

13th May 2025 - Bharti Airtel Q4FY25 results review and Intrinsic Value.

Q4FY25 results review: (all figures consolidated and comparisons YoY)

1. Revenue grew by 27%, driven by strong underlying momentum in India and rebound in currency revenue growth in Africa.
 - a. Indian business revenue grew by almost 29%, backed by improved realizations in mobile segments, strong momentum in Homes business and Indus Towers consolidation.
2. EBITDA grew by almost 40%. Margins stood at 57.2%.
 - a. Indian business grew by 21%. Margins stood at 60%.
3. Net Income before exceptional items grew by 77%
4. Net Debt to EBITDA ratio stands at 1.86x times.
5. ARPU increases to ₹245 vs ₹209.
6. Capex for the quarter stood at ₹14,401 crore.

FY25 results review: (all figures consolidated and comparisons YoY)

1. Revenue grew by 15.3%.
2. EBITDA grew by 19.2%.
3. Net Income grew by 55.4%.

Intrinsic Value (as on 13th May 2025)

Bharti Airtel is quite literally in its prime. *The Current Core TTM EPS stands at ₹46.21 per share. The intrinsic value for Bharti Airtel stands at ₹2,310 per share at 50 times Current Core TTM EPS. Please read further as there's a lot of important things regarding this valuation.*

The reasons to choose 50x multiple are as follows

1. Staying aligned with the long term valuation multiples rather than aligning with the recent ones which only include the good times of the company, and
2. The need to include the considerable expected growth of the company citing the many tailwinds in play, among which is the possibility of another tariff hike by early-mid FY27.

3. The maxed out PE multiple for Bharti Airtel stands at 43x. The 10 year multiple stands at 62. The chosen 50x multiple is a slightly conservative blend of both of the above mentioned multiples.

Reliance Jio is valued at around 12.3x EV / EBITDA ratio and contributes around ₹500 / per share (out of Reliance Industries per share price). (from multiple credible sources)

Bharti Airtel is valued at 12.6x EV / EBITDA ratio. This suggests that both the businesses are closely valued.

Another point could be raised that Bharti Airtel's current Mcap stands at ₹11.1 lakh crores and Reliance Industries Mcap stands at ₹19.3 lakh crore. Reliance Industries is a holding company of many major businesses and Jio is one of them. Jio possibly contributes around 35% of the Mcap of Reliance Industries. This implies that Jio's Mcap could be around ₹5.8 lakh crore, which is strikingly lower than that of Airtel.

Now either Jio is undervalued or Airtel is overvalued. To me it looks like both cases are true at the same time. Jio may be deprived of the premium valuation multiples because of Reliance Industries getting a holding company discount. And Airtel could be the beneficiary of this whole game as investors who want to invest in 'Indian Telecom Sector' may not want to invest in Reliance Industries because of the presence of Oil and Gas and Petrochemicals business, or who knows maybe even Reliance Retail. This may have pumped the Bharti Airtel stock even higher, taking it to overvalued territories.

As of now, for Bharti Airtel stock, it looks like the best is priced in. I feel the announcement of the listing of Reliance Jio could be a trigger point for a possible slight de-rating in Airtel stock. But only time will tell which thesis stands true.

Regarding current valuations, I feel ₹2,310 per share at 50x Current Core TTM EPS is decent enough but may be further downgraded to ₹1,950 per share as and when required. The company definitely is doing very well but it may be very possible that 'perfect scenarios have been priced in the share price' and this puts the Airtel stock at risk of corrections.

I hope you found this research report interesting. Please remember this is just for educational purposes. Please do your own research before taking any investment decision. I'm also open to further insights and research on Bharti Airtel stock. Please feel free to reach out to me and we can work in a coordinated manner. Also you may have a look at the 'Other Details' section below.

Ready to put this expertise to work for your mutual fund portfolio? Contact us now and we'll put in our very best to help you navigate the market. [Open a mutual fund \(non-demat\) account](#). Learn more at guruspakes.com/mutual-funds. [Give feedback on this report](#).

Management Commentary:

Gopal Vittal, Vice Chairman and MD said that the company has ended FY25 on a strong note. Indian and Africa business continued their strong show plus Africa's currency steadiness acted as a tailwind. Growth was driven by premiumization. The company added 6.6 million smartphone users and maintained an industry-leading ARPU of ₹245. The balance sheet too stands solid, supported by strong cash generation, disciplined capital spending, and ongoing debt reduction.

Other Details

1. India Mobile Services revenue grew by 20%, led by tariff repair, strong smartphone customer additions, and premiumization.
2. Airtel Business revenue fell by 2.7%.
3. Homes Business revenue grew by 21%
4. Digital TV revenue fell by 0.6%.
5. Airtel prepaid ₹5,985 crore in March 2025 towards deferred liabilities to DoT for the spectrum.