

Bharti Enterprises Limited

October 22, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Commercial Paper	4,000.00	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 its strong parentage of Bharti group², established performance track record in diverse business verticals with improvement in credit profile of the group's major underlying investment – Bharti Airtel Limited (BAL) driven by diversification of revenue stream, moderating capex, increase in average revenue per user (ARPU), improvement in the leverage and favourable demand outlook on business-to-business (B2B) business. The group also enjoys the expertise of SingTel, a leader in telecom industry, as a strategic partner in Bharti Telecom Limited (BTL, 49.44% stake). BEL acting as one of the prominent promoter investment holding company for the Bharti group, has major investments in Airtel Payments Bank Limited (APBL), Del Monte Foods Private Limited (DMFPL), Bharti Overseas Private Limited and Bharti Life Ventures Private Limited (BLVPL).

CARE Ratings Limited's (CARE Ratings) favourably notes the significant market value of the investments held by the parent, Bharti Enterprises (Holdings) Private Limited's (BEHPL's), in the listed equity shares of BAL through BTL worth ₹2.04 lakh crore as on October 15, 2024. Besides the integrated nature of the treasury function within the group's holding companies (holdcos), viz, BEHPL, BTL, and BEL aid close administrative and managerial supervision. The promoter shareholding in underlying investments in the Bharti group is entirely unencumbered. CARE Ratings acknowledges that BEL retired its entire external debt through liquidation of its equity stake in ICICI Lombard General Insurance Company Limited (ILGICL). As on October 15, 2024 BEL and BEHPL are debt free while BTL had outstanding debt of ₹27,290 crore. The rating continues to draw comfort from the adequate market value of investments to debt cover for the three holdcos.

The above rating strengths, however, are tempered by the limited revenue sources for BEL, by virtue of being an investment holding company 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 BTL
- Any dilution in the shareholding pattern of BEL that weakens its financial or operating linkages with the Bharti group

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: BEL, BTL and BEHPL.

Outlook: Not applicable

Detailed description of key rating drivers

Key strengths

Strong parentage of Bharti group with improved credit profile of its underlying investments

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 under its ultimate holdco, BEHPL. The group also enjoys the expertise of SingTel, a leader in telecom industry, as a strategic partner in BTL (49.44% stake). Credit profile of

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

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

BAL, which forms significant portion of BEHPL's underlying investment through its 50.56% stake in BTL, has steadily improved with diversification of revenue stream, moderating capex, increase in ARPU), improvement in the leverage and favourable demand outlook on B2B business.

Strategic role, thus implying access to 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 varied underlying businesses held by them. BEL's major investments are in payment bank solutions, insurance, and 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 fundraising ability. The market value of BEHPL's holding (50.56%) in BTL is significant, derived from BTL's stake in BAL worth ₹2.04 lakh crore as on October 15, 2024. BTL is the single-largest shareholder in BAL and holds a 39.13% stake (as on September 30, 2024). 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 in telecom 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. The promoters have also demonstrated track record of equity infusion or asset monetization to manage the leverage of the all three holdcos and BAL.

Comfortable market value of investments to debt cover

The Bharti group has a track record of maintaining modest market value to debt cover on their investments. As on October 15, 2024 there is no external debt in BEL and BEHPL while BTL has total debt of ₹27,290 crore. Though, leverage among the Holdcos, mainly BTL, increased during past two years ended FY24, attributed to acquisition of 3.5% stake in BAL from its other prominent shareholder group, the market value to combined debt cover i.e considering the overall debt of the holdcos; remains comfortable. Adverse variation cover beyond threshold will be a key rating monitorable.

Key weaknesses

Exposure to inherent market risk and limited revenue sources

By virtue of being an investment holding company, BEL's revenue profile comprising of management and support services income is low, and hence, it relies on the monetisation of investments or dividend income from group companies for generating adequate returns. The market value of investments held by the group Holdcos is exposed to the volatility associated with market-linked fluctuations. Any increase in market-related risks, leading to a sharp decline in investments value with no commensurate reduction in external debt levels, constitutes a key rating 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. However, as on October 15, 2024, BEL is debt free resulting in no debt obligations.

Assumptions/Covenants: Not applicable

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

Applicable criteria

[Definition of Default](#)
[Factoring Linkages Parent Sub JV Group](#)
[Investment Holding Companies](#)
[Rating Outlook and Rating Watch](#)
[Financial Ratios – Financial Sector](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Holding company

BEL was incorporated on November 21, 2005, as Bharti Ventures Limited. 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, including payment solutions, insurance, and processed food.

Brief Financials:

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	36.8	52.29
PAT	-191.71	-179.4
Interest coverage (times)	0.05	0.08
Total assets	5,406.06	5,491.44
Net NPA (%)	0.00	0.00
ROTA (%)	-3.97	-3.29

A: Audited; Note: The above results are the latest financial results available.

NM: Not meaningful

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Covenants of rated instrument / facility: Annexure-3

Complexity level of 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 Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper		Proposed		0-364 days	4000.00	CARE A1+

ISIN's INE396J14307, INE396J14216, INE396J14240, INE396J14281, INE396J14299, which were reported in the Press Release dated October 23, 2023 were redeemed.

Annexure-2: Rating history for 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 2024-2025	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
1	Commercial Paper- Commercial Paper (Standalone)	ST	4000.00	CARE A1+	-	1)CARE A1+ (23-Oct-23) 2)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)

ST: Short term;

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

Annexure-4: Complexity level of instruments rated

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

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

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

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About us:

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