

Rating Rationale

April 11, 2024 | Mumbai

Bharti Telecom Limited

Ratings reaffirmed at 'CRISIL AA+/Stable/CRISIL A1+'

Rating Action

Rs.4500 Crore Non Convertible Debentures	CRISIL AA+/Stable (Reaffirmed)
Rs.8500 Crore Non Convertible Debentures	CRISIL AA+/Stable (Reaffirmed)
Rs.2500 Crore Non Convertible Debentures	CRISIL AA+/Stable (Reaffirmed)
Rs.7000 Crore Non Convertible Debentures	CRISIL AA+/Stable (Reaffirmed)
Rs.580 Crore Non Convertible Debentures	CRISIL AA+/Stable (Reaffirmed)
Rs.5000 Crore (Reduced from Rs.12000 Crore) Commercial Paper	CRISIL A1+ (Reaffirmed)

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has reaffirmed its 'CRISIL AA+/Stable/CRISIL A1+' ratings on the existing debt instruments of Bharti Telecom Limited (BTL). CRISIL Ratings has also reduced the commercial paper rated amount by Rs 7,000 crore basis request from company. This is in line with CRISIL Ratings' rating withdrawal policy.

The ratings continue to factor in the healthy market value to debt cover of the company and its robust financial flexibility, driven by the strong reputation of its promoters, the Bharti group (shareholding through Bharti Enterprises Holding Pvt Ltd [BEHPL]) and Singapore Telecommunications Ltd (Singtel; rated 'A/Stable/A-1' by S&P Global Ratings). These strengths are partially offset by exposure to market risks.

Analytical Approach

CRISIL Ratings has followed the holding company approach for analysing the credit risk profile of BTL. Net debt of BTL, BEHPL and BEL [Bharti Enterprises Ltd; 'CRISIL AA/Stable/CRISIL A1+'] have been combined for calculating the market value to debt cover.

Key Rating Drivers & Detailed Description

Strengths:

- Strong market value to debt cover:** The direct holding of BTL in Bharti Airtel Ltd (BAL; 'CRISIL AA+/Stable/CRISIL A1+') is worth around Rs 2.88 lakh crore as on April 3, 2024. BTL remains the largest shareholder in BAL with 39.57% stake as on December 31, 2023, which has a healthy business as well as financial risk profiles being supported by strong market position in the Indian telecom industry and diversified operations in the non-mobile segments in India and mobility and other businesses in Africa. The company's shareholding in BAL is entirely unencumbered.

BEHPL, BEL and BTL together currently have gross debt of around Rs 26,825 crore (as on 31 March 2024), signifying strong cover. CRISIL Ratings expects the company to maintain financial flexibility and strong cover through the tenor of the rated debt.

- Robust financial flexibility:** Financial flexibility is strong because of the healthy reputation of its promoters. The Bharti group has an established management track record, while Singtel is a Singapore-based telecom company with over 770 million mobile customers in 21 countries as of March 31, 2023.

Weakness:

- Exposure to market risks:** Financial flexibility, in terms of cover available, will depend on prevailing market sentiments and the share price of BAL. Any increase in systemic risks or a sharp decline in BAL share price are rating sensitivity factors.

Liquidity: Strong

BTL's existing debt repayment includes principal obligations of Rs 5,900 crores and interest obligations of around Rs 2,200 crores due in FY25. Given its status as a holding company, BTL will hence continue to depend on dividend income monetisation of investments, infusion of funds by the promoters, or debt refinancing. The company also has strong access to capital markets. BTL enjoys healthy financial flexibility because of its shareholding in BAL, which is worth above Rs 2.88 lakh crore as on April 3, 2024. BTL also benefits from its strong promoters, the Bharti group and Singtel.

Outlook: Stable

BTL will continue to benefit from the strong financial flexibility it derives from its holding in BAL and its robust debt cover.

Rating Sensitivity factors

Upward factors

- Upgrade in BAL's rating by 1 notch and,
- Substantial and sustained expansion in debt cover either due to low borrowings or increase in market value.

Downward factors

- Downgrade in BAL's rating by 1 or more notches.
- Steep fall in the market capitalization of BAL, leading to sustained decline in the debt cover of BTL.

About the Company

Jointly promoted by the Bharti group and Singtel, BTL is a key shareholder in BAL. BEHPL and the Singtel group hold 50.56% and 49.44%, respectively, in BTL currently.

About BEHPL

BEHPL, promoted by the Bharti Mittal family, is a key holding company of the Bharti group, which has interests in diverse businesses, such as telecom and financial services.

About BEL

BEL, promoted by BEHPL, is a key holding company of the Bharti group, which has interests in diverse businesses.

About BAL

Headquartered in India, BAL is a global communications solutions provider with ~55.1 crore customers in 17 countries across South Asia and Africa as on December 31, 2023. The company ranks among the top three mobile operators globally and its networks cover over two billion people. Airtel is the largest integrated communications solutions provider in India and the second-largest mobile operator in Africa. Airtel's retail portfolio includes high speed 4G/5G mobile broadband, Airtel Xstream Fiber with convergence across linear and on-demand entertainment, streaming services spanning music and video, digital payments and financial services. For enterprise customers, Airtel offers a gamut of solutions that includes secure connectivity, cloud and data centre services, cyber security, IoT, Ad Tech and cloud-based communication. The company had 34.5 crore mobile subscribers in India and ~15.1 crore in Africa as on December 31, 2023.

Key Financial Indicators (Standalone)

As on/for the period ended March 31	Unit	2023	2022
Revenue	Rs.Crore	609.7	110.5
Profit After Tax (PAT)	Rs.Crore	-304	-62
PAT Margin	%	-49.8	-56.1
Adjusted debt/adjusted network	Times	1.96	0.23
Interest coverage	Times	0.77	0.67

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings' complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate	Maturity date	Issue size (Rs.Crore)	Complexity levels	Rating assigned with outlook
NA	Commercial paper	NA	NA	7-365 days	5000	Simple	CRISIL A1+
NA	Debentures*	NA	NA	NA	650	Simple	CRISIL AA+/Stable
NA	Debentures*	NA	NA	NA	120	Simple	CRISIL AA+/Stable
INE403D08108	Debentures	20-Oct-2021	6.42%	18-Oct-2024	460	Simple	CRISIL AA+/Stable
INE403D08116	Debentures	21-Nov-2022	8.70%	21-Nov-2024	1500	Simple	CRISIL AA+/Stable
INE403D08132	Debentures	21-Nov-2022	8.80%	21-Nov-2025	2500	Simple	CRISIL AA+/Stable
INE403D08124	Debentures	21-Nov-2022	K MCLR 6M	21-Nov-2025	3000	Complex	CRISIL AA+/Stable
INE403D08140	Debentures	05-Dec-2022	8.60%	05-Dec-2024	1300	Simple	CRISIL AA+/Stable
INE403D08157	Debentures	05-Dec-2022	8.70%	05-Dec-2025	3200	Simple	CRISIL AA+/Stable
INE403D08165	Debentures	12-Dec-2022	8.60%	12-Dec-2025	1050	Simple	CRISIL AA+/Stable
INE403D08173	Debentures	12-Dec-2022	K MCLR 6M	12-Dec-2025	800	Complex	CRISIL AA+/Stable
INE403D08199	Debentures	04-Dec-2023	9.00%	04-Dec-2028	2000	Simple	CRISIL AA+/Stable
INE403D08207	Debentures	04-Dec-2023	8.95%	04-Dec-2026	3000	Simple	CRISIL AA+/Stable
INE403D08181	Debentures	04-Dec-2023	8.90%	04-Dec-2025	3000	Simple	CRISIL AA+/Stable
NA	Debentures*	NA	NA	NA	500	Simple	CRISIL AA+/Stable

*Yet to be placed

Annexure - Details of Rating Withdrawn

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Crore)	Complexity level	Rating Assigned with Outlook
NA	Commercial Paper	NA	NA	7 to 365 Days	7000	Simple	Withdrawn

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2024 (History)		2023		2022		2021		Start of 2021
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT		--		--		--		--	12-10-21	Withdrawn	CRISIL AA+/Stable
			--		--		--		--	30-09-21	CRISIL AA+/Stable	--
Commercial Paper	ST	5000.0	CRISIL A1+		--	27-11-23	CRISIL A1+	06-12-22	CRISIL A1+	12-10-21	CRISIL A1+	Withdrawn
			--		--	24-07-23	CRISIL A1+	30-11-22	CRISIL A1+	30-09-21	CRISIL A1+	--
			--		--		--	14-11-22	CRISIL A1+		--	--
			--		--		--	26-09-22	CRISIL A1+		--	--
			--		--		--	12-09-22	CRISIL A1+		--	--
			--		--		--	22-08-22	CRISIL A1+		--	--
			--		--		--	05-07-22	CRISIL A1+		--	--
Non Convertible Debentures	LT	23080.0	CRISIL AA+/Stable		--	27-11-23	CRISIL AA+/Stable	06-12-22	CRISIL AA+/Stable	12-10-21	CRISIL AA+/Stable	Withdrawn
			--		--	24-07-23	CRISIL AA+/Stable	30-11-22	CRISIL AA+/Stable	30-09-21	CRISIL AA+/Stable	--
			--		--		--	14-11-22	CRISIL AA+/Stable		--	--
			--		--		--	26-09-22	CRISIL AA+/Stable		--	--
			--		--		--	12-09-22	CRISIL AA+/Stable		--	--
			--		--		--	22-08-22	CRISIL AA+/Stable		--	--
			--		--		--	05-07-22	CRISIL AA+/Stable		--	--

All amounts are in Rs.Cr.

Criteria Details

Links to related criteria
CRISILs Approach to Financial Ratios
Criteria for rating holding companies (including debt backed by pledge of shares)
CRISILs Criteria for rating short term debt

Media Relations	Analytical Contacts	Customer Service Helpdesk
<p>Aveek Datta Media Relations CRISIL Limited M: +91 99204 93912 B: +91 22 3342 3000 AVEEK.DATTA@crisil.com</p> <p>Prakruti Jani Media Relations CRISIL Limited M: +91 98678 68976 B: +91 22 3342 3000 PRAKRUTI.JANI@crisil.com</p> <p>Rutuja Gaikwad Media Relations CRISIL Limited B: +91 22 3342 3000 Rutuja.Gaikwad@ext-crisil.com</p>	<p>Manish Kumar Gupta Senior Director CRISIL Ratings Limited B: +91 22 3342 3000 manish.gupta@crisil.com</p> <p>Naveen Vaidyanathan Director CRISIL Ratings Limited B: +91 22 3342 3000 naveen.vaidyanathan@crisil.com</p> <p>LOVISH GUPTA Manager CRISIL Ratings Limited B: +91 124 672 2000 LOVISH.GUPTA@crisil.com</p>	<p>Timings: 10.00 am to 7.00 pm Toll free Number: 1800 267 1301</p> <p>For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com</p> <p>For Analytical queries: ratingsinvestordesk@crisil.com</p>

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