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India's Best Performing and Most Customer Centric PMS

Bharti Airtel Limited

Bharti Airtel Limited, commonly known as Airtel, is a leading global telecommunications company that has established itself as a major player in the telecom sector, both in India and across several international markets. Headquartered in New Delhi, India, the company operates in 17 countries, including prominent markets in Asia and Africa, and serves over a billion customers.

Founded by Sunil Bharti Mittal in 1995, Airtel has grown exponentially, evolving into a one-stop telecom solutions provider. Over the years, Airtel has played a pivotal role in transforming the telecom landscape in India and beyond, driven by its relentless pursuit of innovation, customer-centric strategies, and technological advancements.

Airtel provides an integrated suite of services, including mobile voice and data services, fixed-line broadband, fiber-to-home (FTTH) services, and digital television (DTH) services. The company's stronghold in the mobile service segment is bolstered by its extensive 4G and 5G network coverage, enabling millions of users to stay connected through high-speed internet and seamless voice services.

As one of the top telecom service providers in India, Airtel has earned a reputation for its reliable network and quality of service, consistently ranking high in customer satisfaction surveys.

Bharti Airtel remains a significant force in the telecom industry, continuously adapting to market demands and global technological trends.

Investment Rationale

1. Strong Position in a Growing Industry: The company's presence in 17 countries across Asia and Africa provides geographical diversification and positions it as a dominant player in emerging markets.

2. Robust Financial Performance and Improving Profit Margins: The EBITDA margin has increased significantly, reaching 53.15% in FY2024 from 36.11% in FY2018, indicating Airtel's ability to effectively manage costs and leverage its scale for profitability. Additionally, the company's ROCE reached 12.32% in FY2024, highlighting its effective use of capital.

3. Digital and Enterprise Diversification Strategy: Airtel has strategically diversified beyond core telecom services into digital and enterprise services, which is a significant growth driver. With platforms like Airtel Payments Bank, cloud services, IoT, and CPaaS (Communication Platform as a Service), Airtel is well-positioned to tap into the increasing demand for digital and enterprise solutions.

4. Future Growth Potential through 5G Monetization and Improved ARPU
The rollout of 5G in India offers Airtel an opportunity for revenue growth, primarily through increased data consumption and premium service offerings. As 5G adoption rises, Airtel can leverage this technology to enhance its ARPU (Average Revenue Per User), which is critical for sustaining profitability.

In summary, Bharti Airtel's strategic positioning in emerging markets, strong financial recovery, diversified revenue streams, and the potential to capitalize on 5G make it a compelling investment opportunity for long-term growth.

Stock Data	
CMP	Rs 1570
52 Week High/Low	1,779.50 / 929.85
Face Value	Rs 5.00
Market Cap (Rs Bn)	7,273
NSE	BHARTIARTL
BSE	532454
Bloomberg	BHARTI:IN
Sector	Telecom

Shareholding Pattern (in %)		
Metrics	Mar 2024	Sept 2024
Promoter	54.38 %	53.14%
FII	24.35%	25.07%
DII	19.20%	18.65%
Public	2.80%	2.93%

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-3.46%	8.28%	24.20%
Bharti Airtel	-5.26%	21.86%	67.63%

Key Ratios	
Debt Equity Ratio	2.5
Interest Service Coverage Ratio	4.96
Earnings per Share (Basic)	13.09
EBITDA Margin	52.7
ROCE	12.47
Book Value per Equity Share	142.56

Company History and Milestones

Year	Evolution
1983 – 84	Sunil Mittal initiated the assembly of push-button phones in India.
1986	Bharti Telecom Limited (BTL), founded by Sunil Mittal, became the first company in the country to introduce push-button telephones under Bharti Enterprises.
1990	Sunil Mittal pioneered the introduction of the country's first fax machine and the first cordless telephones.
1992	Sunil Mittal successfully secured the bid to construct a cellular phone network in Delhi.
1995	Sunil Mittal established cellular operations in Delhi under the name Bharti Tele-Ventures.
1996	Sunil Mittal expanded cellular operations to include Himachal Pradesh.
1999	Bharti Enterprises, under Sunil Mittal's leadership, gained control of JT Holdings and expanded cellular operations to encompass Karnataka and Andhra Pradesh.
2000	The company, under the leadership of Sunil Mittal, acquired control of Spice Cell in Kolkata.
2002	Bharti Enterprises, led by Sunil Mittal, underwent an initial public offering (IPO), leading to the company being listed on both the Bombay Stock Exchange (BSE) and the National Stock Exchange of India (NSE).
2003	The cellular phone operations were rebranded under the unified Airtel brand.
2004	Bharti, under the leadership of Sunil Mittal, gained control of Hexacom, marking its entry into the state of Rajasthan.
July 2004	In July 2004, Airtel introduced "Hello Tunes," a Caller Ring Back Tone (CRBT) service, becoming the first operator in India to do so. The Airtel theme song, composed by A.R. Rahman, emerged as the most popular tune of that year.
2005	Bharti, under Sunil Mittal's leadership, expanded its network to include Andaman and Nicobar Islands. This strategic expansion enabled the company to provide voice services throughout the entirety of India.
2009	Airtel initiated its first international mobile network in Sri Lanka.
2010	Airtel acquired the African operations of the Kuwait-based Zain Telecom.
2011	Bharti negotiated with its strategic partner Alcatel-Lucent for the management of network infrastructure for the tele-media business.
2012	Airtel launched a mobile operation in Rwanda, expanding its presence into the Rwandan telecommunications market.
31 May 2012	Airtel awarded Alcatel-Lucent a three-year contract to establish a nationwide Internet Protocol access network (mobile backhaul), aiming to improve internet speed and offer high-quality browsing on mobiles.
26 Feb 2013	Airtel has deployed Ericsson's MBC solution, modernizing its prepaid services in India. This collaboration enables personalized data charging plans for prepaid customers across domains like mobility, fixed line, and broadband, spanning 2G to Wi-Fi. Airtel is the first operator to achieve extensive geographical redundancy at this scale with flexible multi-service charging.
March 2013	Airtel has entered into a definitive agreement to fully acquire Warid Uganda.
May 2013	Bharti Infotel compensated a customer Rs 50,000 for perceived unfair trade practices. The customer claimed that despite repeated requests for service disconnection, the company persistently demanded payment in an aggressive manner
2014	Airtel surpasses the 200 million mobile customer milestone in India.
2015	Airtel acquired Augere Wireless Broadband India Private Limited, which held 4G spectrum in the Chhattisgarh-Madhya Pradesh circle.
2016	Orange SA and Bharti Airtel agreed to sell Airtel's operations in Burkina Faso and Sierra Leone to Orange. Airtel Bangladesh merged into Robi as a product brand under Robi Axiata, where Robi Axiata Limited holds the Airtel brand license. Robi is a joint venture between Axiata Group, Bharti Airtel, and NTT Docomo, with Axiata having a 68.7% controlling stake, Bharti holding 25%, and the remaining 6.3% owned by NTT Docomo. India's TRAI recommended a Rs. 3,050 crore penalty on Vodafone, Bharti Airtel, and Idea Cellular for denying interconnection to Reliance Jio Infocomm, equivalent to Rs. 44 billion or US$550 million in 2023.
2017	Airtel secured ownership of Augere Wireless, Telenor India, Tikona 4G spectrum, and Tigo Rewards. On December 16, 2017, the Unique Identification Authority of India (UIDAI) suspended the license for eKYC of Aadhaar for both Bharti Airtel and Airtel Payments Bank Limited. This action was taken in response to customer complaints of accounts being opened without consent, with some customers receiving LPG subsidies in their Airtel Payments Bank accounts.
2018	Airtel served as a sponsor for the 2018–21 FIA GT World Cup.
2019	Bharti Airtel acquired Tata Docomo. Airtel offers Telemedia services in 99 cities, boasting 2.342 million broadband subscribers as of June 30, 2019. In the Digital Television sector, it provides Direct-to-Home (DTH) TV services under the brand Airtel digital TV, with approximately 16.027 million customers by June 2019. Airtel, with over 99 million subscribers, is listed on the London Stock Exchange and is part of the FTSE 250 Index.
2020	Airtel Tigo underwent rebranding and is now known as Airtel Rwanda.
2021	As of May 2021, Airtel is the second-largest mobile operator with a customer base of 348.3 million.
2022	Bharti Airtel revealed its acquisition of a strategic stake in the blockchain startup Aqilliz through its "Airtel Startup Accelerator Program." As of June 2022, Bharti Airtel boasts approximately 496.91 million subscribers globally.

Business Verticals

Airtel Mobile Services

This is Airtel's core business, providing mobile voice and data services across 17 countries in Asia and Africa. It includes 2G, 3G, 4G, and the newly launched 5G services, serving both prepaid and postpaid customers. Airtel is heavily investing in 5G infrastructure to capture growth in high-speed data consumption.

Airtel Broadband and Fixed-line Services

This segment includes broadband and fiber-to-the-home (FTTH) services, catering to residential and business customers.Broadband internet services, Wi-Fi solutions, and high-speed fiber connections.With a growing demand for reliable home internet, Airtel is expanding its fiber network to capture a larger share of the broadband market in urban and semi-urban areas.

Airtel Business

Airtel Business provides a suite of solutions for corporate clients, offering communication and digital transformation solutions. This includes cloud services, Internet of Things (IoT), data centers, cybersecurity, SD-WAN (Software-Defined Wide Area Network), and communication platforms as a service (CPaaS). Airtel Business is expanding in the B2B segment to cater to industries like healthcare, retail, and manufacturing, leveraging 5G and IoT for industry-specific solutions.

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Airtel Digital Platforms and Apps

This includes Airtel's suite of digital applications and services focused on enhancing customer engagement and offering value-added digital content. Airtel Thanks App , Wynk Music , Airtel Xstream. Airtel is building a digital ecosystem with its apps to increase customer engagement, reduce churn, and cross-sell services.

Digital TV Services (DTH)

Airtel offers Direct-to-Home (DTH) television services under Airtel Digital TV. This includes a range of channels, on-demand content, and high-definition (HD) and 4K viewing options for TV subscribers. Airtel Digital TV aims to enhance user experience through value-added services, including interactive channels and digital content.

Geographical Presence

This table provides a detailed overview of India's telecom landscape as of March 31, 2024, highlighting the national tele-density, regional variations, and changes in the wire-line customer base.

Airtel's geographical presence and network expansion plans align well with India's telecom density landscape.

High-tele-density states and metro areas are already saturated, so Airtel's strategy here will focus on retaining customers and expanding digital services.

In contrast, lower tele-density states present untapped growth opportunities, particularly in rural areas, where Airtel can leverage its network and affordable plans to capture a growing user base.

The growth in wire-line customers also reflects Airtel's potential to expand its broadband services, especially in urban areas with high internet demand.

Overall, this diverse tele-density distribution suggests a balanced approach for Airtel to continue expanding its footprint and capturing both high-value urban markets and growth-oriented rural markets.

Category	Metric	Value
Total Telecom Users	Telecom User Base (as of March 31, 2024)	1,199.28 million
Tele-density	National Tele-density	85.69%
	Urban Tele-density	133.72%
	Rural Tele-density	59.19%
Top States by Tele-density	Kerala	121.65%
	Himachal Pradesh	119.43%
	Punjab	114.36%
	Tamil Nadu	103.23%
	Karnataka	103.20%
	Maharashtra	102.89%
Metro Tele-density	Delhi	280.62%
Low Tele-density States	Bihar	57.16%
	Uttar Pradesh	67.03%
	Madhya Pradesh	68.71%
	Assam	74.02%
Wire-line Customer Base	As of March 31, 2024	33.79 million
	As of March 31, 2023	28.41 million

Airtel has a substantial geographical presence, spanning across India, South Asia, and Africa, with a strong foothold in the telecommunications and digital services markets. Here's a brief overview of its presence:

India

- Primary Market: India is Airtel's largest market, where it operates across all states and Union Territories. Airtel offers mobile services, broadband internet (Airtel Xstream Fiber), fixed-line services, digital TV (Airtel Digital TV), and a range of digital solutions including Airtel Payments Bank, Wynk Music, and Airtel Thanks app.
- 5G Rollout: Airtel is one of the first operators to launch 5G services in select cities, with plans for nationwide deployment, strengthening its competitive edge.
- Enterprise Services: Through Airtel Business, it provides end-to-end solutions such as cloud services, cybersecurity, and IoT for Indian enterprises, partnering with global giants like AWS and Google.

Africa

- Growing Market: Airtel Africa operates in 14 countries, primarily focusing on mobile services and mobile money, which is crucial for financial inclusion in the region.
- Mobile Money Services: Airtel's mobile money platform has been a key growth driver, enabling digital financial services in underbanked regions. It has gained substantial traction, particularly in East and West Africa.
- Data Services: With increasing smartphone penetration, Airtel Africa is expanding its data services, which are essential for capturing growth in the African telecom market.

Other Regions (South Asia)

- Airtel had operations in countries like Sri Lanka and Bangladesh. However, in recent years, it has divested from these markets to focus on India and Africa as its core operational regions.

Global Economy and Indian Economy and African Economy

- **Economic Review (Global)**

- Global GDP Growth: The global economy avoided recession in 2023, recording a GDP growth of 3.2%, surpassing initial estimates of 2.8%. Inflation eased but remained above historical averages.
- Advanced Economies Growth: Advanced economies grew by 1.6%, supported by government spending and robust household consumption.
- Emerging Markets (EMs): EMs outperformed, with growth at 4.3%. India was the fastest-growing major economy, and China faced a slowdown due to its real estate sector challenges.
- Global Outlook: A mix of optimism and caution marks the global economic landscape. IMF projects global economic growth of 3.2% in 2024-2025, although this is below the historical average of 3.8%.

2. Indian Economy

- GDP Growth: India's economy showed strong growth with GDP at 7.6% in FY 2023-24, driven by government infrastructure investments, policy reforms, and structural changes. This marked the third consecutive year of over 7% growth.
- Challenges: Supply chain issues due to global trade disruptions persisted, especially in transportation. However, India's economy benefited from strong domestic demand and favorable policy interventions.
- Outlook: IMF projects India's GDP to grow at 6.8% in 2024. The continued growth momentum is supported by manufacturing, services, and strong consumer demand.

3. Africa Economy (Sub-Saharan Africa)

- GDP Growth: Sub-Saharan Africa saw slower growth in 2023 , affected by global uncertainty, climate change, and financial conditions.
- Challenges: The region continues to face challenges such as inequality, climate-related impacts, and slow domestic growth. East Africa's growth was estimated at 1.8%, while West Africa grew around 3.3%.
- Outlook: The World Bank forecasts growth to rebound to 3.4% in 2024. There is a strong need for structural reforms, addressing inequality, and boosting private sector development for long-term growth.

Indian Telecom Sector

1. Total Telecom Users: As of March 31, 2024, India's telecom user base reached 1,199.28 million. This marks a significant increase, driven by improvements in penetration across both urban and rural areas. The continuous rise in user base indicates a robust demand for telecom services in India.

2. Tele-density Overview: National Tele-density: The overall tele-density, which represents the number of telecom connections per 100 individuals, was recorded at 85.69% by the end of FY 2023-24.
Urban Tele-density: Urban areas have a much higher tele-density at 133.72%, reflecting widespread telecom penetration and saturation in urban regions.
Rural Tele-density: Rural areas have a significantly lower tele-density of 59.19%, indicating a potential growth area as rural regions continue to adopt telecom services.

3. State-wise Tele-density: High Tele-density States: Certain states exhibit high levels of tele-density, including:

- Kerala: **121.65%**
- Himachal Pradesh: **119.43%**
- Punjab: **114.36%**
- Tamil Nadu: **103.23%**
- Karnataka: **103.20%**
- Maharashtra: **102.89%**

• Low Tele-density States:

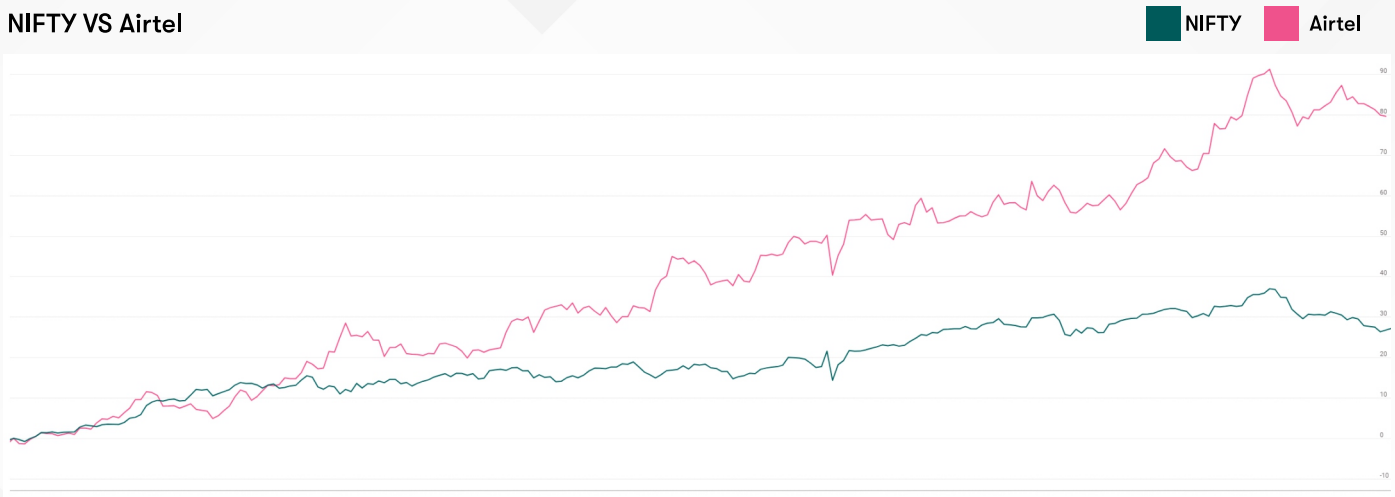
Some states have comparatively low tele-density, indicating lower connectivity levels and possibly limited infrastructure. These states include:

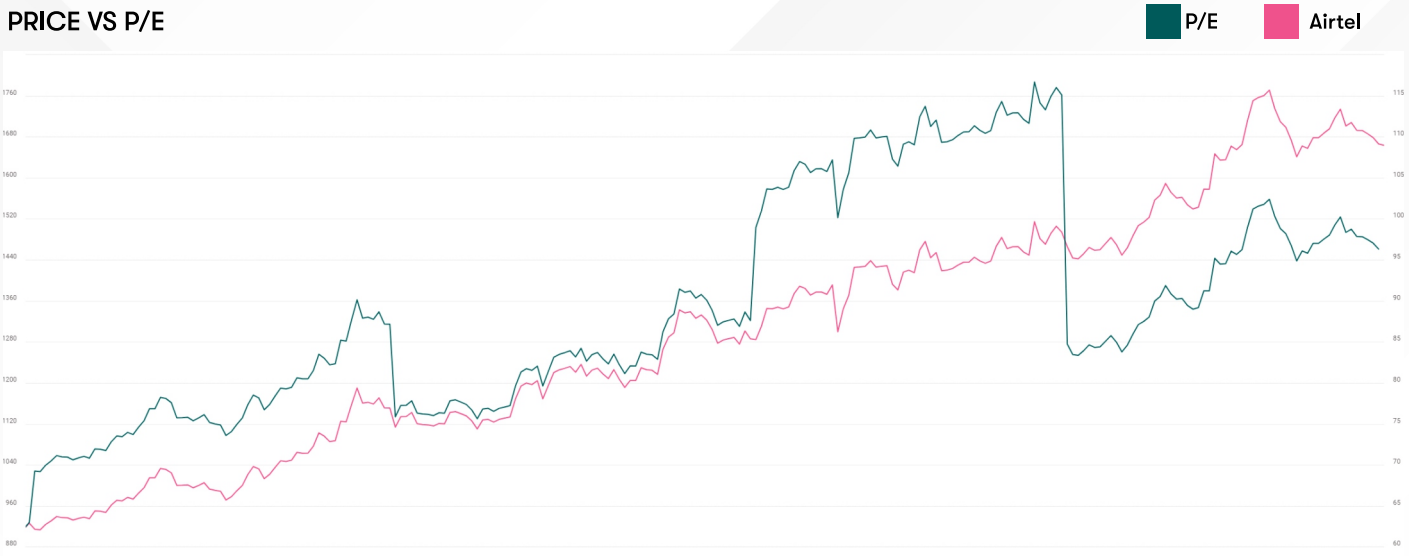
- Bihar: **57.16%**
- Uttar Pradesh: **67.03%**
- Madhya Pradesh: **68.71%**
- Assam: **74.02%**

• Wire-line Customer Base:

The wire-line customer base, which includes landline connections, reached 33.79 million as of March 31, 2024, up from 28.41 million the previous year. This growth reflects a renewed interest in fixed-line services, potentially driven by increased demand for reliable home internet due to work-from-home and digital learning trends.

Relative Price Movements





Key Drivers and Challenges

Airtel, one of India's leading telecom and digital service providers, operates in a highly dynamic environment where both growth potential and significant challenges coexist. Here's an in-depth look at the key drivers fueling Airtel's growth, along with the challenges it faces in its pursuit of long-term sustainability and market leadership.

Key Drivers

- **Expanding Data Consumption and Digital Adoption**

  • **Driver:** India's mobile data consumption is among the highest globally, driven by the rapid adoption of smartphones and affordable data plans. Airtel's robust data infrastructure and competitive pricing strategy allow it to capitalize on this surge in demand.

  • **Opportunity:** With the advent of 5G, data usage is set to increase even further, enabling Airtel to introduce premium data plans, faster speeds, and IoT services that appeal to both urban and rural markets.

- **5G Rollout and Technological Advancements**

  • **Driver:** Airtel has invested heavily in acquiring 5G spectrum and has begun rolling out 5G services across key Indian cities. This next-gen technology is set to drive revenue growth through enhanced mobile data speeds, improved network capabilities, and support for IoT, AR/VR, and smart cities.

  • **Opportunity:** The 5G network will help Airtel tap into enterprise solutions, such as industrial automation, smart manufacturing, and cloud-based services, opening up new revenue streams beyond consumer mobile services.

- **Rural Market Expansion**

  • **Driver:** Rural areas represent a significant growth opportunity for Airtel. With rural tele-density still at 59.19%, there is ample potential to capture new customers through affordable plans, network expansion, and government-led initiatives to improve rural connectivity.

  • **Opportunity:** Expanding in rural areas allows Airtel to capture a new wave of mobile subscribers and drive financial inclusion through Airtel Payments Bank, which is particularly valuable in underbanked regions.

- **Growth in Digital Services and Financial Inclusion**

  • **Driver:** Airtel has diversified into digital content (Wynk Music, Airtel Xstream) and digital finance (Airtel Payments Bank), aiming to create an ecosystem that enhances customer loyalty and ARPU. Digital services have a high potential for scalability, leveraging the large user base already in place.

  • **Opportunity:** The Airtel Payments Bank has been a game-changer, especially in rural areas, providing financial services to the underserved. The digital services ecosystem also allows Airtel to monetize content and increase user engagement.

- **Enterprise and B2B Solutions**

  • **Driver:** Airtel Business, which provides solutions like cloud services, data connectivity, cybersecurity, and IoT for businesses, is a strong growth area. The demand for enterprise solutions is increasing as Indian businesses undergo digital transformation.

  • **Opportunity:** Collaborations with companies like AWS, Google, and Microsoft strengthen Airtel's enterprise offering, creating synergies for growth. Airtel Business can capitalize on this trend by providing end-to-end solutions tailored for sectors like banking, manufacturing, and IT.

Challenges

- **Intense Competition in the Telecom Market**

  • **Challenge:** The Indian telecom industry is highly competitive, with Reliance Jio and Vodafone Idea vying for market share. Aggressive pricing, data wars, and frequent discount offers make customer retention challenging and put pressure on ARPU.

  • **Impact:** Price-based competition can erode Airtel's margins, especially in price-sensitive rural areas, and force the company to balance affordability with profitability, impacting overall financial performance.

- **High Capital Expenditure Requirements**

  • **Challenge:** Airtel's 5G network rollout, infrastructure expansion, and ongoing maintenance require substantial capital investment. The telecom industry is capital-intensive, and Airtel needs to continuously invest in technology and infrastructure to remain competitive.

  • **Impact:** High capex affects Airtel's cash flow and profitability. Airtel must ensure that its investments in network and spectrum generate sufficient returns, especially in an environment where rapid technology changes require frequent upgrades.

- **Regulatory and Policy Risks**

  • **Challenge:** Telecom operators in India face a constantly evolving regulatory landscape, including issues around spectrum licensing fees, Adjusted Gross Revenue (AGR) dues, and compliance costs. Regulatory uncertainty can hinder long-term planning and create unexpected financial liabilities.

  • **Impact:** Unexpected regulatory costs, like AGR dues, have historically impacted Airtel's financials. This regulatory risk creates a volatile environment, where policy shifts can lead to financial setbacks.

- **Low Rural Tele-density and Connectivity Challenges**

  • **Challenge:** Despite being a growth area, rural markets face challenges such as limited infrastructure, lower purchasing power, and limited digital literacy. Expanding network coverage in these areas can be costly and may take time to yield returns.

  • **Impact:** While rural areas are a target for growth, Airtel must strategically deploy resources to manage costs while ensuring network quality. Educating and converting rural customers to higher-value services may also be resource-intensive.

- **Rising Operating Costs**

  • **Challenge:** Telecom operations have high fixed and variable costs, including network maintenance, energy costs for towers, and license fees. Operating expenses (Opex) can erode profitability, especially if revenue growth does not keep pace with these expenses.

  • **Impact:** Airtel's Opex productivity has slightly declined over the years, indicating pressure from rising costs. Managing Opex efficiently is crucial to maintaining profitability, particularly as data demand rises and infrastructure requirements grow.

- **Technological Disruptions and Rapid Changes**

  • **Challenge:** The telecom sector is subject to fast-paced technological advancements. New technologies like 5G, IoT, and AI bring opportunities but require continual upgrades to stay relevant. Falling behind technologically can result in customer attrition.

  • **Impact:** Staying updated with technology demands continuous investment, training, and quick adaptation. Airtel must keep pace with evolving tech trends to retain competitive advantage and meet customer expectations for high-speed, reliable service.

Comprehensive Investment Rationale

Here's an extensive investment rationale for Bharti Airtel, covering its market position, financial strengths, strategic diversification, and growth potential with in-depth insights into each aspect:

1. Strong Position in a Growing Industry

• **Market Leadership in India:** Bharti Airtel is one of the top telecom providers in India, competing closely with Reliance Jio and Vodafone Idea. Airtel has over 370 million subscribers, a comprehensive 4G network covering most of the country, and has been an early mover in launching 5G services. Its large customer base and nationwide presence create a strong foundation, especially as the Indian telecom industry continues to consolidate.

• **Geographical Diversification:** Airtel's operations span 17 countries across Asia and Africa, providing the company with exposure to a broad range of high-growth, under-penetrated markets. This diversification allows Airtel to mitigate risks related to any single market while benefiting from opportunities in high-potential regions, particularly in Africa, where mobile adoption and digital financial services are on the rise.

• **Emerging Markets Advantage:** Airtel's focus on emerging markets gives it a unique position in regions where mobile internet and smartphone penetration are still growing. In Africa, Airtel Africa serves 14 countries and has seen strong growth in mobile money and data services, capitalizing on rising digital demand. The company's ability to scale services in price-sensitive markets, like rural India and Africa, aligns with the ongoing digital revolution in these regions.

2.Robust Financial Performance and Improving Profit Margins

• **Strong EBITDA Margins:** Airtel's EBITDA margin has increased significantly over the years, from 32.55% in FY2018 to 51.55% in FY2024. This improvement reflects Airtel's focus on cost efficiency, effective management, and its ability to leverage scale. High EBITDA margins indicate that Airtel is generating substantial operational cash flow, which is crucial for reinvestment in network upgrades, spectrum purchases, and future growth initiatives.

• **Enhanced Return on Capital Employed (ROCE):** Airtel's ROCE reached 12.3% in FY2024, demonstrating the company's ability to effectively utilize capital to generate returns. This improvement reflects Airtel's efficient capital allocation, essential for maintaining investor confidence in a capital-intensive industry like telecommunications.

• **Healthy Cash Flow and Debt Management:** Despite high capex needs, Airtel has improved its cash flow, which has strengthened its balance sheet. This financial resilience enables Airtel to continue investing in growth areas, such as 5G, without over-leveraging. Airtel's prudent debt management strategy, including refinancing and cost-cutting measures, further enhances its financial stability, making it a reliable investment in a highly competitive sector.

• **ARPU Growth Amid Competition:** Airtel's average revenue per user (ARPU) has been on an upward trajectory due to a focus on high-value customers, increased data consumption, and premium services. While the Indian telecom market is highly competitive, Airtel's customer retention strategies and continuous network improvements help sustain ARPU growth.

3. Digital and Enterprise Diversification Strategy

• **Expanding Digital Ecosystem:** Bharti Airtel has strategically diversified its offerings beyond traditional telecom into high-growth digital services, including content streaming, digital payments, and on-demand entertainment. Key digital services include:

• **Airtel Payments Bank:** A fully digital bank offering financial services to both urban and rural populations. Airtel Payments Bank has become a crucial tool for financial inclusion, especially in underserved areas, and is well-aligned with India's Digital India initiative.

• **Wynk Music and Airtel Xstream:** These digital entertainment services cater to the rising demand for on-demand streaming content. Wynk Music has emerged as one of India's leading music apps, and Airtel Xstream offers a library of movies, series, and live TV channels, adding value to Airtel's mobile and broadband subscribers.

• **Airtel Thanks:** An integrated loyalty program app that offers rewards, exclusive content, and cashback, enhancing customer loyalty and stickiness.

- **Growth in Airtel Business (B2B Solutions):** Airtel Business, the company's B2B arm, provides enterprise solutions that meet the increasing digital transformation needs of businesses in India and Africa. Airtel's enterprise portfolio includes:

• **Cloud and Data Services:** Airtel has partnerships with global tech companies like Amazon Web Services (AWS), Google Cloud, and Microsoft Azure to offer cloud computing and data storage solutions.

• **Cybersecurity and IoT:** As more businesses adopt digital solutions, Airtel offers cybersecurity services and IoT (Internet of Things) applications to support smart infrastructure, industrial automation, and connected devices.

• **Communication Platform as a Service (CPaaS):** This service enables businesses to enhance their customer engagement through SMS, voice, video, and WhatsApp-based communication channels. CPaaS is a fast-growing segment with high demand from sectors such as banking, e-commerce, and healthcare.

• **Revenue Diversification and Resilience:** Airtel's digital and enterprise businesses offer resilient revenue streams that are less impacted by competitive pricing pressures in the core telecom market. These segments are crucial growth drivers, especially as businesses in emerging markets increasingly adopt cloud, IoT, and cybersecurity solutions.

4. Future Growth Potential through 5G Monetization and Improved ARPU

- **5G Rollout as a Revenue Multiplier:** Airtel's acquisition of 5G spectrum and early rollout in key cities positions it to capitalize on rising demand for high-speed connectivity. The deployment of 5G is expected to drive significant increases in data consumption, as 5G technology enables applications such as HD streaming, online gaming, AR/VR, and IoT.

- **Enhanced ARPU through Premium Offerings:** As Airtel rolls out 5G, it has the potential to increase its ARPU by offering premium 5G plans, differentiated data speeds, and exclusive services for both retail and enterprise customers. Higher ARPU is critical for maintaining profitability, especially as telecom companies face continuous pressure on margins in the competitive Indian market.

- **5G for Enterprise Solutions:** 5G technology will unlock new opportunities in Airtel's enterprise business, allowing it to provide services for smart cities, industrial IoT, and remote healthcare. Enterprise 5G applications include everything from smart manufacturing and predictive maintenance to autonomous transportation systems, representing a high-value market segment.

- **IoT and Connected Devices Market:** With the rise of IoT-enabled devices in sectors like manufacturing, agriculture, logistics, and healthcare, Airtel can leverage its 5G network to provide seamless connectivity solutions for IoT applications. This market has significant long-term growth potential, especially as businesses move toward automation and data-driven decision-making.

Summary:

Compelling Investment Opportunity for Long-term Growth

- **Strong Strategic Positioning:** Bharti Airtel's established presence in high-growth markets like India and Africa, coupled with its market leadership and diversified revenue streams, make it a resilient player in the telecom sector. Its significant investments in digital and enterprise solutions diversify its business model, reducing its reliance on traditional telecom revenue.

- **Financial Discipline and Operational Efficiency:** Airtel's improved EBITDA margins and ROCE demonstrate strong operational efficiency, and its prudent debt management strategy provides a stable foundation for future growth. The company's commitment to enhancing ARPU and generating cash flow while expanding its customer base reflects its focus on sustainable, profitable growth.

- **Capitalizing on 5G and Digital Transformation:** With the deployment of 5G, Airtel is well-positioned to monetize its network and capture opportunities in data consumption, IoT, and enterprise solutions. This technological shift provides a strong growth catalyst, both for consumer and B2B segments, as digital transformation accelerates across industries.

- **Investment in Emerging Markets:** Airtel's focus on emerging markets like Africa aligns with its strategy of capturing high-growth opportunities. Africa's expanding mobile market, especially in mobile money and data services, allows Airtel to tap into a large underpenetrated market with significant growth potential.

In summary, Bharti Airtel's robust market presence, financial health, diversified service offerings, and readiness for 5G make it a compelling investment. Its ability to adapt to changing industry dynamics, penetrate high-growth markets, and provide diversified digital solutions ensures long-term growth potential, making Airtel a promising choice for investors seeking exposure to the rapidly evolving telecom and digital services industry in emerging markets.

Strengths

1. **Dominant Player:** India's largest integrated communications provider, and second-largest in Africa.
2. **Premium Brand:** Strong brand with segmentation and premiumization potential.
3. **Expansive Service Portfolio:** Serving 550 million+ customers with offerings across 17 nations.
4. **Building Digital Ecosystem:** Offers various digital solutions including Airtel IQ, Wynk, Airtel Finance, and more.
5. **Convergence Play:** Wide bundle of offerings, including mobile, broadband, digital TV, and enterprise solutions.
6. **Future-Ready Network:** Infrastructure supporting 5G, live video streaming, and best-in-class experiences.
7. **Strategic Collaborations:** Global collaborations to enhance mobile and enterprise solutions.
8. **Omni-Channel Integration:** Seamless integration of customer engagement across channels.
9. **Robust Balance Sheet:** Strong financial position with long-term credit rating of AAA.

S

Weaknesses

1. **Centralization of Operations:** Difficulty in integrating operations across regions.
2. **Supply Chain & Cost Inflation:** Challenges in global supply chains and inflation.
3. **Low Return Ratios:** Low ARPU and high capex spend result in low returns.
4. **5G Monetization:** Monetizing investments in 5G remains challenging.
5. **Evolving Market Trends:** Rapid technological changes pose challenges to customer requirements.

W

Opportunities

O

1. **Industry Structure:** Growth potential in market consolidation.
2. **Tariff Repair:** Potential increase in tariffs due to the high demand for data usage.
3. **Smart phone Penetration:** India still has over 200 million feature phone users, providing revenue opportunities.
4. **Low Post-paid Penetration:** Post-paid customers offer strong growth potential.
5. **Home Broadband:** Low broadband penetration offers long-term growth opportunities.
6. **Emerging Enterprise Growth:** Evolving customer needs in smart solutions and tailored services.
7. **Digital Ecosystem:** Expanding digital services including CPaaS, cloud, and Airtel Finance.

T

Threats

1. **Intense Competition:** Entry of disruptive players could impact market stability.
2. **Regulatory Framework:** Adverse changes in regulations could negatively affect operations.
3. **Currency Exposure:** Global fluctuations in currency present risks.
4. **Pandemic/Disaster/War:** Events like pandemics or civil unrest can disrupt operations.

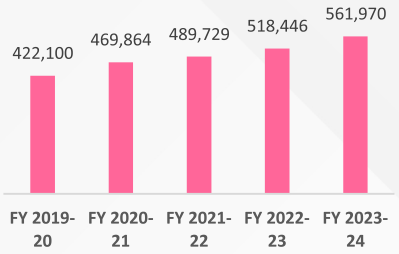
Quarter-wise Performance

Particulars	Quarter Ended				
	Sep-24	**Jun-24**	**Mar-24**	**Dec-23**	**Sep-23**
Total revenues	4,14,733	3,85,064	3,75,991	3,78,995	3,70,438
EBITDA	2,20,209	1,99,442	1,95,905	2,00,443	1,96,650
EBITDA / Total revenues	*53.1%*	*51.8%*	*52.1%*	*52.9%*	*53.1%*
EBIT	1,09,961	93,550	94,231	98,442	99,294
Finance cost (net)	53,189	49,763	50,199	63,089	50,055
Share of results of Joint Ventures / Associates	10,739	9,117	8,303	7,032	5,860
Profit before Tax	67,511	52,903	52,335	42,386	55,100
Income tax expense	20,383	16,356	15,325	12,412	16,756
Profit after tax (before exceptional items)	47,129	36,549	37,010	29,974	38,343
Non Controlling Interest	8,014	7,298	7,493	5,057	8,745
Net income (before exceptional items)	39,115	29,251	29,518	24,916	29,598
Exceptional Items (net of tax & NCI)	3,183	-12,349	8,802	495	16,190
Net income (after exceptional items)	**35,932**	**41,599**	**20,716**	**24,422**	**13,407**
Capex	76,749	80,070	1,05,163	92,740	92,061
Operating Free Cash Flow	1,43,460	1,19,372	90,742	1,07,703	1,04,589
Cumulative Investments	52,26,237	51,06,886	50,52,510	50,06,139	49,82,948

Company Performance

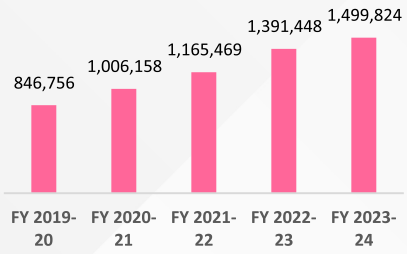
Total Customer Base

(000's)



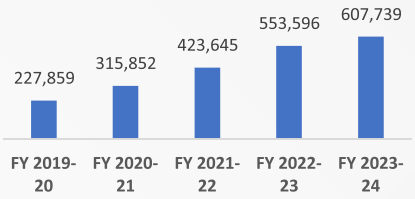
Revenue

(Rs Mn)



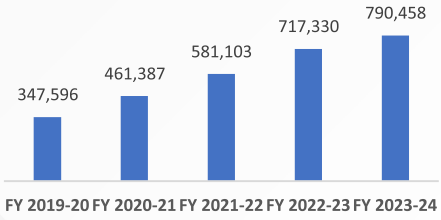
Cash Profit from Operations

(Rs Mn)



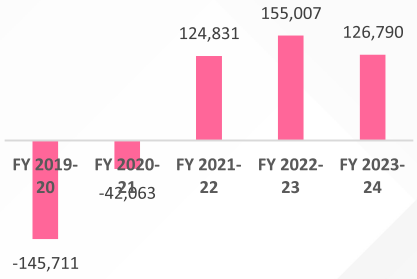
EBITDA

(Rs Mn)



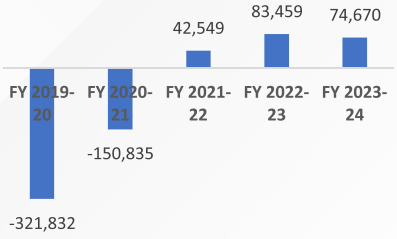
Profit Before Tax

(Rs Mn)

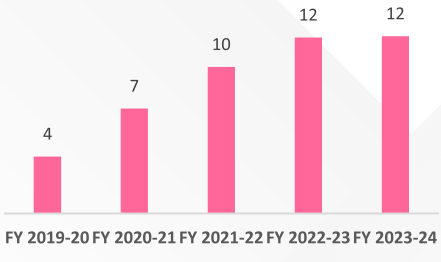


Net Profit

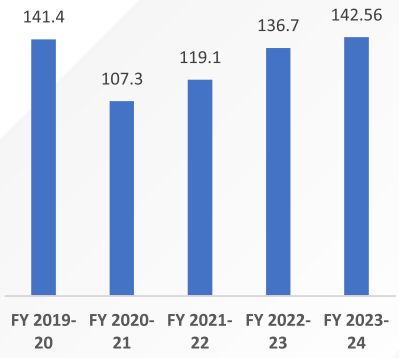
(Rs Mn)



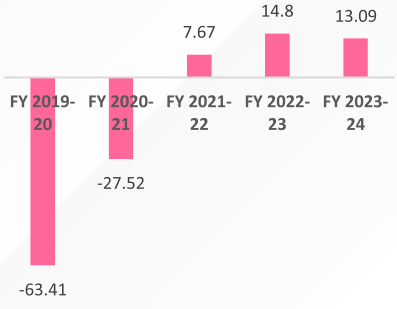
ROCE %



BVPS (Rs)



EPS



Peer Comparison

Figures in Crs

Name	Bharti Airtel	Vodafone Idea	Tata Comm
CMP Rs.	1666	7.66	1777.6
P/E	83.51	0	61.88
Mar CapRs.Cr.	997859.57	53390.05	50661.62
Div Yld %	0.48	0	0.93
NP Qtr Rs.Cr.	4717.5	-6432.1	227.27
Qtr Profit Var %	-8.78	17.96	-2.32
Sales Qtr Rs.Cr.	38506.4	10508.3	5767.35
Qtr Sales Var %	2.85	-1.38	18.37
ROCE %	13.13	-3.61	17.55
PAT Qtr Rs.Cr.	3652.45	-6432.1	215.53
Earnings Yield %	3.52	-1.62	3.1
Current ratio	0.42	0.24	0.59
3mth return %	10.83	-49.12	-5.27
6mth return %	26.58	-41.93	1.73
Int Coverage	1.91	-0.2	2.63
Inven TO	40.67	648.18	2.92
Asset Turnover	0.34	0.22	0.93
Leverage	5.4	-1.88	12.56
Cash Cycle	11.51	18.78	65.42
Graham's Number Rs.	240.34	230	213.56

Financial Snapshot

Indicator	Mar '20	Mar '21	Mar '22	Mar '23	Mar '24
Book Value Per Share	187.2	147.9	164.5	211	216.4
RoA %	-8.92%	-0.35%	1.17%	1.86%	1.67%
RoE %	-41.71%	-25.58%	6.39%	9.19%	7.39%
ROCE %	4.67%	7.08%	10.00%	11.01%	13.13%
EBITDA Margin %	43.88%	45.73%	49.82%	51.89%	53.15%
EBIT Margin %	12.25%	16.50%	21.43%	25.71%	26.79%
PBT Margin %	-49.69%	-14.30%	8.63%	11.36%	6.64%
Net Profit Margin %	-35.77%	-12.19%	5.04%	8.29%	3.89%
Asset Turnover %	0.2	0.2	0.2	0.2	0.3
Current Ratio	3,67,084.70	0.5	0.5	0.5	0.4
Quick Ratio	4.2	0.5	0.5	0.5	0.4
Dividend Payout to NP %	9.6	0.2	0.3	0.3	0.3
Earning Retention %	2.7	79.66%	69.53%	82.79%	69.53%
Cash Earning Retention %	108.23%	96.21%	95.16%	97.23%	95.16%
Enterprise Value (₹ Cr)	3,67,084.70	4,22,698.90	5,67,069.50	6,05,930.30	8,66,218.70
EV Per Net Sales	4.2	4.2	4.9	4.4	5.8
EV Per EBITDA	9.6	9.2	9.8	8.4	10.9
Market Cap Per Sales	2.7	2.8	3.6	3.1	4.7
Retention Ratio %	108.23%	79.65%	69.52%	82.78%	69.52%
Earnings Yield %	-0.1	0	0	0	0
Total Debt to Total Equity	1.5	2.2	2	1.8	1.5

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