

## Upgrading Vodafone Idea and Indus Towers

**We upgrade Vodafone Idea (Vi) to ADD with Rs14 TP and recommend subscribing to the FPO. We also upgrade Indus Towers to BUY with Rs379 TP as it would benefit from Vi's improved financial position and subsequent rollouts, as well as potential reinstatement of dividend. We see two rounds of tariff increase in the next three years, which will benefit all three telcos. There is a decent chance of a reduction in AGR liability, a positive for Bharti and Vi. Based on the above factors, we raise Bharti's TP to Rs1379 from Rs1215 and JIO's EV to US\$104bn from US\$96bn.**

**We see two rounds of tariff hikes in the next three years:** We believe that tariff hikes are imminent post elections, driven by the need for improvement in return ratios as RIL is likely to consider an IPO of JIO Platforms. With the government keen on ensuring a three-player market, we do not see the regulator frowning upon tariff hikes. Notwithstanding the weak spending environment in low-income and rural segments, we expect down-trading to be limited considering the staple nature of telecom. Limited churn and healthy revenue boost seen post Bharti's 56% entry level tariff hikes in 2HFY23 (subsequently followed by Vi) also support this.

**Vi – FPO price offers reasonable upside; upgrade to ADD:** Equity infusion in Vi (to be likely followed by debt raising) is likely to result in Rs450bn funding and should enable Vi to narrow the 4G coverage/capacity gap with peers. This would not only arrest sub losses but also enable faster upgrade of 2G users to 4G. Direct tariff hikes, coupled with this upgrade, should drive Vi's ARPU from Rs145 in 3QFY24 to Rs241 in FY27. There is a decent chance of a favourable verdict in the AGR curative petition (we assume 50% liability relief on ~Rs700bn AGR dues). If we assume Rs350bn government dues getting converted into equity, Jun-25 TP comes to Rs14/share. We also conduct a sensitivity analysis to multiple variables, which suggests limited downside risk from the FPO price.

**Indus Towers – Removal of overhang on a key client and a beneficiary from Vi's rollout:** We estimate Vi to raise its mobile broadband location count from the current ~170k to 250k over the next two years. We expect Indus to garner ~80% of the same, which should boost its tenancy ratio to ~1.95x from the current 1.7x. Our TP rises to Rs379 even before factoring in any potential realisation of overdue receivables of Rs60bn+ from Vi. We expect Indus to reinstate dividend from FY25 as it again starts generating healthy FCF (dividend payout policy is 100% of FCF). The stock is attractive at 4.5%/7.2% FY25/26ii dividend yield.

**Bharti and JIO to benefit from higher-than-expected tariff hikes; Bharti may also gain from reduction in AGR dues:** While we were already building 20% tariff increase in 2HFY25, we now build in another round of 15% tariff increase in FY27. We also assume ~150bps lower steady state RMS for JIO and Bharti vs. earlier, considering a more competitive Vi. If we assume similar AGR relief as Vi, Bharti's Rs360bn liability could halve. The above assumptions result in Bharti's TP rising from Rs1215 to Rs1379 and JIO's EV from US\$96bn to US\$104bn.

Figure 1: Vi scenario analysis

	Base case	Blue Sky	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Outright tariff hike between FY24 and FY27	36%	40%	30%	36%	36%	36%
FY27 ARPU (Rs)	241	249	228	241	241	241
FY27 pre Ind-AS Ebitda (Rsbn)	235	252	207	235	235	235
AGR relief assumed	50%	50%	50%	50%	50%	0%
Government dues converted to equity (Rsbn)	350	350	350	350	350	350
Assumed conversion price (Rs/share)	14	14	14	14	10	14
Target EV/Ebitda multiple (x)	14.0	15.0	14.0	12.5	14.0	14.0
FY26-end net debt (Rsbn)	1,745	1,762	1,762	1,745	1,745	2,168
March-25 TP (Rs)	14	19	11	11	13	10

Source: IIFL Research

## Vi to get a new lease of life

A combination of significant fund raising, ARPU increase and a potential favourable outcome in the AGR verdict in the Supreme Court (SC) should provide a new lease of life to Vi. With the government payouts even with some AGR liability relief and conversion of government dues into equity sizeable, Vi will still have its task cut out. However, we see limited downside from the FPO price as detailed below.

**Significant fund raising should enable capex:** Vi has launched a Rs180bn FPO priced between Rs10 and Rs11/share. This follows the announcement of a preferential allotment to Aditya Birla Group of Rs20.75bn at Rs14.87/share. Between the two, the company will raise ~Rs200bn equity. We do not rule out the possibility of Vodafone PLC selling 21% stake in Indus and infusing Rs60-70bn into Vi after it pays lenders to whom it has pledged Indus shares. However, we have not built this into our model.

As per the FPO prospectus, Rs127bn out of the Rs180bn will be allotted towards capex (4G coverage, capacity and 5G coverage), Rs23bn towards past auction dues and Rs30bn towards general corporate purposes. We believe that Rs200bn equity infusion (if successful) would pave the way for debt raising (est. Rs250bn). This would enable Vi to step up capex and narrow the gap on coverage and capacity vs. peers. We estimate Rs550bn capex over FY25-27. This should help stem subscriber churn.

**We see two significant tariff hikes in the next two years:** We expect two rounds of significant (15-20% each) tariff hikes in the next three years.

We believe that tariff hikes are imminent post elections, driven by the need for improvement in return ratios as RIL is likely to consider an IPO of JIO Platforms. With the government keen on ensuring a three-player market, we do not see the regulator frowning upon tariff hikes. Notwithstanding the spending weakness in the low-income and rural segments, we expect down-trading to be limited considering the staple nature of telecom. Limited churn and healthy revenue boost seen post

Bharti's 56% entry level tariff hikes in 2HFY23 (subsequently followed by Vi) also support this.

A potential stabilisation of subscriber base, 2G-to-4G upgrade and tariff hikes should drive cash Ebitda almost jumping almost 3x between FY24 and FY27 to Rs235bn.

**Decent chance of some relief on AGR liability:** In October 2023, the SC agreed to hear curative petitions filed by Bharti and Vi citing calculation errors in AGR dues by DoT. This came more than two years after the SC had dismissed telcos' review petitions challenging the Sep 2020 judgment. There is a chance that AGR dues could be potentially revised downwards. In 2020, self-assessment of AGR dues had yielded Rs215bn liability for Vi. Even after assuming interest since then, the liability could be ~Rs300bn. This compares with ~Rs700bn AGR liability currently on Vi's books. So a favourable outcome could yield >50% reduction in liability.

Figure 2: Key developments in the AGR case

Timeline	Event
Oct-19	Adverse AGR verdict after multiple years of legal battle
Oct-19 to Sep-20	Multiple SC hearings
Sep-20	No relief on AGR dues though SC allows payment over 10 annual instalments until March 31, 2031
Jul-21	Telcos' review petition dismissed
Sep-21	Cabinet's reform package provides a 4-year moratorium till Sep 30, 2025. Entire AGR dues to be recovered by March 31, 2031.
Oct-23	SC considers hearing curative petition

Source: IIFL Research

The current moratorium on spectrum and AGR payouts is slated to end wef 30<sup>th</sup> September, 2025, post which Vi sees Rs270bn payout in FY26. From FY27 to FY31, annual payments are to the tune of Rs415bn. A 50% reduction in AGR liability could bring down annual payments by Rs65bn. However, Rs350bn payout in FY27 is still well above Vi's est. Ebitda of Rs235bn. The hefty payout is on account of two-thirds of government liability being spectrum debt. We do not see Vi surrendering spectrum.

**Conversion of dues by the government into equity to result in meaningful dilution:** In the event Vi is unable to make payments to the government after moratorium, the government has the option of converting the principal during the moratorium into equity. We assume that Rs350bn dues are converted into equity in FY26 at Rs14/share. This would result in a 37% increase in sharecount from 68bn to 93bn.

June-25 TP comes to Rs14/share after applying 14x recovery EV/Ebitda multiple on FY27 Ebitda.

The key assumptions, KPIs and financials are detailed below:

**Figure 3: Vi base case KPIs**

	FY24	FY25	FY26	FY27
Mobile subs (mn)	215	215	220	225
4G subs (mn)	126	151	176	203
ARPU (Rs)	143	171	203	241
Mobile revenue (Rsbn)	375	441	530	644
Enterprise revenue (Rs bn)	51	53	59	65
Revenue (Rs bn)	426	495	589	709

Source: Company, IIFL Research

**Figure 4: Vi base case Cash Ebitda and Cost-breakup**

(in Rsbn)	FY24	FY25	FY26	FY27
LF + SUC	37	43	51	61
As of % of revenue	8.7%	8.7%	8.7%	8.7%
Access charges	41	47	56	68
As of % of revenue	9.5%	9.5%	9.5%	9.5%
SG&A	49	51	52	54
As of % of revenue	11.6%	10.3%	8.9%	7.6%
Employee costs	21	22	23	25
As of % of revenue	5.0%	4.5%	4.0%	3.5%
Other expenses	10	10	11	11
As of % of revenue	2.3%	2.1%	1.8%	1.5%
<b>NW opex (pre Ind-AS)</b>	<b>185</b>	<b>193</b>	<b>211</b>	<b>255</b>
As of % of revenue	43.4%	39.1%	35.8%	36.0%
<b>Cash Ebitda (pre Ind-AS Ebitda)</b>	<b>83</b>	<b>128</b>	<b>184</b>	<b>235</b>
4G tower count	173,411	220,000	250,000	250,000

Source: Company, IIFL Research

**Figure 5: Vi base case Cash flow statement**

(in Rsbn)	FY24	FY25	FY26	FY27
Cash Ebitda	83	128	184	235
Cash Interest	-6	-18	-29	-29
Capex	-16	-250	-150	-150
Tax	0	0	0	0
FCF	61	-140	5	55
Spectrum and AGR payment		-20	-270	-283
Change in borrowing		250	0	198
Equity raised		200	0	0
Change in cash		310	0	198
Opening cash		5	295	30
Closing cash	5	295	30	0

Source: Company, IIFL Research

**Figure 6: Vi Net debt composition**

(in Rsbn)	FY24	FY25	FY26	FY27
Spectrum liability	1,415	1,527	1,114	1,006
AGR liability	704	385	369	342
AGR liability assumed to be waived off		50%		
Gross Borrowing (ex government debt)	42	292	292	490
Gross debt	2,161	2,204	1,775	1,838
Less: Cash	5	295	30	
Net debt	2,156	1,909	1,745	1,838

Source: Company, IIFL Research

**Figure 7: Vi- Shareholding pattern changes**

	Vodafone PLC	AB Group	Government	Total
Sharecount pre ATC conversion				
No. of shares (mn)	15,721	8,794	16,000	48,680
% of shareholding	32.3%	18.1%	32.9%	
Sharecount post ATC conversion				
No. of shares (mn)	15,721	8,794	16,000	50,120
% of shareholding	31.4%	17.5%	31.9%	
Sharecount post pref issue to AB Group				
No. of shares (mn)	15,721	10,189	16,000	51,515
% of shareholding	30.5%	19.8%	31.1%	
Sharecount post FPO				
No. of shares (mn)	15,721	10,189	16,000	67,879
% of shareholding	23.2%	15.0%	23.6%	

Source: Company, IIFL Research

**Figure 8: Vi- Shareholding pattern changes: If Rs350bn AGR dues are converted into equity by government at Rs14/share**

	Vodafone PLC	AB Group	Government	Total
Sharecount post conversion				
No. of shares (mn)	15,721	10,189	41,000	92,879
% of shareholding	16.9%	11.0%	44.1%	

Source: Company, IIFL Research

**Figure 9: Vi- TP derivation**

FY27 Ebitda (Rsbn)	235
EV/Ebitda multiple (x)	14
FY26 EV (Rsbn)	3,286
FY26 net debt (Rsbn)	1,745
FY26 equity value (Rsbn)	1,541
Sharecount (mn)	92,879
FY26 TP (Rs)	17
Assumed cost of equity	20%
June-25 TP (Rs)	14
CMP (Rs)	12.9
12m upside from CMP (Rs)	11%

Source: Company, IIFL Research

Considering the multitude of assumptions, we also analyse the sensitivity of TP to ARPU, AGR relief, government due conversion price and target EV/multiple. We can see that TP is most sensitive to AGR relief assumptions. It is least sensitive to the government conversion price. ARPU and target multiple lie somewhere in the middle with respect to sensitivity. In the worst of these scenarios, Vi's TP comes to Rs11, suggesting limited downside from the FPO price.

Figure 10: Vi scenario analysis

	Base case	Blue Sky	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Outright tariff hike between FY24 and FY27	36%	40%	30%	36%	36%	36%
FY27 ARPU (Rs)	241	249	228	241	241	241
FY27 pre Ind-AS Ebitda (Rsbn)	235	252	207	235	235	235
AGR relief assumed	50%	50%	50%	50%	50%	0%
Government dues converted to equity (Rsbn)	350	350	350	350	350	350
Assumed conversion price (Rs/share)	14	14	14	14	10	14
Target EV/Ebitda multiple (x)	14.0	15.0	14.0	12.5	14.0	14.0
FY26 EV (Rsbn)	3,286	3,785	2,898	2,934	3,286	3,286
FY26-end net debt (Rsbn)	1,745	1,762	1,762	1,745	1,745	2,168
FY26 equity value (Rsbn)	1,541	2,023	1,136	1,189	1,541	1,117
FY25 equity value (Rsbn)	1,284	1,686	947	990	1,284	931
Sharecount (mn)	92,879	92,879	92,879	92,879	102,879	92,879
March-25 TP (Rs)	14	19	11	11	13	10

Source: IIFL Research

## Indus – Removal of overhang on a key client and a beneficiary from Vi’s rollout

We estimate Vi to raise its mobile broadband location count from the current ~170k to 250k over the next two years. We expect Indus to garner ~80% of the same, which should boost its tenancy ratio to ~1.95x from the current 1.7x.

**Material earnings upgrade:** Indus would benefit from higher loading revenue and addition of a second tenant on many of its towers. The improvement in tenancy ratio would also improve unit economics of Indus’ tower portfolio. With Vi’s financials improving, we no longer build in Rs10bn provision for doubtful debts per annum for Indus.

Consequently, our FY25/26ii Ebitda sees 10%/28% upgrade. With improvement in WC as well, PAT sees 16%/44% upgrade.

**No risk of a two-player market:** Our earlier TP derivation was based on 75:25 probability of a three-player /two-player market. We now change to 100% probability of a three-player market. Our TP rises to Rs379 even before factoring in any potential realisation of overdue receivables of Rs60bn+ from Vi.

**Healthy dividends on the cards:** We expect Indus to reinstate dividend from FY25 as it again starts generating healthy FCF (dividend payout policy is 100% of FCF). We estimate Rs40bn/Rs65bn FCF generation in FY25/26ii. The stock is attractive at 4.5%/7.2% FY25/26ii dividend yield.

Figure 11: Indus Towers- KPIs

	FY23	FY24	FY25	FY26	FY27
Total towers	192,874	217,775	222,275	229,775	230,000
Tenancy	1.78	1.69	1.78	1.95	1.95
Number of sites	342,831	368,475	395,650	448,061	448,500

Source: Company, IIFL Research

Figure 12: Indus Towers - Estimate changes

(Rsmn)	FY25		FY26	
	New	Change	New	Change
Rental revenue	196,849	4.3%	227,772	18.6%
Revenue	319,286	4.3%	366,708	17.2%
Ebitda	161,053	10.2%	187,344	27.8%
Ebitda margin	50.4%	267	51.1%	426
PBT	79,489	16.4%	103,516	44.2%
PAT	59,219	16.4%	77,120	44.2%

Source: IIFL Research

**Figure 13: Indus Towers – TP derivation**

Item	Value
WACC	12.3%
Terminal growth rate	3.00%
EV (Rsmn)	1,061,491
Net debt (Rsmn)	40,885
M-Cap (Rsmn)	1,020,606
Share count (mn)	2,695
<b>TP (Rs)</b>	<b>379</b>
CMP	334
Upside	13.4%
Dividend per share	15.1
Total return	17.9%

Source: IIFL Research

## Bharti and JIO will also benefit

While we were already building 20% tariff increase in 2HFY25, we now build in another round of 15% tariff increase in FY27. We also assume ~150bps lower steady state RMS for JIO and Bharti vs. earlier considering a more competitive Vi.

If we assume similar AGR relief as Vi, Bharti's Rs360bn liability could halve. The above assumptions result in Bharti's TP rising from Rs1215 to Rs1379 and JIO's EV from US\$96bn to US\$104bn.

**Figure 14: Bharti – Mobile KPIs**

	FY23	FY24	FY25	FY26	FY27
No. of subscribers (mn)	335.4	348.6	357.8	367.1	376.3
ARPU (Rs)	189	205	233	260	304
PB/day	148	179	215	258	305
4G subs (mn)	224.1	251.0	282.5	318.0	376.3
Usage per data sub per month (GB)	21.2	22.9	24.5	26.1	26.7
3G+4G unique location count	275,069	318,663	330,663	330,663	330,663

Source: Company, IIFL Research

**Figure 15: Bharti India – Mobile estimates**

Mobile – India (Rsmn)	FY23	FY24	FY25	FY26	FY27
Total revenues	759,246	849,324	993,308	1,137,287	1,363,044
EBITDA	400,751	466,044	562,746	676,347	847,254
YoY growth	28.2%	16.3%	20.7%	20.2%	25.3%
EBITDA margin	52.8%	54.9%	56.7%	59.5%	62.2%

Source: Company, IIFL Research

**Figure 16: Bharti India – Estimates**

(Rsmn)	FY23	FY24	FY25	FY26	FY27
Revenue	978,640	1,093,296	1,262,498	1,436,590	1,695,814
Total costs	(468,070)	(504,205)	(562,826)	(607,439)	(669,421)
EBITDA	510,570	589,092	699,672	829,151	1,026,393
EBITDA margin	52.2%	53.9%	55.4%	57.7%	60.5%
YoY growth	24.6%	15.4%	18.8%	18.5%	23.8%
Depreciation	(297,812)	(330,053)	(351,020)	(375,333)	(411,504)
EBIT	212,759	259,039	348,653	453,818	614,889
India non-spectrum capex	281,985	319,980	277,369	222,857	227,644
India spectrum payout	128,504	155,013	14,482	66,752	130,607

Source: Company, IIFL Research



**Figure 17: Bharti – Africa projections**

Bharti Africa (US\$mn)	FY23	FY24	FY25	FY26	FY27
Revenue	5,255	4,979	4,562	4,998	5,445
YoY growth	11.5%	-5.3%	-8.4%	9.6%	9.0%
Ebitda	2,577	2,465	2,264	2,504	2,657
Ebitda margin	49.0%	49.5%	49.6%	50.1%	48.8%
Ebitda growth	11.4%	-4.3%	-8.2%	10.6%	6.1%

Source: Company, IIFL Research

**Figure 18: Bharti – Estimate changes**

Rsmn	FY26	
	New	Change
India revenue	1,436,590	1.2%
India EBITDA	829,151	1.8%
India EBITDA margin	57.7%	31
Africa revenue (US\$mn)	4,998	
Africa Ebitda (US\$mn)	2,504	
Africa Ebitda margin	50.1%	
Revenue	1,843,120	0.9%
EBITDA	1,026,333	1.4%
EBITDA margin	55.7%	25
Ebit	585,357	1.8%
PBT	486,091	2.2%
PAT	297,448	2.4%

Source: IIFL Research

**Figure 19: We maintain a Rs6/share hit due to regulatory risk**

(Rs m)	Total hit	Prob.	Expected hit
Potential OTSC provision	66,000	25%	16,500
3G ICR related liability	3,500	25%	875
Aircel's AGR liability	124,000	10%	12,400
Videocon's AGR liability	14,000	75%	10,500
Total	207,500		40,275
Post-tax hit			30,206
Per share (Rs)			6

Source: Company, IIFL Research

**Figure 20: Bharti – India valuation**

DCF - India	
WACC	9.50%
Exit multiple (x)	8.0
EV (Rsmn)	9,043,427

Source: Company, IIFL Research

**Figure 21: Bharti – Africa valuation**

Item (US\$ m)	
Adj EV / (Adj Ebitda - Tax)	7.0
Unadjusted Ebitda	2,542
Tax	469
Ebitda - Tax	2,073
EV	14,513
EV (Rs m)	1,204,593

Source: IIFL Research

**Figure 22: TP derivation**

(Rsbn)	EV	Net debt	Equity value	Holdco discount	Bharti's Equity stake	Equity val	Rs per share
India	9,043	1,481	7,562	0%		7,562	1,336
Africa	1,205	189	1,016	20%	56%	455	80
Sri Lanka						0	0
Total						8,017	1,416

Source: IIFL Research

**Figure 23: Robi Axiata adds Rs5/share**

<b>Robi Axiata</b>	
Robi share price (BDT)	30.0
Shares o/s (mn)	5,238
M-cap (BDT mn)	157,137
INR/BDT	1.32
M-cap (Rsmn)	119,043
Bharti's stake	28.2%
Value of Bharti's stake (Rsmn)	33,546
Assumed HC discount	20%
Value of Bharti's stake post HC discount (Rsmn)	26,837
TP addition (Rs)	5

Source: IIFL Research

**Figure 24: Bharti – TP derivation**

	<b>(Rs/share)</b>
India	1,336
Africa	80
Add: Robi Axiata	5
Less: adjustments for minority interest	14
Less: regulatory hit	6
Less: perpetual debt of US\$1.5bn	22
<b>TP</b>	<b>1,379</b>
CMP	1,217
Upside	13.3%
Dividend per share	7.0
Total Return	13.9%

Source: IIFL Research

**Figure 25: JIO - Estimate changes**

<b>(Rsmn)</b>	<b>FY26</b>	
	<b>New</b>	<b>Change</b>
Revenue	1,422,058	0.6%
Ebitda	791,512	0.6%
Ebit	472,269	0.9%
PBT	375,206	1.3%
PAT	279,353	1.3%

Source: IIFL Research

**Figure 26: JIO – EV and equity value (DCF)**

<b>Valuation (US\$bn)</b>	<b>New</b>	<b>Old</b>
EV	103.9	95.6
Net debt	28.4	27.1
Value of common equity + OCPS	75.4	68.5
OCPS	15.1	15.1
Value of common equity	60.4	53.5
Value of common equity + OCPS	75.4	68.5
Minority interest	33.57%	33.57%
Value of common equity + OCPS (attributable to RIL)	50.1	45.5

Source: IIFL Research



**Figure 27: JIO - KPIs**

KPIs	FY23	FY24	FY25	FY26	FY27
<b>Blended</b>					
Subs (mn)	439.3	483.1	518.9	539.7	560.5
ARPU (Rs)	178	181	200	224	255
Revenue (Rsmn)	907,860	1,000,123	1,201,945	1,422,058	1,683,260
Data usage per sub per month (GB)	22.2	26.7	34.5	43.5	53.3
PB/day	311	405	568	757	965
<b>Mobile</b>					
Subs (mn)	431.0	472.0	503.0	519.0	535.0
ARPU (Rs)	173	174	192	214	244
Revenue (Rsmn)	865,449	941,856	1,122,856	1,312,780	1,542,618
Data usage per sub per month (GB)	18.0	20.8	26.0	31.3	36.8
PB/day	247	308	416	526	637
Unique location count (macrosites)*	320,000	335,000	335,000	335,000	335,000
<b>FTTH</b>					
Subs (mn)	8.3	11.1	15.9	20.7	25.5
ARPU (Rs)	519	499	487	497	507
Revenue (Rsmn)	42,411	58,266	79,089	109,277	140,642
Data usage per sub per month (GB)	282.3	303.3	340.6	383.0	430.9
PB/day	63	97	152	231	328

Source: Company, IIFL Research

Note: \*These (including historicals) are IIFL estimate.

**Figure 28: JIO – Detailed P&L**

(Rsmn)	FY23	FY24	FY25	FY26	FY27
Revenue	907,860	1,000,123	1,201,945	1,422,058	1,683,260
YoY growth	17.9%	10.2%	20.2%	18.3%	18.4%
Licence fee + SUC	91,320	91,793	109,422	129,256	152,851
- revenue	10.1%	9.2%	9.1%	9.1%	9.1%
Access charges	9,480	12,298	14,309	16,929	20,039
- revenue	1.0%	1.2%	1.2%	1.2%	1.2%
Network opex	284,740	305,645	334,796	398,123	428,595
- revenue	31.4%	30.6%	27.9%	28.0%	25.5%
S&D and others	39,260	47,807	52,997	61,148	77,430
- revenue	4.3%	4.8%	4.4%	4.3%	4.6%
Employee costs	16,340	19,171	21,902	25,089	27,693
- revenue	1.8%	1.9%	1.8%	1.8%	1.6%
Ebitda	466,720	523,408	668,519	791,512	976,652
Ebitda margin	51.4%	52.3%	55.6%	55.7%	58.0%
Depreciation and amortisation	185,460	214,019	284,440	319,243	357,082
Ebit	281,260	309,389	384,079	472,269	619,570
Net interest expense	40,590	40,179	75,701	103,186	118,798
PBT	244,290	274,075	313,708	375,206	517,898
Tax	62,220	70,024	80,143	95,853	132,306
PAT	182,070	204,051	233,566	279,353	385,591

Source: IIFL Research

## Bharti Financial summary

### Income statement summary (Rs bn)

Y/e 31 Mar, Consolidated	FY23A	FY24ii	FY25ii	FY26ii	FY27ii
<b>Revenues</b>	<b>1,391</b>	<b>1,496</b>	<b>1,634</b>	<b>1,843</b>	<b>2,138</b>
Ebitda	713	785	879	1,026	1,234
Depreciation and amortisation	(364)	(397)	(416)	(441)	(483)
Ebit	348	388	462	585	751
Non-operating income	10	(38)	39	47	52
Financial expense	(193)	(225)	(172)	(135)	(90)
PBT	166	126	329	497	712
Exceptionals	0	0	0	0	0
Reported PBT	166	126	329	497	712
Tax expense	(43)	(47)	(85)	(125)	(179)
PAT	123	79	244	373	533
Minorities, Associates etc.	(39)	(18)	(44)	(64)	(85)
<b>Attributable PAT</b>	<b>83</b>	<b>61</b>	<b>200</b>	<b>309</b>	<b>448</b>

### Ratio analysis

Y/e 31 Mar, Consolidated	FY23A	FY24ii	FY25ii	FY26ii	FY27ii
<b>Per share data (Rs)</b>					
Pre-exceptional EPS	14.7	10.7	35.3	54.6	79.2
DPS	6.3	7.5	4.3	10.6	21.8
BVPS	188.0	182.6	209.1	242.9	291.0
<b>Growth ratios (%)</b>					
Revenues	19.4	7.5	9.2	12.8	16.0
Ebitda	23.9	10.1	11.9	16.8	20.2
EPS	97.4	(27.5)	230.1	54.6	45.2
<b>Profitability ratios (%)</b>					
Ebitda margin	51.2	52.5	53.8	55.7	57.7
Ebit margin	25.0	26.0	28.3	31.8	35.1
Tax rate	25.8	37.6	25.9	25.0	25.1
Net profit margin	8.8	5.2	14.9	20.2	24.9
<b>Return ratios (%)</b>					
ROE	8.4	5.8	18.0	24.1	29.7
ROCE	11.5	10.3	14.2	16.2	18.5
<b>Solvency ratios (x)</b>					
Net debt-equity	2.0	1.9	1.7	1.3	1.0
Net debt to Ebitda	2.9	2.5	2.2	1.8	1.3
Interest coverage	1.8	1.7	2.7	4.3	8.3

Source: Company data, IIFL Research

### Balance sheet summary (Rs bn)

Y/e 31 Mar, Consolidated	FY23A	FY24ii	FY25ii	FY26ii	FY27ii
Cash & cash equivalents	181	169	395	738	1,134
Inventories	0	0	0	0	0
Receivables	40	55	63	69	80
Other current assets	354	358	358	358	358
Creditors	329	334	344	354	307
Other current liabilities	654	703	703	703	703
<b>Net current assets</b>	<b>(408)</b>	<b>(456)</b>	<b>(232)</b>	<b>107</b>	<b>561</b>
Fixed assets	1,609	1,666	1,653	1,566	1,458
Intangibles	1,659	1,507	1,648	1,790	1,921
Investments	0	0	0	0	0
Other long-term assets	623	637	637	637	637
<b>Total net assets</b>	<b>3,483</b>	<b>3,353</b>	<b>3,706</b>	<b>4,099</b>	<b>4,575</b>
Borrowings	2,260	2,154	2,357	2,558	2,762
Other long-term liabilities	158	166	166	166	166
<b>Shareholders equity</b>	<b>1,064</b>	<b>1,034</b>	<b>1,184</b>	<b>1,375</b>	<b>1,647</b>
<b>Total liabilities</b>	<b>3,483</b>	<b>3,353</b>	<b>3,706</b>	<b>4,099</b>	<b>4,575</b>

### Cash flow summary (Rs bn)

Y/e 31 Mar, Consolidated	FY23A	FY24ii	FY25ii	FY26ii	FY27ii
Ebit	348	388	462	585	751
Tax paid	(38)	(37)	(85)	(125)	(179)
Depreciation and amortization	364	397	416	441	483
Net working capital change	7	(31)	2	4	(58)
Other operating items	0	0	0	0	0
Operating cash flow before interest	682	718	795	905	997
Financial expense	(67)	(92)	(83)	(78)	(18)
Non-operating income	0	0	0	0	52
<b>Operating cash flow after interest</b>	<b>615</b>	<b>626</b>	<b>712</b>	<b>828</b>	<b>1,030</b>
<b>Capital expenditure</b>	<b>(388)</b>	<b>(539)</b>	<b>(360)</b>	<b>(362)</b>	<b>(437)</b>
Long-term investments	0	0	0	0	0
Others	(15)	32	(18)	(60)	(137)
<b>Free cash flow</b>	<b>212</b>	<b>119</b>	<b>335</b>	<b>406</b>	<b>456</b>
Equity raising	51	1	0	0	0
Borrowings	(189)	(90)	(84)	(3)	63
Dividend	(36)	(42)	(24)	(60)	(124)
Net chg in cash and equivalents	38	(13)	227	343	395

Source: Company data, IIFL Research

## JIO – Financial summary

### Income statement summary (Rs bn)

Y/e 31 Mar, Consolidated	FY23A	FY24ii	FY25ii	FY26ii	FY27ii
<b>Revenues</b>	<b>908</b>	<b>1,000</b>	<b>1,202</b>	<b>1,422</b>	<b>1,683</b>
<b>Ebitda</b>	<b>467</b>	<b>523</b>	<b>669</b>	<b>792</b>	<b>977</b>
Depreciation and amortisation	185	214	284	319	357
Ebit	281	309	384	472	620
Non-operating income	4	5	5	6	17
Financial expense	41	40	76	103	119
PBT	244	274	314	375	518
Exceptionals	0	0	0	0	0
Reported PBT	244	274	314	375	518
Tax expense	62	70	80	96	132
PAT	182	204	234	279	386
Minorities, Associates, etc.	0	0	0	0	0
<b>Attributable PAT</b>	<b>182</b>	<b>204</b>	<b>234</b>	<b>279</b>	<b>386</b>

### Ratio analysis

Y/e 31 Mar, Consolidated	FY23A	FY24ii	FY25ii	FY26ii	FY27ii
<b>Growth ratios (%)</b>					
Revenues	17.9	10.2	20.2	18.3	18.4
Ebitda	24.0	12.1	27.7	18.4	23.4
EPS	22.9	12.1	14.5	19.6	38.0
<b>Profitability ratios (%)</b>					
Ebitda margin	51.4	52.3	55.6	55.7	58.0
Ebit margin	31.0	30.9	32.0	33.2	36.8
Tax rate	25.5	25.5	25.5	25.5	25.5
Net profit margin	20.1	20.4	19.4	19.6	22.9
<b>Return ratios (%)</b>					
RoE	8.8	9.1	9.4	10.3	13.2
RoCE	7.7	6.8	7.9	9.6	12.5
<b>Solvency ratios (x)</b>					
Net debt-to-equity	0.8	0.7	0.7	0.6	0.5
Net debt-to-Ebitda	3.6	3.3	2.6	2.1	1.5
Interest coverage	5.5	6.9	7.7	5.1	4.6

Source: Company, IIFL Research

### Figure 29: JIO: Balance Sheet

Rs bn	FY23A	FY24ii	FY25ii	FY26ii	FY27ii
Cash & equivalents	26	79	80	83	501
Inventories – trade	0	0	0	0	0
Sundry debtors	24	37	47	53	63
Other current assets	259	243	245	229	102
Sundry creditors	34	46	59	66	79
Other current liabilities	92	87	87	87	87
Net current assets	183	227	228	213	501
Fixed assets	1,889	2,438	2,536	2,526	2,513
Intangible assets	2,023	2,002	1,920	2,030	1,922
Other term assets	237	244	244	244	244
<b>Total net assets</b>	<b>4,332</b>	<b>4,911</b>	<b>4,928</b>	<b>5,013</b>	<b>5,181</b>
Borrowings	1,717	1,787	1,790	1,775	1,997
Other long-term liabilities	455	776	534	397	176
Shareholders' equity	2,160	2,348	2,604	2,841	3,008
<b>Total liabilities &amp; equity</b>	<b>4,332</b>	<b>4,911</b>	<b>4,928</b>	<b>5,013</b>	<b>5,181</b>

Source: Company, IIFL Research

### Figure 30: JIO: Cash Flow Statement

Rs bn	FY23A	FY24ii	FY25ii	FY26ii	FY27ii
Ebit	281	309	384	472	620
Tax Paid	13	(5)	(32)	(67)	(132)
Depreciation & amortisation	185	214	284	319	357
Net working capital change	(2)	10	(0)	18	129
Other	2	0	0	0	0
Operating cashflow before interest	481	528	636	742	974
Financial expense	(38)	(40)	(76)	(103)	(119)
Non-operating income	0	5	5	6	17
Operating cashflow after interest	442	493	566	645	872
Capital expenditure	(336)	(618)	(697)	(519)	(396)
Others	2	6	(3)	(15)	(33)
<b>Free cash flow</b>	<b>109</b>	<b>(119)</b>	<b>(134)</b>	<b>111</b>	<b>443</b>
Equity Raised	0	0	0	0	0
Borrowings	(107)	173	135	(108)	142
Dividends	0	0	0	0	(168)
Net change in cash	3	54	1	3	418

Source: Company, IIFL Research

## Indus Towers Financial summary

### Income statement summary (Rs m)

Y/e 31 Mar, Consolidated	FY23A	FY24ii	FY25ii	FY26ii	FY27ii
<b>Revenues</b>	<b>283,818</b>	<b>287,056</b>	<b>319,286</b>	<b>366,708</b>	<b>394,492</b>
Ebitda	96,686	141,650	161,053	187,344	203,197
Depreciation and amortisation	(53,239)	(61,375)	(68,076)	(70,747)	(73,945)
Ebit	43,447	80,275	92,977	116,596	129,251
Non-operating income	5,778	11,483	5,949	6,714	6,011
Financial expense	(16,704)	(18,802)	(19,438)	(19,794)	(19,319)
PBT	32,521	72,956	79,489	103,516	115,944
Exceptionals	(4,928)	0	0	0	0
Reported PBT	27,593	72,956	79,489	103,516	115,944
Tax expense	(7,193)	(18,742)	(20,270)	(26,397)	(29,566)
PAT	20,400	54,214	59,219	77,120	86,378
Minorities, Associates etc.	0	0	0	0	0
<b>Attributable PAT</b>	<b>20,400</b>	<b>54,214</b>	<b>59,219</b>	<b>77,120</b>	<b>86,378</b>

### Ratio analysis

Y/e 31 Mar, Consolidated	FY23A	FY24ii	FY25ii	FY26ii	FY27ii
<b>Per share data (Rs)</b>					
Pre-exceptional EPS	8.9	20.1	22.0	28.6	32.1
DPS	11.0	0.0	15.1	24.2	27.2
BVPS	78.3	95.6	93.0	87.7	82.6
<b>Growth ratios (%)</b>					
Revenues	2.4	1.1	11.2	14.9	7.6
Ebitda	(35.1)	46.5	13.7	16.3	8.5
EPS	(62.3)	125.5	9.2	30.2	12.0
<b>Profitability ratios (%)</b>					
Ebitda margin	34.1	49.3	50.4	51.1	51.5
Ebit margin	15.3	28.0	29.1	31.8	32.8
Tax rate	26.1	25.7	25.5	25.5	25.5
Net profit margin	7.2	18.9	18.5	21.0	21.9
<b>Return ratios (%)</b>					
ROE	11.1	23.1	23.3	31.7	37.6
ROCE	11.8	20.8	21.1	27.2	31.5
<b>Solvency ratios (x)</b>					
Net debt-equity	0.9	0.8	0.8	0.8	0.9
Net debt to Ebitda	2.0	1.4	1.2	1.0	1.0
Interest coverage	2.6	4.3	4.8	5.9	6.7

Source: Company data, IIFL Research

### Balance sheet summary (Rs m)

Y/e 31 Mar, Consolidated	FY23A	FY24ii	FY25ii	FY26ii	FY27ii
Cash & cash equivalents	2,980	9,575	9,618	(851)	(10,521)
Inventories	0	0	0	0	0
Receivables	48,687	57,171	64,798	73,206	76,174
Other current assets	35,409	38,923	38,923	38,923	38,923
Creditors	21,219	22,932	25,992	29,364	30,555
Other current liabilities	35,844	45,824	48,748	51,972	53,110
<b>Net current assets</b>	<b>30,013</b>	<b>36,913</b>	<b>38,599</b>	<b>29,941</b>	<b>20,911</b>
Fixed assets	327,151	378,937	370,327	354,586	339,814
Intangibles	231	151	151	151	151
Investments	0	0	0	0	0
Other long-term assets	51,266	56,018	56,018	56,018	56,018
<b>Total net assets</b>	<b>408,661</b>	<b>472,018</b>	<b>465,095</b>	<b>440,696</b>	<b>416,894</b>
Borrowings	191,849	204,607	204,607	194,607	184,607
Other long-term liabilities	5,717	9,731	9,731	9,731	9,731
<b>Shareholders equity</b>	<b>211,095</b>	<b>257,680</b>	<b>250,757</b>	<b>236,358</b>	<b>222,556</b>
<b>Total liabilities</b>	<b>408,661</b>	<b>472,018</b>	<b>465,095</b>	<b>440,696</b>	<b>416,894</b>

### Cash flow summary (Rs m)

Y/e 31 Mar, Consolidated	FY23A	FY24ii	FY25ii	FY26ii	FY27ii
Ebit	43,447	80,275	92,977	116,596	129,251
Tax paid	(22,192)	(17,467)	(20,270)	(26,397)	(29,566)
Depreciation and amortization	53,239	61,375	68,076	70,747	73,945
Net working capital change	(35,213)	(13,966)	(7,125)	(8,189)	(7,556)
Other operating items	39,767	0	0	0	0
Operating cash flow before interest	79,048	110,216	133,658	152,758	166,075
Financial expense	(3,666)	(3,666)	(3,666)	(3,666)	(3,666)
Non-operating income	578	11,483	5,949	6,714	6,011
<b>Operating cash flow after interest</b>	<b>75,960</b>	<b>118,034</b>	<b>135,941</b>	<b>155,806</b>	<b>168,420</b>
<b>Capital expenditure</b>	<b>(31,681)</b>	<b>(83,393)</b>	<b>(59,466)</b>	<b>(55,006)</b>	<b>(59,174)</b>
Long-term investments	0	0	0	0	0
Others	(30,240)	(32,987)	(35,772)	(36,128)	(35,653)
<b>Free cash flow</b>	<b>14,039</b>	<b>1,654</b>	<b>40,703</b>	<b>64,672</b>	<b>73,593</b>
Equity raising	(75)	(130)	0	0	0
Borrowings	(7,669)	5,071	0	(10,000)	(10,000)
Dividend	(29,638)	0	(40,660)	(65,141)	(73,264)
Net chg in cash and equivalents	(23,343)	6,595	43	(10,469)	(9,670)

Source: Company data, IIFL Research

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**Registration Details: Stock Broker SEBI Regn: INZ000164132(BSE/NSE/MCX/NCDEX), CDSL & NSDL SEBI Regn.: IN-DP-185-2016, PMS SEBI Regn. No. INP000002213, IA SEBI Regn. No. INA000000623, RA SEBI Regn. No. INH000000248, Merchant Banking SEBI Regn. No. INM000010940, AMFI Regn. No. ARN - 47791**

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#### Key to our recommendation structure

**BUY** - Stock expected to give a return 10%+ more than average return on a debt instrument over a 1-year horizon.

**SELL** - Stock expected to give a return 10%+ below the average return on a debt instrument over a 1-year horizon.

**Add** - Stock expected to give a return 0-10% over the average return on a debt instrument over a 1-year horizon.

**Reduce** - Stock expected to give a return 0-10% below the average return on a debt instrument over a 1-year horizon.

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**Distribution of Ratings:** Out of 266 stocks rated in the IIFL coverage universe, 122 have BUY ratings, 6 have SELL ratings, 100 have ADD ratings, 1 have NR ratings and 36 have REDUCE ratings

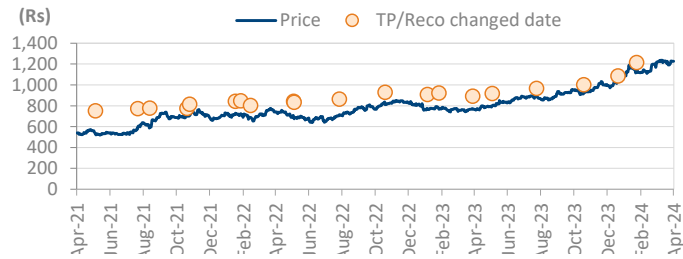
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**Price Target:** Unless otherwise stated in the text of this report, target prices in this report are based on either a discounted cash flow valuation or comparison of valuation ratios with companies seen by the analyst as comparable or a combination of the two methods. The result of this fundamental valuation is adjusted to reflect the analyst's views on the likely course of investor sentiment. Whichever valuation method is used there is a significant risk that the target price will not be achieved within the expected timeframe. Risk factors include unforeseen changes in competitive pressures or in the level of demand for the company's products. Such demand variations may result from changes in technology, in the overall level of economic activity or, in some cases, in fashion. Valuations may also be affected by changes in taxation, in exchange rates and, in certain industries, in regulations. Investment in overseas markets and instruments such as ADRs can result in increased risk from factors such as exchange rates, exchange controls, taxation, and political and social conditions. This discussion of valuation methods and risk factors is not comprehensive – further information is available upon request.

- i. Investments in securities market are subject to market risks. Read all the related documents carefully before investing.
- ii. Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.
- iii. Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors



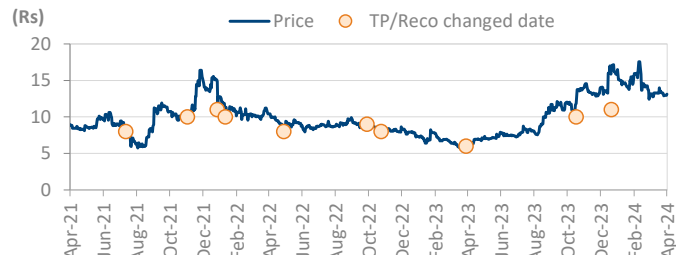
**Bharti Airtel: 3 year price and rating history**



Date	Close price (Rs)	Target price (Rs)	Rating
07 Feb 2024	1134	1215	BUY
04 Jan 2024	1035	1086	BUY
02 Nov 2023	913	1003	BUY
07 Aug 2023	890	967	BUY
18 May 2023	792	919	BUY
12 Apr 2023	773	892	BUY
09 Feb 2023	775	922	BUY
19 Jan 2023	777	909	BUY
02 Nov 2022	836	929	BUY
10 Aug 2022	704	865	BUY
19 May 2022	696	835	BUY
18 May 2022	707	844	BUY

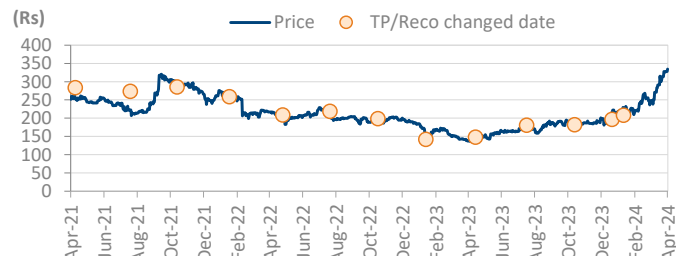
Date	Close price (Rs)	Target price (Rs)	Rating
28 Feb 2022	689	803	BUY
10 Feb 2022	719	848	BUY
31 Jan 2022	716	843	BUY
08 Nov 2021	699	815	BUY
03 Nov 2021	714	775	BUY
27 Aug 2021	587	779	BUY
05 Aug 2021	574	773	BUY
19 May 2021	536	753	BUY

**Idea Cellular: 3 year price and rating history**



Date	Close price (Rs)	Target price (Rs)	Rating
04 Jan 2024	16	11	REDUCE
31 Oct 2023	12	10	REDUCE
12 Apr 2023	6	6	REDUCE
07 Nov 2022	8	8	REDUCE
12 Oct 2022	9	9	REDUCE
12 May 2022	9	8	REDUCE
25 Jan 2022	11	10	REDUCE
10 Jan 2022	15	11	REDUCE
16 Nov 2021	10	10	REDUCE
26 Jul 2021	8	8	REDUCE

**Bharti Infratel: 3 year price and rating history**



Date	Close price (Rs)	Target price (Rs)	Rating
25 Jan 2024	230	208	REDUCE
04 Jan 2024	208	197	REDUCE
27 Oct 2023	170	182	REDUCE
31 Jul 2023	174	181	REDUCE
28 Apr 2023	145	148	REDUCE
27 Jan 2023	158	142	REDUCE
31 Oct 2022	187	199	ADD
04 Aug 2022	206	219	ADD
09 May 2022	199	209	ADD
31 Jan 2022	253	259	REDUCE
27 Oct 2021	281	286	REDUCE
02 Aug 2021	222	274	ADD

Date	Close price (Rs)	Target price (Rs)	Rating
23 Apr 2021	260	284	ADD