

Bharti Enterprises Limited (Revised)

October 23, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Commercial paper	4,000.00 (Enhanced from 3,000.00)	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of the rating assigned to the commercial paper (CP) programme of Bharti Enterprises Limited (BEL) continues to factor the robust financial flexibility driven by the strong parentage and established track record of the Bharti group². BEL has major investments in Airtel Payments Bank Limited (APBL), ICICI Lombard General Insurance Company Limited (ILGICL), Rostrum Reality Private Limited (RRPL, a Brookfield-Bharti JV), Field Fresh Foods Private Limited (FFFPL), Bharti Overseas Private Limited and Bharti Life Ventures Private Limited (BLVPL).

The rating continues to favourably factor in the significant market value of the investments of the parent, viz, Bharti Enterprises (Holdings) Pvt Ltd's (BEHPL's) holding in the listed equity shares of Bharti Airtel Limited (BAL) through Bharti Telecom Ltd (BTL) and the integrated nature of the treasury function among the holding companies (holdcos) of the group, viz, BEHPL, BTL, and BEL. Furthermore, the promoter shareholding in underlying investments in the Bharti group is entirely unencumbered. The credit profile of BEL continues to be strengthened by the equity stake in ILGICL post-merger of Bharti General Ventures Private Limited (BGVPL) with BEL thereby rendering financial flexibility. The rating continues to draw comfort from the adequate market value of investments to debt cover for the three holdcos and CARE Ratings Limited's (CARE Ratings) expects the cover to remain comfortable going forward as well.

The above rating strengths, however, are tempered by the limited revenue avenues for BEL and exposure to market-related systematic risks.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

Not applicable

Negative factors

- Material deterioration in the credit profile of BEHPL.
- Significant decline in the market capitalisation of BAL leading to weakened market value to debt coverage on a sustained basis

Analytical approach:

Standalone. Given the importance of BEL for the Bharti group, CARE Ratings has evaluated the credit profile of BEL factoring in the managerial and financial support BEL receives from its parent, BEHPL. Given the common treasury function for the Bharti group, market value to debt cover has been analysed on a combined basis for the three Holdcos viz. BEL, BTL and BEHPL.

Outlook: Not applicable

Detailed description of the key rating drivers:

Key strengths

Strong parentage: BEL is one of the holding companies of the Bharti group. The group is one of the leading conglomerates in India, with diversified interests in telecom, insurance and payment solutions, real estate, and agri-products.

Strategic role, thus impending need-based support from the group: BEL, BEHPL, and BTL are the three major Holdcos of the Bharti group for the group's investments. The significance of these holdcos for the group is reflected by the underlying

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

² Bharti Group refers to Bharti Enterprise Limited, Bharti Enterprise Holding Private Limited and Bharti Telecom Limited

business held by them. BEL's major investments are into payment bank solutions, real estate (primarily commercial), insurance, and the processed food sector. CARE Ratings believes that BEHPL will continue to exercise management control over BEL and will continue to provide operational and need-based financial support to BEL.

Strong financial flexibility: The financial flexibility of BEL is derived from the strong reputation and resourcefulness of the promoter family, the significant market value of BEHPL's indirect stake in BAL, and the integrated finance function of the Bharti group with demonstrated ability of fundraising in the past. The market value of BEHPL's holding (50.56%) in BTL is significant, derived from BTL's stake in BAL. BTL is the single-largest shareholder in BAL and holds a 38.50% stake (as on June 30, 2023). Strong market value of the group's investments ensures that the credit profile of BEL remains comfortable. The group's financial flexibility is underpinned by the sound credit profile of the flagship business viz. BAL. Being one of the holdcos of the Bharti group, BEL is expected to continue to receive the requisite financial and managerial support from the group.

Comfortable market value of investments to debt cover: The Bharti group has historically been conservative on leverage and has a track record of maintaining modest market value to debt cover on their investments. Though, leverage among the Holdcos increased during FY23 due to the acquisition of 3.3% stake in BAL from Singapore Telecommunications Limited, the market value to debt cover remains comfortable. CARE Ratings expects that the existing level of cover will continue to be maintained on a sustained basis considering the overall debt of the holdcos.

Key weaknesses

Exposure to inherent market risk and limited revenue sources: BEL's management and support services income is currently low, and hence, it depends on the monetisation of investments or dividend income from group companies. The market value of investments of the holdcos of the group is exposed to the volatility associated with market-linked fluctuations. Any increase in market-related risks, leading to a sharp fall in the share prices of its investments, will be a key monitorable.

Liquidity: Strong

The liquidity profile of BEL is aided by the strong financial flexibility rendered to the company being part of the Bharti group. Given its role as a Holdco, BEL will be dependent on the monetisation of investments, refinancing, or need-based support, which underpins its liquidity profile. The continued financial flexibility for repayment of the debt obligation, going forward, will be a rating monitorable.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Policy on default recognition](#)

[Factoring Linkages Parent Sub JV Group](#)

[Financial Ratios – Non financial Sector](#)

[Investment Holding Companies](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macro-economic Indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Holding company

BEL was incorporated on November 21, 2005, as Bharti Ventures Ltd. It is 100% held by the ultimate holding company of the Bharti group, ie, BEHPL. The Mittal family holds BEHPL. The company is one of the prominent holdcos of the Bharti group, with investments across diverse businesses, viz, payment solutions, real estate, insurance, and processed food.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	Q1FY24 (UA)
Total operating income	12.39	19.48	3.75
PBILDT	-10.06	-7.13	-3.57
PAT	-138.26	-191.71	-48.46
Overall gearing (times)	NM	4.76	NA
Interest coverage (times)	NM	NM	NM

A: Audited; UA: Un-audited. Note: The above results are the latest financial results available.

NA: Not available, NM: Not meaningful

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of the various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Commercial paper- Commercial paper (Standalone)	INE396J14307	07-09-2023	NA	06-03-2024	525	CARE A1+
	INE396J14216	06-12-2022	NA	05-12-2023	350	
	INE396J14240	28-02-2023	NA	27-02-2024	400	
	INE396J14281	28-07-2023	NA	22-12-2023	500	
	INE396J14299	28-07-2023	NA	27-10-2023	475	
	Proposed	-	-	0-364 days	1750	

NA: Not applicable

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Commercial paper- Commercial paper (Standalone)	ST	4000.00	CARE A1+	1)CARE A1+ (18-Sep-23)	1)CARE A1+ (20-Sep-22)	1)CARE A1+ (21-Mar-22) 2)CARE A1+ (08-Dec-21)	-

								3)CARE A1+ (09-Jul- 21)	
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*Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial paper-Commercial paper (Standalone)	Simple

Annexure-5: Lender details: Not applicable

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

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About us:

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