

BHARTI AIRTEL

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	1,677
12 month price target (INR)	2,010
52 Week High/Low	1,779/1,098
Market cap (INR bn/USD bn)	10,040/114.8
Free float (%)	40.3
Avg. daily value traded (INR mn)	9,183.2

SHAREHOLDING PATTERN

	Dec-24	Sep-24	Jun-24
Promoter	53.12%	53.14%	53.17%
FII	24.27%	25.07%	24.62%
DII	19.52%	18.65%	19.13%
Pledge	0.00%	0.00%	0.00%

FINANCIALS

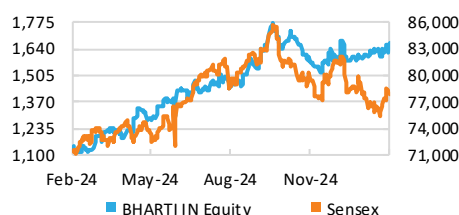
(INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Revenue	1,514	1,776	2,190	2,422
EBITDA	797	963	1,253	1,415
Adjusted profit	113	195	346	442
Diluted EPS (INR)	19.4	32.5	57.8	73.8
EPS growth (%)	36.3	68.0	77.7	27.6
RoAE (%)	9.4	31.7	29.2	29.4
P/E (x)	86.6	51.5	29.0	22.7
EV/EBITDA (x)	15.1	12.3	9.0	7.6
Dividend yield (%)	0.5	0.6	0.7	0.9

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY25E	FY26E	FY25E	FY26E
Revenue	1,776	2,190	5%	11%
EBITDA	963	1,253	6%	12%
Adjusted profit	195	346	2%	1%
Diluted EPS (INR)	32.5	57.8	2%	1%

PRICE PERFORMANCE



Continuously improving fundamentals

Bharti Airtel reported solid numbers for Q3FY25 with ARPU rising 5.2% QoQ to INR245, along with decent subscriber addition (+4.9mn QoQ). Revenue grew 9.3% QoQ to INR455.9bn, boosted by Indus Tower financials' consolidation, decent growth excluding that too. EBITDA margin improved 200bp QoQ to 55%. Capex at INR92bn remained stable while FCF was robust at INR199bn (INR143bn in Q2FY25).

Bharti's industry-leading ARPU, stable subscriber growth and strong FCF continue to bolster its balance sheet. We continue to see Bharti as the best and only way to play the Indian telecom sector. We are raising FY25E/26E EBITDA by (+6%/+12%) on Indus Tower consolidation. Retain 'BUY' with a TP of INR2,010 (earlier INR1,900).

Subscriber additions rebound; ARPU continues to climb steadily

Revenue grew 9.3% QoQ to INR455.9bn, above consensus estimate of INR440bn, growth driven by residual flow impact of tariff hike, growth in Africa business and 43 days' consolidation of Indus Tower financials. India mobility grew 5.8% QoQ (+4.8% QoQ ex-Indus Tower impact) to INR262.6bn driven by +5.2% QoQ in ARPU to INR245 and +4.9mn subs-adds (-2.9mn in Q2FY25). The 4G subscriber addition stood at 6.5mn subs (4.2mn in Q2FY25) to 270.2mn subs. This addition remains healthy as more users switch to 4G handsets and migrate from 2G/3G plans. EBITDA margin improved 200bp QoQ to 55%. Home services grew 5.4% QoQ. Reported PAT rose 311.4% QoQ to INR147.8bn, boosted by exceptional items of INR75.5bn. Adjusted PAT at INR55.1bn too was above estimate of INR50.2bn.

Strong FCF generation continues to strengthen balance sheet

Q3FY25 capex remained stable at INR92bn (INR77bn in Q2FY25). Management reaffirmed capex in FY25 would remain lower than FY24 and continue to unwind in FY26. Modest capex along with ARPU boost and consolidation of Indus Tower led to strong FCF of INR199bn (INR143bn in Q2FY25). With strong FCF, management intends to focus on both debt reduction and dividend distribution. It has prepaid all its dues of the pre-2021 spectrum auctions. The company also intends to transfer 12,700 telecom towers to Indus Tower to enhance internal operational efficiencies.

Investment thesis intact; we remain positive

Bharti is in an enviable position today, generating over ~INR100bn of quarterly FCF, which should further improve with peak 5G capex behind. We continue to value the stock using SotP, valuing all businesses on Sep-26 estimates: India mobility business at 13x, other businesses at 7x Sep-26E EV/EBITDA, and Tower/Africa business at a 20% discount to current market cap; retain 'BUY/SO'.

Financials

Year to March	Q3FY25	Q3FY24	% Change	Q2FY25	% Change
Net Revenue	4,55,990	3,83,393	18.9	4,17,280	9.3
EBITDA	2,50,663	2,02,546	23.8	2,21,009	13.4
Adjusted Profit	55,140	39,255	40.5	39,115	41.0
Diluted EPS (INR)	9.2	6.9	34.0	6.5	40.8

Financial Statements

Income Statement (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Total operating income	15,14,178	17,75,972	21,89,691	24,21,536
Gross profit	10,18,447	12,19,381	15,42,718	17,22,978
Employee costs	53,231	62,419	73,375	78,081
Other expenses	1,67,944	1,93,991	2,16,677	2,30,066
EBITDA	7,97,272	9,62,972	12,52,665	14,14,831
Depreciation	3,95,376	4,54,782	4,98,966	5,14,115
Less: Interest expense	2,26,477	2,15,245	1,95,429	1,88,741
Add: Other income	0	0	0	0
Profit before tax	99,696	3,67,213	5,58,270	7,11,974
Prov for tax	41,210	67,016	1,38,785	1,82,994
Less: Other adj	27,094	41,453	20,000	20,000
Reported profit	74,670	2,96,637	3,46,101	4,41,588
Less: Excp.item (net)	38,382	(1,01,837)	0	0
Adjusted profit	1,13,052	1,94,800	3,46,101	4,41,588
Diluted shares o/s	5,836	5,985	5,985	5,985
Adjusted diluted EPS	19.4	32.5	57.8	73.8
DPS (INR)	8.0	10.0	12.0	15.0
Tax rate (%)	41.3	18.2	24.9	25.7

Important Ratios (%)

Year to March	FY24A	FY25E	FY26E	FY27E
Network exp as % of rev	19.8	18.9	17.5	16.8
Spect.&access exp/rev	12.9	12.4	12.0	12.1
Staff cost as % of rev	3.5	3.5	3.4	3.2
EBITDA margin (%)	52.7	54.2	57.2	58.4
Net profit margin (%)	7.5	11.0	15.8	18.2
Revenue growth (% YoY)	7.8	17.4	23.5	10.6
EBITDA growth (% YoY)	10.4	20.8	30.1	12.9
Adj. profit growth (%)	38.6	72.3	77.7	27.6

Assumptions (%)

Year to March	FY24A	FY25E	FY26E	FY27E
GDP (YoY %)	6.7	6.0	6.2	6.2
Repo rate (%)	6.5	6.0	5.0	5.0
USD/INR (average)	83.0	84.0	84.0	84.0
India-Subs Base (mn)	352.3	360.1	368.6	370.6
India-ARPU (INR)	206.1	237.0	286.3	326.3
Africa-Subs Base (mn)	152.7	165.1	173.1	180.1
Debtor days	10.7	13.8	15.8	16.2
Tax Rate (%)	41.3	18.2	24.9	25.7
Capex (INR mn)	(5,20,833)	(5,50,599)	(3,85,623)	(3,84,653)

Valuation Metrics

Year to March	FY24A	FY25E	FY26E	FY27E
Diluted P/E (x)	86.6	51.5	29.0	22.7
Price/BV (x)	11.9	9.6	7.6	6.0
EV/EBITDA (x)	15.1	12.3	9.0	7.6
Dividend yield (%)	0.5	0.6	0.7	0.9

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Share capital	28,766	28,956	28,956	28,956
Reserves	7,91,422	10,19,539	12,96,190	16,50,966
Shareholders funds	8,20,188	10,48,495	13,25,146	16,79,922
Minority interest	2,35,451	4,99,549	5,92,934	7,00,326
Borrowings	21,55,923	19,71,230	17,51,230	15,31,230
Trade payables	3,51,325	4,52,949	4,90,760	5,01,298
Other liabs & prov	5,46,882	7,09,549	7,09,549	7,09,549
Total liabilities	42,38,747	47,93,604	49,81,450	52,34,157
Net block	16,25,488	19,88,948	19,67,222	19,31,446
Intangible assets	14,87,507	19,05,525	18,13,908	17,20,222
Capital WIP	89,077	87,533	87,533	87,533
Total fixed assets	32,02,072	39,82,006	38,68,663	37,39,201
Non current inv	3,13,328	(31,888)	(31,888)	(31,888)
Cash/cash equivalent	1,66,094	2,00,911	4,82,716	8,58,556
Sundry debtors	49,082	85,015	1,04,398	1,10,728
Loans & advances	0	0	0	0
Other assets	5,08,171	5,57,560	5,57,560	5,57,560
Total assets	42,38,747	47,93,604	49,81,450	52,34,157

Free Cash Flow (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Reported profit	74,670	2,96,637	3,46,101	4,41,588
Add: Depreciation	3,95,376	4,54,782	4,98,966	5,14,115
Interest (net of tax)	1,58,534	1,50,672	1,36,800	1,32,119
Others	1,36,265	8,601	1,52,013	1,64,015
Less: Changes in WC	24,138	1,48,194	18,427	4,209
Operating cash flow	7,88,983	10,58,886	11,52,308	12,56,047
Less: Capex	(5,20,833)	(5,50,600)	(3,85,623)	(3,84,653)
Free cash flow	2,68,150	5,08,287	7,66,684	8,71,393

Key Ratios

Year to March	FY24A	FY25E	FY26E	FY27E
RoE (%)	9.4	31.7	29.2	29.4
RoCE (%)	12.3	15.1	21.0	23.8
Inventory days	nm	nm	nm	nm
Receivable days	11	14	16	16
Payable days	nm	nm	nm	nm
Working cap (% sales)	(34.8)	(37.2)	(31.0)	(28.2)
Gross debt/equity (x)	2.0	1.3	0.9	0.6
Net debt/equity (x)	1.9	1.1	0.7	0.3
Interest coverage (x)	1.8	2.4	3.9	4.8

Valuation Drivers

Year to March	FY24A	FY25E	FY26E	FY27E
EPS growth (%)	36.3	68.0	77.7	27.6
RoE (%)	9.4	31.7	29.2	29.4
EBITDA growth (%)	10.4	20.8	30.1	12.9
Payout ratio (%)	61.5	19.5	20.1	19.7

Q3FY25 earnings call highlights

- India revenue grew +4.8% QoQ ex of Indus Tower consolidation.
- Post-paid net addition remains healthy at +0.6mn, partly impacted by tariff hikes.
- ARPU growth was driven by feature phone to smartphone upgrades, prepaid to post-paid upgrades, data monetisation and growth of international roaming.
- Maintained accelerated the pace of fiber home pass addition of 1.9mn per quarter.
- In DTH added 29,000 customers during the quarter. Focus on simplified pricing structure, strong content offering and convergence led to consistent share gains.
- Cybersecurity and Cloud witnessed signs of recovery. Will launch a comprehensive cloud solution at aggregate level over the next few months.
- Africa business grew +5.6% QoQ in cc terms. Africa accounts for 23% of revenues, India mobile 56%, India non-mobile 14% and Indus at 7%.
- Started reporting EBITDAL, which is EBITDA after lease obligations. Absolute EBITDAL stood at INR160.3bn and EBITDAL margins at 49.3% during Q3FY25.
- Prepaid DOT spectrum dues pertaining to 2016 auction. With this prepayment, management have cleared all the dues prior to the 2021 auction.
- Capex as % of revenue to trend downwards. FY25 capex to remain below FY24 and continue to unwind in FY26.
- Radio upgradation used to be a large part of capex and this has deaccelerated and expected to further decline moving forward.
- With strong FCF generation, management intends to focus on debt reduction and some step-up in dividend distribution.
- Planning to transfer 16,100 telecom towers—~12,700 from Bharti Airtel and ~3,400 from Bharti Hexacom to Indus Towers—thereby creating greater efficiency.
- 5G shipments continue to grow contributing over 80% of overall smartphone shipments, and Bharti continues to get fair share from growing 5G handset adoption.
- Management is exploring ways to move AI from experimental stage to application stage internally for driving efficiency.
- Rolled out 5,214 networks sites during the quarter. Solarised 3,300 sites, taking the overall count to 28,000 sites in last six months.

Exhibit 1: Quarterly financial snapshot (INR mn)

Year to March	Q3FY25	Q2FY25	QoQ	Q3FY24	YoY	FY24	FY25E	FY26E	FY27E
Revenues (net)	4,55,990	4,17,280	9.3	3,83,393	18.9	15,14,178	17,75,972	21,89,691	24,21,536
Access charges	19,636	18,211	7.8	18,568	5.8	75,185	76,708	84,211	93,237
Licence fees, revenue share & spectrum charges	35,698	34,658	3.0	30,205	18.2	1,20,358	1,43,508	1,79,058	1,99,097
Network operations costs	86,267	80,115	7.7	75,926	13.6	3,00,188	3,36,374	3,83,705	4,06,224
Total N/W, interconnect & LC costs	1,41,601	1,32,984	6.5	1,24,699	13.6	4,95,731	5,56,591	6,46,974	6,98,558
Employee costs	16,082	14,966	7.5	13,230	21.6	53,231	62,419	73,375	78,081
Selling, general and administration expense	29,261	28,824	1.5	20,473	42.9	81,326	1,15,232	1,24,947	1,31,328
Other Expenses	18,383	19,497	(5.7)	22,445	(18.1)	86,618	78,759	91,730	98,737
Other operating costs	63,726	63,287	0.7	56,148	13.5	2,21,175	2,56,409	2,90,053	3,08,147
Total expenditure	2,05,327	1,96,271	4.6	1,80,847	13.5	7,16,906	8,13,000	9,37,026	10,06,705
EBITDA	2,50,663	2,21,009	13.4	2,02,546	23.8	7,97,272	9,62,972	12,52,665	14,14,831
Depreciation	1,17,042	1,10,000	6.4	1,00,743	16.2	3,95,376	4,54,782	4,98,966	5,14,115
EBIT	1,33,621	1,11,009	20.4	1,01,803	31.3	4,01,896	5,08,190	7,53,699	9,00,716
Net finance cost	56,755	54,237	4.6	66,449	(14.6)	2,26,477	2,15,245	1,95,429	1,88,741
PBT	93,463	67,511	38.4	41,084	127.5	1,26,790	4,08,666	5,78,270	7,31,974
Tax	7,573	17,440	(56.6)	12,320	(38.5)	41,210	67,016	1,38,785	1,82,994
Minority interest	13,534	5,602	141.6	4,342	211.7	10,910	45,013	93,385	1,07,392
Share of profits from associates	-16,597	-10,739	NM	-7,032	NM	-27,094	-41,453	-20,000	-20,000
Reported profit	1,47,812	35,932	311.4	24,422	505.2	74,670	2,96,637	3,46,101	4,41,588
Adjusted profit	55,140	39,115	41.0	24,916	121.3	1,13,052	1,94,800	3,46,101	4,41,588
Adjusted Diluted EPS (INR)	9.5	6.8	40.4	4.4	118.1	19.4	32.5	57.8	73.8
As % of sales	0.0	0.0		0.0					
N/W, interconnect & LC costs	18.9	19.2		19.8		19.8	18.9	17.5	16.8
Employee costs	3.5	3.6		3.5		3.5	3.5	3.4	3.2
Other operating costs	14.0	15.2		14.6		14.6	14.4	13.2	12.7
EBITDA	55.0	53.0		52.8		52.7	54.2	57.2	58.4
Net profit after tax	32.4	8.6		6.4		4.9	16.7	15.8	18.2

Source: Company, Nuvama Research

Exhibit 2: Bharti SotP valuation

Rs mn	Avg FY26 FY27 EBITDA	Ownership	Target EV/EBITDA	Target EV	Per Share
Mobile Business	8,35,647	100%	13.0	1,08,63,415	1,819
Homes Business	38,595	100%	7.0	2,70,164	45
Digital TV Services Business	18,357	100%	7.0	1,28,499	22
Enterprise Business	1,07,500	100%	7.0	7,52,501	126
Total India Business				1,20,14,579	2,011
India Business Net Debt				6,62,244	111
Equity Value	Market Cap	Ownership	Discount	Target Equity	
India Business				1,13,52,335	1,900
Africa Business (Marketcap)	5,88,527	56.0%	20%	2,63,660	44
Indus Towers (Marketcap)	9,91,760	50.1%	20%	3,97,101	66
Consolidated Equity Value				1,20,13,096	2,010

Source: Company, Nuvama Research

Exhibit 3: Bharti financials' trend by geography (INR mn)

Revenue	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
India	2,52,503	2,63,747	2,69,947	2,78,107	2,85,128	2,90,461	3,15,607	3,64,024
Africa	1,10,315	1,13,168	1,02,768	1,02,972	92,933	96,369	1,01,631	1,07,032
Revenue QoQ Growth								
India	1.2	4.5	2.4	3.0	2.5	1.9	8.7	15.3
Africa	-0.5	2.6	-9.2	0.2	-9.8	3.7	5.5	5.3
EBITDA								
India	1,34,026	1,41,542	1,45,612	1,50,003	1,52,934	1,55,991	1,72,950	2,40,271
Africa	54,180	56,031	51,158	50,590	43,237	43,617	47,259	50,295
EBITDA Margin (%)								
India	53.1	53.7	53.9	53.9	53.6	53.7	54.8	66.0
Africa	49.1	49.5	49.8	49.1	46.5	45.3	46.5	47.0

Source: Company, Nuvama Research

Exhibit 4: Bharti India business (INR mn)

India Business Revenue	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Mobile Services India	1,95,493	2,03,924	2,09,521	2,16,386	2,20,657	2,25,274	2,48,371	2,62,687
Homes Services	10,966	11,621	12,207	12,718	13,155	13,670	14,321	15,092
Digital TV Services	7,290	7,403	7,515	7,837	7,693	7,771	7,586	7,607
Airtel Business	47,850	50,545	51,100	51,948	54,616	54,765	56,555	56,460
Tower Infrastructure services	-	-	-	-	-	-	-	75,475
Total	2,61,599	2,73,494	2,80,343	2,88,889	2,96,121	3,01,480	3,26,833	4,17,320
Less: Inter Segment Eliminations	9,096	9,747	10,396	10,782	10,993	11,019	11,226	53,296
Total (Reported)	2,52,503	2,63,747	2,69,947	2,78,107	2,85,128	2,90,461	3,15,607	3,64,024
India Business Revenue QoQ Growth								
Mobile Services India	1.0	4.3	2.7	3.3	2.0	2.1	10.3	5.8
Homes Services	6.0	6.0	5.0	4.2	3.4	3.9	4.8	5.4
Digital TV Services	-1.4	1.5	1.5	4.3	-1.8	1.0	-2.4	0.3
Airtel Business	0.1	5.6	1.1	1.7	5.1	0.3	3.3	-0.2
EBITDA India Business								
Mobile Services India	1,05,227	1,11,665	1,15,039	1,19,240	1,21,607	1,25,274	1,41,710	1,54,568
Homes Services	5,526	5,860	6,073	6,384	6,566	6,867	7,203	7,465
Digital TV Services	4,081	4,264	4,212	4,285	4,391	4,402	4,243	4,425
Airtel Business	19,680	19,979	20,578	20,625	20,830	19,855	20,208	19,846
EBITDA Margin (%)								
Mobile Services India	53.8	54.8	54.9	55.1	55.1	55.6	57.1	58.8
Homes Services	50.4	50.4	49.8	50.2	49.9	50.2	50.3	49.5
Digital TV Services	56.0	57.6	56.1	54.7	57.1	56.6	55.9	58.2
Airtel Business	41.1	39.5	40.3	39.7	38.1	36.3	35.7	35.2

Source: Company, Nuvama Research

Exhibit 5: Bharti KPI trend

KPIs	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Mobile Services								
Total Customers Base (mn)	335.4	338.6	342.3	345.6	352.3	354.5	351.6	356.6
Net additions (mn)	3.2	3.2	3.7	3.3	6.7	2.3	-2.9	4.9
Pre-Paid (as % of total Customer Base)	94.1	93.9	93.7	93.5	93.4	NA	NA	NA
Monthly Churn (%)	2.8	2.8	2.9	2.9	2.4	2.8	3.2	2.5
ARPU (INR)	193.3	199.8	202.8	207.9	208.9	210.6	233.0	245.3
Network towers	2,75,069	2,84,221	2,95,318	3,07,663	3,18,171	3,24,498	3,29,543	3,34,757
Network towers	2,74,302	2,83,636	2,94,713	3,06,984	3,17,825	NA	NA	NA
Voice								
Minutes on the network (bn)	1,124.3	1,148.8	1,147.7	1,160.8	1,209.6	1,195.1	1,199.8	1,233.3
Voice Usage per customer (min)	1,122.3	1,137.8	1,123.1	1,126.7	1,157.9	1,127.8	1,135.0	1,160.1
Data								
Data Customer Base (mn)	232.7	238.2	245.9	253.2	260.8	267.1	271.2	277.6
Of which 4G/Mobile Broadband customers (mn)	224.1	229.7	237.5	244.9	252.7	259.4	263.6	270.2
4G broadband customers % of customer base	69.4	70.4	71.8	73.3	74.1	75.4	77.1	77.8
Total MBs on the network (bn MBs)	13,914	14,915	15,749	16,377	17,391	18,789	19,311	20,174
Data Usage per customer (GB)	20.3	21.1	21.7	22.0	22.6	23.7	23.9	24.5
Homes Services								
Homes Customers (mn)	6.0	6.5	6.9	7.3	7.6	8.0	8.6	9.2
Net additions (mn)	0.4	0.4	0.5	0.4	0.3	0.3	0.6	0.7
ARPU (INR)	614.3	608.3	595.0	583.2	577.5	572.1	566.2	554.4
Cities covered	1,199	1,225	1,239	1,267	1,290	1,317	1,345	1,427
Digital Services								
Digital TV Customers (mn)	15.9	15.9	15.7	16.1	16.1	16.3	15.8	15.8
Net additions (mn)	0.0	0.0	-0.2	0.4	0.0	0.2	-0.5	0.0
ARPU (INR)	152.6	153.8	159.0	163.0	160.1	159.2	157.8	159.6
Monthly Churn (%)	2.3	2.2	2.7	1.8	2.3	2.0	3.7	2.5

Source: Company, Nuvama Research

Exhibit 6: Telecom operators' financial trends

Revenue	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
RJio	2,33,940	2,40,420	2,47,500	2,53,680	2,59,590	2,64,780	2,83,380	2,93,070
Bharti	1,95,493	2,03,924	2,09,521	2,16,386	2,20,657	2,25,274	2,48,371	2,62,687
VI*	1,05,319	1,06,555	1,07,163	1,06,731	1,06,068	1,05,083	1,09,322	NA
Revenue QoQ Growth								
RJio	1.7	2.8	2.9	2.5	2.3	2.0	7.0	3.4
Bharti	1.0	4.3	2.7	3.3	2.0	2.1	10.3	5.8
VI*	-0.8	1.2	0.6	-0.4	-0.6	-0.9	4.0	NA
EBITDA								
RJio	1,22,100	1,25,780	1,29,530	1,32,770	1,36,120	1,39,200	1,50,360	1,54,780
Bharti	1,05,227	1,11,665	1,15,039	1,19,240	1,21,607	1,25,274	1,41,710	1,54,568
VI*	42,103	41,570	42,828	43,504	43,358	42,047	45,498	NA
EBITDA Margin (%)								
RJio	52.2	52.3	52.3	52.3	52.4	52.6	53.1	52.8
Bharti	53.8	54.8	54.9	55.1	55.1	55.6	57.1	58.8
VI*	40.0	39.0	40.0	40.8	40.9	40.0	41.6	NA

Source: Company, Nuvama Research (*yet to declare Q3FY25 results)

Exhibit 7: Telecom operators' subscribers and ARPU trends

Subscriber Trends	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Bharti Airtel	335.4	338.6	342.3	345.6	352.3	354.5	351.6	356.6
VI*	225.9	221.4	219.8	215.2	212.6	210.1	205	NA
RJio	439.3	448.5	459.7	470.9	481.8	489.7	478.8	482.1
Subscribers QoQ Addition								
Bharti Airtel	3.2	3.2	3.7	3.3	6.7	2.3	-2.9	4.9
VI*	-2.7	-4.5	-1.6	-4.6	-2.6	-2.5	-5.1	NA
RJio	6.4	9.2	11.2	11.2	10.9	7.9	-10.9	3.3
ARPU Trends								
Bharti Airtel	193.3	199.8	202.8	207.9	208.9	210.6	233.0	245.3
VI*	135.0	139.0	142.0	145.0	146.0	146.0	156.0	NA
RJio	178.8	180.5	181.7	181.7	181.7	181.7	195.1	203.3
ARPU QoQ Growth								
Bharti Airtel	-0.1	3.3	1.5	2.5	0.5	0.8	10.6	5.3
VI*	0.0	3.0	2.2	2.1	0.7	0.0	6.8	NA
RJio	0.3	1.0	0.7	0.0	0.0	0.0	7.4	4.2

Source: Company, Nuvama Research (*yet to declare Q3FY25 results)

Company Description

Bharti is leading provider of telecommunication services with a presence in 17 countries representing India, Sri Lanka, 14 countries in Africa and joint ventures in Bangladesh. The company provides telecom services under wireless and fixed line technology, national and international long distance connectivity and digital TV; and complete integrated telecom solutions to its enterprise customers. The enterprise services division, along with voice, data and video services provides network integration, data centres, managed services, enterprise mobility applications and digital media solutions. The company has a pan-India mobility network spanning all 22 telecom circles and a wireless subscriber base of 342mn as on September 2023.

Investment Theme

The industry has consolidated into three players, thereby reducing the overall competitive intensity. With a wireless subscriber base of 339mn, Bharti is the second-largest telecom operator in India. It has been able to improve its leverage position over the last three years with user upgrades, subscriber gain and tariff hikes; leading to better balance sheet strength. Bharti bought pan India spectrum worth INR431bn in the 2022 spectrum auction and is front loading capex for an accelerated 5G rollout. Network investments in 5G would further enhance Bharti's offerings and can lead to further subscriber gain from the weak operator. While Bharti and RJio are adopting vastly different approaches for 5G, evolution of their respective ecosystems will chart the course of their market share. Bharti's enterprise business could also provide the next leg of growth. With high operating and financial leverage, we also expect a boost in profitability.

Key Risks

- Increased competition may affect pricing power, which may lead to lower revenue growth and sub-optimal margins.
- Accelerated ecosystem development of the 5G standalone (SA) mode against the non-standalone (NSA) mode.
- High capex and absence of meaningful tariff hikes could strain the balance sheet
- Early maturity of 5G ecosystem also poses risk in the medium term.
- Further depreciation in African currencies would be another source of risk.

Additional Data

Management

CEO	Gopal Vittal
CFO	Soumen Ray
Chairman	Sunil Bharti Mittal
Independent Director	Manish Kejriwal
Auditor	S.R.Batliboi & Co., Chartered Accountants

Holdings – Top 10*

	% Holding		% Holding
Bharti Telecom	40.56	SBI Funds Manag	2.72
Pastel Ltd	9.18	ICICI Pru AMC	1.85
LIC	4.14	Vanguard Group	1.82
Indian Continen	3.11	BlackRock Inc	1.81
Capital Group	2.78	HDFC AMC	1.36

*Latest public data

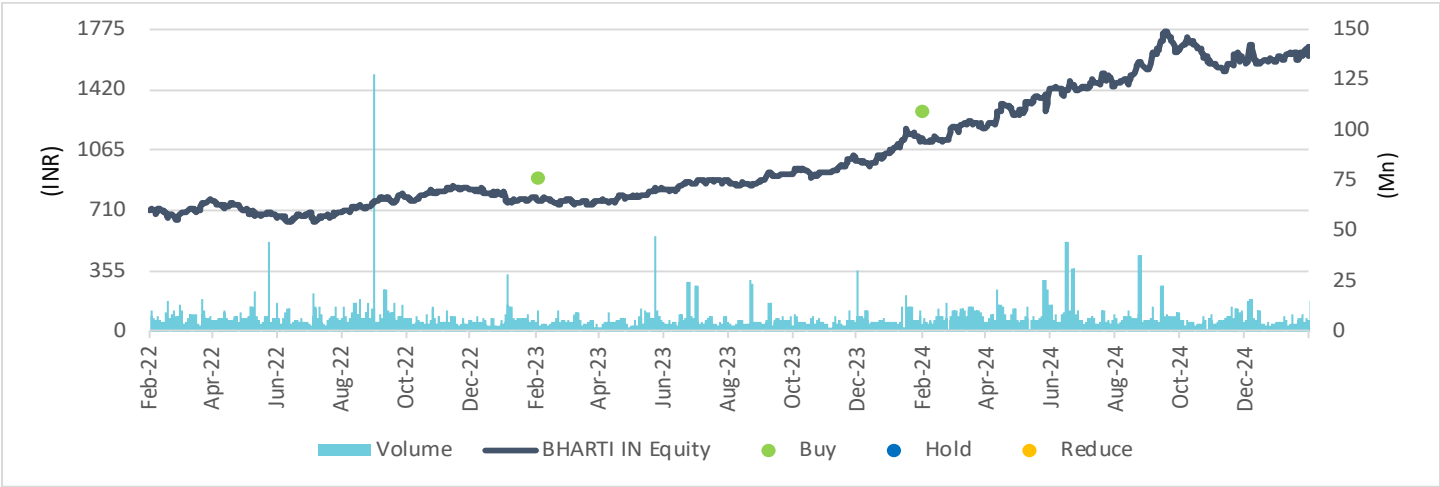
Recent Company Research

Date	Title	Price	Reco
29-Oct-24	Tariff hike lifts ARPU, margins and FCF; <i>Result Update</i>	1,637	Buy
06-Aug-24	In-line performance; strong cashflows; <i>Result Update</i>	1,444	Buy
15-May-24	Modest quarter; expectations building up; <i>Result Update</i>	1,310	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
05-Feb-25	TATA COMM	On a solid foundation to capture growth; <i>Visit Note</i>
28-Jan-25	Route Mobile	Growth led by realisation; <i>Result Update</i>
22-Jan-25	TATA COMM	Modest results; ask rate climbing; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	225
Hold	<15% and >-5%	64
Reduce	<-5%	28

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