

BHARTI AIRTEL LTD.

Sector

Feb 17, 2025

Buy at CMP: Rs 1717 | Target: Rs 1906 (11%) | SL: Rs 1615

Telecom

Script Details

BSE Group	A
BSE Code	532454
NSE Code	BHARTIARTL
Bloomberg Code	BHARTI IN
Market Cap (INR Cr.)	10,46,489
Free Float (%)	46.9%
52wk Low/High	1779/1098
Beta (1yr Nifty 50)	0.00
Face Value (INR)/ D. Yield (%)	5/0.5
Total paid Up Shares (Mn.)	6094.3

Share Holding Pattern (%)

Promoters	Public	Others
53.1%	46.9%	-

Share Price Relative Performance



Bharti Airtel, a leading global telecom company headquartered in New Delhi, offers ICT services across multiple regions, leveraging a robust network of submarine cables and satellites for superior digital service delivery.

Investment Rationale

- ◆ **Leading ARPU compare to peers lead to better probability:** Bharti Airtel has the leading ARPU in the industry. Management expects ARPU to improve from the current level of Rs 233 (compared to Reliance's current ARPU of Rs 189). This improvement is attributed to a richer customer mix and strong customer conversion from 2G to 4G/5G and other services. The company continues on its ARPU growth trajectory and expects it to reach Rs 300 in the future. With a strong focus on customers, Airtel will continue to increase its realizations going forward. Rising data consumption and increasing rural penetration will also contribute to gaining ARPU. Average data usage per customer is healthy at 21.7 GB/month.
- ◆ **Moderation in debt and capex improve FCF :** Consolidated net debt (including leases) to annualized EBITDA improved to 2.26x in 3QFY25, compared to 2.5x in 2QFY25 (like-to-like). Post-Indus consolidation, management will adopt EBITDAal as a more suitable metric for leverage and profitability assessment. EBITDAal for 3QFY25 was Rs 214.7 billion, with a net debt (excluding leases) to EBITDAal ratio of 1.56x. Spectrum prepayments to DoT for the 2016 auction totaled Rs 36.3 billion in 3QFY25, down from Rs 85 billion in 2QFY25. Adjusted FCF (post-leases and interest) hit a multi-quarter high of Rs 126 billion, supported by tariff hikes and lower YoY capex, with further FCF improvement anticipated.
- ◆ **Value-add Home segment offering will drive growth in airtel:** Management expects growth in the Home Segment by offering integrated solutions and targeting high-value customers (50 Mn financially strong users) while acquiring new ones. This strategy is aimed at driving revenue growth and strengthening the business model. Enhanced rural penetration and a diversified service portfolio are expected to support industry-leading growth.
- ◆ **Outlook and Valuations:** We model a Revenue/PAT CAGR of 14%/21% and estimate BHARTIAIRTEL to clock PAT of Rs 17,903 Cr by FY27E. BHARTIAIRTEL is trading at forward PE (x) of 58.5 and we value at 65(x) FY27E and Recommend BUY on BHARTIAIRTEL with Target Price of Rs. 1,906 (11%) .

Financial Snapshot

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY24	1,51,049	78,401	10,014	104.5	13.6
FY25E	1,72,196	74,044	13,776	76.0	0.2
FY26E	1,96,303	84,410	15,704	66.6	0.2
FY27E	2,23,785	96,228	17,903	58.5	0.2

Source: Company Data, Ace Equity, GEPL Research

TECHNICAL VIEW

Observation

- Bharti Airtel is in a steady uptrend, forming higher bottoms on the higher timeframe.
- On the weekly scale, the stock has demonstrated strong resilience despite broader market weakness, remaining range-bound while holding firmly above the 20-week EMA. This week, it has witnessed a breakout above prior swing tops, reinforcing a bullish outlook.
- The momentum indicator RSI remains above 60 and exhibits a bullish crossover, further supporting the strength of the trend.
- Additionally, the ratio chart of Bharti Airtel against Nifty shows a rising trend, with a breakout above a multi-year swing top, highlighting the stock's potential for continued outperformance.



Inference & Expectations

- Considering these factors, it can be inferred that BHARTIARTL stock is set to continue uptrend.
- Going ahead we expect the prices to move higher till 1906 level.
- The stop loss must be at 1615 level, strictly on the closing basis.

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Source: Tradingview.in, GEPL Research

Name	Designation	Email	Contact
Mr. Vidnyan Sawant	AVP – Technical Research	Vidnyan@geplcapital.com	+91 (22) 48934000

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Reg./Corp. Office: D-21 Dhanraj Mahal, CSM Marg, Colaba, Mumbai 400 001 Contact No +91 22 66182400

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