%	11.9%	16.1%	21.3%	24.7%	

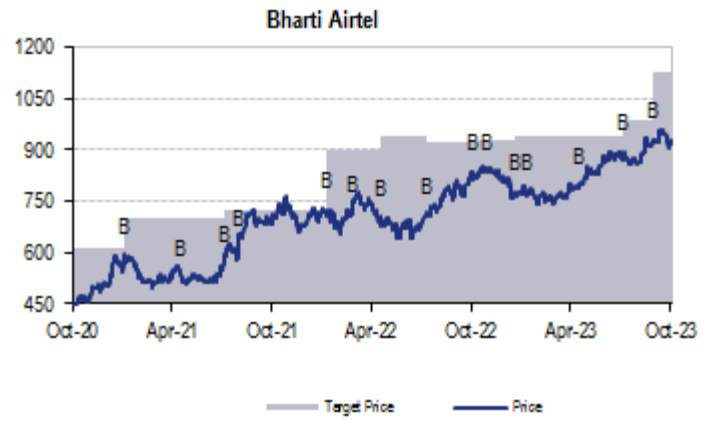
Key Ratios						
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
BV/Share (INR)	119.0	136.8	155.3	190.3	240.5	
ROIC	6.0%	9.2%	9.9%	11.5%	14.6%	
ROE	5.7%	11.9%	16.1%	21.3%	24.7%	
Net Debt/Equity (x)	2.4	2.8	2.3	1.6	1.0	
P/E (x)	142.0	60.7	38.8	24.8	17.2	
P/B (x)	7.7	6.7	5.9	4.8	3.8	
EV/EBITDA (x)	12.2	10.5	9.1	8.0	6.7	
EV/Sales (x)	6.0	5.4	4.9	4.2	3.5	
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

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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