

BSE SENSEX
81,148

S&P CNX
24,578

CMP: INR1,821

Buy

Conference Call Details



Date: 14th May 2025

Time: 14:30 hours IST

Financial Valuations (INR b)

INRb	FY25	FY26E	FY27E
Net Sales	1,730	2,043	2,304
EBITDA	932	1,155	1,319
Adj. PAT	126	270	376
EBITDA Margin (%)	53.9	56.5	57.2
Adj. EPS (INR)	21.7	44.7	62.1
EPS Gr. (%)	10	23	39
BV/Sh. (INR)	154	242	282

Ratios

Net D:E	2.6	0.8	0.2
RoE (%)	15.0	22.8	25.6
RoCE (%)	12.3	14.7	16.8
Div. Payout (%)	76.2	55.9	64.4

Valuations

EV/EBITDA (x)	13.5	10.6	8.9
P/E (x)	84	41	29
P/BV (x)	11.8	7.5	6.5

Broadly in line 4Q; India wireless growth impacted by two fewer days QoQ

Bharti's 4QFY25 consolidated financials are not strictly comparable on QoQ and YoY basis, as Bharti consolidated Indus Towers (Indus) from mid-Nov'24.

Overall, Bharti reported an in-line quarter with ~1%/2% QoQ increase in India wireless revenue/EBITDA as the residual flow-through of tariff hikes was offset by two fewer days QoQ. Homes business continued to benefit from the acceleration in subscriber additions, while Enterprise margins improved significantly, driven by the exit of low-margin business. Capex increased sharply across key segments, while reported net debt inched up QoQ, due to the redemption of USD1b perpetual bonds. Bharti's FCF generation remained robust at ~INR97b in 4QFY25 and ~INR390b in FY25, of which it used ~INR260b to prepay high-cost spectrum debt and announced a dividend of INR16/sh.

- Consolidated revenue at INR479b (+27% YoY, our est. INR476b) was up 6% QoQ, driven by robust growth in Africa and a boost from the full quarter of Indus consolidation.
- India revenue (including Indus) inched up 1% QoQ to INR367b (+15% YoY) and was in line with our estimate as growth was muted in the India wireless business (+1% QoQ).
- Consolidated EBITDA at INR270b (40% YoY, in line) increased 10% QoQ, driven by full-quarter consolidation of Indus Towers and robust ~13% QoQ growth in Enterprise business.
- India EBITDA (including Indus) at INR220b (+22% YoY, our est. INR219b) declined 8% QoQ, largely due to lower prior-period provision reversals for Indus (3Q was boosted by large collections of past overdues from Vi).
- Reported EBITDA margin expanded by ~190bp QoQ to 56.4% (+490bp YoY) and was ~10bp below our estimate, as better incremental margins in the India wireless segment and sharp margin expansion in Enterprise were offset by weaker DTH margins and lower provision reversals for Indus Towers.
- Reported PBT (before share of JVs) at INR97b (+26% QoQ, 2.2x YoY) was 5% below our estimate due to higher net finance costs (19% above).
- Reported attributable PAT at INR110b was significantly above our estimate of INR59b, driven primarily by tax reversals (tax benefit of INR59b for recognition of unrecognized DTA on tax losses).
- Adjusted for tax reversal and other exceptional items, PAT at INR52.2b (-5% QoQ, +77% YoY) was 11% below our estimate of ~INR59b.

Sharp increase in capex, FCF generation (excl. spectrum prepayments) robust at INR97b in 4QFY25 (~INR390b for FY25)

- Consolidated **capex rose ~57% QoQ to INR126b (+37% YoY)** on account of a sharp pick-up in capex in India wireless, Homes and Enterprise business. India capex (excl. Indus) at INR103b was up ~53% QoQ (+21% YoY) and was ~45% above our estimate.
- Bharti's consolidated free cash flow (after leases and interest payments, but excluding INR60b spectrum prepayments) **was robust at INR97b**, though lower vs. INR126b QoQ due to higher capex. For FY25, **Bharti generated FCF of INR389b and used ~INR260b for prepaying spectrum dues.**
- Bharti's consolidated net debt (excl. leases) inched up **~INR48b QoQ to INR1.385t (vs. INR1.34t QoQ)**. Including the impact of leases, Bharti's consolidated net debt increased significantly by ~INR72b QoQ to INR2.04t (vs. INR1.97t QoQ) due to the **redemption of USD1b perpetual bonds (not part of reported debt earlier).**
- Bharti's consolidated net debt (including leases) to EBITDA (annualized) increased to 1.86x (vs. 1.7x QoQ). India SA net debt-to-EBITDA increased to 1.79x (vs. 1.58x QoQ).
- Excluding lease impact, Bharti's net debt-to-EBITDAaL **inched up to 1.42x** (vs. 1.28x QoQ) for consolidated business and **1.53x** (vs. 1.33x QoQ) for India SA.

India wireless: In-line results; ARPU flat QoQ as residual benefits of tariff hike offset by two fewer days QoQ

- Bharti's India wireless ARPU at **INR245 (+17% YoY, our est. INR247)** remained **flat QoQ** (vs. +1.4% QoQ for RJio) as the residual benefit of tariff hikes was offset by two fewer days QoQ.
- Bharti reported 5m paying net adds (vs. 4.9m net adds QoQ, ~4.6m wireless net adds for RJio), **better than our estimate of ~3.4m net adds.**
- Subscriber mix continued to improve as **Bharti added ~0.6m** postpaid net adds (+2.5% QoQ, 12% YoY). Furthermore, Bharti's 4G/5G net additions remained robust at 6.6m (vs. ~6.5 m 4G net adds QoQ).
- Bharti's India wireless revenue was **up 1.3% QoQ** (vs. 2.4% QoQ for RJio, including FTTH) at INR266b (+21% YoY, our est. INR267b).
- India wireless EBITDA was up **1.9% QoQ** (vs. 2.4% QoQ for RJio including FTTH) at INR158b (**30% YoY, in line**).
- Reported wireless EBITDA margin expanded **~40bp** QoQ to 59.2% (+410bp YoY, vs. stable QoQ for RJio at 52.8%) and was **40bp ahead** of our estimate.
- Incremental margin **remained robust at ~85%** (vs. 90% in 3QFY25 and ~53% for RJio) and was higher than our est. of ~60%.
- India wireless **capex was up ~39% QoQ at INR60b** (flat YoY) and was ~33% above our estimate.

Homes: Acceleration in subscriber net additions offset by continued ARPU declines

- Bharti's Homes BB net adds accelerated to ~810k (vs. ~675k QoQ, our estimate of ~775k) to reach ~10m subs (+32% YoY), likely led by ramp-up of FWA services.
- Reported ARPU continued to decline with further ~2% QoQ dip to INR543/month (-6% YoY, our est. INR548).
- **Homes revenue was up 6% QoQ** at INR16b (+21% YoY, 1% below our estimate). Homes EBITDA at INR8b (**+7% QoQ**, 21% YoY) was **~2% below** our estimate.
- EBITDA margins expanded ~40bp QoQ to 49.9% (flat YoY) and was **~20bp below** our estimate.
- Capex in Homes Business increased ~33% QoQ to INR15.2b (+86% YoY, 22% higher than our estimate), likely on ramp-up of FWA offerings.

Enterprise: EBITDA margin improves sharply following the exit of low-margin business; capex jumps sharply

- Airtel **Business (Enterprise)** revenue **declined ~6% QoQ** to INR53b (**-3% YoY**, in line), driven by Bharti exiting lower-margin business.
- EBITDA at INR22.4b was up ~13% QoQ (7% YoY) and was **~18% above** our estimate as EBITDA margins expanded by ~690bp QoQ to 42.1% (vs. our estimate of 35.4% and 38.1% YoY) due to an improved product mix.
- Capex for the Airtel business jumped 83% YoY to INR25b (2.7x QoQ, 2.5x our estimate).

Other businesses: Steady growth continues in Africa, DTH margins significantly weaker

- **Airtel DTH's** revenue at INR7.6b (in line) was largely flat QoQ and YoY, with **ARPU improving 1.5% QoQ** to INR162 (+1% YoY, our estimate of INR158). Subscriber trends improved further with 75k net adds (vs. 28k QoQ in 3QFY25). DTH EBITDA at INR3.8b (-13% QoQ, -12% YoY) was **~15% below** as margins contracted sharp ~780bp QoQ to 50.4% (significantly below our estimate of 60%).
- **Airtel Africa (AAF)** continued to report strong double-digit YoY constant currency growth. AAF's reported revenue (in INR terms) was up ~6% QoQ (+22% YoY), while EBITDA was up ~7% QoQ (24% YoY, 2% above our estimate).

Other highlights: Customer engagement remains healthy

- Data volume for India wireless business was up ~5% QoQ (vs. 2% QoQ in 3QFY25, +5% QoQ for RJio including FTTH), while data usage per sub improved to 25.1GB/month (vs. 24.5GB QoQ, 33.6GB/month reported by RJio, including FTTH).
- Voice usage on network in India wireless was up ~2% QoQ (vs. +3% QoQ in 3QFY25 and +2% QoQ for RJio), with minute of usage (MoU) per subscriber improving to 1,163 mins (vs. 1,160 mins in 3QFY25 and 1,024 mins for RJio).
- Bharti added ~3.3k towers QoQ (vs. 5.2k in 3QFY25) to take the total tower count to ~340k, while revenue per site remained flat QoQ at INR262k/month (+13% YoY).

Consolidated results

	4QFY24	3QFY25	4QFY25	YoY	QoQ	4QFY25E	vs est
Revenue	3,75,991	4,51,293	4,78,762	27.3	6.1	4,76,109	0.6
Access charges	18,501	19,636	14,782	(20.1)	(24.7)	19,066	(22.5)
License and spectrum fee	31,107	35,698	36,370	16.9	1.9	36,256	0.3
Network operating costs	75,986	86,267	91,055	19.8	5.6	84,180	8.2
Employee costs	13,639	16,082	18,313	34.3	13.9	15,676	16.8
SG&A expenses	43,110	47,644	48,154	11.7	1.1	51,921	(7.3)
Total costs	1,82,343	2,05,327	2,08,674	14.4	1.6	2,07,098	0.8
EBITDA	1,93,648	2,45,966	2,70,088	39.5	9.8	2,69,011	0.4
EBITDA margin (%)	51.5	54.5	56.4	491 bps	191 bps	56.5	(9)bps
Depreciation and amortization	1,00,752	1,17,042	1,23,260	22.3	5.3	1,24,890	(1.3)
EBIT	92,896	1,28,924	1,46,828	58.1	13.9	1,44,120	1.9
EBIT margin (%)	24.7	28.6	30.7	596 bps	210 bps	30.3	40 bps
Net finance cost	48,864	52,058	50,165	2.7	(3.6)	42,216	18.8
PBT	44,032	76,866	96,663	119.5	25.8	1,01,904	(5.1)
Tax provision	7,098	7,573	(28,919)	(507.4)	(481.9)	34,534	(183.7)
PAT before minority interest	36,934	69,293	1,25,582	240.0	81.2	67,370	86.4
Share of associates / JVs	8,303	16,597	577	(93.1)	(96.5)	42	1,279.6
Minority interest	(34)	13,534	14,540		7.4	8,618	68.7
Extraordinary items	24,555	(75,456)	1,401			-	
Reported net income	20,716	1,47,812	1,10,218	432.0	(25.4)	58,794	87.5
Adjusted net income	29,518	55,142	52,223	76.9	(5.3)	58,794	(11.2)
Reported EPS (INR)	3.6	25.5	19.0	424.9	(25.5)	10.2	87.3
Adjusted EPS (INR)	5.2	9.5	9.0	74.6	(5.4)	10.2	(11.3)

Exhibit 1: Net debt trends

	Mar-23	Sep-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Debt and cash trends							
Reported gross debt	1,655	1,578	1,520	1,415	1,465	1,418	1,484
LT debt	401	333	276	195	197	208	202
ST debt (inc. current maturities)	135	162	204	253	291	265	376
Deferred payment liabilities	1,119	1,084	1,040	968	977	944	906
Cash and Cash Equivalents	128	103	110	64	54	81	99
Net Debt excluding Lease Obligations	1,527	1,475	1,410	1,351	1,410	1,337	1,385
Lease Obligation	605	596	637	675	792	629	653
Net Debt including Lease Obligations	2,131	2,070	2,046	2,026	2,202	1,966	2,038
Net debt (including leases) to EBITDA	2.83	2.63	2.61	2.54	2.50	1.69	1.86
Net debt (excluding leases) to EBITDAaL	2.35		1.85	1.70	1.60	1.28	1.42

Exhibit 2: FCF (post interest and leases) trends

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	FY25	FY24	FY23	FY22
Cashflow from operations	208	191	214	175	218	249	257	259	983	789	653	550
Lease payments	(20)	(21)	(20)	(18)	(18)	(20)	(16)	(17)	(72)	(79)	(76)	(76)
Capex in tangible assets	(91)	(97)	(99)	(94)	(99)	(96)	(84)	(98)	(376)	(381)	(260)	(251)
Capex in intangible assets	(13)	(44)	(4)	(80)	(71)	(57)	(35)	(69)	(231)	(140)	(129)	(183)
Paid finance cost	(23)	(55)	(23)	(39)	(42)	(64)	(33)	(38)	(175)	(140)	(67)	(132)
FCF, post lease and interest payment	62	(25)	69	(56)	(12)	14	90	37	129	49	122	(92)
Spectrum prepayments	-	80	-	83	79	85	36	60	260	163	62	243
Adjusted FCF post leases and interest	62	55	69	27	68	98	126	97	389	213	185	152

Exhibit 3: Segment Result

	4QFY24	3QFY25	4QFY25	YoY	QoQ	4QFY25E	vs est
Segmental revenue (INR b)							
India (incl Indus)	319	364	367	15.3	0.9	367	0.2
Wireless	221	263	266	20.6	1.3	267	(0.5)
Homes	13.2	15.1	16.0	21.3	5.8	16.2	(1.2)
DTH	7.7	7.6	7.6	(0.6)	0.5	7.6	1.2
Airtel Business	55	56	53	(2.7)	(5.9)	54	(0.7)
Passive Infra	72	75	77	7.4	2.4	76	1.9
Africa	93	107	114	22.4	6.3	112	1.3
Consolidated	376	451	479	27.3	6.1	476	0.6
Eliminations	(86)	(73)	(55)			(57)	
Segmental EBITDA (INR b)							
India (incl Indus)	181	240	220	21.5	(8.3)	219	0.8
Wireless	122	155	158	29.5	1.9	157	0.1
Homes	6.6	7.5	8.0	21.2	6.6	8.1	(1.7)
DTH	4.4	4.4	3.8	(12.3)	(13.0)	4.5	(15.0)
Airtel Business	21	20	22	7.3	12.7	19	18.0
Passive Infra	42	71	45	6.6	(36.6)	47	(4.4)
Africa	43	50	54	24.4	7.0	53	2.0
Consolidated	194	246	270	39.5	9.8	269	0.4
Eliminations	(45)	(61)	(20)			(20)	
Segmental EBITDA margin (%)							
India (incl Indus)	56.9	66.0	60.0	304.0	(605.0)	59.6	37.2
Wireless	55.1	58.8	59.2	407.5	34.5	58.8	34.0
Homes	49.9	49.5	49.9	(5.7)	38.9	50.1	(22.4)
DTH	57.1	58.2	50.4	(672.2)	(781.6)	60.0	(961.2)
Airtel Business	38.1	35.2	42.1	392.5	691.3	35.4	665.3
Passive Infra	58.5	93.8	58.1	(46.9)	(3,574.5)	61.9	(387.3)
Africa	46.5	47.0	47.3	77.3	30.8	47.0	31.2
Consolidated	51.5	54.5	56.4	491.1	191.1	56.5	(8.8)
Segmental capex (INR b)							
India (incl Indus)	110	80	126	13.8	57.3	89	40.7
Wireless	60	44	60	0.5	38.7	45	32.8
Homes	8.2	11.4	15.2	86.0	33.0	12.4	21.9
DTH	3.1	4.6	3.7	20.3	(20.1)	3.4	8.7
Airtel Business	14	9	25	83.0	173.6	10	148.3
Passive Infra	25	12	23		83.7	18	25.9
Africa	20	12	18	(8.5)	56.5	24	(22.6)
Consolidated	105	92	144	36.9	57.2	113	27.4

Exhibit 4: Key performance indicators

	4QFY24	3QFY25	4QFY25	YoY	QoQ	4QFY25E	vs est.
Operating metrics							
India wireless							
Wireless ARPU	209	245	245	17.3	(0.1)	247	(0.7)
EoP reported subs (m)	352.3	356.6	361.6	2.7	1.4	360.0	0.4
Net adds (m)	6.7	4.9	5.0			3.4	
EoP prepaid subs	329.2	331.3	335.7	2.0	1.3	334.1	0.5
EoP post-paid subs	23.1	25.3	25.9	12.1	2.5	25.9	(0.1)
EoP data subs (m)	260.8	277.6	281.2	7.8	1.3	284	(0.98)
Data net adds (m)	7.7	6.4	3.6			6.4	
Data subs proportion (%)	74.1	77.8	77.8	372 bps	(8)bps	78.9	(112)bps
EoP 4G subs (m)	252.7	270.2	276.8	9.5	2.5	277	(0.08)
4G net adds (m)	7.8	6.5	6.6			6.8	
Data volume (b MBs)	17,808	20,659	21,584	21.2	4.5	21,637	(0.2)
Data usage per data sub (GB/month)	22.6	24.5	25.1	11.2	2.5	25.1	0.2
Average data realization (INR/GB)	12.5	12.9	12.5	(0.1)	(3.0)	12.6	(0.2)
Voice usage on network (b mins)	1,210	1,233	1,254	3.6	1.7	1,264	(0.8)
Minute of usage per sub (min/month)	1,158	1,160	1,163	0.4	0.2	1,176	(1.1)
Network towers ('000)	318.2	334.8	338.0	6.2	1.0	339.8	(0.5)
MBB sites ('000)	931.9	978.8	992.5	6.5	1.4	988.8	0.4
Revenue per tower (INR/month)	2,32,409	2,61,698	2,61,769	12.6	0.0	2,62,174	(0.2)
Homes							
Cities covered (#)	1,290	1,427	1,476	14.4	3.4		
Reported ARPU (INR/month)	577	554	543	(5.9)	(2.0)	548	(0.9)
Calculated ARPU (INR/month)	588	566	552	(6.1)	(2.4)	560	(1.4)
EoP reported subs (m)	7.6	9.2	10.0	31.7	8.8	10.0	0.4
Net adds ('000)	331	674	812			774	
DTH*							
ARPU (INR/month)	160	160	162	0.9	1.2	158	2.2
EoP active DTH subs (m)	16.1	15.8	15.9	(1.5)	0.5	15.9	(0.0)
Net adds ('000)	9.1	28.6	75.6			77.0	
Airtel Business							
M2M subs (m)	28.1	30.1	34.8	23.7	15.7		
Net adds ('000)	2,200	1,655	4,720				
Airtel Africa							
Reported ARPU (US\$)	2.6	2.4	2.4	(8.5)	0.2	2.6	(9.1)
EoP subscriber base (m)	152.7	163.1	166.1	8.7	1.8	165.6	0.3
Net adds (m)	1.5	6.5	2.9			2.5	
EoP data subscriber base (m)	64.4	71.4	73.4	14.1	2.8		
Net adds (m)	1.6	5.4	2.0				
Data subs proportion (%)	42.1	43.8	44.2	207 bps	42 bps		
EoP mobile money subs base (m)	38.0	44.3	44.6	17.3	0.5		
Net adds (m)	0.5	2.9	0.2				

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