

BSE Sensex 81,287 S&P CNX 25,179

**CMP: INR1,879 TP: INR2,355 (+25%) Buy**



Bloomberg	BHARTI IN
Equity Shares (m)	6094
M.Cap.(INRb)/(USD\$b)	11495.5 / 126.4
52-Week Range (INR)	2175 / 1560
1, 6, 12 Rel. Per (%)	-5/-3/2
12M Avg Val (INR M)	14137

### Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
Net Sales	2,096	2,400	2,692
EBITDA	1,188	1,385	1,560
Adj. PAT	272	390	505
EBITDA Margin (%)	56.7	57.7	58.0
Adj. EPS (INR)	44.9	63.9	82.8
EPS Gr. (%)	48	42	30
BV/Sh. (INR)	263	302	355

### Ratios

RoE (%)	20.9	24.7	27.5
RoCE (%)	14.8	18.2	21.2
Net D:E	1.1	0.5	0.1

### Valuations

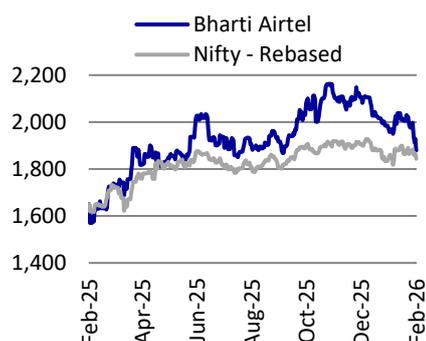
P/E (x)	42.1	29.4	22.7
P/BV (x)	7.2	6.2	5.3
EV/EBITDA (x)	10.9	8.9	7.5
Div Yield (%)	1.4	1.8	2.4

### Shareholding Pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	48.9	50.3	53.1
DII	19.7	19.5	19.6
FII	28.8	27.5	24.3
Others	2.7	2.7	2.9

FII Includes depository receipts

### Stock's performance (one-year)



## Assessing Bharti's ~INR1.5t cash deployment options

- Bharti Airtel's (Bharti) stock price corrected ~6% (lost ~INR700b in market cap) following the announcement of its NBFC foray, with an overall outlay of INR200b (70% by Bharti) as the focus shifts to the company's capital allocation plans.
- Bharti's Chairman hosted an investor call to address key investor concerns around capital allocation, promoter stake sales, succession planning, plans for group subsidiaries, and factors behind the company's NBFC foray.
- In our view, the Chairman's key message to investors was to invest in the company for its potential growth opportunities, keeping in mind the group's long history of judicious capital allocation, rather than solely for dividend payments.
- As noted in the past, [capital allocation](#) remains the key driver of Bharti's long-term stock price performance. In this note, we evaluate the potential deployment options for ~IN1.5t FCF generation over FY26-28, along with the upcoming rights issue.
- Post the recent correction, Bharti's India business now trades at an implied valuation of ~10x FY28 EBITDA, on our estimates. We reiterate our BUY rating on Bharti with an unchanged SoTP-based TP of INR2,355 (bull case: INR2,875; bear case: INR1,810).

## Bharti could potentially generate ~INR1.3t+ FCF over FY26-28

- Driven by tariff repair in the Indian wireless industry and moderation in capex intensity, Bharti's FCF generation has significantly improved from ~INR11b in FY21 to ~INR389b by FY25.
- FCF generation further increased to ~INR460b in 9MFY26, driven largely by continued growth in the India business and improving FCF generation in Airtel Africa (AAF).
- The strong FCF generation has enabled Bharti to prepay deferred spectrum liabilities worth ~INR730b over FY22-25. As of Dec'25, non-Gol, non-lease net debt for the India business stands at a modest ~IN82b (excluding Indus Towers' net cash).
- Going forward, Bharti will potentially recommence repayments on AGR dues (INR84b annually over FY26-31, starting Mar'26) and the 2022 spectrum auction (~INR45b annually from Aug'26).
- An expected tariff hike (15% from Jul'26), range-bound normal-course capex in the core business, and improved FCF generation at Indus and AAF should enable Bharti to generate ~INR1.3t+ FCF over FY26-28, after spectrum and AGR repayments.
- Along with ~INR1.3t FCF generation over FY26-28, Bharti will also raise ~INR157b from upcoming calls on the 2021 rights issue, creating a cash pool of ~INR1.5t, cumulatively to be deployed over FY26-28.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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### Assessing Bharti's cash deployment options for ~INR1.5t over FY26-28

- **AAF stake purchase:** Bharti's Chairman indicated that the company should rightfully own the ~16% stake currently owned by Bharti's promoter group in AAF. On CMP, this could entail a **commitment of ~INR256b**. While the stake purchase would be at a significant premium (vs. promoters' purchase price), we believe AAF remains one of the fastest-growing segments for Bharti and could potentially see a further re-rating, given the under-penetration across its footprint and modest valuations.
- **Data center investments:** Bharti has publicly stated its goal of reaching 1GW data center capacity (vs. ~130MW currently) over the next 4-5 years. Assuming ~INR0.6b capex per MW, we arrive at a **cumulative investment of ~INR535b** in data centers over the next 5 years, translating into **~INR214b over FY26-28**. We note that data center investments have a long gestation period, with timelines also influenced by land acquisition, which could delay actual capital deployment.
- **NBFC foray:** Out of ~INR200b overall commitment to Airtel Money (70% stake with Bharti), the NBFC arm, we build in ~INR50b cumulative investments in FY27 and FY28, of which Bharti's share would be **~INR35b**.
- **Dividends:** Based on our estimates, Bharti's dividend payments could reach **~INR481b**, translating into a cumulative ~INR89/share over FY27 and FY28.
- **Debt repayment:** We also assume the repayment of the remaining **~INR82b** non-Gol, non-lease net debt over FY26-28, enabling the India business to turn net cash.
- **Potential 600MHz spectrum acquisition:** While Bharti has publicly maintained its stance of not requiring sub-GHz spectrum (700 MHz band), we believe that, with the recent ~17% cut in 600MHz spectrum reserve price proposed by TRAI, along with a four-year moratorium, Bharti could bid for 10MHz of pan-India 600MHz spectrum. This would entail an **overall outlay of ~INR327b, but a modest upfront payment of ~INR16b**.
- **International telco acquisition:** After these investments, Bharti would still have ~INR390b remaining, which it could utilize for a potential international acquisition or other forays. We believe such an **investment could be the most concerning for investors**.
- Further, we note that Bharti's leverage ratio at ~1x is on the lower side for an asset-heavy business, and the company could lever up to pursue other business opportunities, if required.

### Valuation and view

- As noted in the past, [capital allocation](#) remains the key driver for Bharti's long-term stock price performance, and these concerns have resurfaced following the company's recent announcement of its NBFC foray.
- We believe the promoters' past track record on capital allocation (except, perhaps, for overpaying for the Zain (now AAF) acquisition) has been stellar. With the Chairman recently explaining the rationale behind certain decisions, we believe capital allocation concerns are overdone.
- Further, following the recent correction, Bharti's India business now trades at an implied valuation of **~10x FY28 EBITDA**, based on our estimates, which we find attractive given its **growth profile** and **immaterial impact of geopolitical or AI-led disruptions** on the company's portfolio.

- We continue to like Bharti's superior execution on its premiumization agenda. Further, with likely stable capex trends and a potential tariff hike, Bharti could deliver ~INR1.3t+ FCF in FY26-28, with the company potentially turning net cash (ex-leases) by FY28.
- We model a CAGR of 13%/15% in Bharti's consolidated revenue/EBITDA over FY26-28E, driven by: 1) benefits of the ~15% tariff hike in India Wireless from July'26, 2) continued acceleration in Home Broadband net adds, and 3) strong double-digit CC growth in Africa.
- We reiterate our BUY rating on Bharti with an unchanged SoTP-based TP of INR2,355. An impending tariff hike, the upcoming JPL IPO, and a favorable resolution of the AGR matter remain key near-term triggers, while the long-term risk-reward remains attractive (bull case: INR2,875; bear case: INR1,810).
- We have recently upgraded Bharti's subsidiary Bharti Hexacom to BUY, as it provides a pure-play exposure to the company's fast-growing India Wireless and Home Broadband businesses, with limited risk of capital misallocation, albeit at a slight valuation premium. We believe investors concerned about Bharti's capital allocation can gain exposure to its growth through BHL (TP: INR2,000).

**Exhibit 1: Our SoTP-based TP for Bharti stands at INR2,355**

SoTP-based on Mar'28	Valuation base (INR b)		Multiple (x)		Valuation	
	EBITDA	Other	EBITDA	Other	(INRb)	(INR/share)
<b>India business</b>						
<b>India wireless (including Hexacom)</b>	<b>897</b>		<b>13.0</b>	<b>DCF implied</b>	<b>11,633</b>	<b>1,909</b>
Less: Hexacom minority (30% minority)	68		15.0	At our FV	305	50
Homes	71		13.0	DCF implied	925	152
<b>India homes + wireless attributable value</b>					<b>12,253</b>	<b>2,011</b>
DTH	14		5.0		68	11
Enterprise	105		10.0		1,051	172
<b>Indus Towers attributable value</b>	<b>194</b>	<b>572</b>	<b>5.8</b>	<b>0.75</b>	<b>429</b>	<b>70</b>
Other investments (Nextra, APB)		154		1.0	154	25
<b>India business enterprise value</b>	<b>1,189</b>		<b>11.7</b>	<b>Implied</b>	<b>13,954</b>	<b>2,290</b>
India business net debt (including leases)					<b>445</b>	<b>73</b>
Network I2I perps					43	7
<b>India business equity value (a)</b>					<b>13,466</b>	<b>2,210</b>
<b>International business</b>						
Airtel Africa	394		4.8	At CMP	1,885	328
Airtel Africa net debt					408	71
<b>Airtel Africa attributable value</b>		<b>927</b>		<b>0.75</b>	<b>695</b>	<b>114</b>
Robi Axiata + Dialog SL attributable value		36		0.75	27	4
<b>International business equity value (b)</b>					<b>722</b>	<b>118</b>
<b>Dividends (c)</b>					<b>165</b>	<b>27</b>
<b>Bharti Airtel TP (d) = (a) + (b) + (c)</b>					<b>14,353</b>	<b>2,355</b>

Source: Company, MOFSL

## Evaluating potential FCF deployment options for Bharti

### Bharti likely to generate ~INR1.3t+ FCF over FY26-28 post AGR/spectrum repayment

- Driven by tariff repair in the Indian Wireless industry and moderation in capex intensity, Bharti's FCF generation has significantly improved over FY21-25.
- We note that from a modest ~INR11b in FY21, Bharti's FCF (after spectrum payments, leases, and interest payments) increased to ~INR389b in FY25 (Exhibit 2).
- Bharti's India business has been the most significant contributor to the company's improved FCF (Exhibit 3). However, the company is also benefiting from improved FCF generation in AAF and the consolidation of Indus Towers (Indus, effective Nov'24).
- The strong FCF generation has enabled Bharti to prepay deferred spectrum liabilities worth ~INR730b over FY22-25, on our estimates.
- Bharti has already generated ~INR460b FCF in 9MFY26. While there would be working capital adjustments in 4Q and potential AGR dues (~INR84b annually), we believe Bharti could easily cross ~INR500b in FCF generation for FY26.
- Going forward, Bharti will recommence the spectrum repayment for the 2022 spectrum auction from FY27 (~INR45b annually), along with likely annual AGR repayments (INR84b over FY26-31).
- An expected tariff hike (15% from Jul'26), range-bound normal-course capex in the core business, and improved FCF generation in Indus and AAF should enable Bharti to generate ~INR1.3t+ FCF over FY26-28, after spectrum and AGR repayments.

### Exhibit 2: Expect Bharti to generate ~INR1.3t+ FCF post spectrum payments, leases, and interest over FY27-28

Bharti Airtel FCF workings	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Operating Cashflow before WC changes</b>	<b>474</b>	<b>586</b>	<b>722</b>	<b>794</b>	<b>944</b>	<b>1,186</b>	<b>1,385</b>	<b>1,560</b>
Working Capital changes	30	-14	-31	24	84	94	79	63
Taxes	-22	-22	-38	-29	-44	-88	-122	-154
<b>CFO before leases and interest</b>	<b>482</b>	<b>550</b>	<b>653</b>	<b>789</b>	<b>983</b>	<b>1,192</b>	<b>1,342</b>	<b>1,469</b>
Leases	-64	-76	-76	-79	-72	-66	-64	-61
Interest paid	-71	-132	-67	-140	-175	-160	-161	-119
<b>CFO post interest and leases</b>	<b>347</b>	<b>342</b>	<b>510</b>	<b>570</b>	<b>736</b>	<b>966</b>	<b>1,117</b>	<b>1,288</b>
Capex	-336	-435	-388	-521	-607	-456	-463	-464
<b>FCF post interest and leases</b>	<b>11</b>	<b>-93</b>	<b>122</b>	<b>49</b>	<b>129</b>	<b>510</b>	<b>654</b>	<b>824</b>
Spectrum prepayments		243	62	163	260			
<b>FCF before spectrum prepayments</b>	<b>11</b>	<b>151</b>	<b>185</b>	<b>213</b>	<b>389</b>	<b>510</b>	<b>654</b>	<b>824</b>
Regulatory payouts – principal component			21			58	77	84
<b>FCF post spectrum payments, leases and interest</b>	<b>11</b>	<b>151</b>	<b>164</b>	<b>213</b>	<b>389</b>	<b>452</b>	<b>577</b>	<b>740</b>

### Exhibit 3: Bharti's India business FCF generation has improved sharply over the years

Bharti Airtel FCF build-up post interest and leases	FY21	FY22	FY23	FY24	FY25	1HFY26
<b>Consolidated</b>	<b>11</b>	<b>151</b>	<b>185</b>	<b>213</b>	<b>389</b>	<b>289</b>
<b>Standalone</b>	<b>22</b>	<b>120</b>	<b>172</b>	<b>164</b>	<b>273</b>	<b>204</b>
Hexacom	-6	-7	34	6	13	13
<b>India (standalone+ Hexacom)</b>	<b>16</b>	<b>113</b>	<b>206</b>	<b>171</b>	<b>286</b>	<b>217</b>
Indus Towers					65	19
<b>Airtel Africa</b>	<b>17</b>	<b>67</b>	<b>20</b>	<b>37</b>	<b>41</b>	<b>45</b>
Others	-21	-28	-41	5	-3	8

### Evaluation of FCF and rights issue money deployment options for Bharti

- Along with ~INR1.3t FCF generation over FY26-28, Bharti will also raise ~INR157b from upcoming calls on the 2021 rights issue.
- At CMP, if Bharti were to purchase ~16% stake held by ICIL (Bharti's promoter group) in AAF, the outgo could be ~INR256b. Given that AAF is one of the fastest-growing segments for Bharti, with significant under-penetration across its footprint and modest valuations, we would not be overly concerned with this stake acquisition.
- Bharti has publicly stated its aim of reaching 1GW data center capacity (vs. ~130MW currently) over the next 4-5 years. Assuming ~INR0.6b capex per MW, we arrive at ~INR535b cumulative investment in data centers over the next 5 years, translating into ~INR214b over FY26-28. We note that data center investments have a long gestation period, with timelines also influenced by land acquisition, which could delay actual capital deployment.
- Based on our estimates, Bharti's dividend payments could reach ~INR481b, translating into a cumulative ~INR89/share over FY27 and FY28.
- Bharti has recently announced ~INR200b overall commitment to Airtel Money (70% stake with Bharti), the NBFC arm. We build in ~INR50b cumulative investments in FY27 and FY28, of which Bharti's share would be ~INR35b.
- We also assume the repayment of the remaining ~INR82b non-Gol, non-lease net debt in the India business over FY26-28.
- While Bharti has publicly maintained its stance of not requiring sub-GHz spectrum (700 MHz band), we believe that, with the recent ~17% cut in the 600MHz spectrum reserve price proposed by TRAI, along with a four-year moratorium, Bharti could bid for 10MHz of pan-India 600MHz spectrum. This would entail an overall outlay of ~INR327b but a modest upfront payment of ~INR16b.
- After these investments, Bharti would still have ~INR390b remaining, which it could utilize for a potential international acquisition or other forays. Further, we note that Bharti's leverage ratio at ~1x is on the lower side for an asset-heavy business, and the company could lever up for any other business opportunity, if required.

#### Exhibit 4: Bharti's potential FCF deployment options over FY27-28

Bharti's FCF deployment options (INR b)	FY26-28
Likely Data center Investments	214
Potential AAF stake purchase	256
Potential dividends	481
Likely NBFC investments (Airtel's contribution)	35
600 MHz spectrum - upfront payment (10MHz pan India)	16
Non-Gol India debt repayment	82
<b>Potential international acquisition / others</b>	<b>391</b>
<b>FCF generation after spectrum repayments + rights issue</b>	<b>1,474</b>

**Exhibit 5: Bharti's consolidated net debt (excl. leases) to pre-IND AS EBITDA moderated to ~1x (vs. ~1.3x YoY)**

Debt and cash trends	Mar-23	Sep-23	Mar-24	Sep-24	Dec-24	Mar-25	Sep-25	Dec-25
<b>Reported gross debt</b>	<b>1,655</b>	<b>1,578</b>	<b>1,520</b>	<b>1,465</b>	<b>1,418</b>	<b>1,484</b>	<b>1,401</b>	<b>1,279</b>
LT debt	401	333	276	197	208	202	202	196
ST debt (inc. current maturities)	135	162	204	291	265	376	264	148
Deferred payment liabilities	1,119	1,084	1,040	977	944	906	935	935
<b>Cash and Cash Equivalents</b>	<b>128</b>	<b>103</b>	<b>110</b>	<b>54</b>	<b>81</b>	<b>99</b>	<b>134</b>	<b>154</b>
<b>Net Debt excluding Lease Obligations</b>	<b>1,527</b>	<b>1,475</b>	<b>1,410</b>	<b>1,410</b>	<b>1,337</b>	<b>1,385</b>	<b>1,267</b>	<b>1,125</b>
Lease Obligation	605	596	637	792	629	653	681	701
<b>Net Debt including Lease Obligations</b>	<b>2,131</b>	<b>2,070</b>	<b>2,046</b>	<b>2,202</b>	<b>1,966</b>	<b>2,038</b>	<b>1,947</b>	<b>1,826</b>
<b>Net debt (including leases) to EBITDA (x)</b>	<b>2.83</b>	<b>2.63</b>	<b>2.61</b>	<b>2.50</b>	<b>1.69</b>	<b>1.86</b>	<b>1.63</b>	<b>1.47</b>
<b>Net debt (excluding leases) to EBITDAaL</b>	<b>2.35</b>		<b>1.85</b>	<b>1.60</b>	<b>1.28</b>	<b>1.42</b>	<b>1.19</b>	<b>1.02</b>

**Exhibit 6: Bharti's annual Gol debt repayments**

Pertains to	Annual payment (INR b)	Interest rate (%)	Tenure
2021 auction	15	7.3	FY25-39
2022 auction	45	7.2	FY27-42
AGR dues	84	8	FY26-31
<b>Maximum in a year</b>	<b>144</b>		<b>FY27-31</b>

Note: 2022 auction repayments of INR1.3b for FY25 and FY26 pertaining to Hexacom circles

**Exhibit 7: Bharti's India business non-Gol, non-lease debt stood at modest ~INR82b**
**Bharti's consolidated net debt build-up as of 3QFY26 (INR b)**

<b>Consol</b>	<b>1,125</b>
Africa	143
<b>India</b>	<b>982</b>
<b>Gol dues</b>	<b>935</b>
Indus	(34)
<b>Non-Gol dues</b>	<b>82</b>

**Exhibit 8: At CMP, we estimate Bharti's India business is trading at ~10x FY28 EBITDA**

SoTP-based on Mar'28	Valuation base (INR b)		Multiple (x)		Valuation	
	EBITDA	Other	EBITDA	Other	(INRb)	(INR/share)
<b>India business</b>						
<b>India wireless (including Hexacom)</b>	<b>897</b>		<b>9.9</b>		<b>8,912</b>	<b>1,462</b>
Less: Hexacom minority (30% minority)	68		12.3	At CMP	250	41
Homes	71		9.9		709	116
<b>India homes + wireless attributable value</b>	<b>968</b>		<b>9.9</b>		<b>9,620</b>	<b>1,579</b>
DTH	14		5.0		68	11
Enterprise	105		10.0		1,051	172
<b>Indus Towers attributable value</b>	<b>194</b>	<b>572</b>	<b>5.8</b>	<b>0.75</b>	<b>429</b>	<b>70</b>
Other investments (Nxtra, APB)		154		1.0	154	25
<b>India business enterprise value</b>	<b>1,189</b>		<b>9.3</b>		<b>11,071</b>	<b>1,817</b>
India business net debt (including leases)					<b>445</b>	<b>73</b>
Network I2I perps					43	7
<b>India business equity value (a)</b>					<b>10,583</b>	<b>1,737</b>
<b>International business</b>						
Airtel Africa	394		4.8		1,885	328
Airtel Africa net debt					408	71
<b>Airtel Africa attributable value</b>		<b>927</b>		<b>0.75</b>	<b>695</b>	<b>114</b>
Robi Axiata + Dialog SL attributable value		36		0.75	27	4
<b>International business equity value (b)</b>					<b>722</b>	<b>118</b>
<b>Dividends (c)</b>					<b>165</b>	<b>27</b>
<b>Bharti Airtel TP (d) = (a) + (b) + (c)</b>					<b>11,470</b>	<b>1,882</b>

Source: Company, MOFSL

## Key takeaways from the Chairman's call with investors

- **Capital allocation history:** Over its 30+ year journey, Bharti has demonstrated exemplary capital allocation discipline. While some bets were not fully aligned with investors' expectations, the successes have, by and large, outweighed the failures. Non-telco forays (retail, insurance, realty etc.) were undertaken at the parent level, while the listed company remained focused on the pure-play telecom business. The promoter group has also pursued certain ventures (submarine cable, Satcom) outside Bharti, given the uncertain returns at the time of investment.
- **Capital allocation plans:** Management candidly acknowledged that the company has never before been in a position to generate this level of free cash flow, given the inherent cash guzzling nature of the core telecom business. However, management noted that on a ballpark basis, the company will spend ~INR300b in the India business and ~USD1b in Africa, with potential for a step-up in investments there. Dividend payments are expected to increase; however, management emphasized that **investors should invest in Airtel for growth potential rather than solely for a 1% higher dividend yield**. The financial services foray has been a long thought-out investment plan, and **any potential overseas acquisition in the future will also be thought through, discussed with investors, and done at the right valuation**.
- **Core investments:** Bharti will continue to invest in its core business and does not intend to cede even an inch to competitors. Management highlighted that 200m people are yet to be connected in Mobility, along with ~50m incremental HBB potential. The Enterprise business remains a massive opportunity, and the company will increase investments in DC (initial target to reach 1GW capacity and then expand further with increased bandwidth requirements for AI) and the recently launched sovereign cloud.
- **ARPU:** Management noted that the company is ~15% away from the initial guidance of INR300 ARPU (provided 7-8 years back), and believes it will reach this level soon (though the timeline could range from a few months to a few years). With **inflation and continued investments, the company believes the next target should realistically be INR350 ARPU to generate reasonable returns**.
- **AAF:** Investors were concerned about Airtel's Africa foray in 2010. While the company may have rushed and overpaid at the time of acquisition, AAF has turned into a USD20b enterprise (potentially 3x if not for sharper-than-anticipated currency devaluation) and was a savior during the tough phase (2016-19) in India. AAF is still one of the fastest-growing telcos globally and could become ~USD10b revenue- and USD5b EBITDA-generating company in the not-too-distant future.
- **Bharti Hexacom:** The company indicated that the decision on whether Hexacom will merge with Airtel or remain separately listed will be taken only after Gol sells its remaining 15% stake.
- **Indus Towers:** Indus remains a critical infrastructure for Bharti, and raising its stake to make it a subsidiary was strategically important. With an improvement in cash flows and stability around Vodafone Idea's future, **Indus is likely to reinstate dividends soon**. The company's Africa foray will initially be limited,

with plans to evaluate organic/inorganic expansion after gaining a foothold in African markets.

- **Promoter stake:** Management classified the remaining ~8% stake outside Bharti Telecom (own ~41% stake) as a treasury stake, which over time will be divested (largely from Singtel). However, the stake sale will be conducted in an orderly manner over the next 3-4 years, as Singtel seeks to fulfill its dividend commitments to shareholders. While promoters would be comfortable with ~40% stake, the desire is to return to a 50% stake through Bharti Telecom at some point in the future (which would require dividends and buybacks).
- **Reasons for promoter stake sale:** A large part of the promoter stake sale was driven by promoters taking over certain activities that should have been done by Bharti, but refrained due to investor concerns. The promoter group owns ~16% stake in AAF as it repurchased the stake from pre-IPO investors, which ideally should have been done through Bharti. Management believes that, **at some point, Bharti should consider acquiring promoters' ~16% stake in AAF, as it is likely to remain in a hyper-growth (~18-20%) phase over the medium term.**
- **British Telecom (BT):** The promoter group acquired ~25% stake in BT in personal capacity, reflecting its conviction in the UK's telecom story. Management noted that Bharti will not pursue financial investments in telcos (unlike Singtel, which owns stakes in several regional telcos). Management believes it is important to acquire a **controlling stake at the right valuation for any potential international telco acquisition**, enabling Bharti to leverage the operational learnings it has built over the years in India.
- **Gol relief for Vi:** Management noted that staging a comeback from a weak position is extremely challenging in the telecom sector, having witnessed this firsthand in Ghana (merged with Millicom and ultimately handed over to the government) and Sri Lanka. Further, it noted that neither Bharti nor Jio would give up the customer base easily, and with a 14-15% revenue market share, it will be tough for Vi to regain the customer/revenue market share.
- **Succession plan:** The company has a highly professional management and recently underwent a well-managed leadership transition. On the promoter group front, SBM noted that the next generation of the family has been gaining experience outside the group and will over time assume greater responsibilities at Bharti. Shravin Bharti Mittal has been on the Board of AAF since 2018.
- **AI:** The company is closely monitoring this space, but does not intend to commit billions of dollars in GPU as a service. It will focus on longer-term bets, such as more submarine cables, interstate fiber, and procuring land parcels in key areas for DC rollouts. The company will partner with other players (such as Perplexity) to bring products and services for its 600m customers across India and Africa. The company has been using AI internally to optimize costs and improve customer experience.

#### Financial services:

- **Bharti's right to win in financial services:** The company is taking a measured, long-term bet on building out its financial services. The company has been running Airtel Money in Africa for several years, which is now annualizing ~USD1.5b revenue and ~USD700m EBITDA. In addition, the Airtel Payments bank has turned out to be one of the best-run and profitable payments banks, with ~70-80m MAU and INR50b ARR. Lending outcomes under the company's

current LSP (~INR9k loans disbursed) have been encouraging. Management highlighted that the company has **~3k attributes on its users, with 100m+ quality credit scored customers.**

- **Plans for Airtel Money:** The INR200b investment outlined is the maximum and will be deployed over the long term. Management believes the company should become self-sufficient by then and is unlikely to require further investment. The **initial investment is likely to be modest, at INR15-20b in the first year.** The company intends to scale gradually, focusing on differentiated offerings, with collection efficiency prioritized over aggressive lending. The initial foray will be restricted to consumer lending using its tech stack, with a low customer acquisition cost. Airtel Money will not open 2,000-3,000 branches for gold, home, and auto loans from the get-go, but will instead build the business steadily over a long period. **Management cited inspiration from Nubank in Brazil, with the ultimate aim to replicate a Bajaj Finance-like franchise within the Bharti ecosystem.**
- **70:30 split for NBFC foray:** Management noted that the 30% promoter contribution is intended to instill confidence among investors that Bharti will approach this foray with discipline and not act carelessly.

**Exhibit 9: Key assumptions for Bharti**

	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
<b>India wireless business</b>									
<b>Paying subscriber base (m)</b>	<b>284</b>	<b>321</b>	<b>326</b>	<b>335</b>	<b>352</b>	<b>362</b>	<b>372</b>	<b>376</b>	<b>384</b>
Net monthly additions (m)	0.1	3.1	0.4	0.8	1.4	0.8	0.8	0.4	0.6
<b>Data subscribers (m)</b>	<b>149</b>	<b>189</b>	<b>208</b>	<b>233</b>	<b>261</b>	<b>281</b>	<b>299</b>	<b>316</b>	<b>330</b>
Net monthly additions (m)	2.79	3.34	1.65	2.02	2.35	1.70	1.49	1.41	1.17
<b>Wireless ARPU (INR/sub/month)</b>	<b>136</b>	<b>153</b>	<b>160</b>	<b>189</b>	<b>204</b>	<b>232</b>	<b>255</b>	<b>280</b>	<b>306</b>
YoY change (%)	16.6	12.9	4.3	18.5	7.8	13.9	9.7	10.1	9.2
<b>Data volumes (b MB)</b>	<b>21,020</b>	<b>32,541</b>	<b>45,203</b>	<b>54,148</b>	<b>65,978</b>	<b>81,257</b>	<b>1,02,406</b>	<b>1,25,939</b>	<b>1,51,126</b>
YoY change (%)	79.2	54.8	38.9	19.8	21.8	23.2	26.0	23.0	20.0
<b>Data consumption (GB/sub/month)</b>	<b>13.0</b>	<b>15.7</b>	<b>18.5</b>	<b>20.0</b>	<b>21.8</b>	<b>24.4</b>	<b>28.7</b>	<b>33.3</b>	<b>38.1</b>
YoY change (%)	36.7	21.1	18.0	7.8	8.9	12.1	17.7	16.0	14.3
<b>Voice traffic (b mins)</b>	<b>3,035</b>	<b>3,603</b>	<b>4,104</b>	<b>4,348</b>	<b>4,667</b>	<b>4,882</b>	<b>5,041</b>	<b>5,167</b>	<b>5,271</b>
YoY change (%)	7.9	18.7	13.9	6.0	7.3	4.6	3.3	2.5	2.0
<b>MOU (min/sub/month)</b>	<b>893</b>	<b>992</b>	<b>1,056</b>	<b>1,096</b>	<b>1,131</b>	<b>1,140</b>	<b>1,146</b>	<b>1,152</b>	<b>1,157</b>
YoY change (%)	11.9	11.1	6.4	3.7	3.2	0.8	0.6	0.5	0.4
<b>Homes business</b>									
<b>EoP Wi-Fi subscriber base (m)</b>	<b>2.4</b>	<b>3.1</b>	<b>4.5</b>	<b>6.0</b>	<b>7.6</b>	<b>10.0</b>	<b>14.2</b>	<b>18.5</b>	<b>22.5</b>
Net monthly additions ('000s)	12	54	118	130	131	201	343	363	333
<b>Implied ARPU (INR/month)</b>	<b>799</b>	<b>710</b>	<b>671</b>	<b>641</b>	<b>606</b>	<b>557</b>	<b>533</b>	<b>518</b>	<b>543</b>
YoY change (%)	(4.9)	(11.1)	(5.5)	(4.5)	(5.4)	(8.1)	(4.4)	(2.7)	4.8
<b>Airtel DTH</b>									
<b>EoP subscriber base (m)</b>	<b>16.6</b>	<b>17.7</b>	<b>16.0</b>	<b>15.9</b>	<b>16.1</b>	<b>15.9</b>	<b>15.4</b>	<b>15.1</b>	<b>14.9</b>
Net monthly additions ('000s)	101.7	92.0	(140.7)	(6.8)	16.7	(20.7)	(43.0)	(23.5)	(20.8)
<b>Implied ARPU (INR/month)</b>	<b>152</b>	<b>148</b>	<b>156</b>	<b>154</b>	<b>158</b>	<b>159</b>	<b>161</b>	<b>165</b>	<b>167</b>
YoY change (%)	(34.1)	(2.5)	5.0	(1.4)	3.0	0.7	1.1	2.7	1.0
<b>Capex (INR b)</b>									
<b>India (ex-spectrum and Indus)</b>	<b>198</b>	<b>193</b>	<b>204</b>	<b>281</b>	<b>334</b>	<b>303</b>	<b>291</b>	<b>314</b>	<b>325</b>
As % of revenues	31.0	26.1	24.9	28.7	30.4	23.9	20.8	20.0	18.5
<b>Consolidated (ex-spectrum)</b>	<b>252</b>	<b>238</b>	<b>253</b>	<b>342</b>	<b>395</b>	<b>395</b>	<b>456</b>	<b>463</b>	<b>464</b>
As % of revenues	28.8	23.6	21.7	24.6	26.3	22.8	21.7	19.3	17.2
<b>Consolidated overall</b>	<b>252</b>	<b>238</b>	<b>436</b>	<b>773</b>	<b>395</b>	<b>463</b>	<b>456</b>	<b>463</b>	<b>464</b>
As % of revenues	28.8	23.6	37.4	55.5	26.3	26.8	21.7	19.3	17.2

Source: Company, MOFSL

**Exhibit 10: Segment-wise revenue, EBITDA, margin, capex trends, and forecasts**

	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
<b>Segmental revenue (INR b)</b>									
<b>India</b>	644	741	825	981	1,100	1,338	1,551	1,733	1,922
<b>Wireless</b>	460	556	629	759	850	1,003	1,129	1,266	1,405
Homes	22	23	30	40	50	59	77	102	134
DTH	29	31	32	29	30	31	30	30	30
Airtel Business	132	144	161	186	208	221	212	233	253
Passive infra	67	-	-	-	-	153	326	341	357
<b>Africa</b>	242	289	351	423	412	419	555	678	782
<b>Consolidated</b>	875	1,006	1,165	1,391	1,500	1,730	2,096	2,400	2,692
Eliminations	(82)	(40)	(41)	(49)	(55)	(156)	(233)	(250)	(269)
<b>Segmental EBITDA (INR b)</b>									
<b>India</b>	264	340	409	510	589	789	932	1,067	1,189
<b>Wireless</b>	170	243	312	401	468	579	679	790	897
Homes	11	13	16	20	25	29	39	52	71
DTH	20	21	21	17	17	17	14	14	14
Airtel Business	43	55	62	74	82	82	89	97	105
Passive infra	37	-	-	-	-	116	185	193	197
<b>Africa</b>	107	133	172	207	201	195	271	336	394
<b>Consolidated</b>	366	454	575	713	783	932	1,188	1,385	1,560
Eliminations	(22)	(11)	(7)	(6)	(9)	(87)	(89)	(97)	(118)
<b>Segmental EBITDA margin (%)</b>									
<b>India</b>	41.0	45.8	49.6	52.0	53.6	59.0	60.1	61.6	61.9
<b>Wireless</b>	36.9	43.7	49.6	52.8	55.0	57.8	60.2	62.4	63.9
Homes	50.4	57.6	52.3	50.6	50.1	49.9	50.2	51.3	53.4
DTH	68.3	68.0	66.6	58.9	56.3	55.3	47.8	45.2	45.1
Airtel Business	32.2	38.2	38.7	39.7	39.4	37.2	42.1	41.6	41.5
Passive infra	55.1	-	-	-	-	75.7	56.7	56.7	55.2
<b>Africa</b>	44.3	46.1	49.1	49.0	48.8	46.6	48.8	49.5	50.4
<b>Consolidated</b>	41.8	45.1	49.4	51.2	52.2	53.9	56.7	57.7	58.0
<b>Segmental Capex ex-spectrum (INRb)</b>									
<b>India</b>	208	199	208	282	334	336	376	382	383
<b>Wireless</b>	151	147	145	205	253	192	175	180	190
Homes	6	11	17	22	29	43	67	72	68
DTH	11	13	13	14	14	17	13	13	13
Airtel Business	30	22	32	40	38	51	36	50	54
Passive infra	9	-	-	-	-	35	85	67	58
<b>Africa</b>	46	45	49	60	61	57	79	81	81
<b>Consolidated</b>	254	245	257	342	395	392	455	463	464

Note: India capex includes capex for Indus Towers from Nov'24

Source: Company, MOFSL

**Exhibit 11: For every INR10 change in ARPU, Bharti's consol. EBITDA changes by ~2%**

FY27 consolidated EBITDA (INR b)		FY2027E India wireless ARPU (INR)				
		260	270	280	290	300
FY2027E India wireless paying subs (m)	356	1,306	1,335	1,363	1,392	1,420
	366	1,317	1,345	1,374	1,403	1,432
	376	1,327	1,356	1,385	1,414	1,443
	386	1,337	1,366	1,396	1,426	1,455
	396	1,347	1,377	1,407	1,437	1,467

Source: Company, MOFSL

**Exhibit 12: Near-term growth robust, led by the assumption of ~15% tariff hike in July'26**

FY2025-28E CAGR (%)	Bear	Base	Bull
Paying subs	1.7%	2.0%	1.7%
<b>Wireless ARPU</b>	<b>7.9%</b>	<b>9.7%</b>	<b>11.1%</b>
Wireless revenue	10.0%	11.9%	13.2%
<b>Wireless EBITDA</b>	<b>12.0%</b>	<b>15.7%</b>	<b>17.3%</b>

Source: Company, MOFSL

**Exhibit 13: LT growth contingent on ARPU hikes; we model ~8% EBITDA CAGR over FY28-35E**

FY2028-35E CAGR (%)	Bear	Base	Bull
Paying subs	0.9%	1.2%	0.9%
<b>Wireless ARPU</b>	<b>5.0%</b>	<b>6.0%</b>	<b>7.0%</b>
Wireless revenue	6.0%	7.3%	8.0%
<b>Wireless EBITDA</b>	<b>6.3%</b>	<b>7.7%</b>	<b>8.9%</b>

Source: Company, MOFSL

**Exhibit 14: Summary of Bharti's India wireless business valuations and upside/downside skew, FY25-35E**

	Base	Bear	Bull
<b>Bharti - India wireless</b>			
10-year subscriber CAGR	1.4%	1.1%	1.2%
<b>10-year ARPU CAGR</b>	<b>7.1%</b>	<b>5.9%</b>	<b>8.2%</b>
INR 300 ARPU achieved by	FY2028	FY2029	FY2027
10-yr revenue CAGR	8.7%	7.2%	9.5%
<b>10-yr EBITDA CAGR</b>	<b>10.1%</b>	<b>8.0%</b>	<b>11.4%</b>
<b>Enterprise value (INR b)</b>	<b>11,633</b>	<b>8,968</b>	<b>14,019</b>
Exit EV/EBITDA (x)	12.9	11.4	14.6
<b>Implied Mar'28E EBITDA (x)</b>	<b>13.0</b>	<b>11.0</b>	<b>15.0</b>
<b>India wireless Enterprise value (INR/share)</b>	<b>1,909</b>	<b>1,472</b>	<b>2,300</b>
<b>Bharti SoTP based TP (INR/share)</b>	<b>2,355</b>	<b>1,810</b>	<b>2,875</b>
Upside / downside to CMP	25%	-4%	53%

Source: Company, MOFSL

**Exhibit 15: We ascribe INR1.6t (or INR1,909/share) valuation to Bharti's India wireless segment (~13x Mar'28 EV/EBITDA)**

	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E
<b>Assumptions</b>													
Paying subscriber base (m)	362	372	376	384	391	397	402	406	410	414	417		
Net adds	9.3	9.9	4.5	7.5	7.0	6.0	5.0	4.5	4.0	3.5	3.0		
<b>ARPU (INR/month)</b>	<b>232</b>	<b>255</b>	<b>280</b>	<b>306</b>	<b>332</b>	<b>359</b>	<b>384</b>	<b>407</b>	<b>427</b>	<b>444</b>	<b>460</b>		
YoY	13.9	9.7	10.1	9.2	8.5	8.0	7.0	6.0	5.0	4.0	3.5		
<b>DCF model</b>													
<b>EBITDA</b>	<b>579</b>	<b>679</b>	<b>790</b>	<b>897</b>	<b>1,000</b>	<b>1,106</b>	<b>1,206</b>	<b>1,296</b>	<b>1,377</b>	<b>1,447</b>	<b>1,511</b>		
Adjusted tax expense	-111	-138	-170	-204	-228	-252	-275	-296	-314	-330	-344		
Change in working capital	12	10	11	11	13	12	12	11	10	9	8		
<b>Operating cash flow</b>	<b>481</b>	<b>551</b>	<b>631</b>	<b>705</b>	<b>785</b>	<b>866</b>	<b>942</b>	<b>1,011</b>	<b>1,073</b>	<b>1,126</b>	<b>1,175</b>		
Capital expenditure	-261	-175	-180	-190	-200	-210	-220	-230	-240	-245	-250		
<b>Free cash flow</b>	<b>220</b>	<b>376</b>	<b>452</b>	<b>515</b>	<b>585</b>	<b>656</b>	<b>722</b>	<b>780</b>	<b>833</b>	<b>880</b>	<b>925</b>	<b>971</b>	<b>1,019</b>
Discounted cash flow-now		340	370	382	392	398	396	388	374	358	340		
Discounted cash flow-1 year forward			409	422	433	440	438	428	414	396	376	357	
Discounted cash flow-2 year forward				466	479	486	484	473	457	437	416	395	375
	<b>Now</b>	<b>Y+1</b>	<b>Y+2</b>										
Discount rate (%)	10.5%	10.5%	10.5%										
<b>Total PV of free cash flow</b>	<b>3,738</b>	<b>4,113</b>	<b>4,468</b>										
<b>Terminal value assumption</b>													
Growth in perpetuity	5.0%	5.0%	5.0%										
FCF in terminal year	925	971	1,019										
Exit FCF multiple (x)	19.1	19.1	19.1										
Exit EV/EBITDA multiple (x)	11.7	12.3	12.9										
Terminal value	17,652	18,535	19,461										
<b>PV of terminal value</b>	<b>6,499</b>	<b>6,823</b>	<b>7,165</b>										
<b>Value of India wireless</b>	<b>10,237</b>	<b>10,936</b>	<b>11,633</b>										
<b>Implied EV/EBITDA</b>	<b>15.1</b>	<b>13.8</b>	<b>13.0</b>										
<b>Enterprise value (INR b)</b>	<b>10,237</b>	<b>10,936</b>	<b>11,633</b>										
Shares outstanding (m)	6,094	6,094	6,094										
<b>EV/share for India wireless (INR/share)</b>	<b>1,680</b>	<b>1,794</b>	<b>1,909</b>										

**Exhibit 16: Bharti's risk-reward skew (INR/share)**

Bharti Valuation Scenarios	Base	Bear	Bull
<b>India business (INR/share)</b>			
<b>India wireless (including Hexacom)</b>	<b>1,909</b>	<b>1,472</b>	<b>2,300</b>
Less: Hexacom minority (30% minority)	50	39	60
Homes	152	117	183
<b>India wireless + homes attributable value</b>	<b>2,011</b>	<b>1,550</b>	<b>2,423</b>
DTH	11	9	13
Enterprise	172	155	190
<b>Indus Towers attributable value</b>	<b>70</b>	<b>65</b>	<b>81</b>
Other investments	-	23	71
<b>India business enterprise value</b>	<b>25</b>	<b>1,802</b>	<b>2,778</b>
India business net debt	73	102	69
Network I2I perps	7	7	7
<b>India business equity value (a)</b>	<b>2,210</b>	<b>1,693</b>	<b>2,703</b>
<b>International business (INR/share)</b>			
<b>Airtel Africa attributable value</b>	<b>114</b>	<b>90</b>	<b>135</b>
Robi Axiata + Dialog SL attributable value	4	4	4
<b>International business equity value (b)</b>	<b>118</b>	<b>94</b>	<b>140</b>
<b>Dividends (c)</b>	<b>27</b>	<b>23</b>	<b>32</b>
<b>Bharti Airtel TP (d) = (a) + (b) + (c)</b>	<b>2,355</b>	<b>1,810</b>	<b>2,875</b>
Upside/downside to CMP (%)	25	-4	53

Source: Company, MOFSL

**Exhibit 17: For every INR10 ARPU change, Bharti's TP changes by ~INR64/share (~2.7%)**

Bharti's TP	FY2027E India wireless ARPU (INR)					
	260	270	280	290	300	
	356	2,182	2,245	2,307	2,369	2,432
	366	2,205	2,268	2,331	2,394	2,458
<b>FY2027E India wireless paying subs (m)</b>	<b>376</b>	2,227	2,291	<b>2,355</b>	2,419	2,483
	386	2,249	2,314	2,379	2,444	2,509
	396	2,272	2,337	2,403	2,469	2,535

## Financials and valuations

Consolidated - Income Statement								(INR b)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Total Income from Operations</b>	<b>1,006</b>	<b>1,165</b>	<b>1,391</b>	<b>1,500</b>	<b>1,730</b>	<b>2,096</b>	<b>2,400</b>	<b>2,692</b>
Change (%)	15.7	15.8	19.4	7.8	15.3	21.2	14.5	12.1
<b>Total Expenditure</b>	<b>552</b>	<b>590</b>	<b>679</b>	<b>717</b>	<b>798</b>	<b>908</b>	<b>1,015</b>	<b>1,132</b>
% of Sales	54.9	50.6	48.8	47.8	46.1	43.3	42.3	42.0
<b>EBITDA</b>	<b>454</b>	<b>575</b>	<b>713</b>	<b>783</b>	<b>932</b>	<b>1,188</b>	<b>1,385</b>	<b>1,560</b>
Margin (%)	45.1	49.4	51.2	52.2	53.9	56.7	57.7	58.0
Depreciation	294	331	364	395	456	524	562	600
<b>EBIT</b>	<b>160</b>	<b>244</b>	<b>348</b>	<b>388</b>	<b>476</b>	<b>665</b>	<b>823</b>	<b>960</b>
Int. and Finance Charges	151	166	193	226	218	202	184	164
Other Income	6	30	17	41	53	30	41	65
<b>PBT bef. EO Exp.</b>	<b>14</b>	<b>108</b>	<b>172</b>	<b>203</b>	<b>311</b>	<b>492</b>	<b>680</b>	<b>860</b>
EO Items	-159	17	-7	-76	73	-3	0	0
<b>PBT after EO Exp.</b>	<b>-145</b>	<b>125</b>	<b>166</b>	<b>127</b>	<b>384</b>	<b>490</b>	<b>680</b>	<b>860</b>
Total Tax	89	42	43	41	9	147	203	257
Tax Rate (%)	-61.7	33.5	25.8	32.5	2.4	29.9	29.8	29.9
Profit from discontinued operations	110.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority Interest	27	41	39	11	39	73	88	99
<b>Reported PAT</b>	<b>-151</b>	<b>43</b>	<b>83</b>	<b>75</b>	<b>336</b>	<b>271</b>	<b>390</b>	<b>505</b>
<b>Adjusted PAT</b>	<b>-7</b>	<b>35</b>	<b>82</b>	<b>113</b>	<b>176</b>	<b>272</b>	<b>390</b>	<b>505</b>
Change (%)	-82.3	-590.2	131.2	38.6	55.4	55.0	43.0	29.5
Margin (%)	-0.7	3.0	5.9	7.5	10.2	13.0	16.2	18.7

Consolidated - Balance Sheet								(INR b)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	27	28	28	29	29	30	30	30
Total Reserves	562	638	747	791	1,108	1,438	1,659	1,952
<b>Net Worth</b>	<b>590</b>	<b>666</b>	<b>776</b>	<b>820</b>	<b>1,137</b>	<b>1,468</b>	<b>1,689</b>	<b>1,982</b>
Minority Interest	223	254	289	235	398	471	558	657
Total Loans	1,628	1,697	2,260	2,156	2,136	1,857	1,653	1,445
Lease liabilities	0	0	0	0	0	0	0	0
Deferred Tax Liabilities	-222	-217	-205	-181	-181	-122	-41	62
<b>Capital Employed</b>	<b>2,218</b>	<b>2,399</b>	<b>3,119</b>	<b>3,030</b>	<b>3,491</b>	<b>3,674</b>	<b>3,860</b>	<b>4,147</b>
<b>Net Fixed Assets</b>	<b>2,292</b>	<b>2,500</b>	<b>3,268</b>	<b>3,202</b>	<b>3,995</b>	<b>3,975</b>	<b>3,915</b>	<b>3,816</b>
Goodwill on Consolidation	0	0	0	0	0	0	0	0
Capital WIP	0	0	0	0	0	0	0	0
<b>Right of use assets</b>	<b>0</b>							
<b>Total Investments</b>	<b>329</b>	<b>367</b>	<b>392</b>	<b>315</b>	<b>53</b>	<b>107</b>	<b>111</b>	<b>115</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>617</b>	<b>552</b>	<b>596</b>	<b>722</b>	<b>822</b>	<b>1,072</b>	<b>1,416</b>	<b>1,881</b>
Inventory	0	0	3	4	5	5	5	5
Account Receivables	36	41	40	47	75	86	92	96
Cash and Bank Balance	81	61	72	163	167	414	739	1,187
Loans and Advances	500	450	482	507	576	567	580	592
<b>Curr. Liability &amp; Prov.</b>	<b>1,020</b>	<b>1,020</b>	<b>1,137</b>	<b>1,209</b>	<b>1,379</b>	<b>1,480</b>	<b>1,582</b>	<b>1,665</b>
Account Payables	1,020	1,020	849	664	792	862	937	996
Provisions	0	0	288	545	587	618	644	669
<b>Net Current Assets</b>	<b>-403</b>	<b>-468</b>	<b>-541</b>	<b>-487</b>	<b>-557</b>	<b>-408</b>	<b>-166</b>	<b>216</b>
<b>Appl. of Funds</b>	<b>2,218</b>	<b>2,399</b>	<b>3,119</b>	<b>3,030</b>	<b>3,491</b>	<b>3,674</b>	<b>3,860</b>	<b>4,147</b>

## Financials and valuations

<b>Ratios</b>								
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>EPS</b>	<b>-1.3</b>	<b>6.3</b>	<b>14.4</b>	<b>19.7</b>	<b>30.3</b>	<b>44.7</b>	<b>63.9</b>	<b>82.8</b>
Cash EPS	52.2	65.5	79.8	91.0	113.0	142.4	170.2	197.6
BV/Share	107.3	119.1	138.8	146.7	203.3	262.6	302.2	354.6
DPS	0.0	3.0	4.0	8.1	16.0	27.0	34.0	45.0
Payout (%)	0.0	39.4	27.3	62.0	27.7	60.8	53.2	54.4
<b>Valuation (x)</b>								
P/E	nm	297.9	130.8	95.7	62.1	42.1	29.4	22.7
Cash P/E	36.0	28.7	23.6	20.7	16.6	13.2	11.0	9.5
P/BV	17.5	15.8	13.5	12.8	9.2	7.2	6.2	5.3
EV/Sales	11.8	10.4	9.2	8.5	7.4	6.2	5.2	4.4
EV/EBITDA	26.2	21.1	18.0	16.4	13.8	10.9	8.9	7.5
Dividend Yield (%)	0.0	0.2	0.2	0.4	0.9	1.4	1.8	2.4
<b>Return Ratios (%)</b>								
RoE	-1.1	5.6	11.3	14.2	18.0	20.9	24.7	27.5
RoCE	12.8	8.0	10.0	9.6	16.5	14.8	18.2	21.2
RoIC	14.4	8.6	11.2	10.1	16.0	14.5	18.7	23.0
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	0.4	0.5	0.4	0.5	0.4	0.5	0.6	0.7
Asset Turnover (x)	0.5	0.5	0.4	0.5	0.5	0.6	0.6	0.6
Inventory (Days)	0	0	1	1	1	1	1	1
Debtor (Days)	13	13	10	12	16	15	14	13
Creditor (Days)	370	320	223	162	167	150	143	135
<b>Leverage Ratio (x)</b>								
Current Ratio	0.6	0.5	0.5	0.6	0.6	0.7	0.9	1.1
Interest Cover Ratio	1.1	1.5	1.8	1.7	2.2	3.3	4.5	5.8
Net Debt/Equity	2.5	2.3	2.7	2.4	2.0	1.1	0.5	0.1

### Consolidated - Cash Flow Statement

(INR b)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	-31	125	166	127	384	490	680	860
Depreciation	297	331	364	395	456	524	562	600
Interest & Finance Charges	149	165	188	217	209	176	147	104
Direct Taxes Paid	-22	-22	-38	-29	-44	-88	-122	-154
(Inc)/Dec in WC	30	-14	-31	24	84	94	79	63
<b>CF from Operations</b>	<b>423</b>	<b>585</b>	<b>649</b>	<b>734</b>	<b>1,088</b>	<b>1,195</b>	<b>1,346</b>	<b>1,473</b>
Others	59	-35	4	-24	-177	-67	-68	-65
<b>CF from Operating incl EO</b>	<b>482</b>	<b>550</b>	<b>653</b>	<b>710</b>	<b>912</b>	<b>1,128</b>	<b>1,278</b>	<b>1,407</b>
(Inc)/Dec in FA	-334	-424	-388	-521	-607	-456	-463	-464
<b>Free Cash Flow</b>	<b>148</b>	<b>127</b>	<b>265</b>	<b>190</b>	<b>305</b>	<b>673</b>	<b>815</b>	<b>943</b>
(Pur)/Sale of Investments	38	-5	-20	13	7	0	0	0
Others	27	10	16	6	-3	11	14	16
<b>CF from Investments</b>	<b>-269</b>	<b>-419</b>	<b>-392</b>	<b>-502</b>	<b>-603</b>	<b>-444</b>	<b>-449</b>	<b>-448</b>
Issue of Shares	7	10	-5	-2	-41	157	0	0
Inc/(Dec) in Debt	-118	-19	-113	-15	95	-262	-178	-184
Interest Paid	-71	132	-67	-140	-175	-187	-161	-119
Dividend Paid	-27	-14	-36	-42	-69	-93	-165	-207
Others	-40	-257	-24	1	-103	0	0	0
<b>CF from Fin. Activity</b>	<b>-249</b>	<b>-148</b>	<b>-245</b>	<b>-199</b>	<b>-294</b>	<b>-385</b>	<b>-504</b>	<b>-511</b>
<b>Inc/Dec of Cash</b>	<b>-36</b>	<b>-17</b>	<b>16</b>	<b>9</b>	<b>15</b>	<b>299</b>	<b>325</b>	<b>448</b>
Opening Balance	131	91	74	154	152	167	414	739
<b>Closing Balance</b>	<b>91</b>	<b>74</b>	<b>90</b>	<b>163</b>	<b>167</b>	<b>466</b>	<b>739</b>	<b>1,187</b>
<b>Less :- Bank overdraft</b>	<b>10</b>	<b>13</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Closing Balance</b>	<b>81</b>	<b>61</b>	<b>72</b>	<b>163</b>	<b>167</b>	<b>466</b>	<b>739</b>	<b>1,187</b>

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BUY	$\geq 15\%$
SELL	$< -10\%$
NEUTRAL	$< -10\%$ to $15\%$
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.