

## Q1FY22 result review

## Telecom

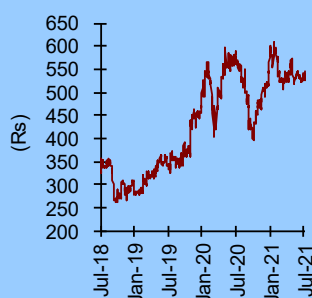
Target price: Rs675

## Shareholding pattern

	Dec '20	Mar '21	Jun '21
Promoters	56.2	55.9	55.9
Institutional investors	39.6	38.9	37.8
MFs and others	14.0	12.8	12.9
Insurance Cos.	5.8	5.9	6.0
FIs	19.8	20.2	18.9
Others	4.2	5.2	6.3

Source: NSE

## Price chart



INDIA



## Bharti Airtel

**BUY**  
**Maintained**  
**Rs580**

## Good performance in difficult situation

Bharti Airtel's (Bharti) Q1FY22 EBITDA print reflected 3% beat at Rs130bn on higher EBITDA in India mobile and impressive performance in Africa. Bharti mobile comparable revenue and EBITDA have grown at 22% and 35% YoY without tariff hike, which is huge, and indicates continued market share gains. Next two quarters will also have strong earnings print from the recent tariff hikes and normalisation of recharge cycle in mobile. Home and enterprise business performance continues to remain strong. Africa, under-appreciated, growth continues to surprise positively. We like Bharti's superior execution and rising probability of further market consolidation which should help create huge value, in our view. Our estimates are unchanged, with target price at Rs675. Reiterate BUY.

- **All segments firing for Bharti: 1) Home services:** Home broadband customer grew 37% YoY to 3.4mn. Revenue grew healthy 13% YoY to Rs6.5bn despite reset in ARPU; EBITDA declined 8% YoY to Rs3.2bn on implementation of license fees of 8%; **2) Enterprise:** Revenue and EBITDA grew 8% and 16% YoY; **3) Payments bank:** Active users up 71% YoY to 27mn and revenue grew 136% to Rs1.5bn, it has cut losses significantly; and **4) Africa:** Revenue and EBITDA grew 31% and 45% YoY.
- **Mobile revenue grew 22% (L2L) YoY / 1.6% QoQ to Rs143bn:** Sequential revenue growth was lower considering it had an additional day due to slippage in recharges which has led to subs decline in the month of May'21; also saw 4G subs decline as well. However, Bharti has reversed the trend in the month of June, wherein it added 5-6mn active subs and 7mn 4G subs, which is impressive. We believe the next two quarters' mobile revenue growth would be impressive from tariff hike taken in post-paid enterprise plans and base pack for prepaid; benefit of subs added in the month of June. Bharti continues to gain post-paid subs, which should also help grow revenue faster.
- **India EBITDA grew 3.4% QoQ / 19% YoY (L2L 27.6% YoY adjusted for Indus deconsolidation)** at Rs92.7bn driven by India mobile EBITDA growth of 5.1% QoQ / 35% YoY to Rs70bn and benefited from one-off gains in network opex; this is achieved despite no tariff hike in past 12months. Adjusted for one-off gains, mobile business incremental EBITDA margin stood at 60-65%. India EBITDA was negatively impacted from implementation of license fees in home business.
- **Capex intensity sustains despite guidance of decline.** India capex stood at Rs57bn (29% of revenue) which has remained elevated for the past four quarters totalling to Rs218bn. This indicates Bharti doing accelerated capex, probably building capacity in India to benefit from any further consolidation, and for rolling out fresh spectrum bought in the previous auction. In the past one year, Bharti has added 23k towers, 155k 4G BTS and 26k Rkms optic fibre which is also helping it grab higher market share. Despite elevated capex Bharti has achieved FCFE of Rs11bn in Q1FY22.

Market Cap	Rs3186bn/US\$42.9bn
Reuters/Bloomberg	BRTI.BO / BHARTI IN
Shares Outstanding (mn)	5,492.0
52-week Range (Rs)	623/394
Free Float (%)	44.1
FII (%)	18.9
Daily Volume (US\$/'000)	1,15,179
Absolute Return 3m (%)	3.8
Absolute Return 12m (%)	6.0
Sensex Return 3m (%)	11.1
Sensex Return 12m (%)	47.4

Year to Mar	FY20	FY21	FY22E	FY23E
Revenue (Rs bn)	875	1,020	1,131	1,285
Net Income (Rs bn)	(56)	(90)	74	123
EPS (Rs)	(10.3)	(16.5)	13.6	22.6
% Chg YoY	529.6	59.5	(182.4)	66.5
P/E (x)	(9.8)	(21.0)	42.8	25.7
CEPS (Rs)	31.7	27.0	59.0	71.6
EV/E (x)	11.0	11.8	9.7	8.2
Dividend Yield (%)	0.3	0.3	0.9	1.9
RoCE (%)	3.4	(19.2)	8.9	11.3
RoE (%)	(43.3)	(21.8)	11.7	18.0

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## Other highlights

### Bharti India: Managed well in difficult situation, June month bounce back is impressive

- **Bharti India mobile revenue** rose 1.6% QoQ and 11.1% YoY (L2L adjusted for IUC, up 22% YoY) to Rs143bn. The growth was driven by ARPU growth on the back of higher 4G and postpaid subs additions during the quarter which was partly off-set by delayed recharges. EBITDA improved 5.1% QoQ / 34.7% YoY to Rs70bn, and EBITDA margin was at 49.2%, up 170bps QoQ and 861bps YoY. QoQ rise in EBITDA margin was partly aided by one-off cost benefit in network operating cost.
- **Subs** remained same at 321mn QoQ, and likely impacted from aggressive JioPhone offer by Reliance Jio and SIM consolidation. However, the company has added 0.3mn post-paid subs taking the total to 16.9mn.
- **ARPU** rose to Rs146 (up 0.8% QoQ) which was benefited by an additional day, and rise in postpaid and 4G subs. We believe next quarter should be strong as it sees full benefit of 4G add, and recent tariff hikes.
- **Mobile minutes** rose 0.5% QoQ to 1002bn, implying net addition of 5.4bn minutes QoQ vs 72bn in Q4FY21. Minutes of usage per sub came in at 1,044 minutes per month, down 0.8% QoQ.
- **4G** sub-base grew 2.9% QoQ to 184.4mn (+5.1mn) vs 13.7mn addition in Q4FY21. Total data subs rose by 4.3mn to 192.9mn, up 2.3% QoQ.
- **Data usage** grew 17.0% QoQ (48.8% YoY) to 10,771bn-MB. Data usage per sub came in at 18.9GB per month, growth of 12.4% QoQ.
- **Churn rate** for Bharti rose slightly to 2.8% in Q1FY22 vs 2.2% in Q4FY21. Gross subscriber addition came in at 26.8mn in Q1FY22 (vs 34.6mn in Q4FY21).
- **Non-mobile businesses highlights:** 1) Non-mobile revenue grew 3.6% QoQ to Rs52.5bn and EBITDA rose 0.1% QoQ to Rs23.3bn.
- DTH revenue rose 5.5% QoQ to Rs8.1bn while EBITDA rose 6.2% QoQ to Rs5.4bn. EBITDA margin came in at 67.0%.
- Airtel business (enterprise) revenue rose 2.4% QoQ to Rs38bn and EBITDA dipped 1.2% QoQ to Rs14.7bn.
- Home services revenue jumped sharp 8.7% QoQ and 12.9% YoY to Rs6.5bn and EBITDA dipped 3.4% QoQ to Rs3.2bn due to imposition of license fees of 8% on AGR from home services.
- Overall, **Bharti's India revenue** rose 2.6% QoQ / 6.8% YoY (+19% YoY on L2L) to Rs189bn. India EBITDA grew 3.4% QoQ and 19% YoY (+27.6% L2L) to Rs92.7bn.
- **India capex** stood at Rs57bn (29% of revenue) in Q1FY22.

**Bharti Africa: Impressive performance continues**

- In constant currency terms, gross revenue rose 33% YoY to US\$1,112mn.
- In US\$ terms, reported revenues were up 7.1% QoQ / up 30.7% YoY to US\$1,112mn, led by ARPU growth of 3.4% QoQ (up 19.3% YoY) to US\$3.1, while subs rose 2.6mn to 121.
- **Mobile minutes** grew 4.8% QoQ / 23.8% YoY to 89-bn mins.
- **Data subscribers** rose 4.6% QoQ to 42mn (up 1.9mn in Q1FY22) and data usage rose 17.9% QoQ and 46.9% YoY to 410bn-MB. Data usage per subscriber stood at 3.3GB per month, up 14.0% QoQ.
- **EBITDA** was at US\$535mn in Q1FY22 (I-Sec: US\$497mn). It rose 45.4% YoY up 8.7% QoQ, EBITDA margin rose 70bps QoQ to 48.1%.
- Bharti Africa reported **net profit** of US\$125mn in Q1FY22 (vs US\$132mn in Q4FY21).
- **Africa capex** was US\$106mn in Q1FY22 (9.5% of revenue).

**Bharti (consolidated)**

- **Consolidated revenue** was higher at Rs268bn (up 4.3% QoQ / 12.2% YoY; and L2L 21.2% YoY).
- **EBITDA** was Rs129bn, up 5.3%QoQ / 24.7% YoY. EBITDA margin stood at 48.3% in Q1FY22 vs 47.9% in Q4FY21.
- Depreciation rose 2.8% QoQ to partial impact of spectrum bought in Mar'21 auction; finance cost rose by 6.3% QoQ at Rs40bn due to accrued interest on spectrum bought in Mar'21 auction and higher forex loss of Rs1.6bn (vs Rs1.3bn in Q4FY21).
- Net profit came in at Rs2.8bn. It had an exceptional gain of Rs0.3bn.
- Net debt increased by Rs110bn to Rs1,265bn in Q1FY22 on recognition of deferred spectrum liability for spectrum bought in Mar'21.

**Table 1: Q1FY22 result review (consolidated)**

Rs mn	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	QoQ (%)	YoY (%)
<b>Revenue</b>	<b>2,39,387</b>	<b>2,57,850</b>	<b>2,65,178</b>	<b>2,57,473</b>	<b>2,68,536</b>	<b>4.3</b>	<b>12.2</b>
<b>EBITDA</b>	<b>1,04,079</b>	<b>1,16,420</b>	<b>1,20,530</b>	<b>1,23,319</b>	<b>1,29,803</b>	<b>5.3</b>	<b>24.7</b>
<i>EBITDA margin (%)</i>	43.5	45.2	45.5	47.9	48.3		
Depreciation & amortization	72,268	74,211	75,031	75,019	77,137	2.8	6.7
<b>EBIT</b>	<b>31,811</b>	<b>42,209</b>	<b>45,499</b>	<b>48,300</b>	<b>52,666</b>	<b>9.0</b>	<b>65.6</b>
Interest	29,757	36,115	39,227	37,767	40,159	6.3	35.0
Share of profits(losses) in JV	1,666	(423)	(2,206)	5,274	4,947	(6.2)	196.9
<b>PBT</b>	<b>3,720</b>	<b>5,671</b>	<b>4,066</b>	<b>15,808</b>	<b>17,454</b>	<b>10.4</b>	<b>369.2</b>
Exceptional item (as reported)	(1,17,457)	(493)	52,502	4,404	305		
Provision for tax	38,175	5,517	43,067	5,101	8,345	63.6	(78.1)
Minority interest	7,419	7,293	4,965	7,518	6,579	(12.5)	(11.3)
<b>PAT (reported)</b>	<b>(1,59,331)</b>	<b>(7,632)</b>	<b>8,536</b>	<b>7,593</b>	<b>2,835</b>	<b>(62.7)</b>	<b>(101.8)</b>

Source: Company data, I-Sec research

**Table 2: Bharti India – EBITDA rose 19% YoY (adjusted of Indus deconsolidation was 27.6% YoY)**

(Rs mn)	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	QoQ (%)	YoY (%)
<b>Revenue</b>	<b>1,77,229</b>	<b>1,81,431</b>	<b>1,91,210</b>	<b>1,84,526</b>	<b>1,89,311</b>	<b>2.6</b>	<b>6.8</b>
Access charges	23,157	23,996	24,839	11,209	10,610	(5.3)	(54.2)
% of revenue	13.1	13.2	13.0	6.1	5.6		
Licence fees & spect charges	16,265	17,887	18,980	19,579	21,346	9.0	31.2
% of revenue	9.2	9.9	9.9	10.6	11.3		
Network operations costs	39,181	41,870	42,220	45,437	43,498	(4.3)	11.0
% of revenue	22.1	23.1	22.1	24.6	23.0		
Employee costs	6,727	5,857	5,443	5,178	5,379	3.9	(20.0)
% of revenue	3.8	3.2	2.8	2.8	2.8		
Selling, general & other exp	14,028	13,151	13,841	13,421	15,745	17.3	12.2
% of revenue	7.9	7.2	7.2	7.3	8.3		
<b>EBITDA</b>	<b>77,870</b>	<b>85,916</b>	<b>85,888</b>	<b>89,702</b>	<b>92,734</b>	<b>3.4</b>	<b>19.1</b>
EBITDA Margin (%)	43.9	47.4	44.9	48.6	49.0		
Depreciation	59,667	61,444	61,635	61,767	63,393	2.6	6.2
Interest	19,643	27,473	23,492	33,477	36,712	9.7	86.9
Share of profit from JV	1,666	(423)	(2,206)	5,274	4,947	(6.2)	196.9
Tax	(2,886)	(190)	(2,180)	109	(792)		
<b>Net income</b>	<b>(1,118)</b>	<b>(6,825)</b>	<b>(96)</b>	<b>(1,361)</b>	<b>(2,972)</b>		
NPM (%)	(0.6)	(3.8)	(0.1)	(0.7)	(1.6)		
<b>EPS (Rs)</b>	<b>(0.3)</b>	<b>(1.7)</b>	<b>(0.0)</b>	<b>(0.3)</b>	<b>(0.7)</b>		

Source: Company data, I-Sec research

**Table 3: Bharti segmental performance – India mobile services EBITDA grew 5.1% QoQ / 34.7% YoY**

(Rs mn)	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	QoQ (%)	YoY (%)
<b>Mobile Services India</b>							
Revenue	1,28,771	1,38,319	1,47,789	1,40,797	1,43,056	1.6	11.1
EBITDA	52,227	58,919	64,599	66,897	70,335	5.1	34.7
EBITDA margin (%)	40.6	42.6	43.7	47.5	49.2		
<b>Home Services</b>							
Revenue	5,786	5,873	5,674	6,009	6,533	8.7	12.9
EBITDA	3,514	3,424	3,151	3,345	3,230	(3.4)	(8.1)
EBITDA margin (%)	60.7	58.3	55.5	55.7	49.4		
<b>Digital TV Services</b>							
Revenue	7,448	7,548	7,892	7,673	8,095	5.5	8.7
EBITDA	5,041	5,351	5,291	5,105	5,421	6.2	7.5
EBITDA margin (%)	67.7	70.9	67.0	66.5	67.0		
<b>Airtel Business (Enterprise)</b>							
Revenue	35,019	35,821	36,214	37,021	37,893	2.4	8.2
EBITDA	12,711	13,377	14,018	14,867	14,685	(1.2)	15.5
EBITDA margin (%)	36.3	37.3	38.7	40.2	38.8		
<b>Tower Infrastructure services</b>							
Revenue	16,421	17,663					
EBITDA	8,742	9,293					
EBITDA margin (%)	53.2	52.6					

Source: Company data, I-Sec research

**Table 4: India mobile services – ARPU rose 0.6% QoQ and was impacted by delay in recharges**

	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	QoQ (%)	YoY (%)
Subscribers (mn)	280	294	308	321	321	(0.0)	14.8
Prepaid subs (% of total subs)	94.8	94.8	94.8	94.8	94.7		
Blended churn rate (%)	2.2	1.7	1.9	2.2	2.8		
<b>ARPU (Rs)</b>	<b>157</b>	<b>162</b>	<b>166</b>	<b>145</b>	<b>146</b>	<b>0.6</b>	<b>(6.8)</b>
MoU (mins)	994	1,005	1,027	1,053	1,044	(0.8)	5.1
Minutes on Network (mn)	8,20,246	8,60,854	9,24,911	9,96,793	10,02,263	0.5	22.2
Incremental mins (QoQ, mn)	(1,654)	40,608	64,057	71,882	5,470		
Revenue per minute (Rs)	0.157	0.165	0.166	0.147	0.143	(2.3)	(8.8)
2G cell sites	1,96,145	2,01,192	2,08,606	2,16,901	2,19,310	1.1	11.8

Source: Company data, I-Sec research

**Table 5: Data service KPIs (India) – 4G subscriber base expanded by 5.1mn**

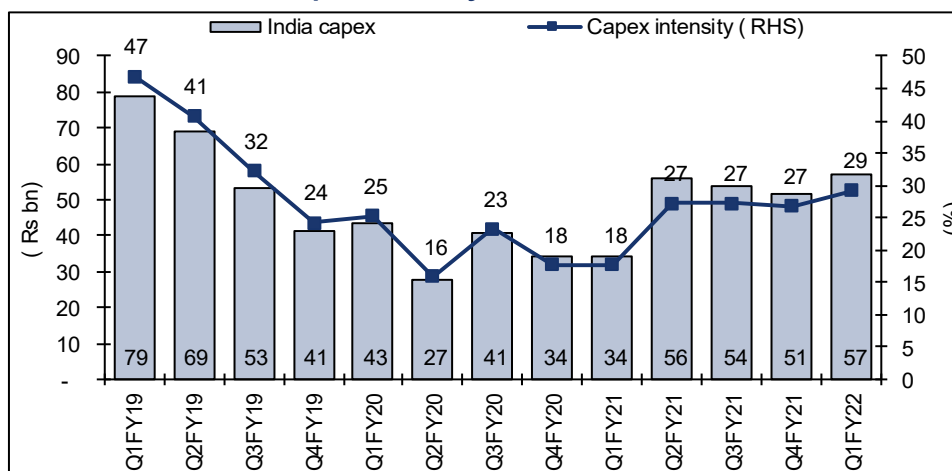
	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	QoQ (%)	YoY (%)
Data Customer Base (mn)	149.1	162.2	174.7	188.6	192.9	2.3	29.4
Net adds (mn)	0.5	13.1	12.6	13.9	4.3		
As % of customer base	53.3	55.2	56.7	58.7	60.1		
Total MBs on the network (mn)	72,39,836	76,39,997	84,53,706	92,07,030	1,07,71,051	17.0	48.8
Data Usage/ customer (MB)	16,655	16,409	16,766	16,840	18,932	12.4	13.7
3G/4G subs (m)	138.3	152.7	165.6	179.3	184.4	2.9	33.4
Net adds (m)	2.0	14.4	12.9	13.7	5.1		
As % of customer base	49.4	52.0	53.8	55.8	57.4		
3G/4G cell sites	5,06,957	5,37,206	5,68,345	6,06,783	6,61,750	9.1	30.5
Net add (3G/4G cell sites)	3,074	30,249	31,139	38,438	54,967		

Source: Company data, I-Sec research

**Table 6: Other service KPIs – home services subs rose 36.9% QoQ**

	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	QoQ (%)	YoY (%)
<b>Home services</b>							
Subscribers ('000)	2,449	2,578	2,793	3,067	3,352	9.3	36.9
ARPU (Rs)	802	783	705	684	681	(0.4)	(15.1)
<b>DTH services</b>							
Subscribers ('000)	16,838	17,387	17,872	17,716	17,999	1.6	6.9
ARPU (Rs)	149	148	149	144	151	4.8	1.3
Churn (%)	1.3	1.5	1.4	2.2	1.4		

Source: Company data, I-Sec research

**Chart 1: Bharti India capex intensity was at 29% in Q1FY22**

Source: Company data, I-Sec research

**Table 7: Bharti Africa – revenue grew by 30.7% YoY and 7.1% QoQ**

US\$ mn	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	QoQ (%)	YoY (%)
<b>Revenue</b>	<b>851</b>	<b>965</b>	<b>1,055</b>	<b>1,038</b>	<b>1,112</b>	<b>7.1</b>	<b>30.7</b>
Access charges	84	93	102	97	101	4.1	20.2
% of revenue	9.9	9.6	9.7	9.3	9.1		
Licence fees & spect charges	48	47	50	53	53	-	10.4
% of revenue	5.6	4.9	4.7	5.1	4.8		
Network operations costs	156	174	181	183	196	7.1	25.6
% of revenue	18.3	18.0	17.2	17.6	17.6		
Employee costs	65	77	66	67	69	3.0	6.2
% of revenue	7.6	8.0	6.3	6.5	6.2		
Selling, general & other exp	130	150	154	146	158	8.2	21.5
% of revenue	15.3	15.5	14.6	14.1	14.2		
<b>EBITDA</b>	<b>368</b>	<b>424</b>	<b>502</b>	<b>492</b>	<b>535</b>	<b>8.7</b>	<b>45.4</b>
EBITDA Margin (%)	43.2	43.9	47.6	47.4	48.1		
Depreciation	161	167	176	174	182	4.6	13.0
Interest	96	87	126	103	94		
Tax	54	82	84	61	117	91.8	116.7
<b>Net income/(loss)</b>	<b>49</b>	<b>70</b>	<b>95</b>	<b>132</b>	<b>125</b>	<b>(5.3)</b>	<b>155.1</b>

Source: Company data, I-Sec research

**Table 8: Bharti Africa – subs base expanded by 8.4% YoY**

US\$ mn	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	QoQ (%)	YoY (%)
Subscribers (mn)	111	116	119	118	121	2.2	8.4
Blended churn rate (%)	5.7	5.3	5.0	3.9	3.6		
ARPU (US\$)	2.6	2.8	2.9	3.0	3.1	3.4	19.3
Minutes on Network (mn)	71,891	80,375	85,651	84,964	89,026	4.8	23.8
RPM (US cent)	1.2	1.2	1.2	1.2	1.2	2.2	5.5
Data Customer Base (mn)	37	40	41	41	42	4.6	14.8
As % of customer base	33.2	34.0	34.2	34.3	35.1		
Total MBs on the network (mn)	2,79,541	2,93,919	3,20,568	3,48,230	4,10,723	17.9	46.9
Data Usage/ customer (MB)	2,607	2,576	2,653	2,896	3,302	14.0	26.7

Source: Company data, I-Sec research

**Table 9: Mobile services revenue – South Asia**

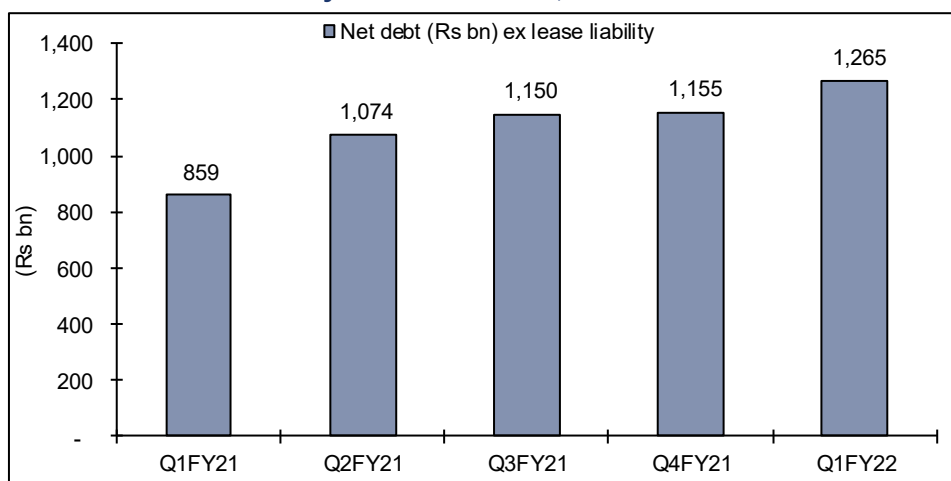
US\$ mn	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	QoQ (%)	YoY (%)
<b>Revenue</b>	<b>14</b>	<b>15</b>	<b>14</b>	<b>14</b>	<b>13</b>	(9.8)	(9.8)
Access charges	2	2	2	2	2	0.9	(12.6)
Licence fees & spectrum charges	2	2	2	2	2	2.9	7.6
Network operations costs	5	5	5	5	6	21.9	23.6
Employee costs	1	1	1	1	1	1.8	15.6
Selling, general & other expenses	3	3	3	3	3	(17.3)	2.4
<b>EBITDA</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>(2)</b>	<b>na</b>	<b>na</b>
EBITDA Margin (%)	9.0	10.3	3.7	3.7	(11.6)		
Depreciation	5	5	5	5	6	13.5	11.0
Interest	1	1	2	7	0	(96.3)	(77.7)
<b>Reported PAT</b>	<b>(5)</b>	<b>(5)</b>	<b>(6)</b>	<b>(11)</b>	<b>(7)</b>	<b>(35.8)</b>	<b>49.9</b>

Source: Company data, I-Sec research

**Table 10: Bharti consolidated cashflow**

(Rs mn)	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22
Operating cashflow	96,711	1,15,062	1,19,317	1,20,529	1,20,567
Less: Lease cost	13,868	11,389	19,676	19,273	17,623
Interest expenses	21,335	(98)	15,879	12,054	18,727
<b>Operating cashflow</b>	<b>61,508</b>	<b>1,03,772</b>	<b>83,762</b>	<b>89,201</b>	<b>84,217</b>
Less Capex (incl spectrum)	55,103	55,745	75,785	1,47,746	75,318
<b>FCF</b>	<b>6,405</b>	<b>48,027</b>	<b>7,977</b>	<b>(58,545)</b>	<b>8,899</b>
Change in working capital	19,528	(14,684)	4,023	(560)	1,653
<b>Cashflow available for debt payment</b>	<b>25,934</b>	<b>33,343</b>	<b>12,000</b>	<b>(59,104)</b>	<b>10,552</b>

Source: Company data, I-Sec research

**Chart 2: Net debt rose by Rs110bn to Rs1,265bn in Q1FY22**

Source: Company data, I-Sec research

**Table 11: Bharti Airtel: SoTP-based valuation**

Rs mn	FY23E
<b>India business (ex Tower)</b>	
EBITDA (adj IND AS 116)	4,08,231
Multiple (x)	11.0
<b>EV</b>	<b>44,90,539</b>
Less net debt	12,50,927
<b>Equity value...(a)</b>	<b>32,39,612</b>
<b>Tower business (DCF from Indus model)</b>	
EV	8,22,988
Less net debt	(6,644)
<b>Equity value</b>	<b>8,29,632</b>
Stake (%)	42
<b>Attributable Equity value...(b)</b>	<b>3,46,206</b>
<b>Airtel Africa</b>	
EBITDA (adj IND AS 116)	1,41,251
Multiple (x)	5.0
<b>EV</b>	<b>7,06,254</b>
Less net debt	61,844
<b>Equity value</b>	<b>6,44,410</b>
Stake (%)	53
<b>Bharti attributable Equity value...(c)</b>	<b>3,42,826</b>
<b>Bharti Airtel Equity value</b>	<b>39,28,644</b>
Outstanding shares (mn)	5,456
<b>Equity value per share (Rs)</b>	<b>720</b>
Less: AGR dues	45
<b>Equity value per share (Rs)</b>	<b>675</b>

Source: I-Sec research



## Financial summary

Table 12: Profit &amp; loss statement

(Rs mn, year ending March 31)

	FY20	FY21	FY22E	FY23E
Operating Income (Sales)	8,75,390	10,19,888	11,30,683	12,85,422
Operating Expenses	5,09,295	5,55,540	5,74,656	6,23,257
EBITDA	3,66,095	4,64,348	5,56,028	6,62,165
% margins	41.8	45.5	49.2	51.5
Depreciation & Amortisation	2,76,896	2,96,529	3,10,184	3,31,682
Net Interest	1,39,918	1,42,866	1,38,974	1,53,547
Other Income	6,524	4,311	17,492	19,759
Recurring PBT	(26,121)	29,264	1,24,362	1,96,695
Add: Extraordinaries	7,931	61,044	4,02,344	-
Less: Taxes	(1,21,823)	91,860	41,389	61,916
- Current tax				
- Deferred tax				
Less: Minority Interest	15,190	27,195	8,973	11,593
Net Income (Reported)	(3,21,832)	(1,50,835)	73,999	1,23,186
Recurring Net Income	(56,285)	(89,791)	73,999	1,23,186

Source: Company data, I-Sec research

Table 13: Balance sheet

(Rs mn, year ending March 31)

	FY20	FY21	FY22E	FY23E
<b>Assets</b>				
Total Current Assets	7,47,488	6,17,026	6,00,165	6,26,184
of which cash & cash eqv.	1,58,927	1,08,716	86,615	93,141
Total Current Liabilities & Provisions	10,87,338	10,01,257	9,69,570	9,70,250
<b>Net Current Assets</b>	<b>(3,39,850)</b>	<b>(3,84,232)</b>	<b>(3,69,405)</b>	<b>(3,44,066)</b>
<b>Investments</b>	<b>2,54,765</b>	<b>1,17,086</b>	<b>1,17,086</b>	<b>1,17,086</b>
of which				
Strategic/Group	96,808	96,808	96,808	96,808
Other Marketable	1,57,957	20,278	20,278	20,278
<b>Net Fixed Assets</b>	<b>19,89,186</b>	<b>20,80,477</b>	<b>21,71,160</b>	<b>24,32,935</b>
<b>Goodwill</b>	<b>3,46,192</b>	<b>3,46,192</b>	<b>3,46,192</b>	<b>3,46,192</b>
<b>Total Assets</b>	<b>22,50,293</b>	<b>21,59,523</b>	<b>22,65,033</b>	<b>25,52,147</b>
<b>Liabilities</b>				
Borrowings	14,82,281	14,82,281	15,32,281	17,32,281
Deferred tax liability	(2,53,283)	(1,82,307)	(1,71,196)	(1,45,675)
Minority Interest	2,49,847	2,49,847	2,49,847	2,49,847
Equity Share Capital	27,278	27,278	27,278	27,278
Face Value per share(Rs)	5.0	5.0	5.0	5.0
Reserves & Surplus	7,44,170	5,82,424	6,26,823	6,88,417
<b>Net Worth</b>	<b>7,71,448</b>	<b>6,09,702</b>	<b>6,54,101</b>	<b>7,15,695</b>
<b>Total Liabilities</b>	<b>22,50,293</b>	<b>21,59,523</b>	<b>22,65,033</b>	<b>25,52,147</b>

Source: Company data, I-Sec research

Table 14: Quarterly trend

(Rs mn, year ending March 31)

	Sep-20	Dec-20	Mar-21	Jun-21
Net sales	2,57,850	2,65,178	2,57,473	2,68,536
% growth (YoY)	21.6	20.4	8.1	12.2
EBITDA	1,16,420	1,20,530	1,23,319	1,29,803
Margin (%)	45.2	45.5	47.9	48.3
Other income	(1,673)	(440)	7,177	7,268
Add: Extraordinaries	(493)	52,502	4,404	305
Net profit	(7,632)	8,536	7,592	2,835

Source: Company data

Table 15: Cashflow statement

(Rs mn, year ending March 31)

	FY20	FY21	FY22E	FY23E
<b>Operating Cashflow</b>	<b>3,47,251</b>	<b>3,59,536</b>	<b>5,34,267</b>	<b>6,33,936</b>
Working Capital				
Changes	(1,65,964)	(5,829)	(36,929)	(18,812)
Capital Commitments	(2,23,937)	(3,28,575)	(3,38,725)	(5,28,944)
<b>Free Cashflow</b>	<b>(42,650)</b>	<b>25,132</b>	<b>1,58,614</b>	<b>86,180</b>
<b>Cashflow from Investing Activities</b>	<b>(80,982)</b>	<b>1,37,679</b>	-	-
Issue of Share Capital	3,91,322	-	-	-
Buyback of shares				
Inc (Dec) in				
Borrowings	(1,79,553)	-	50,000	2,00,000
Dividend paid	(20,325)	(2,13,022)	(2,30,716)	(2,79,653)
<b>Extraordinary Items</b>	-	-	-	-
<b>Chg. in Cash &amp; Bank balance</b>	<b>67,812</b>	<b>(50,211)</b>	<b>(22,101)</b>	<b>6,527</b>

Source: Company data, I-Sec research

Table 16: Key ratios

(Year ending March 31)

	FY20	FY21	FY22E	FY23E
<b>Per Share Data (in Rs.)</b>				
Recurring EPS	(10.3)	(16.5)	13.6	22.6
Reported EPS	(59.0)	(27.6)	13.6	22.6
Recurring Cash EPS	31.7	27.0	59.0	71.6
Dividend per share (DPS)	1.9	2.0	5.4	11.3
Book Value per share (BV)	141.4	111.8	119.9	131.2
<b>Growth Ratios (%)</b>				
Operating Income	8.4	16.5	10.9	13.7
EBITDA	41.8	26.8	19.7	19.1
Recurring Net Income	759.3	59.5	(182.4)	66.5
Diluted Recurring EPS	529.6	59.5	(182.4)	66.5
Diluted Recurring CEPS	(38.8)	(14.7)	118.3	21.2
<b>Valuation Ratios (% YoY)</b>				
P/E	(9.8)	(21.0)	42.8	25.7
P/CEPS	18.3	21.5	9.8	8.1
P/BV	4.1	5.2	4.8	4.4
EV / EBITDA	11.0	11.8	9.7	8.2
EV / Operating Income	4.6	4.1	3.8	3.5
EV / Operating FCF	45.1	25.1	17.4	13.5
<b>Operating Ratios</b>				
Other Income / PBT (%)	(25.0)	14.7	14.1	10.0
Effective Tax Rate (%)	466.4	313.9	33.3	31.5
NWC / Total Assets (%)	(15.1)	(17.8)	(16.3)	(13.5)
Inventory Turnover (days)	-	-	-	-
Receivables (days)	19.2	18.5	17.7	17.0
Payables (days)	174.5	145.3	123.4	108.8
Net Debt/EBITDA Ratio (x)	2.3	2.3	2.0	2.0
Capex % of sales	25.4	32.2	30.0	41.1
<b>Profitability Ratios (%)</b>				
Rec. Net Income Margins	(6.4)	(8.8)	6.5	9.6
RoCE	3.4	(19.2)	8.9	11.3
RoIC	5.2	10.2	14.3	17.4
RoNW	(43.3)	(21.8)	11.7	18.0
Dividend Yield	0.3	0.3	0.9	1.9
EBITDA Margins	41.8	45.5	49.2	51.5

Source: Company data, I-Sec research



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