

About the Stock: Headquartered in India, Airtel is a global communications solutions provider with over 500 Mn customers in 17 countries across South Asia and Africa. The company ranks amongst the top three mobile operators globally and its networks cover over two billion people. Airtel business was hit hard when Jio entered the telecom race. Jio changed the entire dynamics of the industry and many telecom companies disappeared after that, but Airtel was the only strong player left in the telecom war. Comp. had to reduce the load to match Jio to survive. Moreover, Airtel is no longer just a survivor, it has become a serious competitor of Jio. The management's marketing and risk management strategies were many of the reasons it not only survived the war but thrived. It works in mobile wireless services, DTH services, data centers and broadband services. It focuses more on the customer experience than its competitors. Increasing tariffs, increasing smartphone usage, increasing internet users, upcoming 5G technology, cloud computing, rising demand in emerging African countries and shipping costs. Reduced practices like zero SUC and less paperwork are key drivers of business growth. In the next 5 years and so on, the company's high revenue growth rate depends on them converting 2G and 3G to 4G or 5G, as only 64% of users choose 4G charging, that depends on the success of the future ecosystem strategy. The barrier to entry into this industry is high capital requirements, government approval, and customer stickiness.

Important con call

highlights

- The company's two primary strategic goals will be to a) rapidly grow its home and business segment and b) penetrate more lucrative rural markets. Plans to construct a network experience, wage war on waste, and concentrate efforts on the top 150 cities, which account for 40% of the telecom market. The company's main goal is to raise the RoCE from its existing level of 11.9% for the combined business and 9% for the India division. With the OCF growth, net debt should decrease. Due to a) the extension of 5G/4G and b) rural expansion, which may also boost network costs, India's business capex might be INR 250 billion per year for the next three years, front-loaded in the early term.

Recent Quarters Update

- Bharti Airtel posts quarterly revenues of Rs 35,804 crore – up 19.9% YoY, backed by strong and consistent performance delivery across the portfolio
 - India business posts quarterly revenues of Rs 24,962 crore – up 19.4% YoY
 - Mobile services India revenues up 20.8% YoY, led by continued 4G customer addition and increase in ARPU
 - Airtel Business revenues up by 16.4% YoY, backed by robust demand for data and connectivity related solutions as well as emerging adjacencies
 - Homes business continues to accelerate growth momentum, up 29.8% YoY led by strong customer additions
 - Digital TV continues to consolidate its market position
- Consolidated EBITDA at Rs 18,601 crore; EBITDA margin at 52.0%, improvement of 205 bps YoY India business posts EBITDA of Rs 13,167 crore, EBITDA margin at 52.7%; up 299 bps YoY
- Consolidated EBIT at Rs 9,260 crore; EBIT margin at 25.9% - improvement of 462 bps YoY India business posts EBIT of Rs 5,637 crore; EBIT margin at

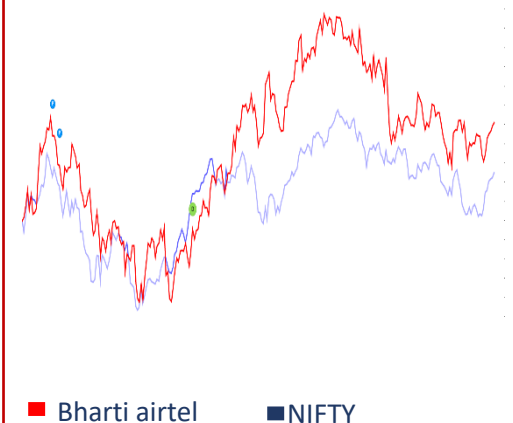


Particulars	Value
Market Capitalisation	4,59,188
Enterprise Value	6,50,328
Total Debt	1,32,914.50
Cash	13,400.30
Face Value	5
Share O/S	5,96,81,28,473
52 Week H/L	628.75 - 860.55

Share Holding

	Mar-22	Jun-22	Sep-22	Dec-22
Promoters	55.93	55.93	55.14	55.12
FII's	19.36	18.54	21.87	21.7
DII's	19.5	20.22	18.76	19.02
Government	0	0	0.12	0.12
Public	5.16	5.26	4.06	4
Others	0.05	0.05	0.04	0.05

NSE vs Bharti airtel



Key Risk

- Economic uncertainties
- Poor network infrastructure.
- Digitization and Innovations
- Regulatory and Political uncertainties.



- Consolidated Net income (before Exceptional items) at Rs 1,994 crore, up by 147.0%YoY
- Consolidated Net income (after Exceptional items) at Rs 1,588 crore; up by 91.5% YoY
- Industry leading operational indicators showcasing strong business momentum driven by execution 1. 4G data customers up by 21.2 Mn YoY & 6.4 Mn QoQ, 65% of overall mobile customer base. 2) Mobile ARPU increased to Rs 193 in Q3'23 vs Rs 163 in Q3'22. 3) Mobile data consumption up by 22.5% YoY, consumption per customer at 20.3 GB per month. 4) Homes business continues to bolster its presence with 432 K customer net additions in Q3'23. 5) Digital TV customer base at 16 Mn in Q3'23.

Financial Data

Historical Financial Statement - BHARTI AIRTEL LTD									
Years	Mar-18 A	Mar-19 A	Mar-20 A	Mar-21 A	Mar-22 A	Mar-23 E	Mar-24 E	Mar-25 E	Mar-26 E
Income Statement	6	7	8	9	10	11	12	13	14
Sales	₹ 82,638.8	₹ 80,780.2	₹ 84,676.5	₹ 1,00,615.8	₹ 1,16,546.9	₹ 1,32,483.5	₹ 1,48,418.7	₹ 1,64,353.9	₹ 1,80,289.1
Sales Growth	-13.44%	-2.25%	4.82%	18.82%	15.83%	13.67%	12.03%	10.74%	9.70%
COGS	₹ 41,328.9	₹ 43,690.9	₹ 43,439.9	₹ 48,284.1	₹ 50,562.9	₹ 54,552.0	₹ 58,113.5	₹ 61,675.0	₹ 65,236.5
COGS % Sales	50.01%	54.09%	51.30%	47.99%	43.38%	41.18%	39.16%	37.53%	36.18%
Gross Profit	₹ 41,309.90	₹ 37,089.30	₹ 41,236.60	₹ 52,331.70	₹ 65,984.00	₹ 77,931.50	₹ 90,305.20	₹ 1,02,678.90	₹ 1,15,052.60
Gross Margins	49.99%	45.91%	48.70%	52.01%	56.62%	58.82%	60.84%	62.47%	63.82%
Selling & General Expenses	₹ 11,230.80	₹ 11,325.50	₹ 7,645.90	₹ 7,052.80	₹ 8,450.10	₹ 8,520.47	₹ 8,922.57	₹ 9,324.67	₹ 9,726.77
S&G Exp % Sales	13.59%	14.02%	9.03%	7.01%	7.25%	6.43%	6.01%	5.67%	5.40%
EBITDA	₹ 30,079.10	₹ 25,763.80	₹ 33,590.70	₹ 45,278.90	₹ 57,533.90	₹ 69,411.03	₹ 81,382.63	₹ 93,354.23	₹ 1,05,325.83
EBITDA Margins	36.40%	31.89%	39.67%	45.00%	49.37%	52.39%	54.83%	56.80%	58.42%
Interest	₹ 9,325.50	₹ 10,622.20	₹ 14,073.20	₹ 15,091.00	₹ 16,616.20	₹ 17,803.13	₹ 19,074.63	₹ 20,346.13	₹ 21,617.63
Interest % Sales	11.28%	13.15%	16.62%	15.00%	14.26%	13.44%	12.85%	12.38%	11.99%
Depreciation	₹ 19,243.10	₹ 21,347.50	₹ 27,094.40	₹ 29,404.40	₹ 33,090.70	₹ 35,859.47	₹ 38,857.62	₹ 41,855.77	₹ 44,853.92
Depreciation % Sales	23.29%	26.43%	32.00%	29.22%	28.39%	27.07%	26.18%	25.47%	24.88%
Earnings Before Tax	₹ 1,510.50	(₹ 6,205.9)	(₹ 7,576.9)	₹ 783.5	₹ 7,827.0	₹ 15,748.4	₹ 23,450.4	₹ 31,152.3	₹ 38,854.3
EBT % Sales	1.83%	-7.68%	-8.95%	0.78%	6.72%	11.89%	15.80%	18.95%	21.55%
Tax	₹ 1,083.5	(₹ 3,419.3)	(₹ 12,512.4)	₹ 8,932.5	₹ 4,177.9	₹ 5,512.0	₹ 8,207.6	₹ 10,903.3	₹ 13,599.0
Effective Tax Rate	71.73%	55.10%	165.14%	1140.08%	53.38%	35.00%	35.00%	35.00%	35.00%
Net Profit	₹ 427.0	(₹ 2,786.6)	₹ 4,935.5	(₹ 8,149.0)	₹ 3,649.1	₹ 10,236.5	₹ 15,242.7	₹ 20,249.0	₹ 25,255.3
Net Margins	0.52%	-3.45%	5.83%	-8.10%	3.13%	7.73%	10.27%	12.32%	14.01%
No of Equity Shares	549.75	549.75	584.52	588.43	588.43	588.43	588.43	588.43	588.43
Earnings per Share	₹ 0.78	-₹ 5.07	₹ 8.44	-₹ 13.85	₹ 6.20	₹ 17.40	₹ 25.90	₹ 34.41	₹ 42.92
EPS Growth %	-83.11%	-752.60%	-266.58%	-264.01%	-144.78%	180.52%	48.91%	32.84%	24.72%
Dividend per Share	₹ 3.9	₹ 1.8	₹ 1.9	-	₹ 2.8	₹ 2.6	₹ 3.0	₹ 3.5	₹ 4.0
Dividend payout ratio	499.91%	-35.86%	22.11%	0.00%	45.96%	14.69%	11.76%	10.28%	9.39%
Retained Earnings	0.00%	0.00%	77.89%	0.00%	54.04%	85.31%	88.24%	89.72%	90.61%



Report Date	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Averages
Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Raw Material Cost	1.02%	0.55%	0.81%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.24%
Change in Inventory	0.00%	0.00%	0.51%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%
Power and Fuel	0.00%	0.00%	8.78%	7.15%	7.64%	8.36%	9.96%	9.70%	9.17%	9.00%	6.98%
Other Mfr. Exp	45.88%	44.85%	32.19%	35.52%	35.70%	36.84%	39.43%	37.46%	34.73%	30.58%	37.32%
Employee Cost	5.05%	5.38%	5.05%	5.09%	4.51%	4.81%	4.70%	4.15%	4.09%	3.80%	4.66%
Selling and admin	17.19%	15.97%	17.13%	10.63%	9.04%	7.29%	6.61%	5.37%	4.76%	5.50%	9.95%
Other Expenses	1.02%	2.37%	1.59%	6.40%	6.11%	6.30%	7.41%	3.66%	2.25%	1.75%	3.89%
Other Income	1.51%	3.36%	1.29%	5.03%	1.79%	2.13%	5.54%	-42.04%	-4.19%	4.00%	-2.16%
Depreciation	19.25%	18.23%	20.66%	18.08%	20.71%	23.29%	26.43%	32.00%	29.22%	28.39%	23.63%
Interest	5.87%	6.85%	4.63%	8.85%	10.00%	11.28%	13.15%	16.62%	15.00%	14.26%	10.65%
Profit before tax	6.22%	9.16%	10.97%	13.31%	8.09%	3.95%	-2.14%	-50.99%	-3.41%	10.71%	0.59%
Tax	3.27%	5.64%	5.71%	6.17%	3.65%	1.31%	-4.23%	-14.78%	8.88%	3.58%	1.92%
Net profit	2.93%	3.23%	4.81%	6.30%	3.98%	1.33%	0.51%	-38.01%	-14.99%	3.65%	-2.63%
Dividend Amount	0.49%	0.84%	1.60%	0.56%	0.42%	2.58%	1.24%	1.29%	0.00%	1.44%	1.05%
EBITDA	31.33%	33.94%	35.81%	39.39%	38.34%	37.21%	35.85%	-4.17%	38.11%	49.89%	33.57%

In Millions

Sales per Business

	2021		2022		Delta
Mobile Services India	539 396.00	53.60%	614 036.00	52.70%	13.84%
Mobile Services Africa	283 738.00	28.20%	345 611.00	29.70%	21.81%
Airtel	125 060.00	12.40%	140 302.00	12%	12.19%
Digital Television Services	30 562.00	3%	31 456.00	2.70%	2.93%
Home Services	23 292.00	2.30%	30 348.00	2.60%	30.29%
Mobile Services South Asia	4 110.00	0.40%	3 716.00	0.30%	-9.59%

Sales per region

	2021		2022		Delta
India	703 910.00	68.80%	777 402.00	66.70%	10.44%
Africa	283 738.00	27.70%	345 611.00	29.70%	21.81%
Others	36 073.00	3.50%	42 456.00	4%	17.69%

(Amount in Rs crore, except ratios)

Particulars	Quarter Ended		Y-o-Y Growth
	Dec-22	Dec-21	
Total revenues	35,804	29,867	19.9%
EBITDA	18,601	14,905	24.8%
EBITDA/ Total revenues	52.0%	49.9%	2.0%
EBIT	9,260	6,345	45.9%
EBIT/ Total revenues	25.9%	21.2%	4.6%
Profit before tax	4,359	2,602	67.6%
Net Income	1,588	830	91.5%

Customer Base

(Figures in nos, except ratios)

Particulars	Unit	Dec-22	Sep-22	Q-o-Q Growth	Dec-21	Y-o-Y Growth
India	000's	369,280	363,874	1.5%	354,012	4.3%
South Asia	000's	3,019	2,961	2.0%	2,880	4.8%
Africa	000's	138,502	134,660	2.9%	125,762	10.1%
Total	000's	510,801	501,495	1.9%	482,654	5.8%



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Years	Mar-18 A	Mar-19 A	Mar-20 A	Mar-21 A	Mar-22 A	Mar-23 E	Mar-24 E	Mar-25 E	Mar-26 E
Balance Sheet									
Equity Share Capital	₹ 1,998.7	₹ 1,998.7	₹ 2,727.8	₹ 2,746.0	₹ 2,795.0	₹ 2,795.0	₹ 2,795.0	₹ 2,795.0	₹ 2,795.0
Reserves	₹ 67,535.7	₹ 69,423.5	₹ 74,417.0	₹ 56,206.7	₹ 63,759.3	₹ 54,165.1	₹ 48,869.8	₹ 43,574.6	₹ 38,279.4
Borrowings	₹ 1,11,333.5	₹ 1,25,428.3	₹ 1,48,228.1	₹ 1,62,785.2	₹ 1,69,677.9	₹ 1,81,680.2	₹ 1,92,405.1	₹ 2,03,130.0	₹ 2,13,854.9
Other Liabilities	₹ 68,653.1	₹ 77,175.8	₹ 1,33,718.4	₹ 1,22,679.2	₹ 1,24,975.0	₹ 1,18,380.8	₹ 1,14,009.1	₹ 1,09,637.4	₹ 1,05,265.7
Total Liabilities	₹ 2,49,521.0	₹ 2,74,026.3	₹ 3,59,091.3	₹ 3,44,417.1	₹ 3,61,207.2	₹ 3,57,021.1	₹ 3,58,079.1	₹ 3,59,137.0	₹ 3,60,195.0
Fixed Assets Net Block	₹ 1,87,200.4	₹ 2,00,831.5	₹ 2,29,255.5	₹ 2,23,479.6	₹ 2,44,083.3	₹ 2,47,100.6	₹ 2,54,514.5	₹ 2,61,928.4	₹ 2,69,342.3
Capital Work in Progress	₹ 9,751.2	₹ 9,634.2	₹ 4,282.3	₹ 5,726.5	₹ 5,954.7	₹ 6,993.6	₹ 7,829.8	₹ 8,666.0	₹ 9,502.2
Investments	₹ 16,158.6	₹ 15,711.0	₹ 25,476.5	₹ 27,550.4	₹ 29,349.1	₹ 31,331.3	₹ 33,267.6	₹ 35,203.9	₹ 37,140.2
Other Assets	₹ 23,787.9	₹ 35,396.6	₹ 79,421.6	₹ 70,290.8	₹ 63,894.6	₹ 55,675.3	₹ 47,911.8	₹ 40,148.3	₹ 32,384.8
Total Non Current Assets	₹ 2,36,898.1	₹ 2,61,573.3	₹ 3,38,435.9	₹ 3,27,047.3	₹ 3,43,281.7	₹ 3,41,100.8	₹ 3,43,523.7	₹ 3,45,946.6	₹ 3,48,369.5
Receivables	₹ 5,883.0	₹ 4,300.6	₹ 4,605.8	₹ 3,637.7	₹ 4,056.2	₹ 3,550.3	₹ 3,275.5	₹ 3,000.7	₹ 2,725.9
Inventory	₹ 69.3	₹ 88.4	₹ 156.9	₹ 266.0	₹ 375.0	₹ 484.1	₹ 593.1	₹ 702.2	₹ 811.2
Cash & Bank	₹ 6,670.6	₹ 8,064.0	₹ 15,892.7	₹ 13,466.1	₹ 13,494.3	₹ 11,886.0	₹ 10,686.8	₹ 9,487.6	₹ 8,288.4
Total Current Assets	₹ 12,622.9	₹ 12,453.0	₹ 20,655.4	₹ 17,369.8	₹ 17,925.5	₹ 15,920.3	₹ 14,555.4	₹ 13,190.4	₹ 11,825.5

Financial Ratios

Ratio Analysis of - BHARTI AIRTEL LTD												
Years	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23 E	Mar-24 E	Mar-25 E	Mar-25 E	Trends	Mean	Median
SalesGrowth	-13.44%	-2.25%	4.82%	18.82%	15.83%	13.67%	12.03%	10.74%	9.70%		5.18%	4.82%
GrossMargin	49.99%	45.91%	48.70%	52.01%	56.62%	58.82%	60.84%	62.47%	63.82%		51.17%	51.00%
EBITDA Growth	-14.86%	-14.35%	30.38%	34.80%	27.07%	20.64%	17.25%	14.71%	12.82%		12.26%	15.47%
EBIT Growth	-74.87%	-510.85%	22.09%	-110.34%	898.98%	101.21%	48.91%	32.84%	24.72%		34.46%	-14.08%
Net Profit Growth	-83.11%	-752.60%	-277.12%	-265.11%	-144.78%	180.52%	48.91%	32.84%	24.72%		113.41%	-87.51%
Dividend Growth	434.00%	-53.18%	2.69%	-100.00%	0.00%	-10.33%	19.24%	16.13%	13.89%		42.92%	0.00%
Gross Margin	49.99%	45.91%	48.70%	52.01%	56.62%	58.82%	60.84%	62.47%	63.82%		50.86%	51.00%
EBITDA Margin	36.40%	31.89%	39.67%	45.00%	49.37%	52.39%	54.83%	56.80%	58.42%		37.02%	35.80%
EBIT Margin	16.30%	13.11%	5.47%	7.67%	15.78%	20.97%	25.33%	28.65%	31.33%		11.30%	12.88%
EBT Margin	1.83%	-7.68%	-8.95%	0.78%	6.72%	11.89%	15.80%	18.95%	21.55%		2.75%	5.26%
Net Profit Margin	0.52%	-3.45%	5.83%	-8.10%	3.13%	7.73%	10.27%	12.32%	14.01%		0.83%	1.77%
SalesExpenses%Sales	13.59%	14.02%	9.03%	7.01%	7.25%	6.43%	6.01%	5.67%	5.40%		13.83%	14.58%
Depreciation%Sales	23.29%	26.43%	32.00%	29.22%	28.39%	27.07%	26.18%	25.47%	24.88%		23.63%	22.00%
OperatingIncome%Sales	16.30%	13.11%	5.47%	7.67%	15.78%	20.97%	25.33%	28.65%	31.33%		11.30%	12.88%
Return on Capital Employed	5.99%	2.24%	2.88%	7.16%	10.35%	14.06%	17.42%	20.64%	23.72%		7.35%	7.58%
Retained Earnings%	0.00%	0.00%	77.89%	0.00%	54.04%	85.31%	88.24%	89.72%	90.61%		41.48%	56.83%
Return on Equity%	0.61%	-3.90%	6.40%	-13.82%	5.48%	17.97%	29.50%	43.67%	61.49%		1.36%	2.63%
Self Sustained Growth Rate	0.00%	0.00%	4.98%	0.00%	2.96%	15.33%	26.03%	39.18%	55.71%		2.05%	1.84%
Interest Coverage Ratio	1.16x	0.42x	0.46x	1.05x	1.47x	1.88x	2.23x	2.53x	2.80x		1.49x	1.55x
Debtor Turnover Ratio	14.05x	18.78x	18.38x	27.66x	28.73x	37.32x	45.31x	54.77x	66.14x		18.88x	18.42x
Creditor Turnover Ratio	1.20x	1.05x	0.63x	0.82x	0.93x	1.12x	1.30x	1.50x	1.71x		1.34x	1.42x
Inventory Turnover	1192.48x	913.80x	539.68x	378.25x	310.79x	273.69x	250.24x	234.07x	222.25x		787.72x	648.83x
Fixed Asset Turnover	0.44x	0.40x	0.37x	0.45x	0.48x	0.54x	0.58x	0.63x	0.67x		0.52x	0.51x
Capital Turnover Ratio	1.19x	1.13x	1.10x	1.71x	1.75x	2.33x	2.87x	3.54x	4.39x		1.51x	1.44x
Debtor Days	25.98 Days	19.43 Days	19.85 Days	13.20 Days	12.70 Days	9.78 Days	8.06 Days	6.66 Days	5.52 Days		20.86 Days	19.82 Days
Payable Days	303.23 Days	348.71 Days	576.40 Days	445.04 Days	391.40 Days	326.15 Days	280.38 Days	243.48 Days	213.11 Days		311.27 Days	263.18 Days
Inventory Days	0.31 Days	0.40 Days	0.68 Days	0.96 Days	1.17 Days	1.33 Days	1.46 Days	1.56 Days	1.64 Days		0.60 Days	0.57 Days
Cash Conversion Cycle	-276.94 Days	-328.88 Days	-555.87 Days	-430.88 Days	-377.52 Days	-315.03 Days	-270.86 Days	-235.26 Days	-205.95 Days		-289.81 Days	-239.89 Days
CFO/Sales	36.13%	24.85%	21.41%	47.91%	47.21%	58.38%	64.53%	69.50%	73.59%		32.52%	29.50%
CFO/Total Assets	11.96%	7.32%	5.05%	14.00%	15.23%	21.66%	26.75%	31.81%	36.83%		12.24%	13.22%
CFO/Total Debt	26.81%	16.00%	12.23%	29.61%	32.42%	42.57%	49.78%	56.23%	62.04%		27.33%	28.69%



Valuation & Outlook

When looking at the long run, we think that Bharti Airtel will continue to gain market share while requiring the least amount of capital expenditure. Given the sector's consolidation, which could result in ongoing rate increases, we continue to be structurally optimistic on Indian telecom and BHARTIAIRTEL. Reinvestment rates for the company have been 520% on average over the past four years, and the average ROIC is 6.2%, both of which show prudent stock growth. We are optimistic about the future expansion of Bharti Airtel thanks to a stronger digital portfolio supported by increasing per-user data. Our target price of 853 Per share remains the same for our “BUY” on the stock.

Disclaimer

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