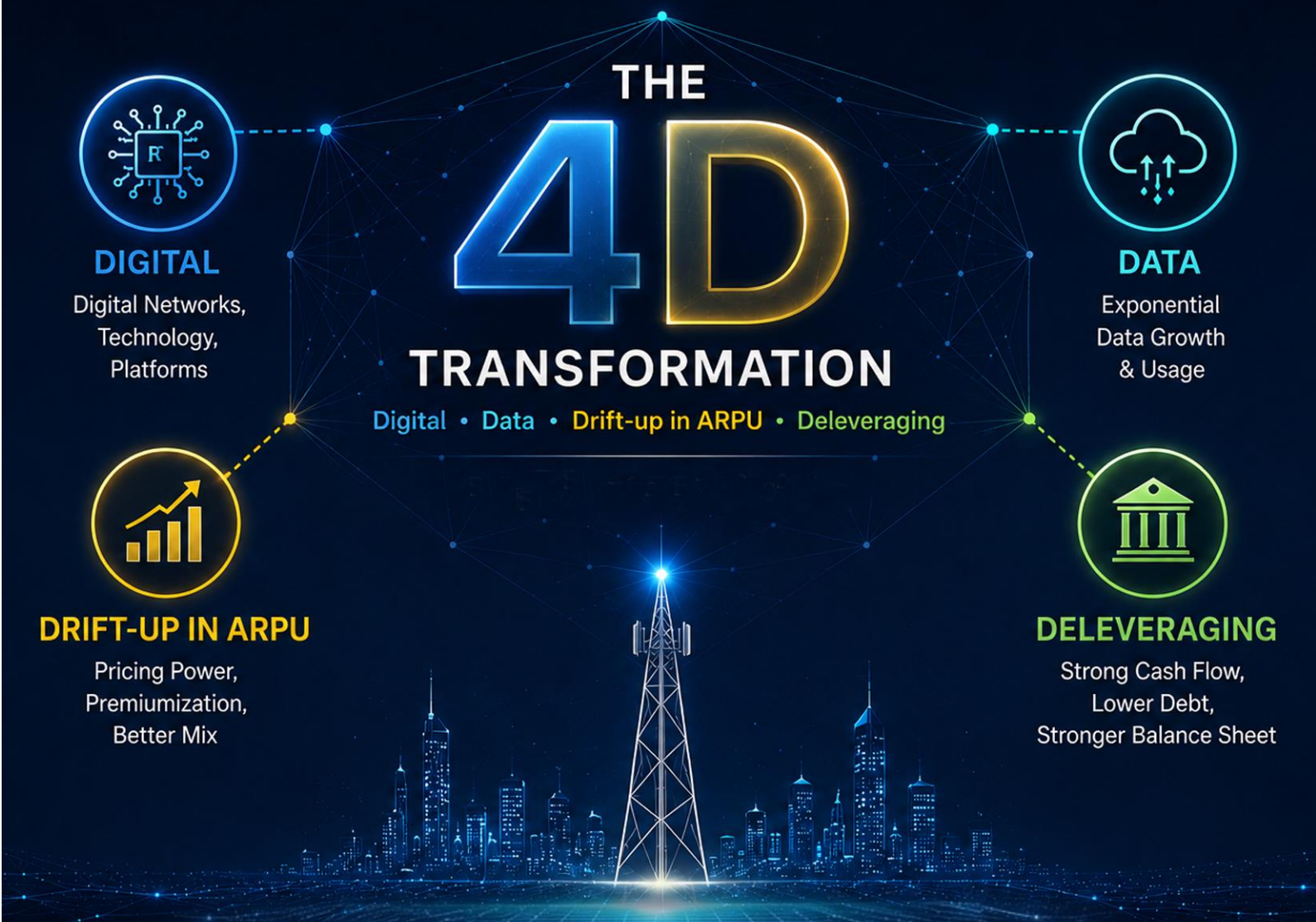


DIGITAL, DATA, DRIFT UP IN ARPU, DELEVERAGING

Prashant Biyani
prashant.biyani@elaracapital.com
+91 22 6164 8581 (Dir)

Yashi Jain
yashi.jain@elaracapital.com
+91 22 6164 8500 (Dir)

Telecom

8 June 2026

Elara Securities (India) Private Limited

Telecom

India | Initiating Coverage

Global Markets Research

Digital, Data, Drift up in ARPU, Deleveraging

8 June 2026

The telecom industry's evolution from basic voice services to full-scale digitalization is fueling a data consumption boom in India and globally. India is at the forefront of this shift, due to three structural changes: the most affordable tariffs, broad smartphone adoption, and extensive network expansion into the hinterland. Industry consolidation (from 17 operators to four), combined with sticky, high volume data use, sets the stage for a sustained rise in ARPU. We model in an ARPU CAGR of 7% during FY26-29E, which should reduce India's tariff gap with global markets and restore attractive returns on invested capital. Higher ARPU, improving cashflow generation and moderating capex would drive balance sheet deleveraging. As the sector transitions from consolidation into a compounding phase, we expect free cashflow for operators to grow in the double digits.

Data consumption -- structural upswing: Per-user monthly data consumption surged from ~15x to ~21GB during CY16–24 (Source: TRAI). The next phase will be deeper and more durable, driven by higher engagement intensity, new data-heavy applications (video, Cloud gaming, enterprise SaaS, & IoT) and broader digital integration across consumer and enterprise use cases. We see a credible path for per-subscriber use to exceed 65GB per subscriber in the next decade from ~21GB in CY24.

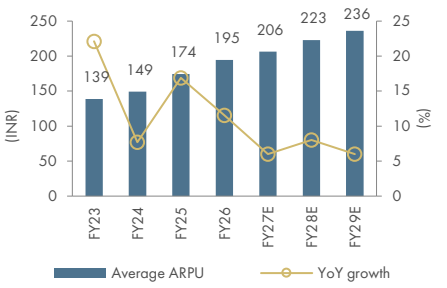
Telcos well placed to lift ARPU: We expect ARPU CAGR to accelerate to 7% during FY26-29E, supported by: 1) tariff hikes, 2) richer bundled service offerings, 3) elevated data use being a staple behavior and 4) disciplined pricing even if new market entrants arise. We expect blended ARPU to increase to 6% in FY27E, 8% in FY28E, and 6% in FY29E, driven by tariff resets and higher average consumption.

From consolidation to compounding: With consolidation largely complete, India's telecom industry is entering its strongest phase for cashflow generation and balance sheet repair. A quasi-duopoly market with some of the world's lowest tariffs implies meaningful upside from tariff normalization, which should translate into stronger free cashflow generation, lower leverage, improving returns.

Reliance Jio (Not Listed): Reliance Jio is transitioning from a scale-led telecom operator to a monetization-driven digital platform. Backed by its integrated technology stack, Jio is building a scalable and structurally differentiated digital infrastructure ecosystem with strong long-term earnings visibility.

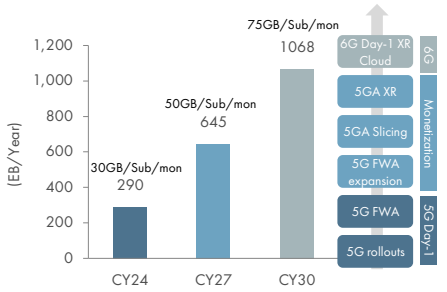
Sector in multi-year recovery; initiate with Buy on Bharti Airtel & Bharti Hexacom, and Accumulate on Indus Towers: In our view, India's telecom sector is in a multi-year recovery, driven by ARPU improvement, structural data demand, and lower incremental capex. This creates a favorable backdrop for earnings upgrade, deleveraging and higher free cashflow conversion. Key levers: tariff trajectory, execution of bundling and enterprise monetization, capex pace (5G densification) and regulatory developments. We initiate on BHARTI with a **Buy** rating for a TP of INR 2,387 based on 10x FY28E EV/EBITDA. We initiate on BHARTIHE with a **Buy** rating and a TP of INR 1,756 based on 14x FY28E EV/EBITDA. We initiate on INDUSTOW with an **Accumulate** rating and a TP of INR 491 based on 15x FY28E P/E. We believe RJIL's enterprise value (EV) is ~INR 12-13tn based on 13x FY28E EV/EBITDA. JPL's EV could be ~INR 13-14tn based on 13x FY28E EV/EBITDA (as considered in SOTP value of RELIANCE).

Average ARPU to clock CAGR of ~7% during FY26-29E



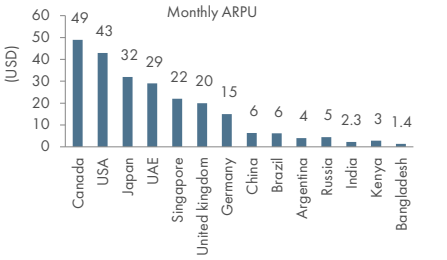
Source: TRAI, Elara Securities Estimate

Data consumption in India to reach 75GB per subscriber per month by CY31



Source :Bharat 6G Alliance Report October 2024, Elara Securities Research

India commands lower ARPU than global peers



Note: CY26; Source: Ministry of Internal Affairs and Communications (Japan), Telecom Regulatory Authority (UAE), Infocomm Media Development Authority (Singapore), Ofcom (UK), Ministry of Industry and Information Technology (China), ANATEL (Brazil), ENACOM (Argentina), Rosstat (Russia), TRAI (India), NTRA, Communications Authority of Kenya, Bangladesh Telecom Regulatory Cellular Telecommunications Industry Association (Canada), AT&T (USA), Elara Securities Research

Prashant Biyani
Fertilizers & Agricultural Chemicals, Hotels, Sugar, Telecom
+91 22 6164 8581
prashant.biyani@elaracapital.com

Associate
Yashi Jain
yashi.jain@elaracapital.com

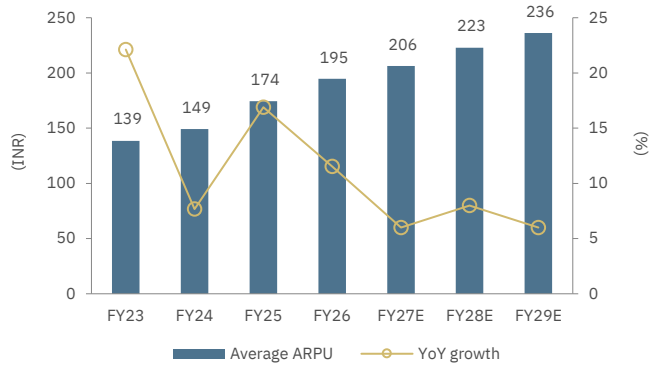
Peer valuation

Company	Ticker	Rating	Mcap	CMP	TP	Upside	P/E				EV/EBITDA				ROCE			
			(USD mn)	(INR)	(INR)	(%)	FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E
Bharti Airtel	BHARTI IN	Buy	115,411	1,819	2,427	33	36.4	27.7	22.1	18.4	10.3	8.7	7.7	6.6	22.3	25.3	27.5	33.1
Indus Towers	INDUSTOW IN	Accumulate	11,939	430	491	14	15.9	15.0	13.2	11.6	7.1	6.8	6.0	5.2	13.4	11.7	11.2	10.8
Bharti Hexacom	BHARTIHE IN	Buy	7,797	1,489	1,876	26	42.1	32.1	24.4	19.9	16.3	14.3	12.0	10.4	20.2	24.4	32.1	40.8
Vodafone Idea	IDEA IN	Not Rated	16,800	15	NR	-	4.7	-	-	-	18.3	15.7	13.3	11.8	31.0	-	-	-

Note: Pricing as on 04 June 2026; Source: Company, Bloomberg, Elara Securities Estimate

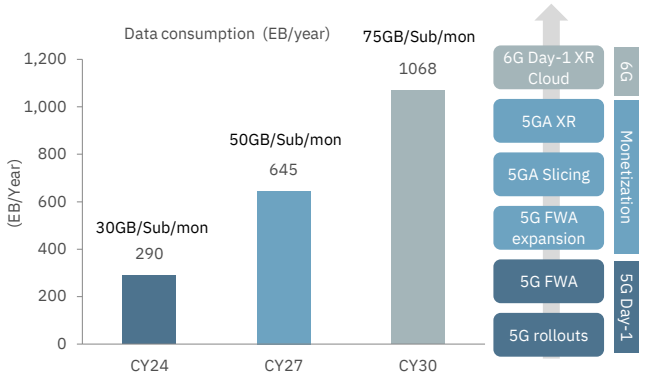
Story in charts

Exhibit 1: Average ARPU to clock CAGR of ~7% during FY26-29E



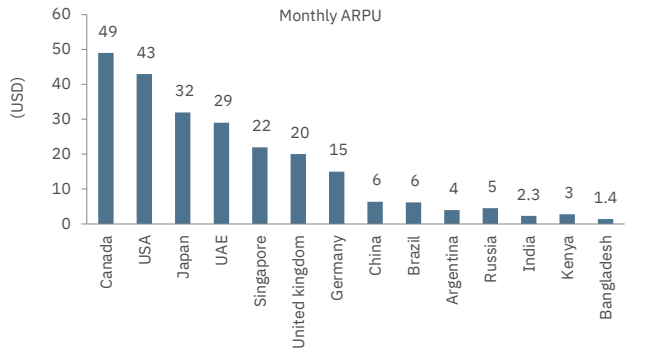
Source: TRAI, Elara Securities Estimate

Exhibit 2: Data consumption in India to reach 75GB per subscriber per month by CY31



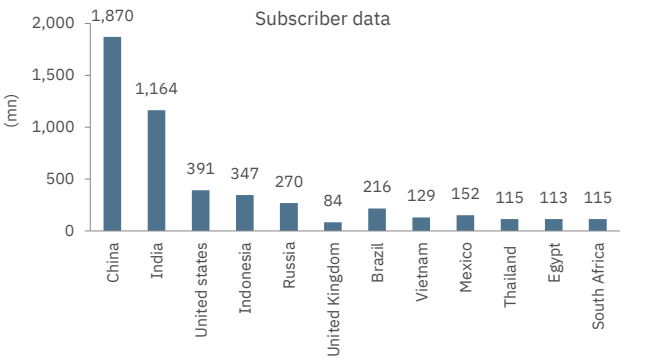
Source: Bharat 6G Alliance Report October 2024, Elara Securities Research

Exhibit 3: India commands lower ARPU than global peers



Note: CY26; Source: Ministry of Internal Affairs and Communications (Japan), Telecom Regulatory Authority (UAE), Infocomm Media Development Authority (Singapore), Ofcom (UK), Ministry of Industry and Information Technology (China), ANATEL (Brazil), ENACOM (Argentina), Rosstat (Russia), TRAI (India), NTRA, Communications Authority of Kenya, Bangladesh Telecom Regulatory Cellular Telecommunications Industry Association (Canada), AT&T (USA), Elara Securities Research

Exhibit 4: Mobile telecom customers – India is among the largest telecom markets



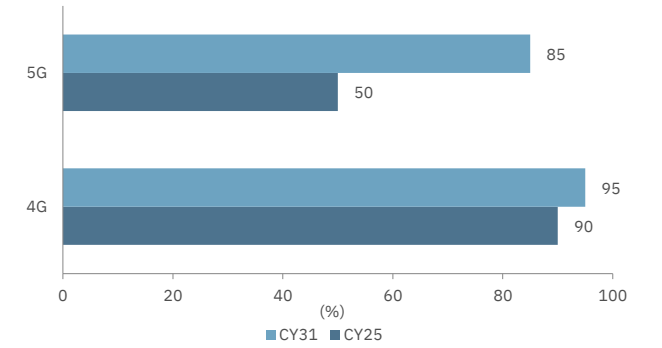
Source: ITU, TRAI, Elara Securities Research

Exhibit 5: From fragmentation to consolidation by FY25

Market share (%)	FY15	FY25
Reliance Jio	0	41
Bharti Airtel	26	34
VI	0	17
BSNL	8	8
Vodafone	17	0
Idea	17	0
Rcom	16	0
Tata	6	0
Aircel	5	0
Uninor	3	0
MTS	1	0
Others	1	0

Source: TRAI, Elara Securities Research

Exhibit 6: Around 85% world's population will be under 5G coverage by CY31



Source: Ericsson Mobility Report November 2025, Elara Securities Research

Table of content

Digital, Data, Drift up in ARPU, Deleveraging 4

Digitalization of everything to drive data consumption 4

Telcos in a sweet spot to increase ARPU 14

Decadal journey from fragmentation to consolidation 16

Company Section

Bharti Airtel - Monetization engine kicks in

(BHARTI IN, Buy, TP: INR 2,427, CMP: INR 1,819, Upside: 33%) 25

Reliance Jio (Not rated) - From disruptor to digital infra powerhouse 67

Indus Towers - 5G, VI revival, and AU entry to underpin growth

(INDUSTOW IN, Accumulate, TP: INR 491, CMP: INR 430, Upside: 14%) 101

Bharti Hexacom

(BHARTIHE IN, Buy, TP: INR 1,876, CMP: INR 1,489, Upside: 26%) 119

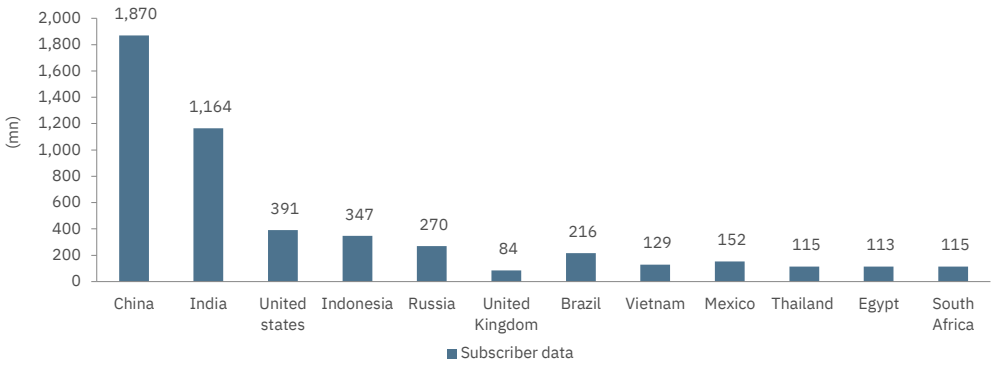
Digital, Data, Drift up in ARPU, Deleveraging

- Digitalization of everything to drive data consumption
- Telcos in a sweet spot to increase ARPU
- Decadal journey from fragmentation to consolidation

Digitalization of everything to drive data consumption

Evolution of the telecom industry, from providing basic voice services to digitalizing every aspect of business and humanity, is driving data consumption boom. India is among the largest telecommunications markets globally in terms of subscriber base of 1.26bn as on CY25 and data consumption per user of 26 GB per month (Source: TRAI). Smartphone adoption at scale, following affordable data plans and rapid expansion of mobile network coverage across India, has made India among the highest data consumption countries. Growth in video streaming viewership, shift from 4G to 5G, and further digitalization of manufacturing, commerce & services industries would drive a 14% CAGR in mobile data traffic during CY25-31 (Source: Ericsson Mobility Report, November 2025). In India, large-scale digital inclusion through wireless network expansion as well as advancement of 5G network have led to broad basing of digital service offerings across financial services, education, healthcare, and entertainment. Expansion of existing digital services and introduction of new digital offerings would continue to drive data consumption.

Exhibit 7: India is among the largest telecom markets



Source: ITU, TRAI, Elara Securities Research

India's mobile data traffic CAGR at 14% during CY25-31

According to the Ericsson Mobility Report, November 2025, India's mobile data traffic is expected to grow ~2.6x to ~63 exabytes (EB)/month by CY31, led by 5G and fixed wireless access (FWA). 5G is likely to drive this expansion, with its traffic share rising from ~32% in CY24 to ~79% by CY31, indicating a structural shift in network use.

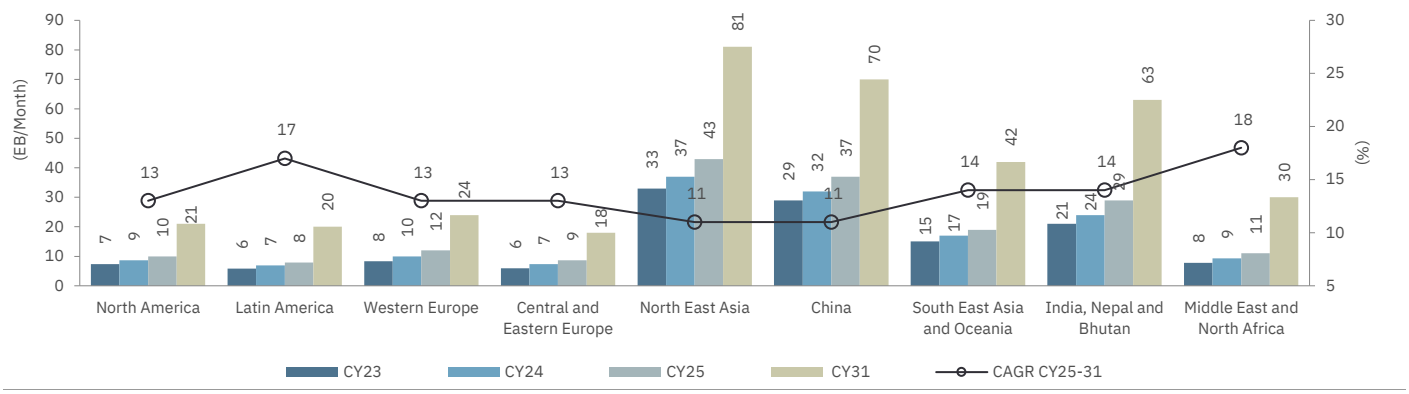
Expansion of existing digital services and the introduction of new digital offerings in India along with better device capabilities, affordable data pricing, rising share of data-intensive content, and ongoing improvement in network performance would be data consumption growth drivers. On the enterprise side, accelerated adoption of Cloud computing and enterprise communication services would bolster data consumption. Evolution of the telecom industry from providing basic voice connectivity to digitalizing every aspect of business and humanity is driving data consumption boom.

The surge in data consumption is primarily supported by the widespread use of digital applications. Video streaming platforms, social media networks, and short-form video applications account for a significant portion of mobile data traffic. The proliferation of regional language content has broadened the addressable user base for digital services, particularly in smaller towns and rural markets.

New data-intensive applications, such as Cloud gaming, immersive digital experiences, and connected devices would further increase frequency and intensity of data use to contribute to sustained growth in network traffic in the medium to long term. As digital ecosystems continue to

penetrate deeper in the way people consume entertainment, social networks, and financial transactions and expand across sectors, such as education & healthcare, and demand for reliable and high-speed mobile connectivity is bound to increase.

Exhibit 8: Mobile data traffic for India to grow 2.2x by CY31



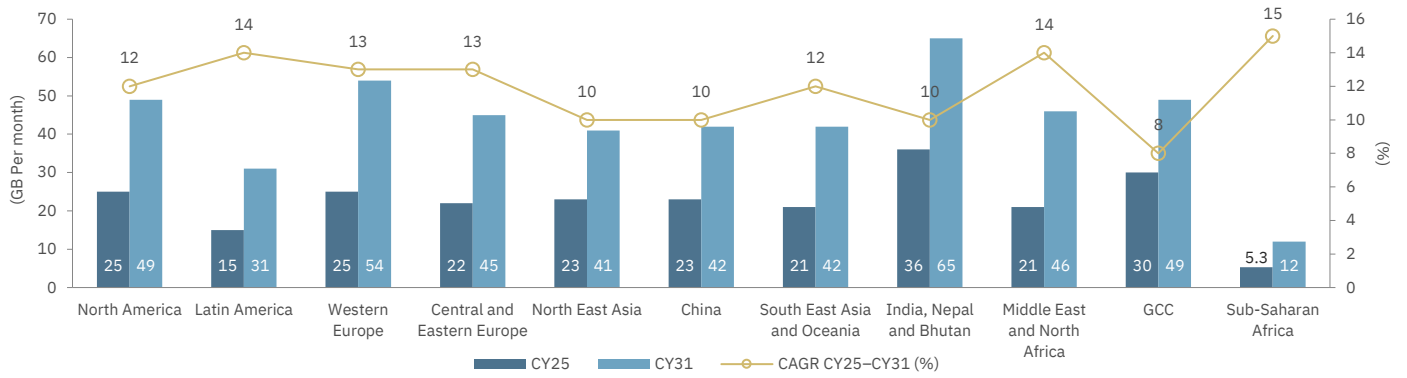
Note: EB stands for exabyte; one exabyte equals 1 Bn GB; Source: Ericsson Mobility Report November 2025, Elara Securities Research

5G and FWA to drive 11% global data traffic CAGR during CY25-31

Global mobile data traffic is set to grow ~2.2x to ~310EB/month by CY31 (ex-FWA), and ~2.4x to ~482EB/month, including FWA, highlighting the incremental contribution of FWA to overall demand (Source: Ericsson). 5G will drive this expansion, with its traffic share rising from ~34% in CY24 to ~83% by CY31, indicating a structural shift in network use.

Growth in mobile data consumption per smartphone is being driven by better device capabilities, affordable data pricing, higher time spent on digital services, and rising share of data-intensive content, alongside ongoing improvement in network performance. Traffic growth remains uneven across markets, influenced by device upgrades (extended reality [XR] and artificial intelligence [AI]), pricing, network quality, and pace of 5G migration. Strong FWA adoption could shift high bandwidth consumption (for e.g., streaming) from mobile to fixed wireless. Data growth remains structurally strong, led by 5G, with FWA and emerging use-cases (XR & AI) acting as key upside levers.

Exhibit 9: India's mobile data traffic CAGR per active smartphone at 10% during CY25-31



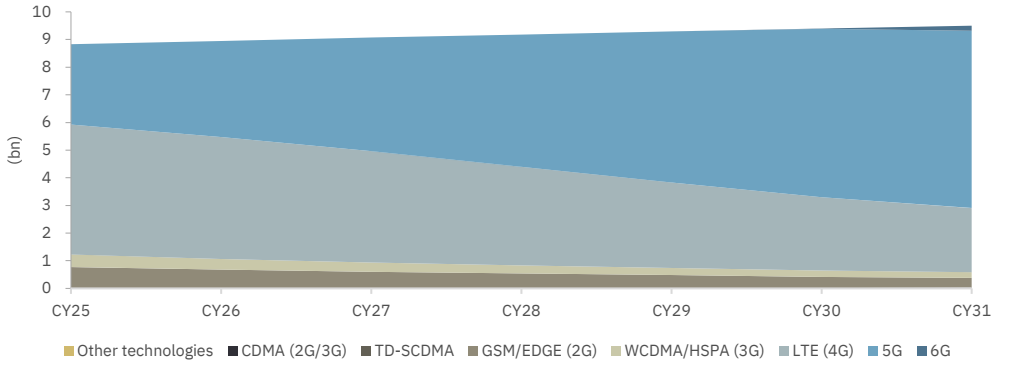
Source: Ericsson Mobility Report November 2025, Elara Securities Research

5G scale-up unlocking the next wave of growth

Global 5G adoption is entering a scale phase, led by the Developed Markets. As per Ericsson Mobility report, North America is expected to see the highest penetration at ~79%), followed by Northeast Asia at ~61%) and Western Europe & GCC at ~55%, reflecting early rollouts and stronger premiumization. 5G is approaching an inflection point, with subscriptions set to overtake 4G by end-of CY27 mere nine years post launch, marking a faster transition than prior technology cycles. India's 5G subscriber base is set to clock in a CAGR of 18% during CY25-31, reaching from 32% to 79%. By CY31, global 5G subscriptions are set at ~6.4bn, accounting for ~two-thirds of total mobile subscriptions. The shift toward 5G Standalone (SA) will be a key structural driver, with ~4.1bn SA subscriptions (~65% of 5G base) by CY31, enabling advanced use-cases beyond mobility. Regionally, penetration is set to exceed

90% in North America, Western Europe, and GCC by CY31, indicating near-complete migration to 5G. The cycle is transitioning from rollout to monetization, with future upside contingent on SA-led use-cases and emerging market adoption.

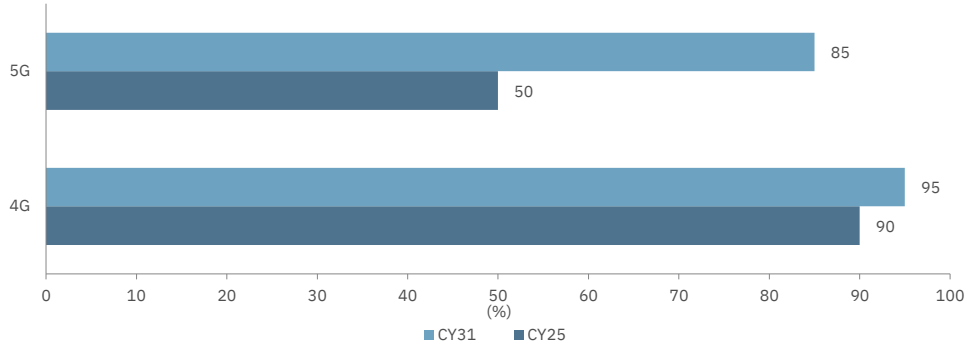
Exhibit 10: 5G garnering lion's share of global mobile subscriptions



Source: Ericsson Mobility Report November 2025, Elara Securities Research

While 4G has reached maturity, 5G is in a high-growth rollout phase, with coverage expansion acting as a key enabler for future monetization. 5G population coverage is set to scale up from ~50% in CY25 to ~85% by CY31 (Source: Ericsson Mobility Report), indicating rapid network expansion and deeper reach. In contrast, 4G remains near-saturation, inching up from ~90% to ~95% during the same period. 4G subscriber base will reduce in every major geography globally.

Exhibit 11: Around 85% world's population will be under 5G coverage by CY31



Source: Ericsson Mobility Report November 2025, Elara Securities Research

Exhibit 12: 4G subscriber base to fall globally

Subscribers (%)	5G		LTE (4G)	
Countries	**CY25**	**CY31**	**CY25**	**CY31**
Sub-Saharan Africa	3	31	47	44
Middle East and North Africa	12	53	69	44
Southeast Asia & Oceania	13	56	76	39
Central and Eastern Europe	8	61	88	39
Latin America	14	68	69	28
India, Nepal and Bhutan	32	79	49	14
Northeast Asia	61	89	37	9
Gulf Cooperation Council	55	92	39	5
North America	79	92	21	8
Western Europe	55	95	44	5

Source: Ericsson Mobility Report November 2025, Elara Securities Research

5G and digital transformation to multiply per-user data use

The 5G rollout marks a structural shift in India's telecom landscape as the key demand driver for telecom services has gradually shifted from traditional voice services to mobile data consumption. Rapid adoption of smartphones and the availability of low-cost data services has fueled this megatrend.

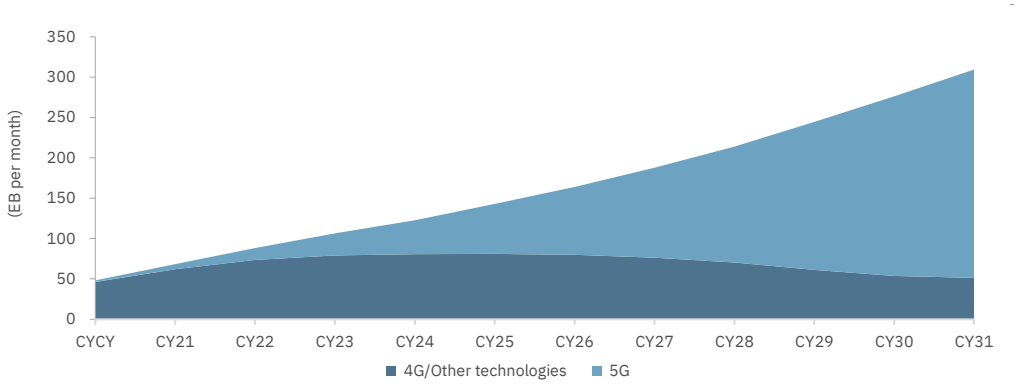
On the consumer side, use-cases, such as high definition (HD) and short-form video, Cloud gaming, and immersive applications are driving higher data intensity per user. The proliferation of connected devices (smart homes, wearables, and industrial IoT) is further raising the baseline network load, supporting sustained growth in data consumption.

Expanding beyond mobility into enterprise, IoT, and digital infrastructure-led demand. Unlike prior cycles, 5G enables high-speed, low-latency and massive device connectivity, creating several monetization pathways that will drive data consumption growth. Private networks across manufacturing, logistics and infrastructure are unlocking high-value and sticky demand, with telcos increasingly positioning offerings around network-as-a-service.

As coverage scales, both consumer and enterprise adoption is set to accelerate, driving structural increase in use. 5G is not just a speed upgrade, it enables a shift from volume-led to value-led growth, with enterprise use-cases, FWA, and device proliferation acting as key monetization levers in the medium to long term. Emerging technologies, such as 6G, digital twins, and autonomous systems could further expand digital possibilities and capabilities, which would propel demand for data. As technology progress, data will continue to reinforce itself as the backbone of digital infrastructure.

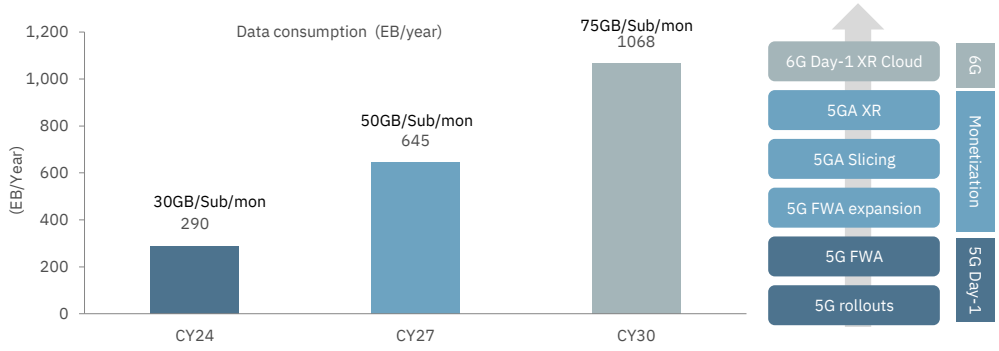
The evolution of network technology has been critical in enabling this growth. Upgrades from 3G to 4G, and now 5G, have expanded network capacity, reduced latency, and allowed richer digital experiences. In India, 5G adoption is accelerating rapidly, with penetration set to reach ~79% by CY31 from ~32% in CY25, supporting higher data consumption per user. Currently, Indians already consume ~36GB per month on average, above global average of 21GB, with projections reaching 65GB per month by CY31, making India one of the largest data-consuming markets globally (Source: Ericsson). Video continues to dominate traffic, accounting for 76% of mobile data, with 70–80% coming from short-form social media content but high-definition video, augmented reality (AR) & virtual reality (VR), Cloud gaming, and enterprise applications would be key growth levers.

Exhibit 13: 5G to drive global data traffic growth



Source: Ericsson Mobility Report November 2025, Elara Securities Research

Exhibit 14: Data consumption in India to reach 75GB per subscriber per month by CY30

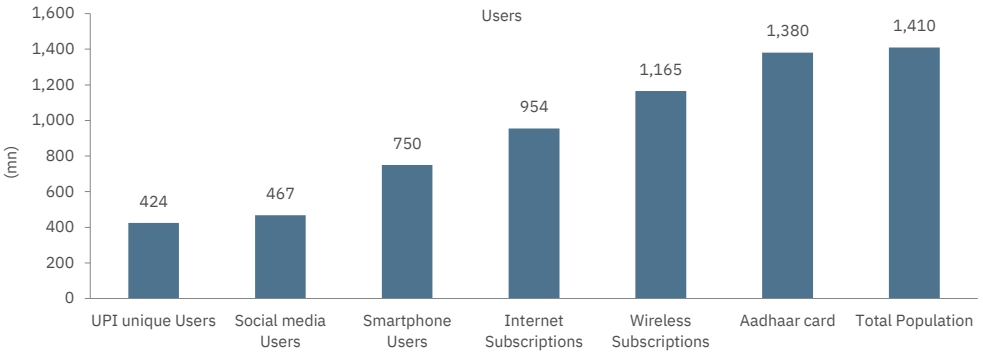


Source: Bharat 6G Alliance Report October 2024, Elara Securities Research

Structural growth in demand for data

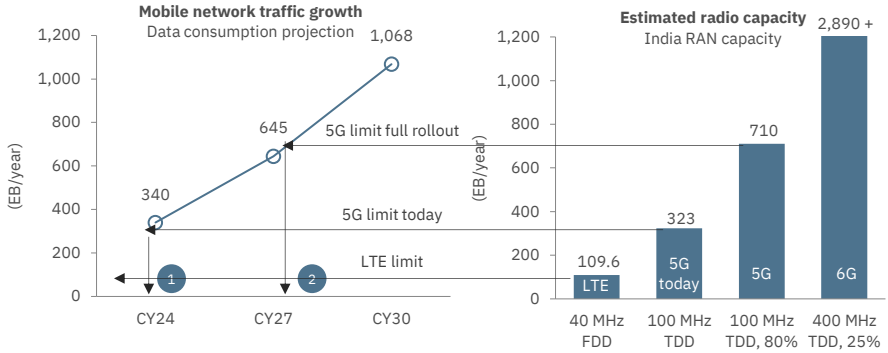
India has already witnessed a sharp change in data consumption, with per-user monthly use increasing ~15x to ~21GB during CY16–24 (Source: Nokia MBiT). This phase was driven by affordability and access via 4G proliferation. The industry is entering its next and structurally stronger phase of growth, where demand will be driven not just by additional users coming online, but by higher engagement intensity, new data-heavy applications, and deeper digital integration across sectors. This creates a credible pathway for data consumption to scale beyond 75GB per subscriber in the next 5-10 years.

Exhibit 15: Growing digital adoption -- UPI and social media remain untapped



Source: Bharat 6G Alliance Report October 2024, Elara Securities Research

Exhibit 16: Exponential data growth, driving need for advanced networks



Note: 1) continue more 5G rollouts, 2) more spectrum and enhanced radio required by CY28-30; Source: Bharat 6G Alliance Report October 2024, Elara Securities Research

Video to dominate traffic; higher resolution to bolster consumption

Video will continue to account for a majority of incremental data demand, but the nature of growth is evolving from user addition to higher consumption per user. As device quality improves and network speeds increase, users are steadily migrating toward higher resolutions, such as HD and full HD, which significantly increase data consumption per session. Moving from 720p (progressive scan) to 1020p doubles data consumption. At the same time, live content, including sports, events and live commerce is driving concentrated spikes in traffic, reinforcing the need for continued network capacity expansion. Live streaming uses higher data consumption due to bitrate and real-time delivery. Importantly, the rapid surge of short-form and regional content is expanding engagement in Tier II & III markets, increasing both frequency and duration of use. With OTT ecosystems scaling up and connected TV adoption rising, video consumption is becoming structurally more data-intensive, providing a long-duration and highly visible demand driver.

Exhibit 17: Data consumption per device to grow exponentially with adoption of 5G

Video type	Data consumption (GB/hr)	Data consumption growth over SD
SD (480 p)	0.85	
HD (720 p)	1.50	~1.8x of SD
Live HD streams	2.00	~2.4x of SD
Full HD (1080 p)	3.00	~3.5x of SD
Live Full HD streams	4.50	~5.3x of SD
OTT HD streaming	3.00	~3.5x of SD
4K	7.00	~8.2x of SD

Source: Elara Securities Research

Shortform videos and smartphone traffic driving mobile data consumption

Data consumption is increasingly skewed toward high-frequency, short-form video, with social platforms accounting for ~70–80% of smartphone video traffic, while VoD remains <10%, indicating a shift in user behavior. From a network standpoint, video continues to dominate downlink traffic (~50–60%), while uplink is driven by communications and Cloud-led activity. 5G's role is primarily to enhance user experience (faster start times and smoother playback) rather than altered consumption mix, supporting sustained growth in data usage.

AI to add another layer of demand for data

Generative AI is emerging as a new structural layer of data demand, fundamentally different from traditional user-driven consumption. Unlike most applications where use is discrete and user-initiated, AI-led services across search, assistants, recommendations, and translation need continued Cloud interaction, resulting in a steady increase in baseline network traffic.

At the consumer level, the integration of AI into smartphones is driving higher interaction frequency, with use cases, such as AI-enabled cameras, voice interfaces, and personalized content increasing the number of sessions per user. Importantly, a large part of this use is incremental, adding to data consumption without a visible change in user behavior.

On the enterprise side, accelerating AI adoption across customer service, analytics and workflow automation is driving higher machine-to-Cloud communications, supported by broader Cloud adoption and data centralization trends. This is leading to persistent and predictable connectivity requirements. As AI becomes embedded across largescale platforms and everyday applications, it will create a non-discretionary, high-frequency layer of data traffic, effectively raising the baseline level of network use. In our view, this makes AI a structural and underappreciated driver of incremental data demand, strengthening the medium-term data growth outlook for telecom operators.

IoT scale-up in adoption and ecosystem expansion to grow data use

Expansion of the IoT ecosystem is set to introduce a structural shift in network use, with data consumption increasing, driven by machines rather than just human activity. As connected devices scale across homes, enterprises, and public infrastructure, they generate continued data flows, creating a steady and incremental layer of network demand. On the consumer side, adoption of smart home devices, wearables, and connected vehicles is increasing meaningfully, with use cases, such as

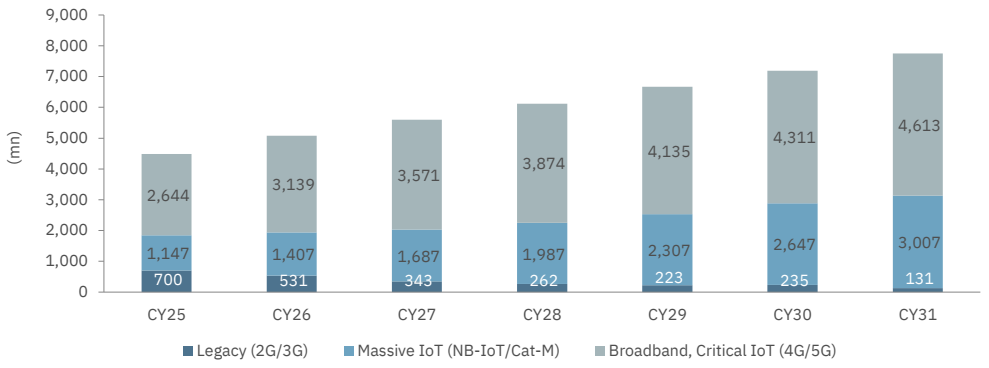
video surveillance, health monitoring, navigation, and in-car infotainment driving persistent data usage per device. In particular, connected vehicles are emerging as one of the more data-intensive segments, with telematics, over-the-air updates, and embedded entertainment systems contributing to sustained connectivity requirements.

On the enterprise side, IoT adoption is accelerating across manufacturing, logistics and utilities, where connected sensors and machines are enabling automation, predictive maintenance and real-time tracking. This is driving high-frequency, machine-to-machine communications, often supported by Cloud and edge computing architectures. In parallel, Smart City initiatives and digital infrastructure deployments are creating dense clusters of connected devices, further increasing baseline network load. India's IoT device base is to scale up significantly in the medium term, with adoption spanning consumer electronics, industrial systems, mobility, and utilities. Importantly, the rollout of 5G enhances the viability of large-scale IoT deployments by enabling higher device density, low latency and reliable connectivity, which are critical for mission-critical applications.

Shift towards advanced connectivity network to drive data demand

The IoT mix is shifting toward higher-value, 4G- & 5G-led applications, reinforcing telecom networks as critical digital infrastructure, and a structural driver of data growth, and monetization. Cellular IoT is transitioning structurally from legacy to advanced connectivity, with 2G & 3G connections declining sharply from ~700mn in CY25 to ~131mn by CY31 amid network shutdown (Source: Ericsson). Growth is increasingly led by massive IoT (~1.1bn to ~3.0bn), driven by scale deployment, and broadband and critical IoT, which remains dominant (~2.6bn to ~4.6bn), supported by high-reliability, low-latency use cases.

Exhibit 18: IoT related Demand to clock CAGR of 10% during CY25-31



Source: Ericsson Mobility Report November 2025, Elara Securities Research

Tier II & III cities and rural markets to accelerate data consumption

Tier II & III cities and rural areas are becoming an increasingly important source of data growth in India. While urban centers already account for most use, these smaller cities and rural markets are seeing rapid expansion in smartphone adoption and network coverage. Rural teledensity currently stands at ~60%, well below urban levels of >130%, highlighting significant headroom for new users and overall market expansion (Source: TRAI). Unlike earlier adopters which started with low-data applications, such as messaging and browsing, new users in these markets are adopting video-led platforms and data-intensive apps from the outset, driving a faster ramp-up in use per user. Once onboarded, this cohort demonstrates high dependency across short-form video, social media, and regional content, leading to longer sessions and more frequent activity.

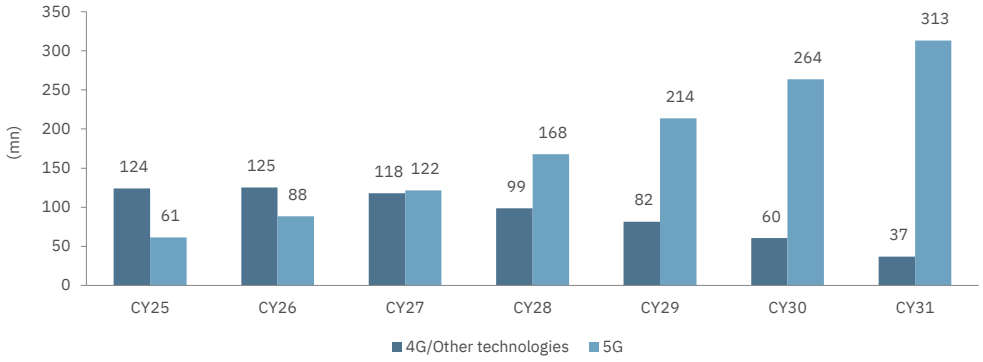
Improved network quality and affordable data plans are enabling these users to consume richer formats, such as HD video, structurally increasing data use. Over time, as digital behaviors mature, adoption of gaming, content sharing, and digital payments would further add to per-user consumption. Despite lower ARPU than urban markets, a combination of a large addressable base, high engagement, and content adoption provides a strong runway for continued, volume-led growth in overall network data demand.

5G FWA to drive structural uplift in network traffic

Fixed wireless access (FWA) is emerging as a key structural driver of incremental data demand in India, given low fixed broadband penetration (<15%) and a large, underserved household base (Source: Nokia MBiT). By leveraging existing mobile infrastructure, FWA enables rapid, cost-efficient broadband rollout, particularly in urban clusters, Tier II & III cities and rural markets where fiber remains expensive. From a consumption lens, FWA creates a step-change in data intensity, with per-household usage (~200–400GB/month) significantly higher than mobile-only users, driven by multi-device connectivity, HD streaming, gaming and Cloud use. FWA use is sticky and continuous, leading to a sustained increase in baseline network load as adoption scales up.

Globally, FWA connections are set to scale from ~185mn in CY25 to ~350mn by CY31 (~90% on 5G), with Asia-Pacific driving growth share rising from ~40% to ~50% (Source: Ericsson). FWA is becoming a meaningful contributor to data traffic, accounting for ~27% of global traffic by CY25 and ~36% by CY31 (~174EB/month). FWA is transitioning from a connectivity solution to a monetization lever, with operators increasingly adopting speed-based tariffing and premium offerings. The share of operators offering such plans has risen from ~43% to ~54% within a year, indicating a shift toward tiered pricing and average revenue per user (ARPU) expansion. FWA represents a dual lever of traffic growth and monetization, driving higher per-user data consumption and enabling pricing differentiation, making it a key pillar in the 5G revenue stack.

Exhibit 19: FWA connections to accelerate with 5G

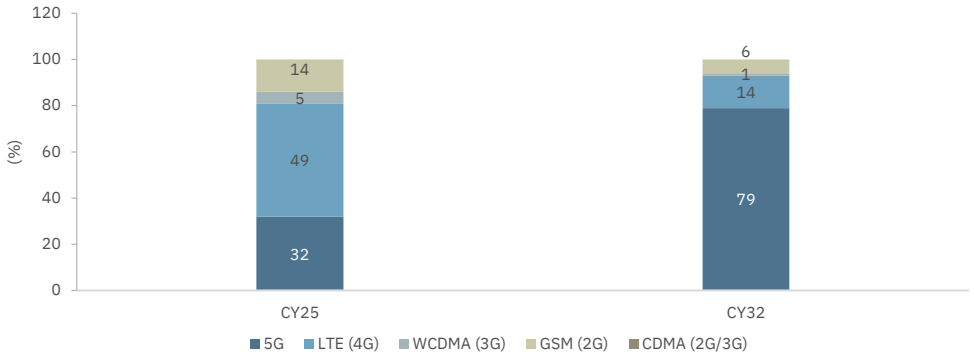


Source: Ericsson Mobility Report November 2025, Elara Securities Research

India's 5G subscriptions is scaling up

India is seeing rapid 5G adoption, led by network expansion, affordable FWA Customer Premises Equipment (CPE), and rising data consumption. FWA is enabling faster broadband rollout in rural and semi-urban markets, where fiber deployment remains constrained, supporting digital inclusion. 5G subscriptions are set to scale up from ~394mn in CY25 (~32% penetration) to >1bn by CY31 (~79%), indicating a sharp migration cycle. 4G, while currently dominant at ~49% share, is likely to decline structurally, with the base reducing from ~600mn to ~190mn during the same period (Source: Ericsson Mobility Report). India is moving from 5G rollout to mass adoption, with FWA emerging as a key lever for both broadband penetration and incremental monetization.

Exhibit 20: 5G for India Mobile subscriptions to reach 79% by CY32 vs 32% in CY25

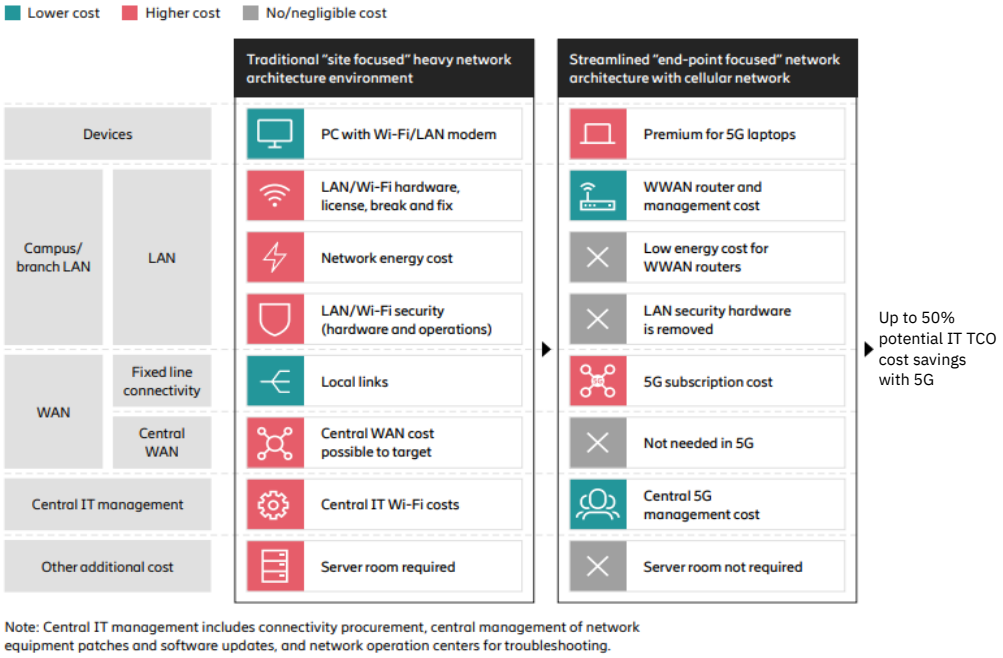


Source: Ericsson Mobility Report November 2025, Elara Securities Research

Rising enterprise connectivity to drive data growth

The ongoing shift toward hybrid work is set to increase enterprise data consumption as employees rely more on virtual private networks (VPN), video conferencing, Cloud applications, and collaborative tools. In parallel, private 5G networks are beginning to be deployed in manufacturing plants, ports, airports, and logistics hubs, enabling enterprises to adopt high-capacity, low-latency connectivity for IoT, automation, and AI-driven workflows. These networks generate significantly higher data per connection compared to traditional enterprise plans and usually involve multi-year managed service contracts, providing operators with predictable and sticky demand. While adoption is currently limited, the expansion of private 5G across industries is set to contribute a meaningful, high-quality layer of network traffic in the medium term. As enterprises increasingly digitize operations, this segment is likely to become a driver of data growth and revenue, supporting structural increases in overall network utilization.

Exhibit 21: Network migration to 5G can cut enterprise IT infrastructure cost by up to 50%



Note: Central IT management includes connectivity procurement, central management of network equipment patches and software updates, and network operation centers for troubleshooting.

Source: Ericsson Mobility Report November 2025, Elara Securities Research

RedCap adoption strengthening 5G SA device ecosystem

5G SA is beginning to reflect in the device ecosystem, with early traction in RedCap-enabled wearables. The first set of 5G SA smartwatches are supported by 20+ operators, indicating growing ecosystem alignment. While wearables remain small in volume vs smartphones, their relevance lies in enabling low-power, long battery life use-cases, validating early 5G SA applications. Adoption of

RedCap by OEM signals the 5G SA cycle is moving beyond networks into devices, with broader ecosystem scale-up likely. RedCap is an early monetization pathway for 5G SA, with potential to expand into wider IoT categories over time.

6G shaping the next connectivity cycle

6G is likely to be a clean, standalone (SA-led) evolution, building on the 5G SA core while embedding AI at the network level and enabling new capabilities, such as integrated sensing and communications (ISAC). It will involve a new Radio Access Network (RAN) and radio layer, indicating a more structural upgrade vs prior generations. From a use-case lens, 6G is set to extend existing segments (eMBB, FWA, and IoT), with incremental gains in speed, latency and reliability, rather than a step-up in connectivity categories. Adoption is likely to remain nascent, with ~180mn subscriptions by CY31 globally, implying an early rollout phase (Source: Ericsson). Upside risks stem from AI-led devices and use-cases (autonomous systems, smart wearables, drones), which are currently not fully captured in base forecast. India has articulated early leadership ambitions in 6G, with expectations of a narrower rollout lag vs global peers compared to the 5G cycle. 6G remains a long-cycle optionality, with meaningful monetization contingent on AI-led use-case maturity and ecosystem readiness.

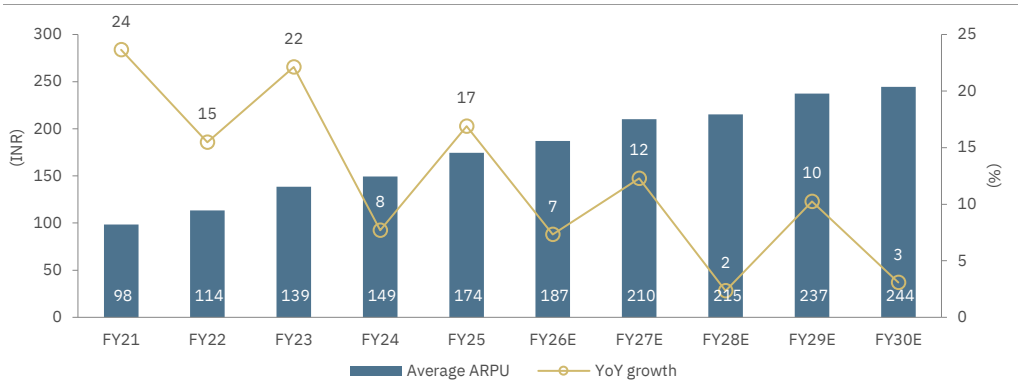
Telcos in a sweet spot to increase ARPU

Industry ARPU has more than doubled in the past five years (Source: TRAI), driven by several factors, such as: 1) market consolidation, 2) price hike, 3) pricing discipline, 4) bundled services, and 5) premium content subscriptions. These conditions continue to persist, which, along with high data consumption becoming a staple behavior, would drive double-digit tariff increase at every 18–24-month interval.

Double-digit tariff hike likely in FY27

Based on empirical evidence of frequency interval of price hike, we expect double-digit tariff increase in FY27, followed by another round of tariff increase in FY29. Tariff rise is set to drive EBITDA growth and margin expansion despite investment in network expansion and marketing. We expect blended ARPU increase of 6% in FY27E, 8% in FY28E, and 6% in FY29E through tariff hikes.

Exhibit 22: Average ARPU CAGR of ~7% during FY25-29E



Source: TRAI, Elara Securities Estimate

Premiumization to drive ARPU increase

Telecom companies are pursuing premiumization strategies, over and above tariff hikes, to increase ARPU. Some strategies include: 1) the shift from data-led competition to experience-led monetization, 2) strengthening indoor coverage, 3) increasing network reliability, 4) moving away from commoditized data pricing toward performance-led offerings, 5) migrate to higher-value plans offering larger data allowances, and 6) bundled digital services & premium content subscriptions. Ensuring consistent service quality is enabling to reposition connectivity as a differentiated product.

Capabilities like network slicing can enable telecom companies to offer guaranteed performance (latency, reliability, and security), traffic prioritization, and end-to-end quality assurance, allowing tailored experiences across consumer and enterprise segments. These value proposition enhances consumer experiences (gaming, streaming, and immersive applications), provides seamless connectivity to enterprises and enables telecom companies to charge premium price and support ARPU expansion.

Duopoly market: symptom itself may become the cure

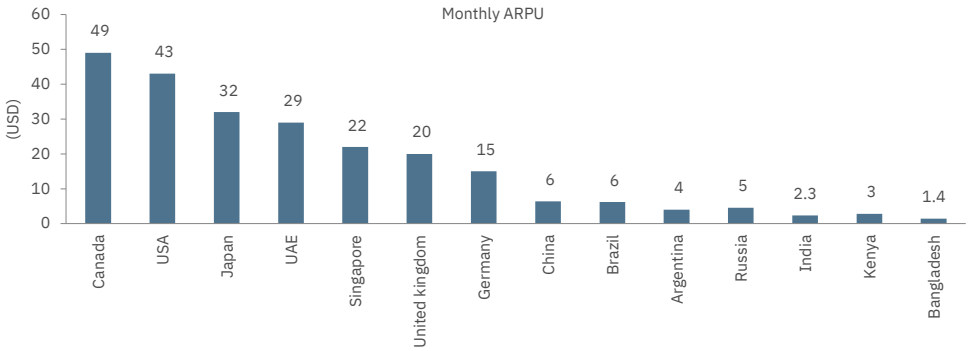
India, being a quasi-duopoly market, can absorb tariff hike with minimal resistance. While rising ARPU is a symptom of a duopoly market, the symptom can become cure overtime as remunerative ARPU, which justify returns on capital employed, will attract new competition in the sector, albeit limited. This is as India is nearing its saturation level in mobile subscriber base and growth can be driven primarily through ARPU.

India remains a low ARPU market

India's telecom industry has operated at relatively low ARPU levels compared to global peers, due to increased competition, leading to prolonged period of aggressive price wars among operators. However, the industry has witnessed a gradual recovery in pricing for the past few years. Following a period of consolidation, telecom operators have implemented several tariff hikes since CY19, resulting in a steady improvement in ARPU levels across the sector. While tariffs have increased meaningfully from earlier lows, telecom services in India remain among the most affordable globally, indicating potential headroom for further price increases.

ARPU levels need to increase significantly to support recurring sizeable capital investment required for telecom infrastructure. The deployment of next-generation networks, expansion of fiber infrastructure, and acquisition of spectrum licenses require sustained financial resources, making pricing discipline critical for long-term sector sustainability.

Exhibit 23: India commands low ARPU compared to global peers



Note: CY26; Source: Ministry of Internal Affairs and Communications (Japan), Telecom Regulatory Authority (UAE), Infocomm Media Development Authority (Singapore), Ofcom (UK), Ministry of Industry and Information Technology (China), ANATEL (Brazil), ENACOM (Argentina), Rosstat (Russia), TRAI (India), NTRA, Communications Authority of Kenya, Bangladesh Telecom Regulatory Cellular Telecommunications Industry Association (Canada), AT&T (USA), Elara Securities Research

Decadal journey from fragmentation to consolidation

The structure of India's telecom industry has undergone a transformation in the past decade and a half. Historically, the sector was highly fragmented competitive market across all circles. Around 17 firms operated in India at the peak of competition. This intense competition resulted in aggressive tariff reduction, declining profitability, and financial stress across the industry.

Exhibit 24: From too many to too few

Fragmentation	M&A | Cease to Operate | Bankruptcy						Consolidation	
Maximum operators at a time	**CY12**	**CY14**	**CY15**	**CY16**	**CY17**	**CY18**	**CY19**	**CY25**
Bharti Airtel								
BSNL	Bharti Airtel	Bharti Airtel						
S Tel	BSNL	BSNL	Bharti Airtel					
Etisalat	Loop Mobile	Virgin mobile	BSNL	Bharti Airtel	Bharti Airtel			
Loop Mobile	Virgin mobile	Axiata	Axiata	BSNL	BSNL			
Virgin mobile	Axiata	Videocon	Videocon	Singtel	Jio	Bharti Airtel		
Axiata	Videocon	Singtel	Singtel	MTS	Aircel	BSNL	Bharti Airtel	Bharti Airtel
Videocon	Singtel	MTS	MTS	Aircel	Telenor	Jio	BSNL	BSNL
Singtel	MTS	Aircel	Aircel	Telenor	Idea cellular	Vodafone Idea	Jio	Jio
MTS	Aircel	Telenor	Telenor	Idea cellular	Vodafone	Tata Docomo	Vodafone Idea	Vodafone Idea
Aircel	Telenor	Idea cellular	Idea cellular	Vodafone	Tata Docomo	Reliance Communications	MTNL	
Telenor	Idea cellular	Vodafone	Vodafone	Tata Docomo	Reliance Communications	MTNL		
Idea cellular	Vodafone	Tata Docomo	Tata Docomo	Reliance Communications	MTNL			
Vodafone	Tata Docomo	Reliance Communications	Reliance Communications	MTNL				
Tata Docomo	Reliance Communications	MTNL	MTNL					
Reliance Communications	MTNL							
MTNL								

Source: TRAI, Elara Securities Research

Legal issues, cancellation of licenses, a change of awarding of spectrum through auction (rather than allocation) augmented financial stress and started consolidation in the industry. A major inflection point occurred in CY16 with the entry of Reliance Jio, which introduced competitive pricing and unlimited voice services. The disruptive pricing strategy accelerated mobile data adoption but also intensified competition within the sector. As a result, several operators either exited the market or merged with larger firms, leading to rapid industry consolidation.

Exhibit 25: Total debt of telecom industry at ~INR 7.9tn during FY18

(INR bn)	Telecom Service Providers
Indian Debt	1,597
Foreign Debt	839
Total Bank/FI Debt	2,436
Bank Guarantees	500
Deferred Spectrum Liabilities of DoT	2,959
Other Third-Party Liabilities	1,755
Total Outside Liabilities	7,649

Source: Government of India, Ministry of India, DOT, Elara Securities Research

Exhibit 26: Decadal shift – 17 players ceased operations between CY00 & now

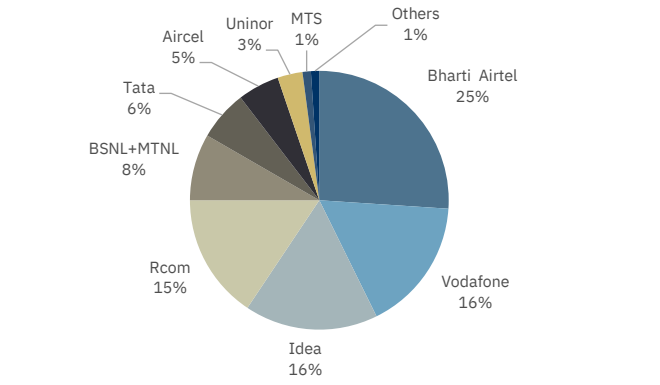
Operator	Ceased operations	Reasons
Modi Telstra	CY00	Merged into Axiata
Escotel	CY04	Merged into Idea Cellular
S Tel	CY12	License cancelled by the Supreme Court of India
Etisalat	CY12	License cancelled by the Supreme Court of India
Loop Mobile	CY14	Ceased operations after expiration of license
Virgin Mobile and T24 Mobile	CY15	Merged into Tata DoCoMo
Axiata	CY16	Merged into Idea Cellular
Videocon Telecom	CY16	Shutdown following sale of spectrum to Airtel
Singtel	CY17	Acquired by Reliance Communications
MTS	CY17	Acquired by Reliance Communications
Aircel	CY18	Bankrupt
Telenor	CY18	Acquired by Airtel
Idea Cellular	CY18	Merged with Vodafone India to form Vodafone Idea
Vodafone India	CY18	Merged with Idea Cellular to form Vodafone Idea
Tata DoCoMo	CY19	Acquired by Airtel
Reliance Communications	CY19	Declared bankruptcy, subsequently acquired by Jio
MTNL	CY25	Merged into BSNL

Source: TRAI, Elara Securities Research

Today, India's telecom market is largely dominated by two major private operators — Reliance Jio and Bharti Airtel while Vodafone Idea and government-owned operator, Bharat Sanchar Nigam (BSNL), are small and in a market share-losing phase. Industry consolidation has brought in pricing discipline and reduced competition.

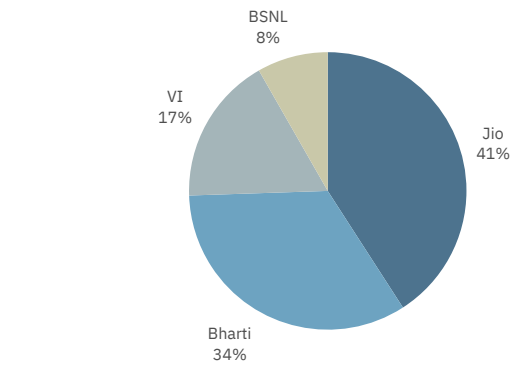
A rationally competitive environment has allowed operators to focus on improving network quality, expanding digital service offerings and strengthening financial sustainability. The current industry structure also provides a more stable foundation for long-term investment in telecom infrastructure.

Exhibit 27: Around 17 telcos operated in FY15



Source: TRAI, Elara Securities Research

Exhibit 28: Three private operators + one government firm in FY25



Source: TRAI, Elara Securities Research

Technology evolution and the 5G investment cycle

The telecom sector evolves through successive technology cycles, each characterized by significant capital investment followed by a phase of service adoption and monetization. The 2G era started from 1995, followed by 3G services offering from 2010. The 4G spectrum auction in 2010 was followed by commencement of 5G offering from 2022.

2G era: voice-led expansion and market formation

The 2G era marked the foundational phase of India's telecom industry, characterized by rapid subscriber additions and a sharp increase in teledensity from low single digits in the early 2000s to ~70% by 2012 (Source: TRAI). The industry operated on a voice-centric model, with revenue largely driven by per-minute billing and SMS use. Low tariffs and falling handset prices enabled mass

adoption across both urban and rural markets. However, the market became highly fragmented around 2008 when several licenses were issue on allocation based on low cost. This led to more than 10 operators competing aggressively, leading to pricing pressures, spectrum inefficiency, and regulatory complexities. Despite these challenges, 2G successfully established mobile connectivity as a mass-market utility, creating the base for future data-led growth.

3G Era: late adoption, limited monetization

The introduction of 3G services around 2010 marked the industry's first meaningful step toward mobile data. While 3G-enabled basic internet usage, email access and early app ecosystems, adoption remains constrained due to high data tariffs (~INR 200–300/GB), low smartphone penetration (<20%) and sub-optimal network quality. Additionally, operators incurred significant spectrum acquisition costs (3G auctions), which strained balance sheets without a commensurate increase in revenue. As a result, the revenue mix remains heavily skewed toward voice (~75–80%), and data monetization failed to scale meaningfully. Consequently, 3G is best characterized as a transitional phase that introduced data but lacked the ecosystem to unlock its full potential.

4G Era: mass penetration, booming digital economy

In India, the widespread rollout of 4G services at inexpensive tariffs marked a transformative phase that enabled mass adoption of mobile internet services and accelerated growth of digital applications.

5G Era: early rollout, monetization underway

The industry is undergoing the next phase of technological evolution with strengthening of already deployed 5G networks. Compared to earlier generations of mobile technology, 5G offers significantly higher data speed, ultra-low latency, and the ability to support a far larger number of connected devices simultaneously. These capabilities have the potential to expand the range of applications supported by telecom networks. Within 5G technology, telecom operators have upgraded technologies from fiber-to-the-home (FTTH) to FWA and unlicensed band radio (UBR).

In the long term, significant opportunities for 5G are set to emerge in enterprise applications, AI and IoT. Industries, such as manufacturing, logistics, transportation and utilities, are exploring the use of private 5G networks to support automation, real-time monitoring, and connected infrastructure. The expansion of Internet of Things (IoT) ecosystems, where large numbers of devices communicate via wireless networks, is another area where 5G technology plays a transformative role.

India likely to be an early adopter of 6G

India aspires to take leadership in 6G technology. 6G aims to send and receive information in just *one microsecond*, that is 1,000x faster than the response time of 5G. This means instant connections with almost zero lag, which will be useful for things like remote medical surgeries, smart robotics, and real-time gaming. The 6G network will improve features, such as advanced imaging, precise location tracking, and creating lifelike virtual experiences. When combined with artificial intelligence (AI), it will be smart enough to decide automatically where to store, process, and share data, making technology more efficient and responsive everywhere.

The government plans to deploy 6G technology by CY30. It has undertaken the following initiatives to facilitate the development of 6G technology in the country:

- Funding two testbeds, namely 6G THz Testbed & Advance Optical Communication Testbed, to promote R&D and innovation in the country.
- Sanctioned 100 5G labs at academic institutions during FY23-24 across India for capacity building and for forming a 6G-ready academic and start-up ecosystem in the country.
- 104 research proposals have been approved on 6G network ecosystems to promote research and innovation, in line with global roadmap for 6G technology.

Telecom continues to be an investment-heavy industry

Telecommunications is inherently a capital-intensive industry due to the continued need for infrastructure set-up and expansion, network upgrades, and spectrum acquisition. Building and maintaining large-scale communication networks requires significant long-term investment in both physical infrastructure and technological capabilities.

Spectrum and plant & equipment (including towers and backhaul networks) require equal amounts of capital to commercialize. As mobile consumption grows, telecom operators require spectrum, the most fundamental resource, across several frequencies to sustain network performance.

However, spectrum acquisition also represents one of the largest capital commitments for telecom companies. Auctions often involve significant financial outlays, adding to capital intensity of the sector. As a result, spectrum strategy—including the selection of frequency bands, timing of participation in auctions and efficient utilization of existing spectrum holdings—remains a key factor, influencing the long-term competitiveness and financial performance of telecom operators.

Exhibit 29: Low proportion of spectrum sold in CY24

Year	Amount of spectrum put to auction (MHz)	Amount of spectrum sold (MHz)	Percentage (%)	Auction proceeds (INR mn)
CY10	1,235	1,235	100%	766,640-1,062,620
CY12	390	128	33%	96,420
CY13	199	30	15%	41,140
CY14	431	353	82%	611,620
CY15	470	418	89%	1,139,320
CY16	2,350	964	41%	648,090
CY21	2,249	856	38%	778,140
CY22	78,037	51,236	66%	1,501,730
CY24	10,522	141	1%	113,408

Source: TRAI, Elara Securities Research

Exhibit 30: Spectrum auctions over the years

Year	Spectrum band	Generation	Amount of spectrum put to auction	Amount of spectrum sold
CY10	2100 MHZ	3G	355	355
	2300 MHZ	4G	880	880
	Total		**1,235**	**1,235**
CY12	1800 MHz	2G	295	127.5
	800 MHz	2G	95	no bidder
	Total		**390**	**128**
CY13	900 MHz	2G	46	no bidder
	1800 MHz	2G	58	no bidder
	800 MHz	2G	95	30
	Total		**199**	**30**
CY14	900 MHz	2G	46	46
	1800 MHz	2G	385	307.2
	Total		**431**	**353**
CY15	800 MHz	2G	108.75	86.25
	900 MHz	2G	177	168
	1800 MHz	2G	99.2	93.8
	2100 MHZ	3G	85	70
	Total		**470**	**418**
CY16	700 MHZ	5G	770	no bidder
	800 MHz	2G	71	15
	900 MHz	2G	9.4	no bidder
	1800 MHz	2G	220	174
	2100 MHZ	3G	360	85
	2300 MHZ	4G	320	320
	2500 MHZ	4G	600	370

	Total		**2,350**	**964**
CY21	700 MHZ	5G	600	no bidder
	800 MHz	2G	230	150
	900 MHz	2G	98.8	38.4
	1800 MHz	2G	355	152.2
	2100 MHZ	3G	175	15
	2300 MHZ	4G	560	500
	2500 MHZ	4G	230	No Bidder
	Total		**2,249**	**856**
CY22	600 MHz	5G	6600	No Bidder
	700 MHz	5G	550	220
	800 MHz	2G	136	20
	900 MHz	2G	74	12.8
	1800 MHz	2G	267	88.4
	2100 MHZ	3G	160	35
	2300 MHZ	4G	60	No Bidder
	2500 MHZ	4G	230	20
	3300 MHZ	5G	7260	5490
	26 GHz	5G	62700	45350
	Total		**78,037**	**51,236**
CY24	800 MHz	2G	118.75	No bidder
	900 MHz	2G	117.2	60.8
	1800 MHz	2G	221.4	50.6
	2100 MHZ	3G	125	20
	2300 MHZ	4G	60	No Bidder
	2500 MHZ	4G	70	10
	3300 MHZ	5G	1110	No Bidder
	26 GHz	5G	8700	No Bidder
	Total		**10,522**	**141**

Source: TRAI, Elara Securities Research

Subscriber base to grow further, albeit gradually

India is one of the largest telecommunications markets globally, with a wireless subscriber base exceeding 1.0bn connections (Source: TRAI). The rapid expansion of mobile connectivity in the past two decades has resulted in widespread access to telecom services across urban and rural regions of the country.

Telecom penetration is commonly measured using the metric of teledensity, which reflects the number of telephone connections per hundred individuals in the population. While urban markets in India have already achieved high levels of mobile penetration, rural regions continue to present opportunities for incremental subscriber growth as network coverage expands and smartphone adoption increases.

Rural teledensity in India remains structurally underpenetrated, with ~8,985 villages still lacking mobile coverage, underscoring that the last phase of network expansion is still in progress (Source: DOT). This gap is concentrated in Odisha, Arunachal Pradesh, Madhya Pradesh, Maharashtra and Chhattisgarh, reflecting adverse geography, dispersed population density, and weaker return profiles for incremental investments.

Operators are progressively addressing this via targeted network rollout, expanding 4G & 5G coverage, improving device affordability, and rising digital adoption, further supported by government-led connectivity initiatives. That said, from a financial perspective, incremental rural additions are structurally dilutive to blended ARPU in the near term, given lower income levels and relatively modest data consumption.

The monetization trajectory, however, is inherently back-ended. As rural subscribers transition from 2G to 4G & 5G networks, adopt smartphones, and increasingly participate in the digital ecosystem, use intensity and revenue contribution are set to scale up. Consequently, rural markets should be viewed as a near-term volume driver, but a medium- to long-term monetization lever, underpinning a gradual but sustained expansion in industry ARPU and revenue pools.

Exhibit 31: Around 8,985 villages still lack mobile coverage as on 31 January 2026

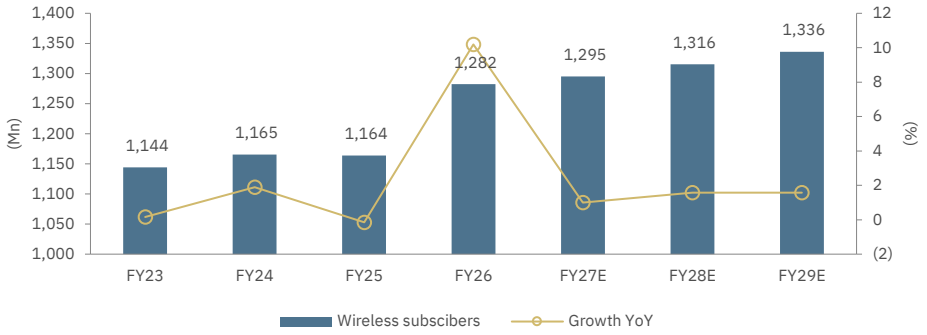
Sr.No	State and UT	Uncovered villages (no)
1	Andaman & Nicobar Islands	127
2	Andhra Pradesh	394
3	Arunachal Pradesh	1,185
4	Assam	163
5	Bihar	39
6	Chandigarh	0
7	Chhattisgarh	769
8	Dadra & Nagar Haveli and Daman & Diu	0
9	Goa	38
10	Gujarat	213
11	Haryana	1
12	Himachal Pradesh	510
13	Jammu and Kashmir	248
14	Jharkhand	324
15	Karnataka	470
16	Keralam	0
17	Ladakh	10
18	Lakshadweep	0
19	Madhya Pradesh	960
20	Maharashtra	872
21	Manipur	191
22	Meghalaya	159
23	Mizoram	54
24	Nagaland	131
25	NCT of Delhi	0
26	Odisha	1,237
27	Puducherry	0
28	Punjab	2
29	Rajasthan	531
30	Sikkim	6
31	Tamil Nadu	3
32	Telangana	228
33	Tripura	7
34	Uttar Pradesh	36
35	Uttarakhand	68
36	West Bengal	9
	Total	**8,985**

Source: DOT, Elara Securities Research

In addition to new subscriber additions, the industry has experienced a gradual shift toward higher-quality subscriber bases as inactive users exit the system and operators focus on improving monetization. Growth in the telecom sector is increasingly set to be driven less by incremental subscriber additions and more by higher data use per subscriber and improvement in revenue per user.

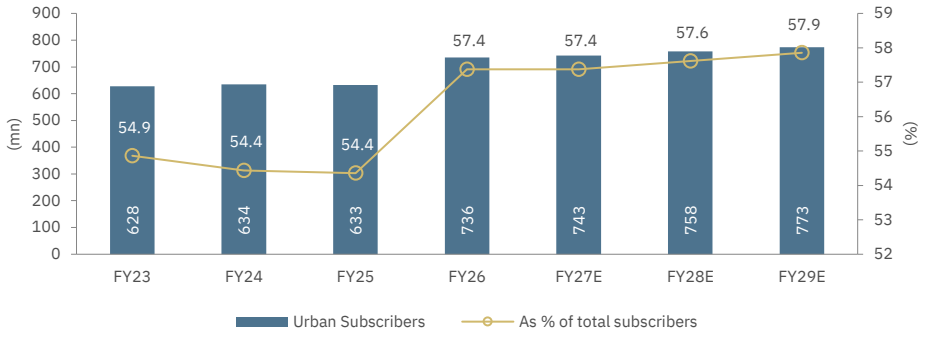
The large and expanding subscriber base provides telecom operators with a significant platform to monetize digital services, particularly as the adoption of smartphones and mobile internet continues to deepen across the country.

Exhibit 32: Limited growth for wireless subscribers



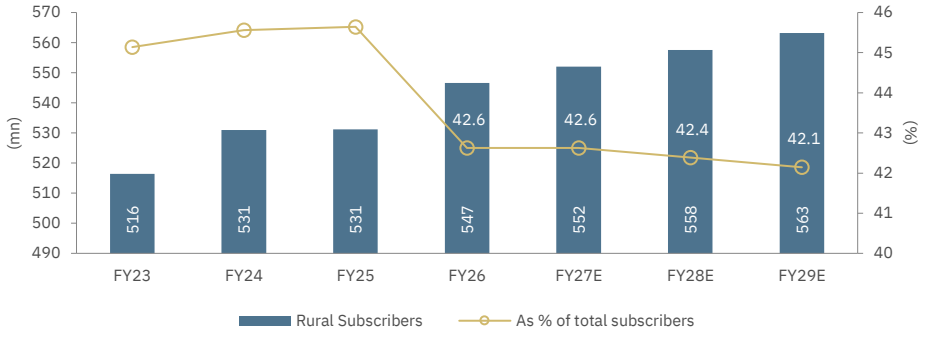
Source: TRAI, Elara Securities Research

Exhibit 33: Urban wireless subscribers to remain steady at ~57% of total subscribers through FY29E



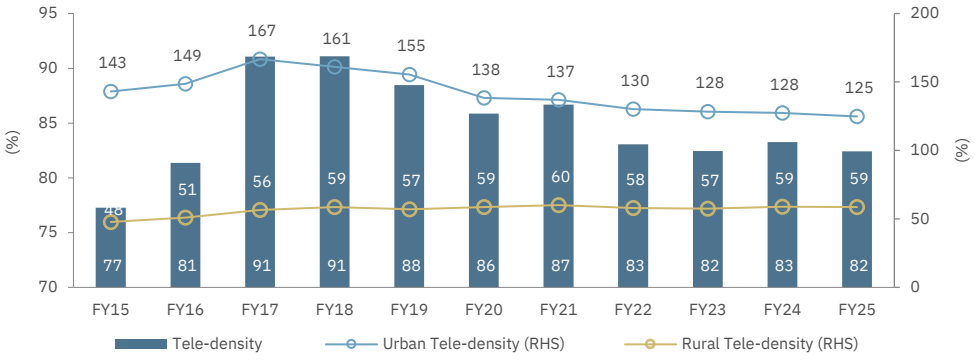
Source: TRAI, Elara Securities Research

Exhibit 34: Rural wireless subscribers to hold near ~42% of total subscribers through FY29E



Source: TRAI, Elara Securities Research

Exhibit 35: Teledensity growth - urban largely saturated, rural headroom ahead



Source: TRAI, Elara Securities Research

Exhibit 36: Peer comparison – operational KPI

	FY24	FY25	FY26	FY27E	FY28E	FY29E
Mobile customer Base (mn)						
Bharti Airtel	352	362	373	375	383	390
Reliance Jio	482	488	524	535	556	567
Bharti Hexacom	27	28	29	30	31	32
Vodafone Idea	213	198	193			
Net Addition (mn)						
Bharti Airtel	17	9	12	2	8	8
Reliance Jio	43	6	36	10	21	11
Bharti Hexacom	2	1	1	1	1	1
Vodafone Idea	(13)	(14)	(5)			
Mobile ARPU (INR)						
Bharti Airtel	209	245	257	275	297	315
Reliance Jio	182	206	214	229	245	257
Bharti Hexacom	204	242	252	269	291	308
Vodafone Idea	146	164	174			
Data customers (mn)						
Bharti Airtel	261	281	299	304	316	324
Reliance Jio						
Bharti Hexacom	20	22	23	24	26	27
Vodafone Idea	137	134	135			
Data penetration (%)						
Bharti Airtel	74	78	80	81	83	83
Reliance Jio						
Bharti Hexacom	72	77	79	81	82	84
Vodafone Idea	65	68	70			
Home subscribers (mn)						
Bharti Airtel	8	10	14	18	22	26
Reliance Jio	11	17	27	39	53	66
Bharti Hexacom	0.3	0.5	0.8	1.2	1.6	2.0
Vodafone Idea						
Data Traffic (GB per month)						
Bharti Airtel	21.1	24.1	28.2	33.3	38.5	45.0
Reliance Jio	25.7	31.5	38.4	46.0	55.2	65.2
Bharti Hexacom	16.1	19.8	24.2	29.4	33.6	39.4
Vodafone Idea	15.8	15.9	20.2			

Source: Company, Elara Securities Estimate

Exhibit 37: Peer comparison

	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue (INR mn)						
Bharti Airtel	1,499,824	1,753,714	2,109,728	2,479,725	2,750,957	3,022,691
Reliance Jio	1,001,190	1,141,410	1,288,710	1,469,744	1,635,531	1,751,654
Bharti Hexacom	70,888	85,479	93,538	103,359	117,953	129,361
Vodafone Idea	426,517	435,713	448,730			
EBITDA (INR mn)						
Bharti Airtel	782,918	955,454	1,196,745	1,440,862	1,620,176	1,798,105
Reliance Jio	524,200	602,860	698,220	829,670	945,337	1,033,476
Bharti Hexacom	33,612	41,972	48,904	55,710	64,461	71,731
Vodafone Idea	171,260	181,266	190,030			
Margin (%)						
Bharti Airtel	52.2	54.5	56.7	58.1	58.9	59.5
Reliance Jio	52.4	52.8	54.2	56.5	57.8	59.0
Bharti Hexacom	47.4	49.1	52.3	53.9	54.7	55.5
Vodafone Idea	40.2	41.6	42.3			
APAT (INR mn)						
Bharti Airtel	150,393	286,555	301,127	410,264	512,989	617,019
Reliance Jio	204,660	247,950	281,730	371,821	435,511	493,844
Bharti Hexacom	6,699	13,180	17,590	23,216	30,512	37,344
Vodafone Idea	(320,145)	(273,834)	(240,618)			
Net Debt (incl Lease liab) (INR mn)						
Bharti Airtel	1,989,829	1,952,690	1,513,343	1,152,381	1,056,131	475,888
Reliance Jio	1,722,590	1,810,990	1,714,540	1,295,528	1,523,762	1,047,246
Bharti Hexacom	80,303	73,158	60,767	51,492	29,104	4,449
Vodafone Idea	2,432,728	2,226,602	1,867,970			
Net Debt (incl Lease liab)/ EBITDA (x)						
Bharti Airtel	2.5	2.0	1.3	0.8	0.7	0.3
Reliance Jio	3.3	3.0	2.5	1.6	1.6	1.0
Bharti Hexacom	2.4	1.7	1.2	0.9	0.5	0.1
Vodafone Idea	14.2	12.3	9.8			
Net Debt (incl Lease liab)/ Equity (x)						
Bharti Airtel	2.4	1.7	1.0	0.5	0.4	0.2
Reliance Jio	0.7	0.7	0.6	0.4	0.4	0.3
Bharti Hexacom	(1.7)	(1.2)	(0.8)	(0.6)	(0.3)	(0.0)
Vodafone Idea	(2.3)	(3.2)	(5.2)			
Free Cashflow (INR mn)						
Bharti Airtel	407,067	604,245	770,540	1,050,646	1,174,655	1,349,029
Reliance Jio	63,250	245,860	425,910	527,884	704,188	589,403
Bharti Hexacom	14,878	31,132	30,431	38,611	52,266	58,270
Vodafone Idea	192,122	(7,144)	84,320			

Source: Company, Elara Securities Estimate

Bharti Airtel

India | Telecom | Initiating Coverage

Monetization engine kicks in

8 June 2026

Rating: Buy
Target Price: INR 2,427
Upside: 33%
CMP: INR 1,819
As on 4 June 2026

Bharti Airtel's (BHARTI IN) disciplined investment in network quality – from dense fiber and submarine cable capacity to robust backhaul infrastructure – has preserved its average revenue per user (ARPU)-premium through periods of hyper competition, and it is now the primary driver of stronger cash generation. The company is executing the same playbook in its African business operations, where scale, improved network quality, and monetization levers are starting to translate into superior revenue and margin expansion. BHARTI's extensive fiber and submarine cable network create a structural moat that is hard for competitors to replicate, with emerging optionality from data center capex and enterprise services provides additional upside for monetization. We expect India business top-line CAGR of 9% and an EBITDA CAGR of 14% during FY26-29E with an Africa business top-line CAGR of 19% and a 22% EBITDA CAGR during the same period. We initiate on BHARTI with a **Buy** rating and a TP of INR 2,427 based on 10x FY28E EV/EBITDA.

Structural monetization opportunity: We expect an ARPU CAGR of ~7% during FY26–29E, driven by tariff hikes and premiumization. Postpaid upgrade, 2G-to-4G & 5G migration, and bundled offerings will continue to support monetization. Rapid 5G adoption and continued secular increase in data use coupled the lowest telecom tariff globally leaves a strong room for tariff normalization, which would strengthen pricing power and support long-term ARPU growth. A quasi-duopoly market and Airtel's premium circle exposure will likely sustain industry-leading ARPU and profitability.

Orbit shift towards cashflow compounding: BHARTI has come out of its 15-year phase of heavy investments and hyper-competition (17 firms). It has transformed into a strong and higher free cashflow-generating company in a market that has turned quasi-duopoly. 5G rollout is largely complete and capex intensity has been moderating, driving deleveraging. ARPU improvement of 7% and other growth drivers would drive margin expansion by 276bp and superior ROCE of 33% by FY29E.

Airtel Africa to benefit from growth levers: The Africa's young demographics and low digital penetration is driving multi-year subscriber growth as well as internet use across mobile, home broadband, and enterprise. With moderating capex, improving margin, and rising free cashflow of USD 3.7bn by FY29E, we believe Airtel Africa is transitioning into a stronger cash-generating business. Planned IPO of fintech platform, *Airtel Money*, would unlock sizeable hidden value by separating the fintech business from the core telecom valuation multiple.

Initiate with a Buy rating and a TP of INR 2,427: We expect India business subscriber CAGR of 1% and an ARPU CAGR of 7% during FY26-29E. The Africa business subscriber base is set to clock in a CAGR of 9% while ARPU at~4% during FY26-29E . Progressive dividend policy and structural return ratio expansion coupled with earnings compounding makes BHARTI a potential candidate for valuation re-rating. We initiate coverage with a **Buy** rating and a TP of INR 2,427 based on 10x FY28E EV/EBITDA.

Key financials

YE March (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (INR mn)	1,753,714	2,109,728	2,479,725	2,750,957	3,022,691
YoY (%)	16.9	20.3	17.5	10.9	9.9
EBITDA (INR mn)	955,454	1,196,745	1,440,862	1,620,176	1,798,105
EBITDA margin (%)	54.5	56.7	58.1	58.9	59.5
Adj PAT (INR mn)	286,555	301,127	410,264	512,989	617,019
YoY (%)	90.5	5.1	36.2	25.0	20.3
Fully DEPS (INR)	47.0	49.4	65.7	82.2	98.9
RoE (%)	31.6	17.9	18.8	20.3	21.1
RoCE (%)	16.2	22.3	25.3	27.5	33.1
P/E (x)	38.2	36.4	27.7	22.1	18.4
EV/EBITDA (x)	12.6	10.3	8.7	7.7	6.6

Note: Pricing as on 4 June 2026; Source: Company, Elara Securities Estimate

Key data

Bloomberg	BHARTI IN
Reuters Code	BRTI.NS
Shares outstanding (mn)	6,093
Market cap (INR bn/USD mn)	10,957/115,411
EV (INR bn/USD mn)	13,106/138,046
ADTV 3M (INR mn/USD mn)	20,701/218
52 week high/low	2,175/1,741
Free float (%)	50

Note: as on 4 June 2026; Source: Bloomberg

Price chart

Source: Bloomberg

Shareholding (%)	Q1 FY26	Q2 FY26	Q3 FY26	Q4 FY26
Promoter	51.3	50.3	48.9	48.9
% Pledge	0.0	0.0	0.0	0.0
FII	26.7	27.4	28.8	27.8
DII	19.2	19.5	19.7	20.7
Others	2.8	2.8	2.7	2.7

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(5.7)	(10.8)	(5.6)
Bharti Airtel	(5.7)	(14.7)	(4.3)
NSE Mid-cap	0.1	(4.2)	(0.1)
NSE Small-cap	10.3	3.4	(0.7)

Source: Bloomberg

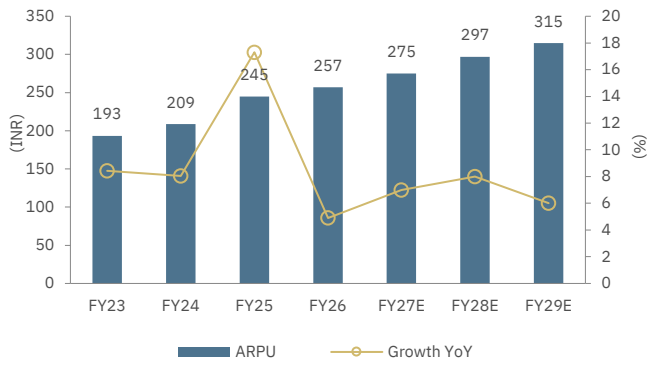
Prashant Biyani
Fertilizers & Agricultural Chemicals, Hotels, Sugar, Telecom
+91 22 6164 8581
prashant.biyani@elaracapital.com

Associate
Yashi Jain
yashi.jain@elaracapital.com

Global Markets Research

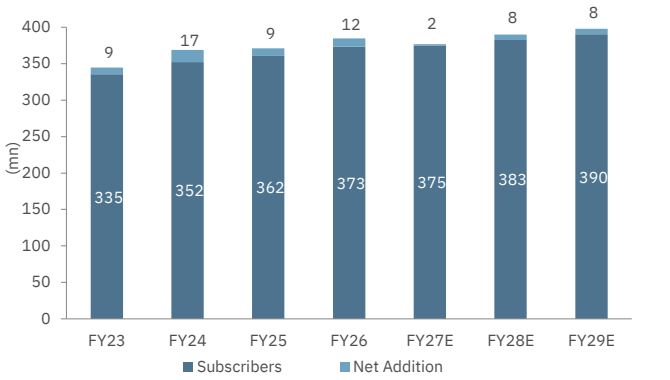
Story in charts

Exhibit 1: BHARTI's India mobile services ARPU CAGR of 7% during FY26-29E



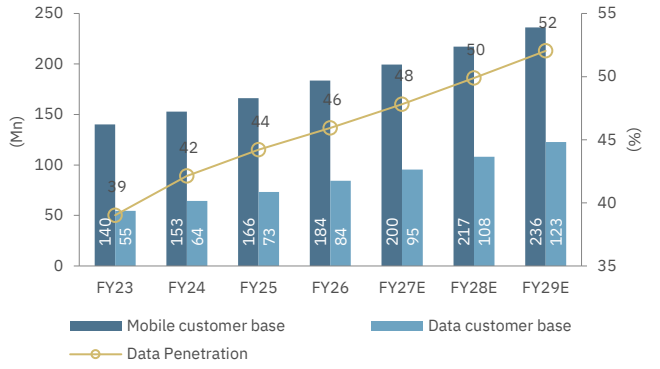
Source: Company, Elara Securities Estimate

Exhibit 2: Subscriber to grow modestly from ~373mn in FY26 to ~390mn by FY29E at CAGR of 1%



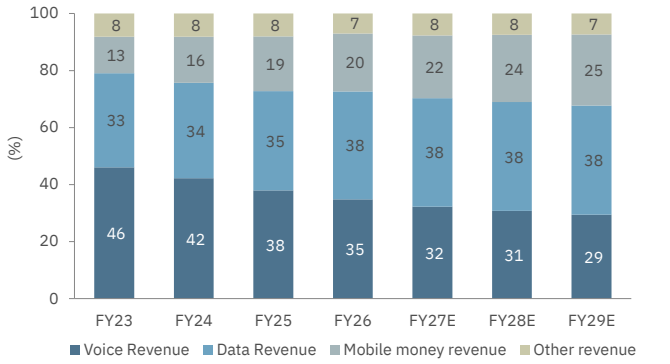
Source: Company, Elara Securities Estimate

Exhibit 3: Airtel Africa's data penetration up 600bp to 52% by FY29E



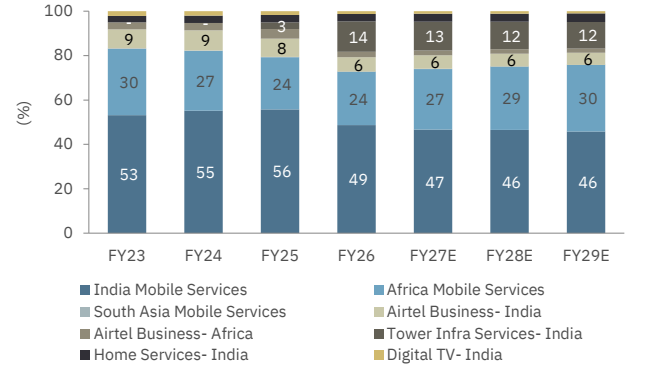
Source: Company, Elara Securities Estimate

Exhibit 4: Airtel Africa -- increasing contribution in revenue from data services



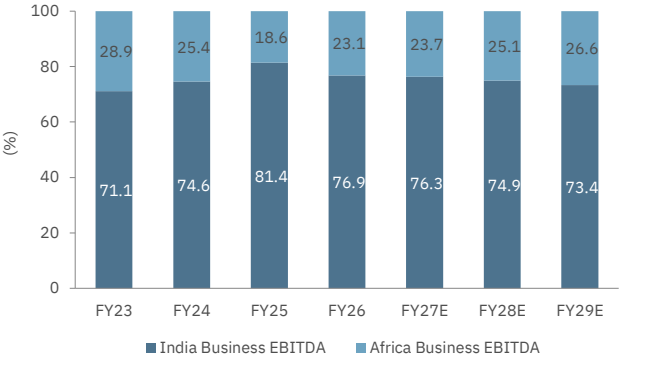
Source: Company, Elara Securities Estimate

Exhibit 5: India mobile cedes 700bp revenue share by FY29E as Tower Infra and Africa business scale-up



Source: Company, Elara Securities Estimate

Exhibit 6: EBITDA mix stabilizing with India at core and Africa gaining incremental share



Source: Company, Elara Securities Estimate

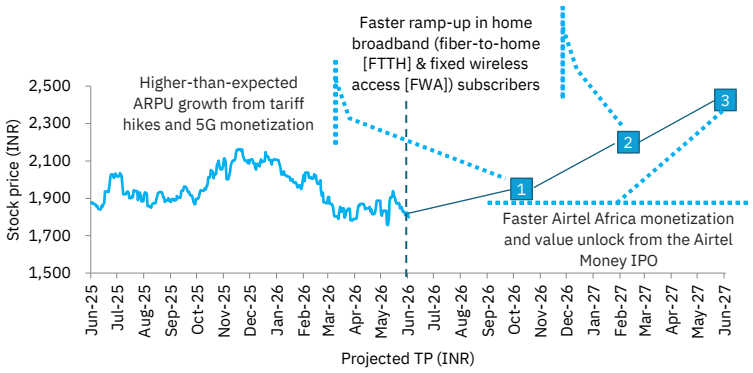
Investment Rationale

India mobile is set to clock in an ARPU CAGR of ~7% during FY26-29E, driven by tariff hikes, premiumization (~20% premium to Jio), 2G→4G & 5G migration and postpaid upgrades in a now rational quasi-duopoly

End of a 15-year heavy capex + hyper-competition phase drives a FCF CAGR of ~21% during FY26-29E, with a net debt/EBITDA at 0.3x by FY29E and ROCE expansion to 33% from 22% by FY29E

Airtel Africa revenue CAGR of 19% and an EBITDA CAGR of 22% during FY26-29E with margin expansion of ~52.7%; planned Airtel Money IPO is set to unlock fintech value at a non-telecom multiple

Valuation Triggers



Source: Bloomberg, Elara Securities Estimate

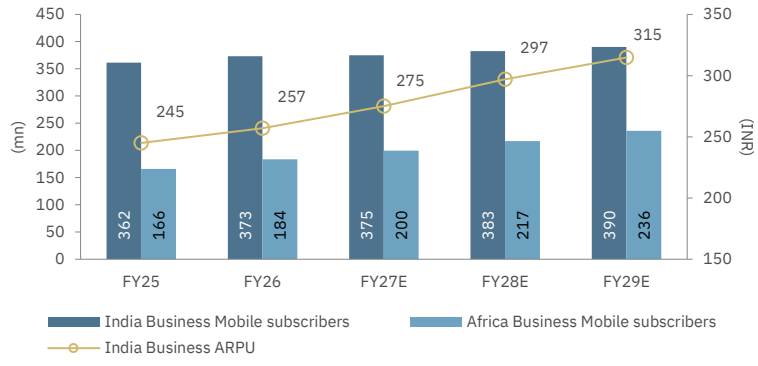
Valuation triggers

- Higher-than-expected ARPU growth from tariff hikes and 5G monetization
- Faster ramp-up in home broadband (fiber-to-home [FTTH] & fixed wireless access [FWA]) subscribers
- Faster Airtel Africa monetization and value unlock from the Airtel Money IPO

Our assumptions

- India mobile services ARPU CAGR of ~7% during FY26-29E
- Africa business revenue CAGR of ~19% and an EBITDA CAGR of 22% during FY26-29E
- India mobile data traffic CAGR of ~17% during FY26-29E

Valuation drivers: India business ARPU CAGR of +7% and Africa subscribers CAGR of 9% during FY26-29E



Source: Company, Elara Securities Estimate

Key risks (downside/upside)

- Delay in tariff hikes
- Slower 5G monetization and postpaid migration
- Nigeria FX volatility and Africa Business operational concentration

Valuation overview

(INR mn)	FY28E
EBITDA	1,620,176
Target Multiple (x)	10
Enterprise Value	16,201,762
Net debt	1,056,058
Equity value	15,145,704
Shares (mn)	6,240
Target Price (INR)	**2,427**

Source: Elara Securities Estimate

Industry trends and macro factors

- India's 5G subscriber base may expand from 32% to 79% during CY25-31E at an 18% CAGR, as per Ericsson. Home broadband emerges as the next monetization lever in fiber-dark Tier II & III and rural markets
- The Africa region offers a structurally under-penetrated, long runway in 14 countries, with young demographics, low data & smartphone penetration and a largely unbanked population driving multi-year growth in mobile data and Airtel Money (active customers at ~54mn in FY26 vs ~14mn in FY20)

Market position and competitive landscape

- BHARTI is a strong No 2 in India in wireless with industry-leading ARPU of ~INR 257 (as of FY26) at a ~20% premium to Jio; RMS leadership is concentrated in high-ARPU Category A circles (Delhi, Mumbai, Karnataka, Tamil Nadu, AP & Telangana, and Kerala), structurally skewing revenue share above subscriber share
- Competitive landscape is favorable, a near-duopoly with Reliance Jio as Vi remains marginal; Vi's continued losses in postpaid and enterprise are flowing disproportionately to Airtel, supporting tariff hikes and sustained ARPU-led monetization

Financials (YE March)

Income Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Total Revenue	1,753,714	2,109,728	2,479,725	2,750,957	3,022,691
Gross Profit	1,418,671	1,712,228	2,024,912	2,260,151	2,498,517
EBITDA	955,454	1,196,745	1,440,862	1,620,176	1,798,105
EBIT	499,751	669,637	843,450	985,280	1,125,992
Interest expense	217,539	215,553	193,918	185,634	177,863
Other income	15,737	28,173	39,442	55,219	77,307
Exceptional/ Extra-ordinary items	72,868	(34,175)	-	-	-
PBT	370,817	448,082	688,974	854,865	1,025,436
Tax	9,172	113,499	213,582	265,008	317,885
Minority interest/Associates income	(2,222)	(67,631)	(65,127)	(76,868)	(90,533)
Reported PAT	359,423	266,952	410,264	512,989	617,019
Adjusted PAT	286,555	301,127	410,264	512,989	617,019
Balance Sheet (INR mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Shareholders' Equity	1,136,719	1,490,566	2,184,346	2,526,612	2,928,838
Minority Interest	397,958	469,068	537,795	618,263	712,396
Trade Payables	381,537	450,152	543,501	602,949	662,508
Provisions & Other Current Liabilities	988,380	1,079,040	1,373,026	1,527,233	1,682,552
Total Borrowings	1,483,123	1,216,714	1,091,714	966,714	841,714
Other long term liabilities	755,887	815,976	871,217	920,094	970,673
Total liabilities & equity	**5,143,604**	**5,521,516**	**6,601,601**	**7,161,866**	**7,798,680**
Net Fixed Assets	1,538,686	1,696,790	2,202,425	2,279,175	2,306,029
Goodwill	516,974	566,859	566,859	566,859	566,859
Intangible assets	1,939,011	1,929,098	2,020,320	2,403,564	2,427,126
Business Investments / other NC assets	473,045	426,615	469,846	493,048	516,297
Cash, Bank Balances & treasury investments	167,199	303,768	587,162	597,653	1,094,100
Inventories	4,517	6,009	4,600	4,700	4,800
Sundry Debtors	74,557	79,776	101,907	113,053	124,220
Other Current Assets	429,615	512,601	648,483	703,815	759,248
Total Assets	**5,143,604**	**5,521,516**	**6,601,601**	**7,161,866**	**7,798,680**
Cash Flow Statement (INR mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Cashflow from Operations	**983,322**	**1,222,296**	**1,510,419**	**1,594,816**	**1,745,698**
Capital expenditure	(379,077)	(451,756)	(459,773)	(420,160)	(396,670)
Acquisitions / divestitures	-	-	-	-	-
Other Business cashflow	(223,621)	(133,589)	(226,574)	(577,405)	(217,418)
Free Cash Flow	**380,624**	**636,951**	**824,072**	**597,251**	**1,131,610**
Cashflow from Financing	(376,824)	(500,382)	(540,678)	(586,760)	(635,163)
Net Change in Cash / treasury investments	3,800	136,569	283,394	10,491	496,447
Key assumptions & Ratios	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Dividend per share (INR)	16.0	24.0	27.6	32.9	39.6
Book value per share (INR)	186.5	244.6	350.0	404.9	469.3
RoCE (Pre-tax) (%)	16.2	22.3	25.3	27.5	33.1
ROE (%)	31.6	17.9	18.8	20.3	21.1
Asset Turnover (x)	1.3	1.3	1.3	1.2	1.3
Net Debt to Equity (x)	1.7	1.0	0.5	0.4	0.2
Net Debt to EBITDA (x)	2.0	1.3	0.8	0.7	0.3
Interest cover (x) (EBITDA/ int exp)	4.4	5.6	7.4	8.7	10.1
Total Working capital days (WC/rev)	(155.7)	(118.5)	(91.4)	(99.2)	(45.9)
Valuation	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
P/E (x)	38.2	36.4	27.7	22.1	18.4
P/Sales (x)	6.3	5.3	4.5	4.0	3.7
EV/ EBITDA (x)	12.6	10.3	8.7	7.7	6.6
EV/ OCF (x)	13.5	10.8	8.8	8.3	7.6
FCF Yield	2.9	4.8	6.2	4.5	8.6
Price to BV (x)	9.6	7.4	5.1	4.4	3.8
Dividend yield (%)	0.9	1.3	1.5	1.8	2.2

Note: Pricing as on 4 June 2026; Source: Company, Elara Securities Estimate

Consolidated revenue CAGR of 13% and an EBITDA CAGR of 15% during FY26-29E

Monetization engine kicks in

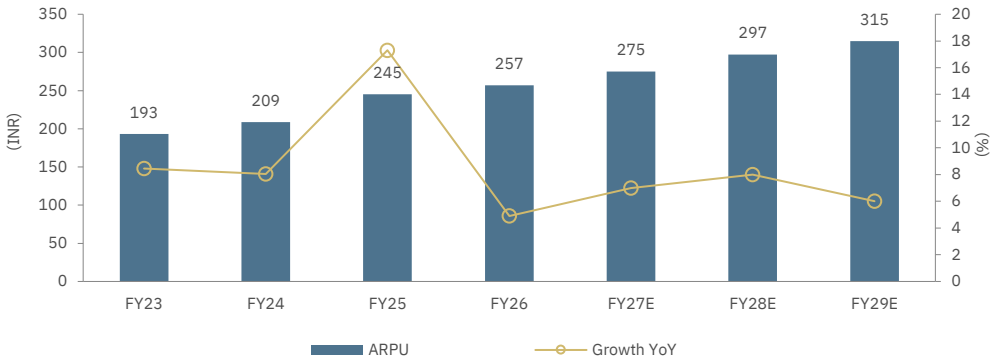
- Structural monetization opportunity
- Orbit shift towards cashflow compounding
- Airtel Africa to benefit from several growth levers

ARPU to clock CAGR of 7% during FY26-29E

Sustained ARPU leadership

We expect BHARTI's India mobile services ARPU to clock CAGR of 7% during FY26-29E, driven by: 1) the strategy to monetize 4G and 5G network investments via tariff increase, 2) portfolio premiumization, and 3) limited competition, which creates visible opportunity for sustained ARPU expansion. India remains among the most affordable telecom services market globally. As pricing normalizes and customer mix improves, BHARTI will continue to be the ARPU leader within the industry.

Exhibit 7: BHARTI's India mobile services ARPU to clock CAGR of 7% during FY26-29E



Source: Company, Elara Securities Estimate

Premiumization to remain a key lever for ARPU expansion

BHARTI's premiumization strategy to earn higher ARPU is driven by migrating subscribers toward higher-value plans, improving service quality, and enhancing overall customer experience through differentiated services. The company differentiates itself through a premiumization focus, in contrast to Reliance Jio's volume-driven strategy. Its tariffs are usually priced at a ~15–20% premium to Jio across key plans, reflecting focus on high-value customers and monetization rather than subscriber scale. This positioning has enabled Airtel to build a superior customer mix and a higher share of premium subscribers, translating into industry-leading ARPU of ~INR 259 as on December 2025. BHARTI continues to sustain higher ARPU levels, underpinned by consistent pricing discipline and a structurally improving mix.

Exhibit 8: Airtel's commands ~15-20% premium ARPU vs JIO

Year	Reliance Jio ARPU (INR)	Bharti Airtel ARPU (INR)	Premium over Jio (%)
FY23	179	193	8.1
FY24	182	209	14.9
FY25	206	245	18.8
FY26	214	257	20.1
FY27E	229	275	20.1
FY28E	245	297	21.2
FY29E	257	315	22.4

Source: Company, Elara Securities Research

Premiumization remains a core pillar of Airtel's ARPU strategy, with a focus on increasing wallet share from high-value households. The company targets a base of ~50mn households through its converged offerings across mobile, broadband, and digital TV, creating a strong platform for cross-selling and upgrading users to higher-value plans. Importantly, Airtel's market share gains are increasingly driven by the migration of high-value subscribers from Vodafone Idea, particularly in postpaid and enterprise segments, resulting in revenue market share (RMS) gains that outpace national subscriber share. This highlights a structural improvement in customer mix, which continues to underpin sustained ARPU expansion.

Key growth levers include migration from 2G to 4G and 5G, upgrades from prepaid to postpaid, and higher adoption of bundled offerings, such as Airtel Black. Airtel's RMS leadership reinforces this strategy. Its dominance is concentrated in high-ARPU Category A circles, such as Delhi, Mumbai, Karnataka, Tamil Nadu, Andhra Pradesh & Telangana, and Kerala, which account for a disproportionate share of industry revenue and profitability. This premium circle concentration ensures Airtel captures a superior share of monetizable revenue, structurally supporting higher ARPU, margin, and cashflow. Convergence is therefore particularly effective in these geographies, enabling Airtel to deepen wallet share, capture early 5G monetization, and further expand RMS across its high-value customer base.

Exhibit 9: Airtel's premium strategy vs Jio's volume-led model

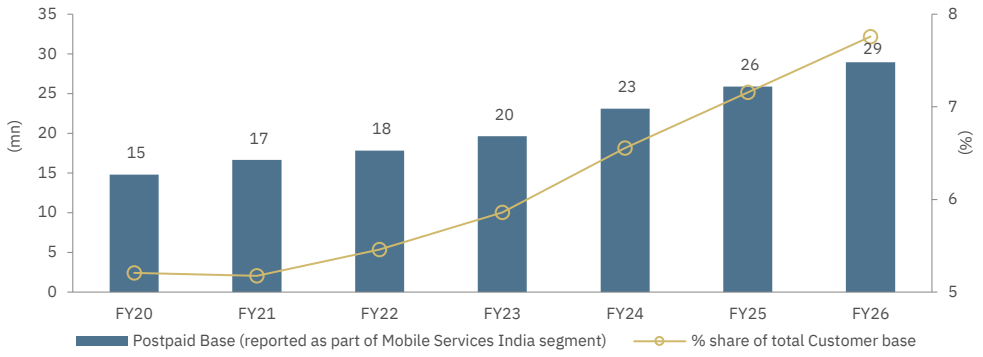
BHARTI			Jio			Premium over Jio (%)
Validity (days)	Price (INR)	Plan feature	Validity (days)	Price (INR)	Plan feature	
90	929	1.5Gb/day	90	899	2Gb/day + 20GB	3
84	1,798	Unlimited 5G + 3GB/day	84	1,199	3Gb/day	50
84	1,729	Unlimited 5G + 2GB/day	84	1,299	2Gb/day	33
56	649	Unlimited 5G + 2GB/day	56	629	2Gb/day	3
28	598	Unlimited 5G + 2GB/day	28	500	2Gb/day	20
28	409	Unlimited 5G + 2.5GB/day	28	399	2.5Gb/day	3
28	398	Unlimited 5G + 2GB/day	28	349	2Gb/day	14
28	199	2Gb	28	189	2GB	5
28	299	1GB/day	28	186	1GB/day	61
30	361	50GB Data	30	359	50GB	1
1	22	1 GB Data	1	19	1GB	16

Source: Company, Elara Securities Research

Postpaid migration to drive higher ARPU

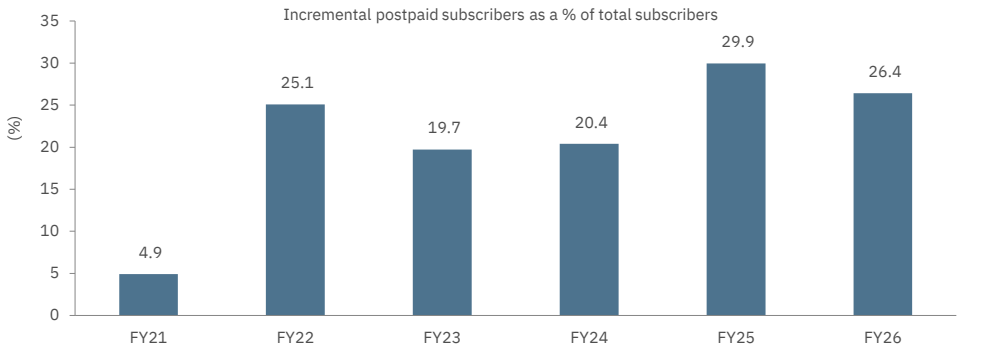
Migration from prepaid to postpaid continues to be an important lever for ARPU growth despite its relatively low penetration in India's market. Postpaid penetration in India remains low and BHARTI's base at ~27-29mn subscribers is growing steadily (~0.6mn net adds per quarter). Postpaid subscribers generate ~INR 350–600 ARPU vs ~INR 200–260 for prepaid, while also exhibiting lower churn at ~8–10% vs 25–30%, higher data use, and better adoption of bundled services. Airtel targets ~90mn credit-scored users for potential migration, highlighting significant upside. This gradual shift from prepaid to postpaid enhances revenue visibility, increases customer lifetime value, and strengthens blended ARPU.

Exhibit 10: Share of postpaid subscribers inching up



Source: Company, Elara Securities Research

Exhibit 11: Incremental postpaid subscribers stands at 26% of total incremental customers



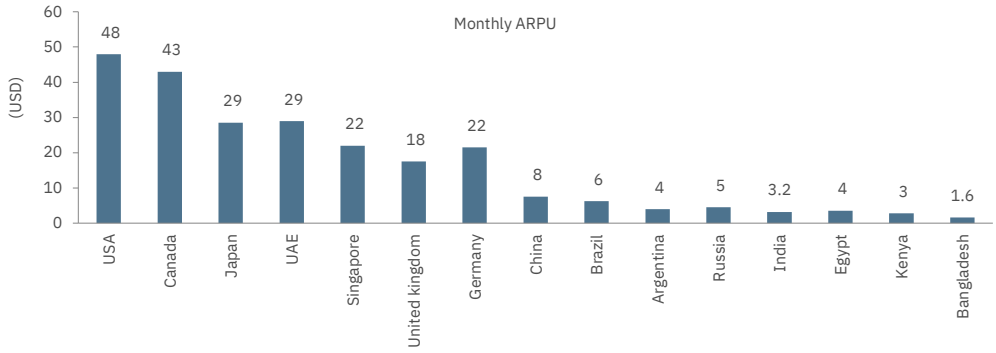
Source: Company, Elara Securities Research

The recent launch of Priority Postpaid (May 2026) is India's first commercial 5G slicing-based service, applied automatically across Airtel's entire ~29mn postpaid base and it operationalizes this strategy on two fronts: i) anchoring the high-value postpaid cohort through differentiated network experience and bundled OTT (*Netflix, Prime, JioHotstar, Apple TV+*), thereby reducing churn, and 2) creating a quality differential to push high-value prepaid users toward postpaid migration. This acts as a structural ARPU lever, although the offering is currently under regulatory review for net-neutrality compliance. This gradual shift from prepaid to postpaid enhances revenue visibility, increases customer lifetime value, and strengthens blended ARPU.

Tariffs yet to catch up with data use

Despite recent tariff hikes, India remains one of the lowest ARPU telecom markets globally, reinforcing the structural headroom for further price normalization. India remains among one of the cheapest telecom markets worldwide. Mobile ARPU in India stands at ~USD 2.2/month (~INR 170-180), significantly below global peers, such as the US at ~(USD 48), the UAE at ~(USD 29), and China at ~(USD 6.4). This is despite offering among the cheapest data at ~USD 0.09/GB and significantly higher use entitlements. This sharp disconnect between pricing and consumption underscores the structural headroom for tariff-led ARPU expansion.

Exhibit 12: India commands lower ARPU than global peers



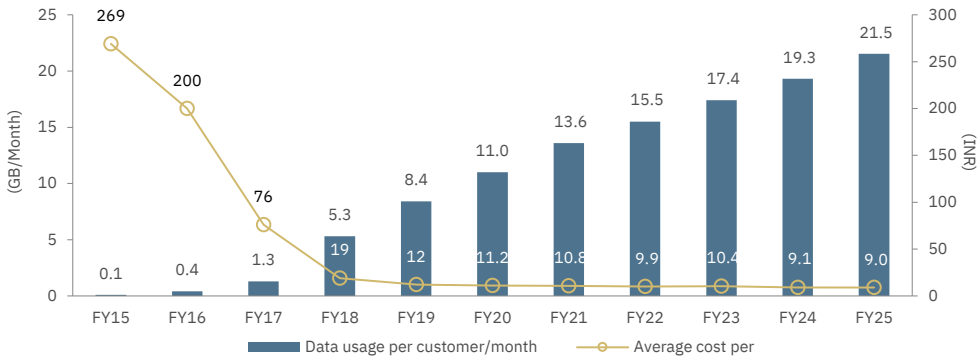
Source: Ministry of Internal Affairs and Communications (Japan), Telecom Regulatory Authority (UAE), Infocomm Media Development Authority (Singapore), Ofcom (UK), Ministry of Industry and Information Technology (China), ANATEL (Brazil), ENACOM (Argentina), Rosstat (Russia), TRAI (India), NTRA, Communications Authority of Kenya, Bangladesh Telecom Regulatory Cellular Telecommunications Industry Association (Canada), AT&T (USA), Elara Securities Research

From an affordability standpoint, India stands out not just for low pricing, but for the disproportionately high value embedded in its plans. Unlimited voice is standard in India, unlike capped offerings in markets, such as Bangladesh (~100 minutes) and Egypt (~70 minutes). On the data side, incremental pricing remains competitive: an additional ~INR 100 provides ~26GB of data (~INR 7-9/GB), among the lowest globally (Source: TRAI).

Even on a purchasing power parity (PPP) basis, India continues to screen as structurally underpriced. Relative to China, entry-level plans remain ~20% lower despite offering superior data and voice benefits. This gap widens further in higher-data smartphone plans, where India emerges as one of the most affordable markets globally.

India is now a global outlier on consumption intensity. Driven by affordable data and rapid 4G & 5G adoption—led by Reliance Jio's market entry in 2016—data consumption per user has surged. At the same time, data pricing has collapsed from ~INR 269/GB in CY15 to ~INR 7.9/GB currently (Source: TRAI). In contrast, global benchmarks remain significantly higher, at ~INR 50/GB in China, ~INR 140/GB in the UK, and ~INR 270/GB in the US.

Exhibit 13: Data prices crash post Jio's entry in CY16

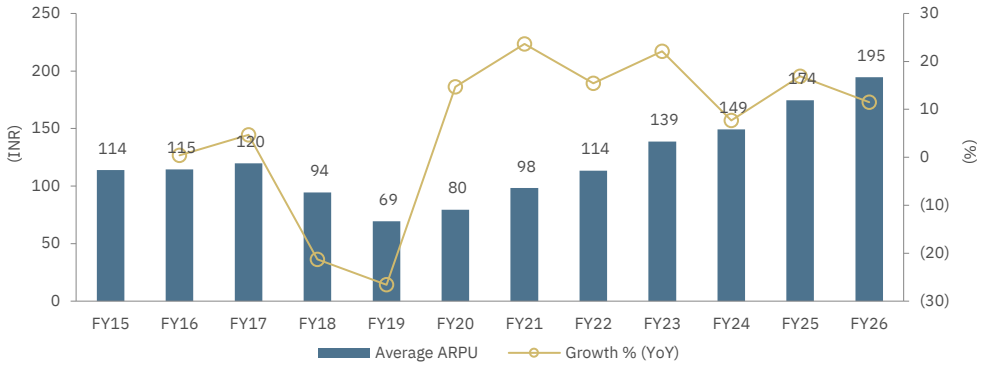


Source: TRAI, Elara Securities Research

India's telecom industry has transitioned from a prolonged phase of hyper-competition to a more rational pricing environment, enabling operators to focus on improving return on capital rather than subscriber acquisition, enabling a structural recovery in ARPU. Industry ARPU has improved from sub-INR 100 levels during peak competition to ~INR 179 in FY25, supported by successive tariff hikes and improving subscriber mix. Historically, aggressive tariff reductions, particularly following the entry of Reliance Jio in CY16, led to a sharp decline in data prices from INR 269/GB in CY15 to INR 9/GB in CY25 (Source: TRAI), driving rapid data adoption but significantly suppressing ARPU levels. However, with industry consolidation and improved competitive discipline, operators have initiated a gradual process of tariff normalization. However, for the longer term, ARPU growth remained modest at ~4% CAGR during FY15-25, significantly lagging the sharp increase in network use,

indicating that tariffs have not fully kept pace with consumption intensity and leaving meaningful headroom for further tariff normalization.

Exhibit 14: ARPU growth remains modest during FY15-26, registering a ~5% CAGR



Source: TRAI, Elara Securities Research

Scaling convergence to deepen engagement and revenue

Airtel's convergence strategy, anchored in Airtel Black bundles (mobile + broadband + digital TV), shifts revenue from per-SIM to per-household. Monthly household billing (~INR 1,200–2,500) is significantly higher than standalone mobile (~INR 200–300), improving stickiness and increasing data use. Integrated distribution, cross-selling, and IPTV rollout further strengthen lifetime value and predictability of revenue. Convergence is the most effective in premium circles where multi-service adoption is the highest, reinforcing Revenue market share (RMS) and ARPU growth.

Exhibit 15: Tariff plan of bundled service, Airtel Black

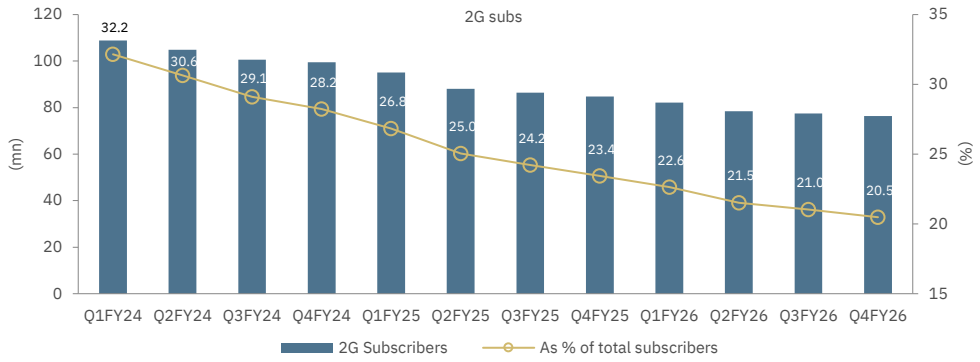
Price (INR) /Month	Wi-Fi Speed	DTH Channels
599	30 Mbps	Access to 350+ DTH channels
699	40 Mbps	Access to 350+ DTH channels
899	100 Mbps	Access to 350+ DTH channels
1,599	300 Mbps	Access to 350+ DTH channels
3,999	1000 Mbps	Access to 350+ DTH channels

Source: Company, Elara Securities Research

Accelerating 2G-to-4G migration to unlock ARPU growth

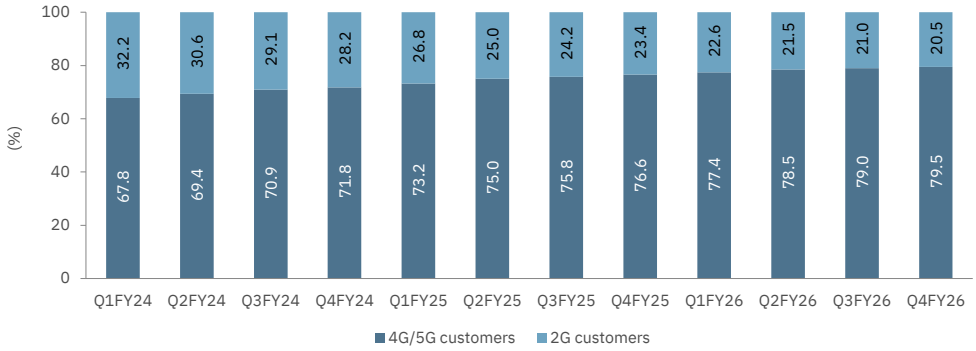
Airtel has ~78mn 2G subscribers (~21% of base), representing a meaningful monetization opportunity. Conversion to 4G & 5G (~3-4x higher data consumption) drives immediate ARPU uplift of ~INR 100-150/user. At a current pace of ~4mn conversions per quarter, this adds ~INR 5-7 to blended ARPU annually. Device affordability initiatives (for e.g., *Mera Pehla Smartphone [my first smartphone]*) and pricing strategies are accelerating this shift. Beyond tariff effects, 4G & 5G adoption drives higher data use, engagement with digital services, and long-term monetization.

Exhibit 16: Declining share of 2G customers



Source: Company, Elara Securities Research

Exhibit 17: BHARTI's 2G and 4G/5G subscribers mix: ~21% subscribers are still on 2G



Source: Company, Elara Securities Research

Exhibit 18: 5G upgrade to drive premiumization in tariffs

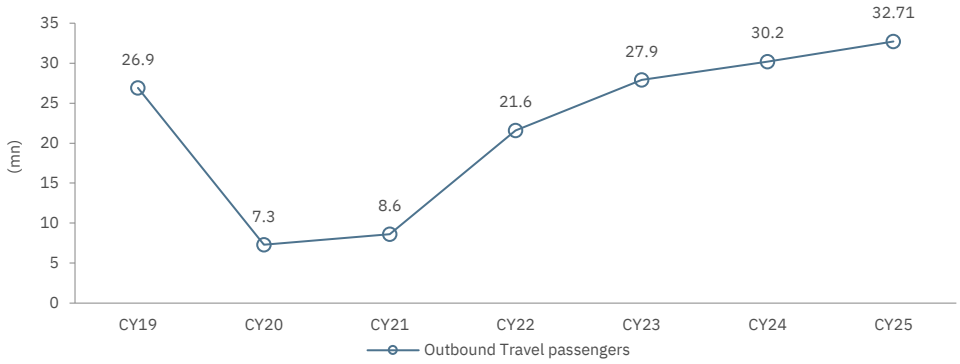
BHARTI's base plan	Plan (INR)	Voice	Data (GB)	Validity	(INR /Day)
2G	199	Unlimited	2	28	7.1
4G (1GB/day)	299	Unlimited	28	28	10.7
5G (2GB/day)	398	Unlimited	56	28	14.2

Source: Company, Elara Securities Research

International roaming revenues gain momentum as outbound travel rises

International roaming has emerged as a meaningful incremental driver of ARPU, supported by the recovery in outbound travel. BHARTI reported 30%+ YoY growth in roaming revenue in Q3FY26, reflecting rising adoption of international roaming packs. A typical roaming user generates ~INR 500-1,500 of incremental revenue per trip, with limited incremental cost, leading to strong margin flow-through. While the contribution of roaming revenue to overall ARPU remains relatively small, its high-margin nature makes it an important lever for profitability. As international travel continues to grow, roaming is set to provide a steady, margin-accretive tailwind to both ARPU and earnings.

Exhibit 19: Outbound travelers from India on a rising trend



Source: Ministry of Tourism, Elara Securities Research

Duopoly improves customer mix and strengthens monetization

India's telecom sector has undergone significant consolidation in the past decade and is largely dominated by two major private companies: BHARTI and Reliance Jio, with Vodafone Idea operating at a constrained scale. This has led to the emergence of a rational duopoly, marked by better pricing discipline and lower competition.

Vodafone Idea's continued subscriber losses, particularly in high-value segments, such as postpaid and enterprise, are benefitting Airtel by improving its customer mix and supporting ARPU growth. At the same time, Vodafone Idea's and BSNL's presence ensures the market remains a four-player structure, which helps limit the risk of regulatory intervention and supports a stable pricing environment. This creates a balanced competitive environment that allows operators to implement tariff hikes in a measured manner without triggering price wars.

5G rollout to better align pricing with consumption

The rollout of 5G is likely to further strengthen pricing power, not through immediate tariff hikes but by enabling better segmentation of high-use customers. 5G plans can command a ~18–25% premium over comparable 4G offerings, particularly for data-intensive users. Over time, as operators move away from unlimited 5G data and introduce more use-linked pricing, monetization is likely to improve further. This shift will allow telcos to better align pricing with consumption. As 5G adoption scales up, this is set to become an incremental driver of ARPU growth, reinforcing the medium-term pricing and monetization trajectory.

Next tariff hike to anchor sustained ARPU growth

Recent tariff hikes highlight strong pricing power in the telecom sector. The 20-40% hike in December 2019 led to an ARPU increase of ~INR 30, followed by a further ~INR 36 increase after ~20% hike in December 2021. In comparison, the July 2024 tariff hike (~10–25% across the industry) delivered a ~INR 22 increase in BHARTI's ARPU, from INR 211 to INR 233, and ~INR 12-20 increase at the industry level. Despite smaller price hikes, ARPU improvement remains meaningful, indicating customers are now less sensitive to price increases. With mobile services becoming essential, pricing power is likely to sustain. Based on empirical evidence of frequency interval of price hike, we expect double-digit tariff increase in FY27E, with a ~15% increase, which, on a base ARPU of ~INR 257, implies a further INR ~25-30 upside in the next 12 months, supporting continued ARPU growth.

Exhibit 20: Dec'2019 - Telecom companies raise prices by 20-50% for the first time since Jio's entry

Validity (days)	Old Price (INR)	New Validity (days)	New Price (INR)	Old Data	New Data	Change (%)
28	169	28	219	1GB/day	1GB/day	30
28	199	28	249	1.5GB/day	1.5GB/day	25
28	249	28	298	2GB/day	2GB/day	20
82	448	84	598	1.5GB/day	1.5GB/day	33
82	499	84	698	2GB/day	2GB/day	40
336	998	365	1498	24 GB	12 GB	50
365	1,699	365	2398	1.5GB/day	1.5GB/day	41

Source: Company, Elara Securities Research

Exhibit 21: Dec'2021 -telcos hike prices again by ~20% across plans

Validity (days)	Old Price (INR)	New Price (INR)	Old Data	Data	Change (%)
28	219	265	1GB/day	1GB/day	21
28	249	299	1.5GB/day	1.5GB/day	20
28	298	359	2GB/day	2GB/day	20
56	399	479	1.5GB/day	1.5GB/day	20
56	449	549	2GB/day	2GB/day	22
84	379	455	6 GB data	6 GB data	20
84	598	719	1.5GB/day	1.5GB/day	20
84	698	839	2GB/day	2GB/day	20
365	1,498	1,799	24 GB	24 GB	20
365	2,498	2,999	1.5GB/day	2GB/day	20

Source: Company, Elara Securities Research

Exhibit 22: June' 2024 - Third price hike in five years, telcos raise plan prices by 13–21%

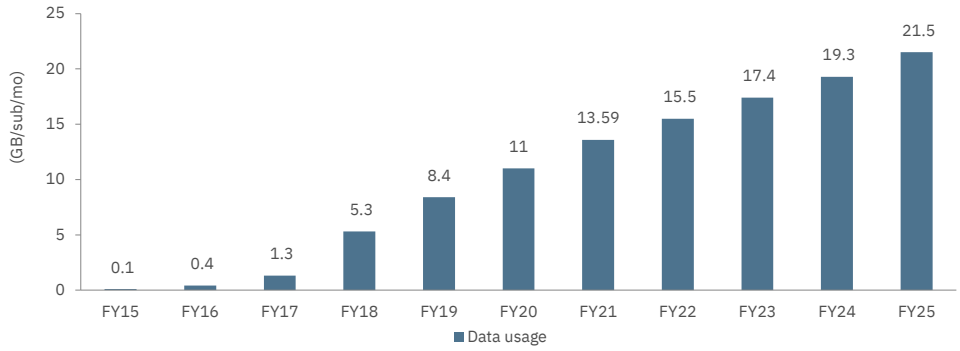
Validity (days)	Old Price (INR)	New Price (INR)	Old Data	Data	Change (%)
28	265	299	1GB/day	1GB/day	13
28	299	349	1.5GB/day	1.5GB/day	17
28	359	409	2GB/day	2.5GB/day	14
28	399	449	3Gb/day	3Gb/day	13
56	479	579	1.5GB/day	1.5GB/day	21
56	549	649	2GB/day	2GB/day	18
84	719	859	1.5GB/day	1.5GB/day	19
84	839	979	2GB/day	2GB/day	17
365	2,999	3,599	2GB/day	2GB/day	20

Source: Company, Elara Securities Research

Data traffic CAGR of 17% during FY26-29E

Data consumption remains a core structural driver of ARPU expansion for BHARTI, as rising digital engagement continues to push users toward higher data allowances and premium plans. At an industry level, India has witnessed a sharp step-up in use, with average monthly data consumption exceeding ~21GB/user (Source: TRAI), growing at 74.1% CAGR during FY15-25. Building on this momentum, India mobile data traffic is likely to register a CAGR of 14% during CY25-31, and BHARTI's data traffic is set to post a CAGR of 17% during FY26-29E, supported by: 1) rising 5G compatible devices, 2) increase in 5G rollout, and 3) expanding digital ecosystem.

Exhibit 23: Data consumption grew at CAGR of 74% during FY15-25

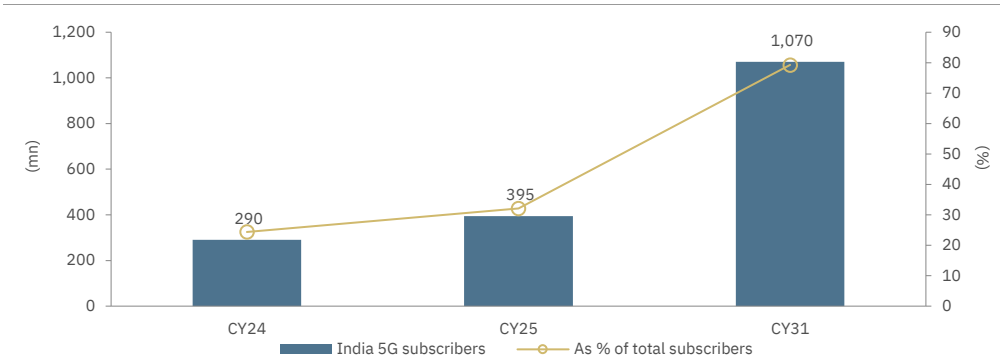


Source: TRAI, Elara Securities Research

5G intensifying data use for BHARTI

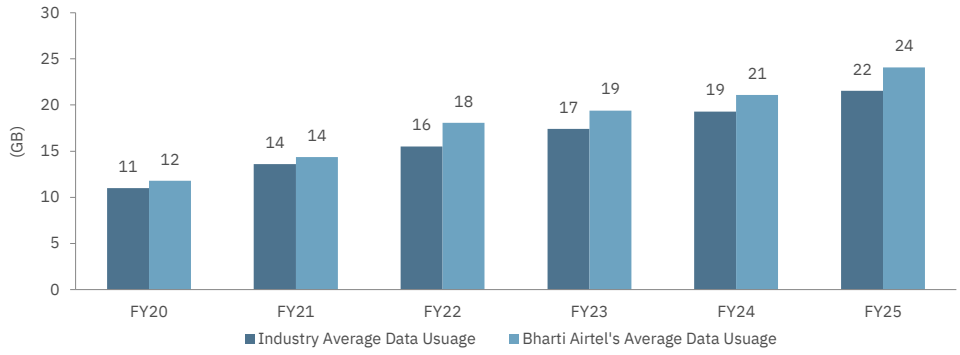
5G has fundamentally reshaped how data is consumed. Unlike previous technology upgrades, 5G acts as a use accelerator, enabling higher-speed, low-latency applications that deepen digital engagement across platforms and devices. This results in a structural uplift in data consumption, which is sticky in nature and thus creates a stronger foundation for monetization. As the share of India's 5G subscriber base increases from 32% to 79%, clocking in a CAGR of 18% during CY25-31 (Source: Ericsson), data consumption growth for BHARTI's base is set to outperform industry data consumption growth.

Exhibit 24: India's 5G subscriber base increases from 32% to 79%, at a CAGR of 18% during CY25-31



Source: Ericsson, Elara Securities Research

Exhibit 25: BHARTI's data consumption consistently above the industry



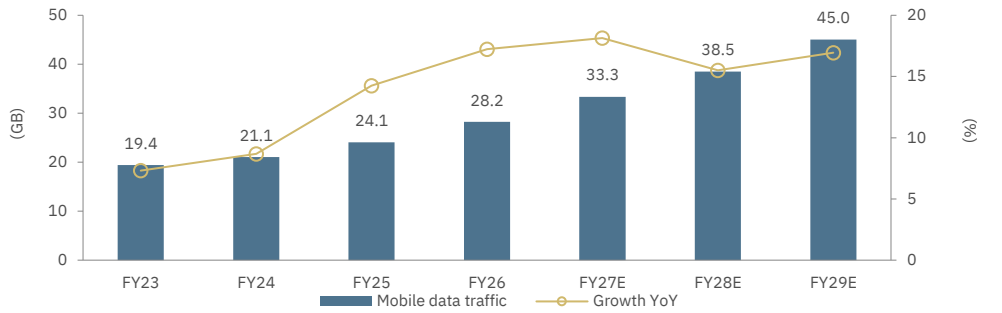
Source: TRAI, Company, Elara Securities Research

In the next 3 years as 5G coverage further broadens and 5G devices dominate the handset ecosystem, sustained elevated demand for data will make ARPU resilient and enhance BHARTI's pricing power to monetize 5G investments.

Structural drivers sustaining BHARTI's data consumption growth

Sustained rise in data consumption is underpinned by structural factors: 1) rising smartphone penetration, 2) ongoing migration from 2G to 4G and 4G to 5G, resulting in expansion of high-data user base, and 3) towering content consumption, driven by OTT video, short-form media, social platforms, and gaming. As content quality improves, BHARTI's per-user data demand has scaled up disproportionately, clocking in a 15% CAGR during FY20-25. These growth drivers still persist and may accelerate with increased conversion of 4G users to 5G, which would lead to a 17% CAGR in data consumption growth for BHARTI during FY26-29E.

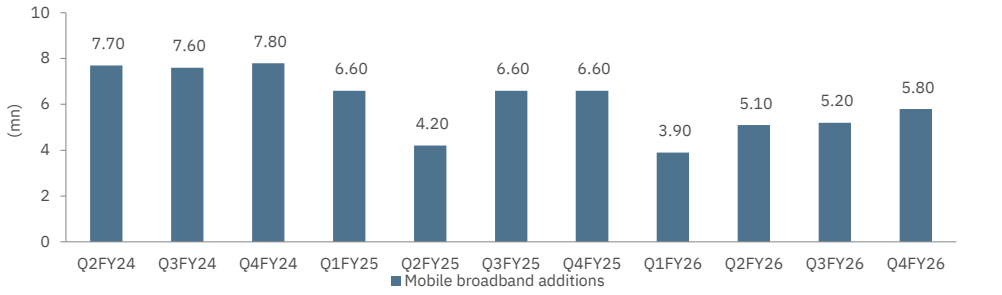
Exhibit 26: Data traffic to clock CAGR of 17% during FY26-29E



Source: Company, Elara Securities Estimate

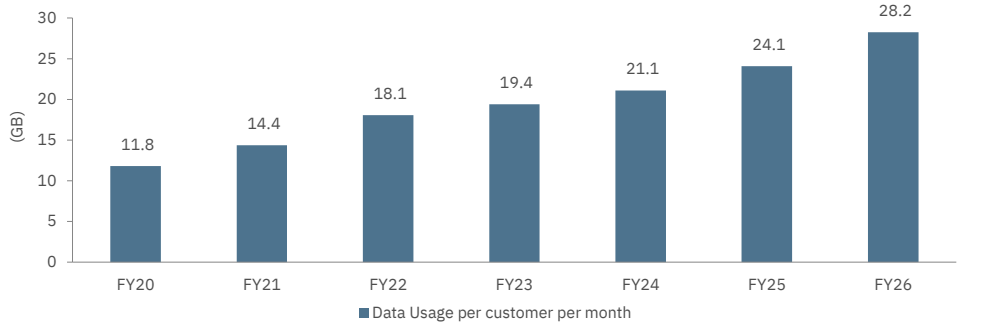
BHARTI's 5G rollout was rapid and so has been the adoption with ~181mn subscribers, which accounts for 49% of total mobile subscribers. This highlights speed and scale at which high-speed mobile broadband is being delivered as well as embraced, reflecting strong appetite for advanced data services. Alongside 5G, BHARTI's overall mobile smartphone additions, including 4G, continues to grow at ~5.0-5.5mn subscribers per quarter, reinforcing the structural shift in network use. This underpins Airtel's ability to monetize elevated data consumption via premiumization-led strategy of offering higher-value plans.

Exhibit 27: BHARTI's mobile smartphone additions continue to grow at ~5.0-5.5 mn subscribers per quarter



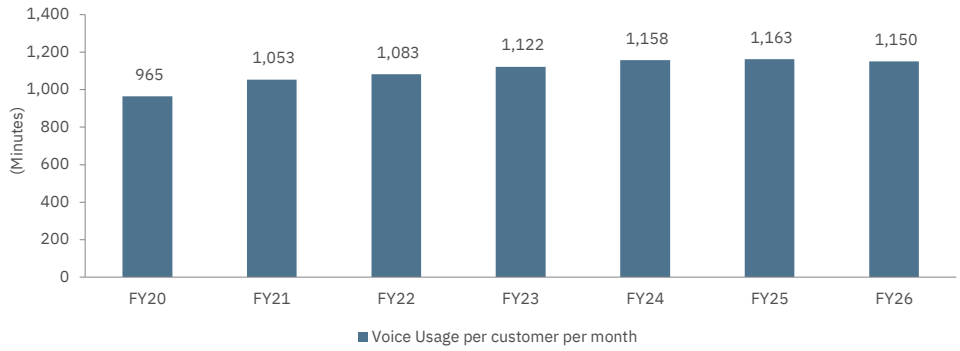
Source: Company, Elara Securities Research

Exhibit 28: BHARTI's data consumption CAGR of ~16% during FY20-26 at 28GB per customer/month



Source: Company, Elara Securities Research

Exhibit 29: BHARTI's voice usage has reduced by ~3% CAGR

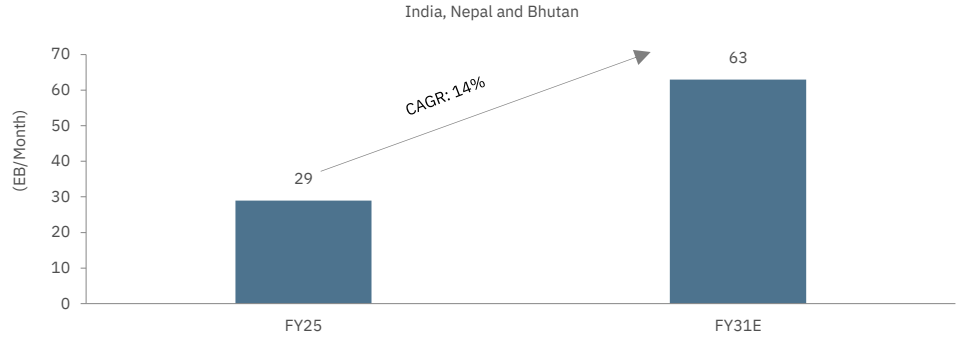


Source: TRAI, Elara Securities Research

India's data consumption levels among the highest globally

India has emerged as one of the highest data-consuming markets globally, with average monthly usage at ~36GB per smartphone user, above the global average of 21GB. This places it ahead of large global markets and reflects a structural shift in consumer behavior across both urban and rural segments. Industry estimates (Ericsson) suggest use could further increase to ~65GB per month by CY31, supported by evolving use patterns, rising content intensity, and improving network capabilities. As consumption becomes increasingly quality-driven, led by HD & 4K video, live content and interactive applications—data demand is scaling up non-linearly, reinforcing a structurally higher baseline of use per subscriber.

Exhibit 30: India to consume 63GB per month per user by CY31; CAGR of 14% during FY25-31



Source: Ericsson mobility report November 2025, Elara Securities Research

Beyond technology and network expansion, evolving consumer behavior is increasingly shaping data monetization. Mobile connectivity has become essential, with everyday engagement across video streaming, social media, eCommerce, Cloud services, and digital payments driving a natural shift toward higher data consumption. This embeds use into daily routines, prompting seamless migration to larger data packs and premium plans. As a result, the telecom business model is shifting from subscriber growth toward monetization of use, creating a durable foundation for sustained ARPU expansion, and strengthening pricing power over time.

Organic plan upgrade and premiumization occur without overt tariff hikes

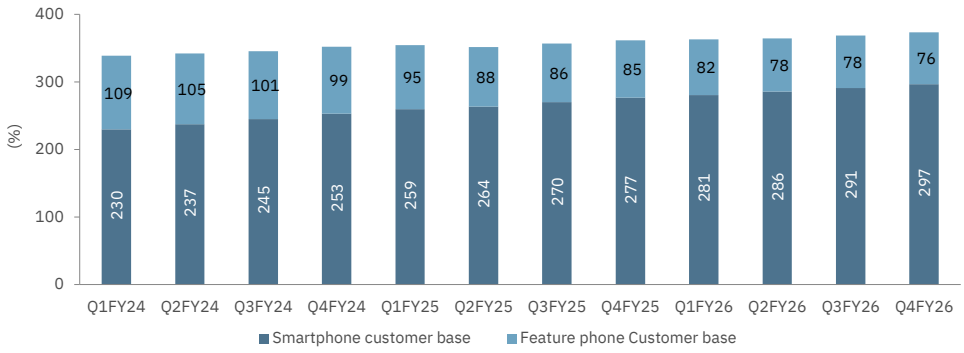
As data use grows — both on mobile and broadband platforms -- subscribers naturally exceed their existing plan allowances and migrate to higher-capacity or upper tiers. This progression from basic buckets to larger or use-linked pricing creates frictionless, demand-driven ARPU uplift that is additive to headline tariff increases.

Rising smartphone penetration driving data usage

Smartphone adoption remains a key enabler, with smartphone users accounting for ~80% of Airtel's total subscriber base, reflecting improving affordability and deeper digital adoption. With India's

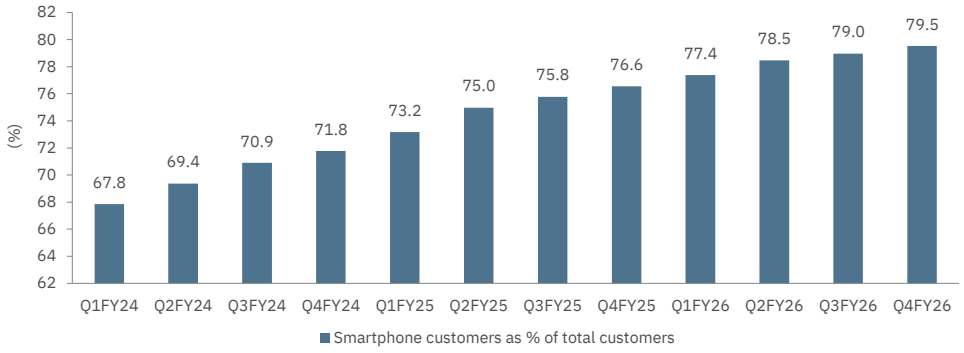
wireless subscriber base already exceeding ~1.17bn (Source: TRAI) and tele-density nearing saturation, incremental growth is shifting from subscriber additions to higher use per user. This transition is being further accelerated by the rapid proliferation of 4G & 5G smartphones, significantly lowering the entry barrier for high-speed data adoption Reflecting this, ~49% of Airtel's subscriber base has already migrated to 5G, indicating device affordability is no longer a constraint but a key enabler of higher data use. As device capabilities improve and access barriers reduce, a growing proportion of subscribers is moving from basic connectivity to high data consumption behavior, structurally increasing data intensity across the base.

Exhibit 31: Smartphone customers increased at 8% YoY vs total customer base growth of 3% YoY in Q4FY26



Source: Company, Elara Securities Research

Exhibit 32: Smartphone customers account for ~80% of total mobile customer base



Source: Company, Elara Securities Research

Home broadband (FTTH + FWA): second layer of high-value data consumption

- Data consumption is increasingly shifting to the household, creating a second layer of high-value demand beyond individual mobile use. BHARTI's home broadband business, anchored on FTTH and 5G-enabled fixed wireless access (FWA), is scaling up rapidly, driven by video streaming, gaming, remote work, and several connected devices. As multiple users operate simultaneously, per-household data consumption is significantly higher, making broadband a structurally superior monetization segment.
- FWA is playing a critical role in accelerating this growth, emerging as a key monetization lever for 5G. It enables Airtel to deliver high-speed home broadband instantly, particularly in fiber-dark markets across tier II & III cities, thereby expanding its addressable market and driving faster customer additions. The company has already scaled FWA to ~3,200+ cities with 3mn+ users, highlighting strong early traction.
- From a network perspective, FWA acts as a supply-side enabler, allowing Airtel to leverage its existing 5G infrastructure without heavy last-mile investments. This supports rapid rollout and efficient network utilization, as home broadband users drive higher and more stable data

consumption. Importantly, FWA customers usually generate higher ARPU than mobile, accelerating revenue scale-up in the early 5G cycle.

- The economics are increasingly viable, with cost per connection approaching fiber levels, indicating that FWA is a parallel access technology rather than a temporary solution. Airtel's 5G standalone (SA) deployment further enhances service quality, making FWA well-suited for capacity-intensive home usage.
- FWA serves as an entry product, with a clear pathway to migrate users to fiber over time, improving ARPU and customer lifetime value. In addition, bundled offerings, such as IPTV and OTT services, are driving higher engagement and household spends, reinforcing Airtel's convergence strategy. The company is currently in a "land grab" phase, prioritizing subscriber additions, which should sustain strong near-term growth momentum.
- Overall, home broadband led by FWA is a key pillar of Airtel's growth strategy, driving higher data consumption, faster 5G monetization, and improved return on network investments.

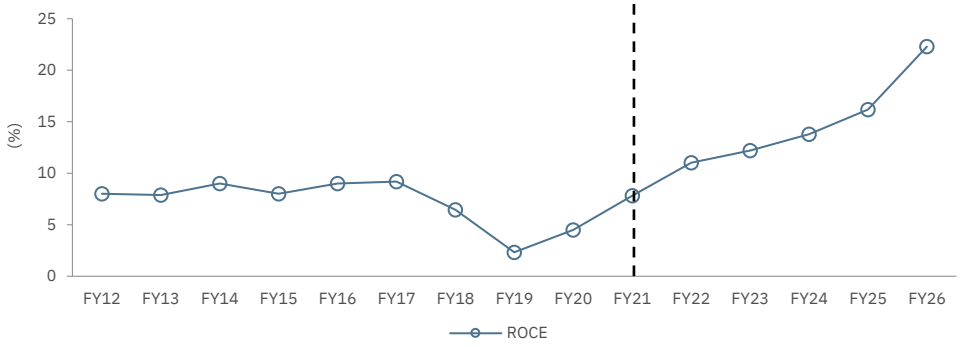
Enterprise business transitioning into a digital-led growth engine

- Airtel's enterprise business is undergoing a structural transformation, evolving from a traditional connectivity-led model to a digital and data-driven platform. While legacy voice and wholesale revenue are declining by design, the company has successfully pivoted toward high-growth adjacencies, such as Cloud, data centers, cybersecurity, IoT, and CPaaS, which operate in 20%+ growth markets. This shift is already visible in the mix as digital services contribute ~30% of Airtel business revenue and are compounding at ~20% YoY, growing faster than the core.
- Connectivity remains the foundation of the enterprise portfolio, supported by Airtel's extensive fiber backbone, subsea cable investments, and low-latency network infrastructure. While growth here is steady, its strategic role lies in anchoring enterprise relationships and enabling cross-sell of higher-margin digital services, creating a sticky and scalable customer ecosystem.
- The digital portfolio is the primary growth driver, delivering ~27% growth in FY26, led by Cloud, IoT, cybersecurity, and communication platforms (Airtel IQ). Airtel Cloud, positioned as a sovereign, India-based offering, is gaining traction amid rising data localization requirements. A strong deal pipeline and partnerships enabling hybrid Cloud and AI-led use cases provide scalable medium-term growth visibility.
- The data center business (Nxtra) is emerging as a key value driver, with Airtel targeting ~1GW capacity in the next 3-4 years. This expansion aligns with increasing demand from Cloud adoption and AI workloads, positioning Airtel as a critical digital infrastructure provider. With long-duration contracts and high entry barriers, the business offers strong revenue visibility and margin potential.
- Airtel retains a strong position in IoT, with a rapidly scaling device base across use cases, such as smart metering, connected vehicles, and industrial automation. This creates a platform-led, network-effect opportunity, with further monetization potential through analytics and edge services. In parallel, cybersecurity is emerging as a high quality, sticky revenue stream, supported by enterprise and government demand.
- Overall, Airtel's enterprise business is increasingly defined by a three-layered model- connectivity (foundation), data centers (infrastructure moat), and digital services (growth engine). With strong execution, improving mix, and favorable tailwinds from Cloud and AI adoption, we believe the segment is well positioned to deliver sustained growth with gradual margin expansion.

End of a 15-Year investment + hypercompetitive phase

BHARTI's India mobile business was sandwiched during recurring investment phase for 3G, 4G & 5G and hyper competition for the past 15 years. The company cumulatively deployed INR 5,812bn in network capex, spectrum as on FY26. These investments were for three generations of technology transitions (3G, 4G & 5G), multiple auctions for new & renewal spectrum cycles. These investments stretched leverage on the balance sheet, but BHARTI was unable to generate adequate returns for investments done on 3G network because of high mobile data rates and lower smartphone penetration. Reliance Jio's entry into the sector during 4G auctions and its subsequent competitive pricing for mobile data and offering free voice calls further strained profitability in a competitive industry, which had 17 firms at peak. The financial impact of these factors was profound, in our view, with pre-tax ROCE on average was below 10%, dipping to 2%.

Exhibit 33: ROCE on average below 10%, dipping to 2% during FY12-20



Source: Company, Elara Securities Research

Gradually, competition reduced as operators resorted to M&A and exiting the sector as operations became unsustainable. From the peak of 17 operators, the sector currently has four, out of which two are struggling. With rising tariffs, profitability as well as balance sheet are in good shape.

Capex normalization to drive FCF and ROCE expansion

- The peak investment cycle is behind as capex has begun moderating as 5G rollout, fiber densification, and 4G coverage build-out are nearly complete. Post-FY25, the change is not just in quantum but also in composition. Core wireless spend is moderating, as the macro-cell 5G rollout is largely complete; remaining investments focus on densification (~30–40k small cells in the five years), fiber backhaul upgrades and incremental SA migration, all requiring materially lower capex than what the initial coverage needed.
- Home broadband and FWA capex continue but are partly self-funded by accelerating revenue, with FWA leveraging existing 5G towers. The connected homes base crossed 13mn, with FWA >3mn, and it saw a life-high net addition of 1.16mn homes in 2025. Enterprise spend is minimal, largely software- and integration-led rather than infrastructure-heavy. Consequently, even accounting for data center scale-up as well as investment in NBFC, capex compression coupled with double-digit revenue growth is the driver of structural free cashflow expansion.
- BHARTI is generating more value from its existing asset base effectively shifting the business from investment mode to monetization mode. During FY26–29, we estimate capex at INR 1,728bn vs Depreciation and amortization (D&A) of ~INR 2,432 bn, a capex/D&A ratio of 0.71x. ROCE, which was suppressed by this investment overhang for years, is poised to expand significantly faster than EBITDA.

NSA delivers SA-equivalent scale at lower capex

- BHARTI's decision to deploy 5G using a non-standalone (NSA) architecture stands out as one of the most consequential capital allocation choices. In an NSA configuration, the 5G radio layer is overlaid on the existing 4G LTE core, enabling higher data speeds, and broad device compatibility without cost and complexity of building a new Cloud-native core. By contrast, Reliance Jio opted

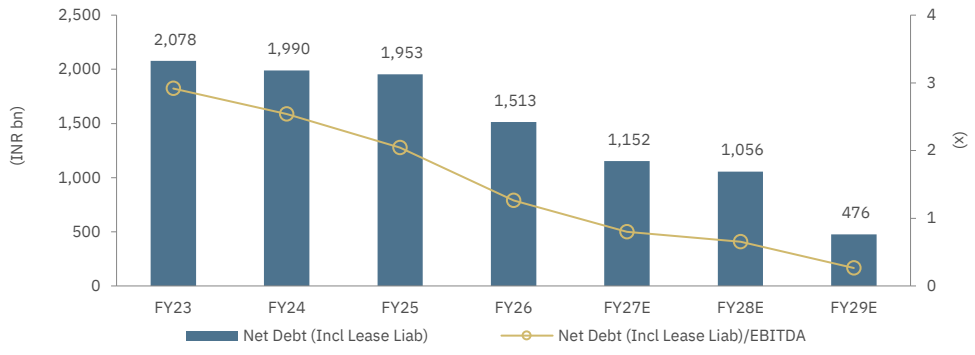
for a standalone architecture (SA) from Day 1, a technically purer approach, but one that required a full network rebuild and was significantly more capital-intensive. Airtel's NSA rollout demonstrates a deliberate, cost-conscious strategy, allowing it to expand 5G coverage and services while preserving cashflow and containing balance sheet leverage. Hence, 4G and 5G subscriber bases are not reported separately, the same SIM card seamlessly switches between both. BHARTI has a combined 4G/5G customers at ~181mn.

- Airtel's adoption of non-standalone (NSA) 5G architecture was a deliberate capital efficiency decision, made at a time when the consumer monetization case for standalone (SA)-specific capabilities were not yet established. In a market where spectrum cost is among the highest globally and ARPU was still recovering from the post-Jio tariff shock, deploying a full SA network upfront would have been onerous on the balance sheet with limited near-term return. By deferring this investment, Airtel was able to generate cashflow from the NSA rollout, which now funds selective SA deployment in high-value segments.
- The NSA architecture allowed Airtel to achieve 74% population coverage as on CY25 and build a combined 4G & 5G subscriber base of 181mn at a materially lower per-subscriber capex than a full SA build would have required. Importantly, because the NSA network shares core infrastructure with 4G, incremental cost of adding 5G capacity to an existing site is a fraction of Greenfield deployment. This is a structural cost advantage that does not disappear as the network matures.
- Building on this foundation, Airtel is executing a dual-mode NSA+SA strategy in preparation for 5G-Advanced. The NSA layer leverages existing 4G infrastructure to provide wide coverage and seamless service continuity, while the SA layer introduces a Cloud-native core designed for low-latency, high-speed applications, such as real-time gaming, connected vehicles, industrial IoT, and enterprise slicing. This dual-mode network has already been deployed across 13 circles, with fixed wireless access (FWA) users and enterprise customers being migrated to SA-enabled services in phases. For FWA and enterprise segments, Airtel prioritizes SA deployment where monetization potential is the highest. SA-enabled FWA is already live, while mobile SA rollout is being rolled out in phases, aligning investment with revenue opportunities. Additionally, Airtel has partnered with Nokia to deploy a converged Packet Core solution for 5G SA readiness, using automation to enable zero-touch service launch and efficient lifecycle management for core network functions, reducing operational costs as the network scales.

Rapid deleveraging underpins structural FCF expansion

Consolidated net debt to EBITDA (including lease obligations) stands at ~1.3x as on FY26, down from ~2.0x in FY25, reflecting a ~40% step-down in the leverage ratio in a single year. We expect this trajectory to accelerate net debt, including lease declines from INR 1,513bn in FY26 to INR 476 bn by FY29E, implying net debt to EBITDA collapsing to ~0.3x. This rapid deleveraging reflects the combined effect of EBITDA growth, driven by tariff recovery and a more profitable subscriber mix, and systematic deployment of free cashflow toward debt repayment.

Exhibit 34: Net Debt/EBITDA to decline to 0.3 by FY29E



Source: Company, Elara Securities Estimate

We expect BHARTI India Mobile business to benefit from steady subscriber growth at ~1% CAGR, continued uptick in tariff and ARPU expansion at ~7% CAGR and operating leverage. Capex intensity remains moderate. 4G deployment is largely complete, 5G rollout is fully SA-ready per the Q4FY26 disclosure, and fibre backhaul investment runs at a stable INR 43,000km pa. The 2022 spectrum acquisition (19,868 MHz across multiple bands) is valid for 20 years with no material renewal before 2030; we model an additional auction in FY28E (INR 1,200bn gross, 30% upfront) to capture potential bidding in 6GHz or 700MHz bands, with the existing 3,300MHz holding already sufficient for both NSA and SA rollouts.

As a result, Airtel's free cashflow has turned structurally positive, exceeding PAT at ~INR 1,224bn during FY26–28E with an EBITDA CAGR of 15%, a declining gross debt of INR 1,217bn in FY26 to INR 842bn in FY29E after absorbing the auction, and CFO/EBITDA conversion of ~97%. This ensures sliding interest coverage and rising return rations with ROCE expanding from 22% in FY26 to 33% in FY29E.

Network Infrastructure: Building a Moat That Cannot Be Replicated

Beyond the 5G rollout, Airtel has been assembling a deep physical infrastructure stack that compounds its competitive strength:

Terrestrial fiber network

Airtel operates one of India's largest national terrestrial fiber networks, connecting major cities and serving as the high-capacity backbone for both mobile & Fixed Wireless Access (FWA) and enterprise services. This network underpins Airtel's growing enterprise cloud and managed services offerings. Recreating a network today would require years of trenching, complex right-of-way negotiations, and multi-hundred-billion-capital investment, a hurdle few new entrants could justify in an industry already consolidated to three firms.

Submarine cables and international capacity

Airtel controls strategically important international undersea cable capacity, reducing reliance on third-party providers and lowering per-unit international bandwidth costs. The recent landing of the 2Africa Pearls cable in India enhances connectivity to the Africa and the EU, further strengthening enterprise and internet traffic capabilities. Owning this capacity provides a structural cost and quality advantage that cannot be replicated through leasing.

OPGW fiber backhaul

Airtel leverages optical ground wire (OPGW) fiber, deployed along high-voltage power transmission lines, to extend backhaul reach in low-density regions without proportionally increasing capital expenditure. This approach preserves rural tower economics, enabling high-quality coverage at controlled incremental cost.

Collectively, these three infrastructure pillars represent sunk cost at a scale no new entrant could replicate. Coupled with India's high spectrum costs, these assets create challenging barriers to entry, reinforcing Airtel's dominant position.

Return ratios expansion to accelerate

The structural suppression of BHARTI's RoCE in unwinding. It stood at an average ~8% for much of FY12–20, with lows around 2% but has started expanding since FY22. ROE has already begun its upward journey, from approximately 11% in FY22, the trajectory points to 22% in FY26 and further 33% by FY29E on current earnings.

Airtel Africa to benefit from several growth levers

To benefit from structural macroeconomic tailwinds in Africa

Young, growing and underpenetrated countries in Africa present a huge growth opportunity for Airtel Africa. Sub-Saharan Africa will see the world's fastest growth in the working age population in the next 30 years. Total population of ~662mn in Airtel Africa's operating countries and median age of ~18 years implies millions of the youth joining the digital economy every year for many years (~77mn by CY30), as per company.

Mobile services in operating markets of Airtel Africa remain underpenetrated with ~44% unique user penetration in the sub-Saharan region. Unique mobile subscribers and mobile internet users are set to post a CAGR of 5.2% and 6.7%, respectively, during FY24-30 to reach 53% and 33% of total population, respectively, which would drive structural growth, driven by underpinned by favorable demographics, including a young and rapidly urbanizing population. Smartphone penetration, which is a key enabler of data growth, is at 51% in sub-Saharan Africa. This penetration is set to expand to 88% by 2030, as per GSMA Intelligence.

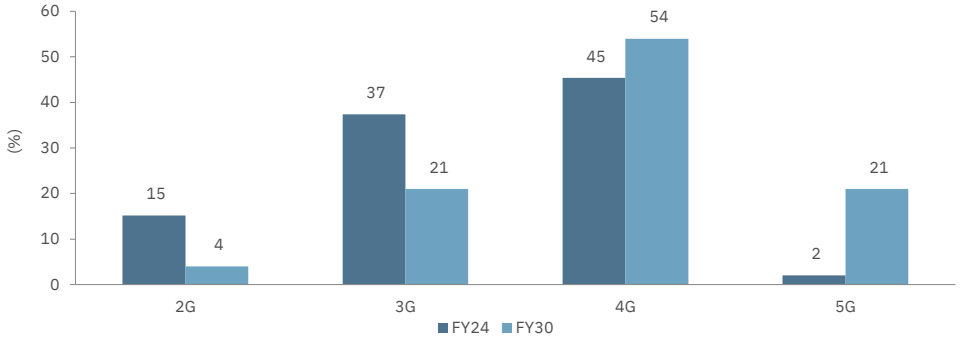
Exhibit 35: Mobile internet users to expand at CAGR of 6.7% during CY24-30

Particulars	CY24	CY30	CAGR (CY24-30) (%)
Unique mobile subscribers (mn)	710	915	5.2
Mobile Penetration rate (%)	47	53	
Mobile internet users (mn)	416	576	6.7
Internet Penetration rate (%)	28	33	
4G (percentage of connections) (%)	45	54	
5G (percentage of connections) (%)	2	21	
Operator revenues and investment (INR bn)	52	79	8.7

Source: GSMA Intelligence, Elara Securities Research

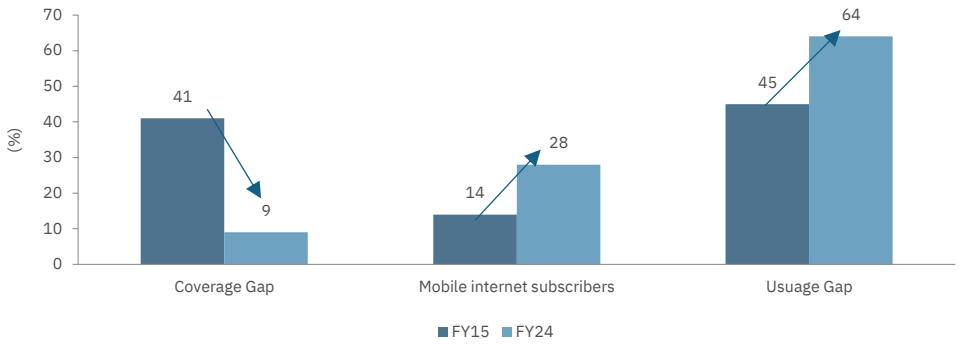
As a result, growth is not dependent on a single lever but driven by new user additions and increasing use intensity per subscriber, creating a durable, multi-year expansion runway. The telecom market in Sub-Saharan Africa is set to post ~7% CAGR to ~USD 61bn by CY30, as per GSMA Intelligence, driven primarily by penetration-led expansion rather than pricing.

Exhibit 36: 5G penetration to expand multifold by CY30 in Africa



Source: GSMA Intelligence, Elara Securities Research

Exhibit 37: Reducing coverage gap led to higher subscriber base and more usage

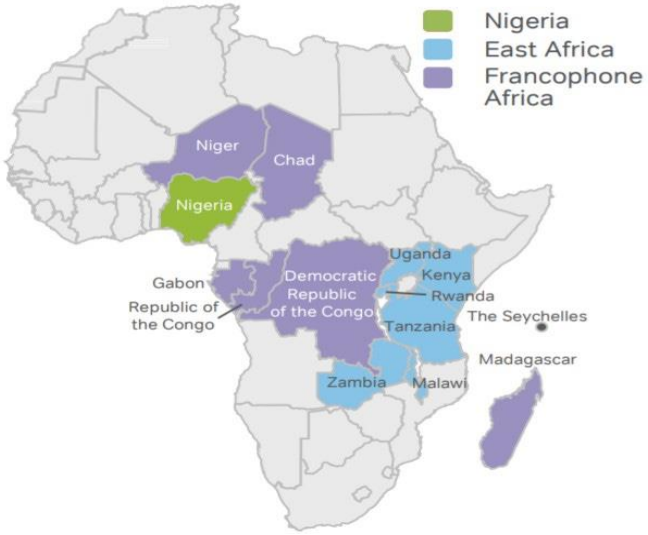


Source: GSMA Intelligence, Elara Securities Research

Airtel Africa has a big runway for growth

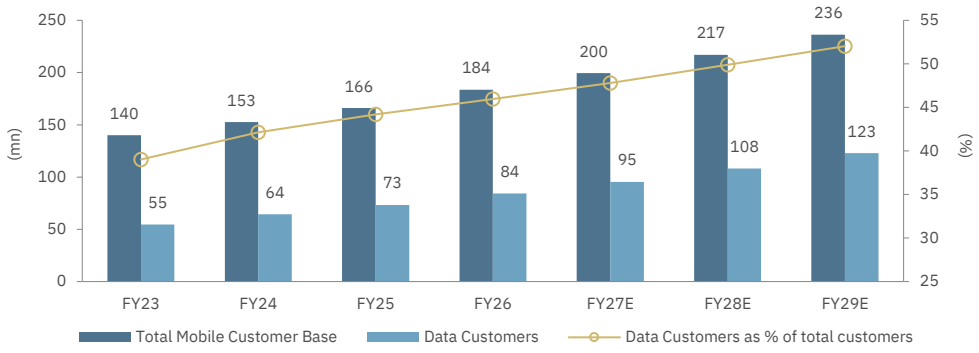
BHARTI retains a strong competitive position in Africa through its subsidiary Airtel Africa, ranking among the top two mobile operators by subscriber market share in its 14 operating markets. During FY20–25, the business has delivered steady growth, with a revenue CAGR of ~12% and an EBITDA CAGR of ~13% (INR basis), supported by sustained subscriber additions, improving ARPU, and ongoing margin expansion. Despite this progress, the market opportunity remains significant. Data penetration is still moderate, with only ~44% of Airtel Africa's subscriber base using data services, while overall telecom penetration across its markets remains low. This under penetration provides a long runway for growth; we expect data subscribers to scale up at a CAGR of ~13% during FY26-29E, driven by increasing smartphone adoption and rising data consumption.

Exhibit 38: BHARTI's presence in the Africa



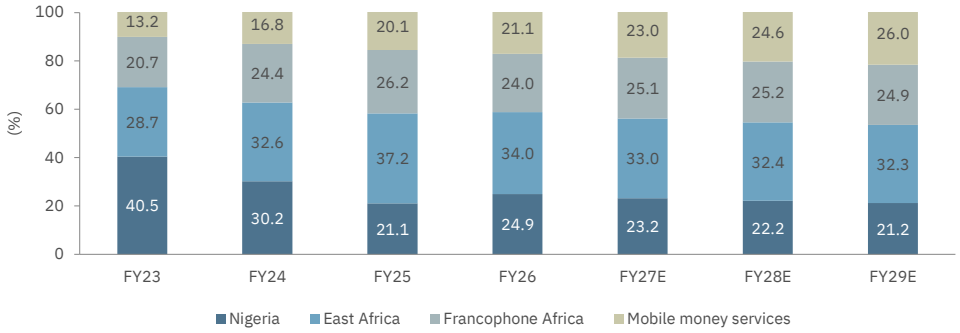
Note: Map note to scale; CY25; Source: Company, Elara Securities Research

Exhibit 39: Airtel Africa mobile internet users to clock CAGR of 9% during FY26-29E



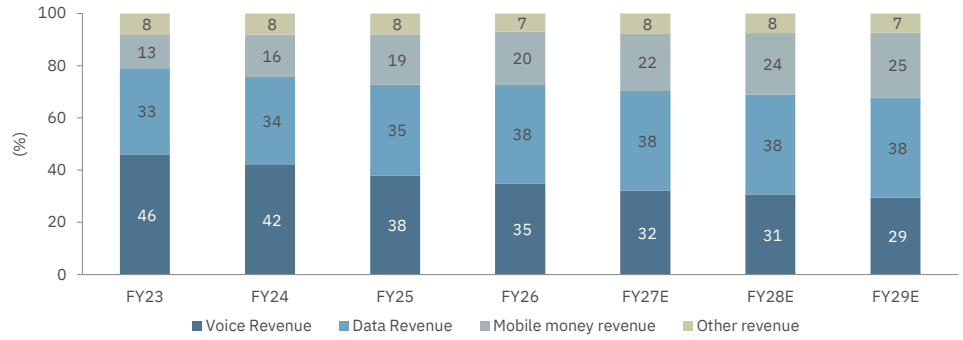
Source: Company, Elara Securities Estimate

Exhibit 40: East Africa and Mobile Money gaining share



Source: Company, Elara Securities Estimate

Exhibit 41: Airtel Africa – Voice business revenue seeding share to mobile money business



Source: Company, Elara Securities Estimate

Exhibit 42: Airtel Africa business operational KPI

Operational KPI – mobile services	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Smartphone Base (mn)			50.8	61.9	74.4				
Customer Base (mn)	118.2	128.4	140.0	152.7	166.1	183.5	199.5	217.0	236.1
Smartphone penetration (%)			36.3	40.5	44.8				
Voice Traffic (bn min)	323	379	439	504	570				
Usage per customers (min)	234	257	272	286	300				
Voice ARPU (RC, USD)	1.5	1.6	1.5	1.2	1.0	1.1	1.1	1.1	1.1
2G and 3G customers (mn)	25.8	26.8	28	27	23				
4G customers (mn)	14.8	19.9	27	38	50				
Total data customers (mn)	41	47	55	64	73	84	95	108	123
Data customers penetration (%)	34.4	36.4	39.0	42.1	44.2	45.9	47.8	49.9	52.0
Data ARPU (RC, USD)	2.5	2.9	3.0	2.4	2.2	2.7	2.7	2.7	2.7
Mobile service ARPU (RC, USD)	2.6	2.9	2.9	2.5	2.2	2.2	2.4	2.5	2.5
Mobile money base (mn)	21.7	26.2	31.5	38	44.6	54.1	64.9	77.9	91.9
Mobile money customer penetration (%)	18.3	20.4	22.5	24.9	26.8	29.5	32.5	35.9	38.9
Mobile money ARPU (RC, USD)	1.7	1.9	2	2	2	2.3	2.3	2.3	2.4
Group ARPU (RC, USD)	2.8	3.2	3.3	2.8	2.7	2.8	3.2	3.3	3.4

Source: Company, Elara Securities Estimate

Enhancing network capability to scale HBB and enterprise

- Airtel Africa continues to enhance its 4G network availability, expanding 5G across key markets and growing its fiber footprint. It is expanding rural coverage to previously underserved geographies through new site installations, investing in spectrum acquisition, and new technology. The aim is to unlock significant opportunities in home broadband and enterprise by enhancing 5G technology and fiber network.
- AAF had planned to invest USD 480mn in network infrastructure: 1) to improve network connectivity, and 2) add more than 3300 4G sites and ~3,300km of fiber, which would increase the 4G population coverage by 3.7% to reach 74.4% by FY26.
- AAF is looking to ensure 100% network availability of 4G coverage and building proportionate data handling capacity. Apart from 100% 4G coverage, it is investing in 5G spectrum to make network future ready.
- With investments in technology upgradation, AAF will target enterprise segment with proposition of reliable and resilient capacity aiming to meet increased demand for digital services. In FY25, AAF activated its fiber pair on the 2Africa submarine cable, enabling multi-terabit capacity between Djibouti, Kenya, Tanzania, and South Africa. When complete, 2Africa will connect Africa to both Asia and the EU.
- AAF has partnered with Starlink to offer connectivity across 14 of its operating markets. When any AAF customer go out of terrestrial coverage of 78,700+ km, they would automatically fall on to the satellite coverage offered by Starlink on their existing 4G & 5G phones, although services provided during the satellite coverage would be SMS and light data services.
- It has entered into network sharing agreements with Vodacom in Tanzania & DRC and with MTN for Nigeria & Uganda. This ensures coverage expansion and sharing the fiber networks. It will lead to elimination of duplicate investments. Additional coverage will accelerate revenue growth. Resilient network, reduced latency and better experience will drive customer experience.

Accelerated digital adoption to drive efficiency

- AAF is looking to accelerate digitalization across enterprises to drive operational efficiency and enhance customer experience. To streamline operations at the back end, AAF is adopting cutting-edge technologies.
- On the frontend, 1) simplification of products to improve accessibility, 2) increasing digital engagement initiatives by creating content inventory of gaming, video on demand & music, and

3) digital onboarding of customers & recharge processes with omni-channel checkout options, is driving customer experience and business growth.

Mobile Money evolving into core financial infrastructure

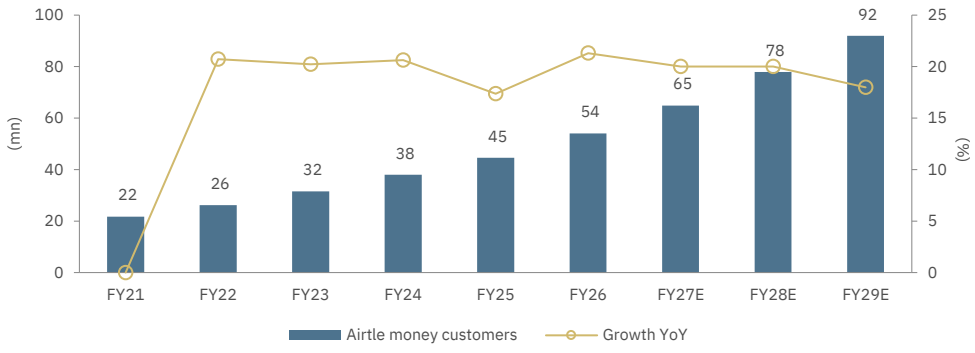
- Airtel Africa has built a scaled mobile money platform that increasingly function as primary financial infrastructure across its markets, characterized by low banking penetration of ~35–40% and high cash use (>90% of transactions). Unlike developed economies, where digital payments complement traditional banking systems, a significant portion of the population in Africa remains unbanked with limited access to formal financial services.
- In this context, Airtel Money effectively substitutes for a bank account, enabling a range of services, including payments, remittances, savings, and credit. The platform has already reached meaningful scale, with >54mn active users and transaction volumes at USD 196bn in FY26, likely to post ~20% CAGR during FY26-29E, reflecting strong adoption and engagement while delivering high-margin economics (EBITDA margin of >50%). The platform is evolving beyond basic payments into a broader fintech ecosystem, with growing traction in merchant payments, micro-lending, and cross-border remittances. This evolution mirrors the early phase of India's UPI ecosystem, were user scale preceded revenue inflection, suggesting a similar non-linear monetization trajectory.
- Comparable platforms, such as M-Pesa and MTN MoMo, have already demonstrated the ability to scale up into multi-billion-dollar fintech businesses, reinforcing the valuation potential. As transaction volume deepens alongside economic formalization, Airtel Money is well positioned to emerge as a parallel, high-growth fintech engine, with current revenue likely understating its long-term earnings contribution. This transition not only expands the addressable revenue pool but also supports valuation re-rating, as the business increasingly resembles a fintech platform rather than a traditional telecom services.

Exhibit 43: Airtel Money revenue to double between FY26-29E

	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Airtel Money revenue (USD mn)	401	553	692	837	994	1,355	1,810	2,193	2,614
Growth YoY (%)	*31.0*	*37.9*	*25.1*	*21.0*	*18.8*	*36.3*	*33.6*	*21.2*	*19.2*
Airtel Money transaction value (USD bn)	32	64	89	112	137	196	235	282	339
Growth YoY (%)	*25.8*	*103.8*	*37.6*	*26.6*	*21.7*	*43.5*	*20.0*	*20.0*	*20.0*
Airtel money customers (mn)	22	26	32	38	45	54	65	78	92
Growth YoY (%)	*-*	*20.7*	*20.2*	*20.6*	*17.4*	*21.3*	*20.0*	*20.0*	*18.0*
Airtel Money ARPU (USD)	1.7	1.8	2.0	2.1	2.0	2.3	2.3	2.3	2.4
Growth YoY (%)	*0.0*	*5.9*	*11.1*	*5.0*	*-4.8*	*15.0*	*1.0*	*1.0*	*1.0*

Source: Company, Elara Securities Estimate

Exhibit 44: Expanding Airtel Mobile Money subscribers base to clock 19% CAGR between FY26-29E



Source: Company, Elara Securities Estimate

Airtel Money IPO as a key catalyst for value unlocking

A critical near-term catalyst for value realization is the planned IPO of Airtel Money, which is set to unlock the untapped fintech value within Airtel Africa. We expect the listing to provide independent price discovery for the Mobile Money business, separating it from the blended telecom multiple currently applied to the Africa portfolio. With an anticipated valuation of USD 4bn, the IPO will highlight the significant disconnect between the current market valuation and the intrinsic value of Airtel Africa's underlying assets. Beyond valuation transparency, the IPO will strengthen the capital base of the mobile money business, supporting further scale-up and product expansion. We believe the listing to act as a key trigger for expansion, as the market begins to appropriately recognize the fintech optionality embedded within Airtel Africa.

Airtel Africa's moderating capex compounds cashflow

Airtel Africa has transitioned into a self-funded, FCF-generative business, materially improving the quality of its growth. FY26 capex of ~USD 753mn vs an EBITDA of ~USD 3.1bn implies capex intensity of ~24% of EBITDA, moderating to ~14% by FY29E as the investment cycle tapers off. Balance sheet quality has improved sharply — USD debt nearly halved to ~USD 0.8bn in FY25 (USD share was down from ~66% to ~32%) as the Group shifts to local currency funding, lowering leverage to 0.4x Net Debt/EBITDA at FY26 and trending to net cash by FY28E. EBITDA margin is set to expand by ~380bp from ~49% to ~53% during FY26–29E, driven by operating leverage, mix shift to data and mobile money, and network-sharing efficiency. Free cashflow compounds from ~USD 2.4bn to ~USD 3.7bn at a 15% CAGR during FY26–29E alongside ~16% revenue CAGR and ~19% EBITDA CAGR, providing a structural counterbalance to the heavier investment cycle in India.

Shift to local currency debt reduces FX exposure

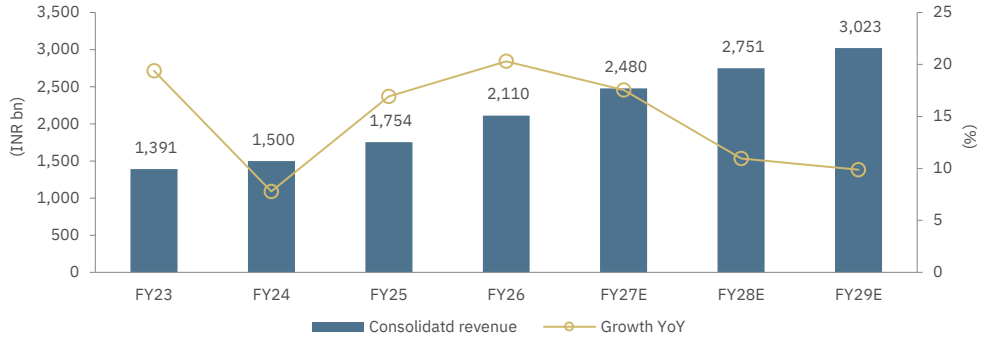
The primary investor concern for Airtel Africa remains currency volatility, particularly in Nigeria, where the sharp naira devaluation in FY24 led to significant translation losses. While this risk is real, we believe the market's current discount is excessive. Macro conditions have since stabilized, with the naira recovering from its lows and inflation moderating, suggesting FY24 devaluation was largely a one-time reset rather than a structural deterioration. In parallel, Airtel Africa materially reduced FX exposure by shifting toward local currency debt, limiting the risk of future balance sheet shocks. Strong underlying growth with constant currency revenue growth of ~25% provide a natural hedge, ensuring resilient reported growth even under moderate currency headwinds.

Valuation and recommendation

Initiate with a Buy rating and TP of INR 2,427

We expect BHARTI to deliver a consolidated revenue CAGR of ~13% during FY26-29E, supported by ~9% India CAGR and ~19% Africa CAGR (INR), with margin expansion of ~276bp driving an EBITDA CAGR of ~15% and APAT CAGR of ~27% during the same period. We expect India business subscriber and ARPU CAGR of 1% and 7% during FY26-29E, respectively. The Africa business subscriber base is set to clock in a CAGR of 9% during FY26-29E while ARPU at ~4% CAGR over the same period. Progressive dividend policy and structural return ratio expansion coupled with earnings compounding makes BHARTI a potential valuation re-rating. We initiate on BHARTI with a **Buy** rating and a TP of INR 2,427 based on 10x FY28E EV/EBITDA.

Exhibit 45: Consolidated revenue to expand at CAGR of ~13% during FY26-29E

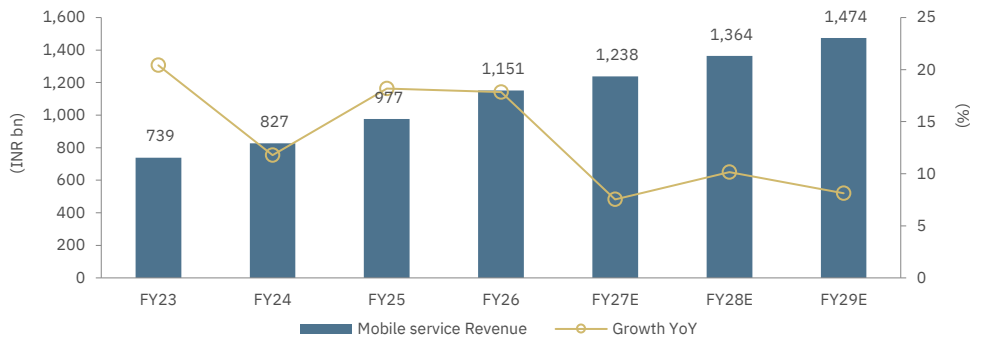


Source: Company, Elara Securities Estimate

India mobile services business to deliver CAGR of ~9% during FY26-29E

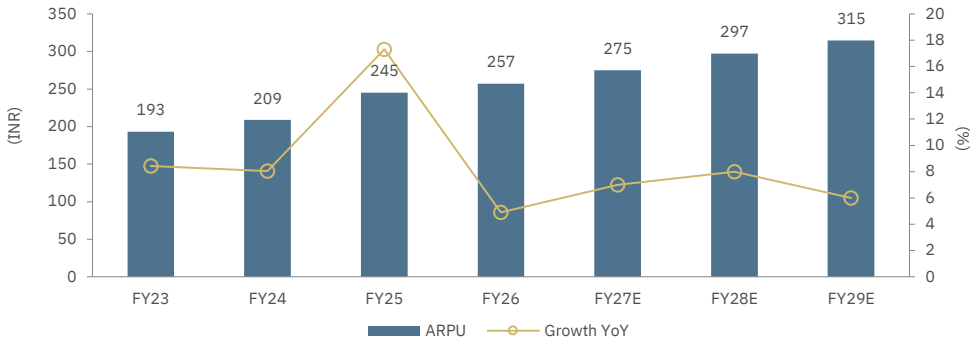
We expect India mobile services revenue CAGR of ~9% during FY26-29E, supported by ~7% ARPU CAGR and ~1% subscriber CAGR. ARPU is set to expand from INR 257 in FY26 to ~INR 314 by FY29E, driven by: 1) sector-wide tariff repair, 2) accelerated prepaid-to-postpaid migration via Airtel Black family plans & Priority Postpaid (5G slicing), and 3) continued data plan upgrades. Airtel continues to command an ~18-20% ARPU premium over Jio, which we expect to sustain, given the higher-ARPU subscriber mix. Total mobile subscriber base is set to grow modestly from ~373mn in FY26 to ~390mn by FY29E, with data subscriber penetration rising from ~80% in FY26 to ~83% by FY29E, and data use per subscriber scaling from ~28 GB/month in FY26 to ~45 GB/month, supporting ARPU growth and 5G monetization optionality.

Exhibit 46: India mobile services business to deliver CAGR of ~9% during FY26-29E



Source: Company, Elara Securities Estimate

Exhibit 47: ARPU to expand from INR 257 in FY26 to ~INR 315 by FY29E at a CAGR of 7%



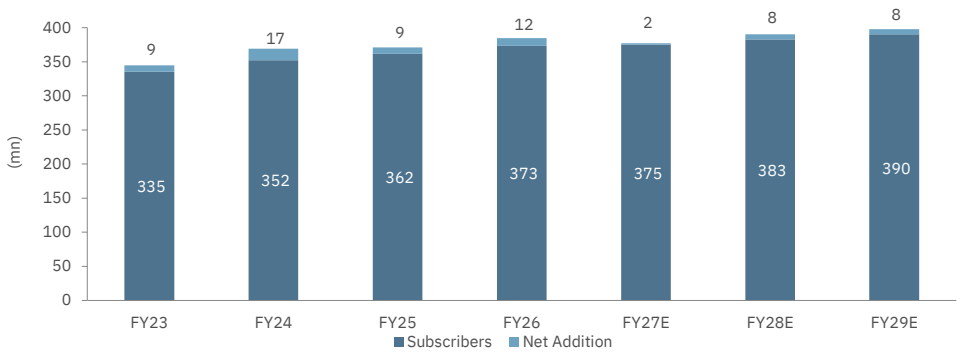
Source: Company, Elara Securities Estimate

Exhibit 48: Airtel continues to command an ~18-20% ARPU premium over Jio

Year	Reliance Jio ARPU (INR)	Bharti Airtel ARPU (INR)	Premium over Jio (%)
FY23	179	193	8.1
FY24	182	209	14.9
FY25	206	245	18.8
FY26	214	257	20.1
FY27E	229	275	20.1
FY28E	245	297	21.2
FY29E	257	315	22.4

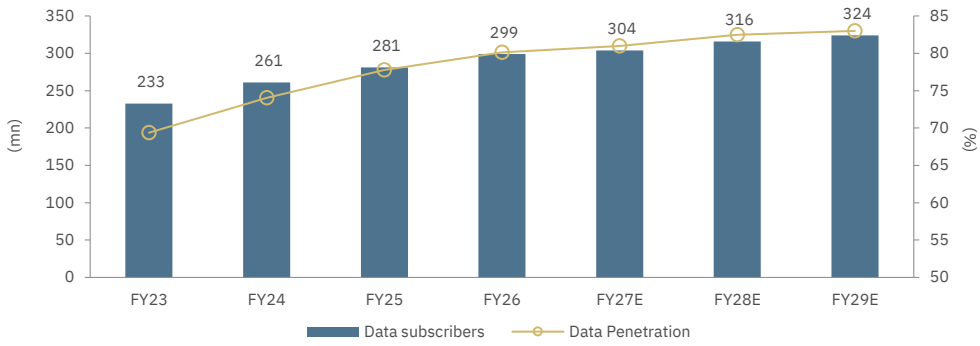
Source: Company, Elara Securities Estimate

Exhibit 49: Subscriber to grow modestly from ~373mn in FY26 to ~390mn by FY29E at CAGR of 1%



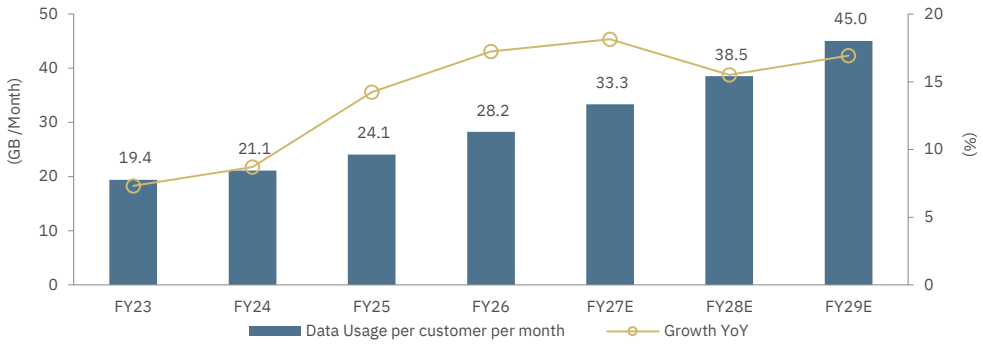
Source: Company, Elara Securities Estimate

Exhibit 50: Data subscriber penetration rising from ~80% in FY26 to ~83% by FY29E



Source: Company, Elara Securities Estimate

Exhibit 51: Data consumption/subs scaling from ~28 GB/month in FY26 to ~45 GB/month by FY29E

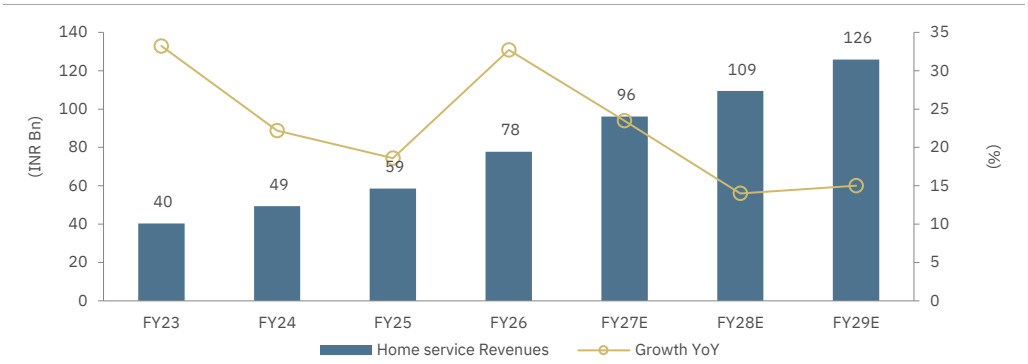


Source: Company, Elara Securities Estimate

Home services revenue to deliver CAGR of ~17% during FY26-29E

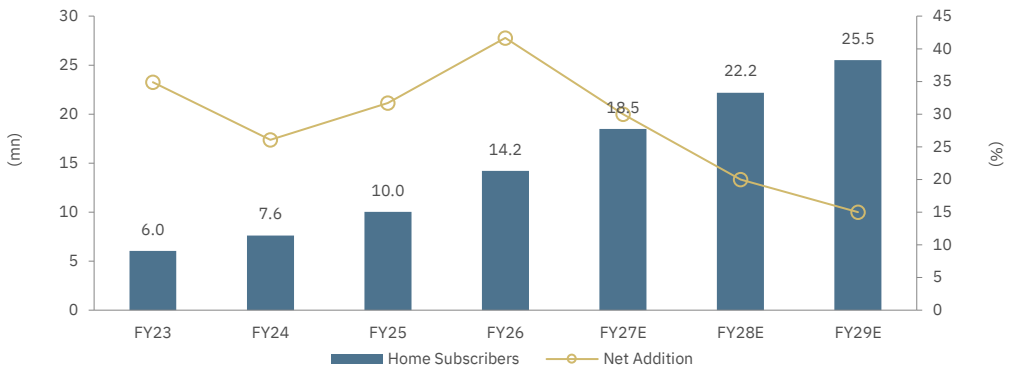
We expect home broadband revenue to scale up from INR 77.7bn in FY26 to ~INR 126 bn by FY29E at ~17% CAGR, driven by aggressive subscriber additions. The home subscriber base is set to grow from ~14.2mn in FY26 to ~24mn by FY29E, with a ~20% CAGR, led by city expansion (now in ~1,476 cities), Airtel Black convergence plans (fiber + DTH + mobile bundling at INR 599-3,999/month), and continued under-penetration of fixed broadband in India (~20% of households per TRAI vs ~80% in the developed markets). ARPU is likely to gradually moderate from ~INR 527 in FY26 to ~INR 411 by FY29E, reflecting an increasing mix of entry-level convergence plans, but absolute revenue contribution scales from ~3.7% of total revenue in FY26 to ~4.5% by FY29E.

Exhibit 52: Home services revenue to deliver CAGR of ~17% during FY26-29E



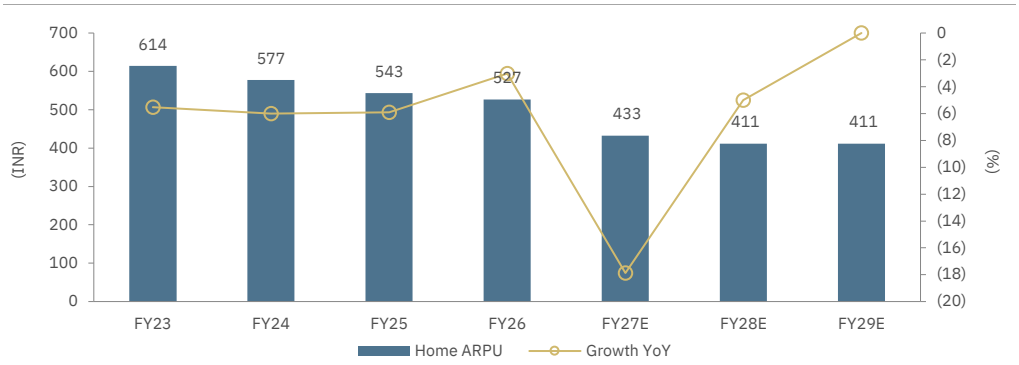
Source: Company, Elara Securities Estimate

Exhibit 53: Home subscriber base to clock CAGR of 22% during FY26-29E to ~26mn



Source: Company, Elara Securities Estimate

Exhibit 54: ARPU to gradually moderate from ~INR 527 in FY26 to ~INR 411 by FY29E

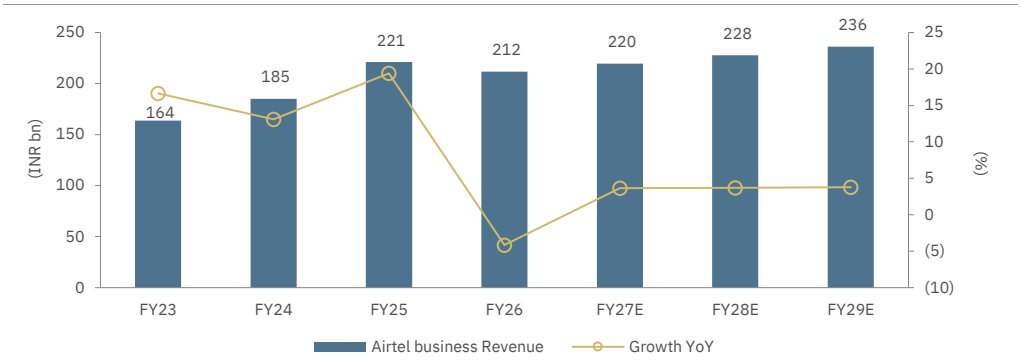


Source: Company, Elara Securities Estimate

Airtel business to expand at CAGR of ~4% during FY26-29E, reflecting near-term repricing pressure

We expect Airtel business revenue CAGR of 4% during FY26-29E to ~INR 236bn by FY29E, with growth weighed by repricing pressure in voice & legacy connectivity and run-off of some low-margin contracts. We expect the segment to increasingly tilt toward higher-margin digital portfolio: 1) CPaaS via Airtel IQ, 2) IoT, 3) cybersecurity, and 4) Cloud & data centers via Nxtra. Digital sub-segments offer upside optionality as Cloud and data-center tenancy scales and should accelerate from FY28.

Exhibit 55: Airtel business revenue to expand at CAGR of ~4% during FY26-29E

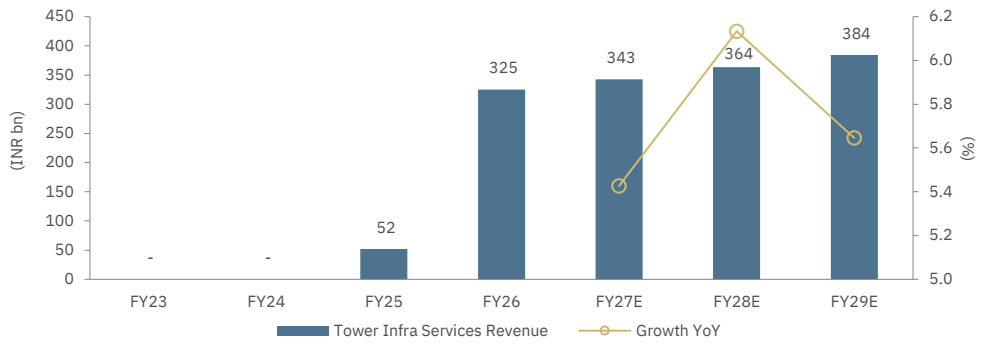


Source: Company, Elara Securities Estimate

Passive Infra (Indus) revenue to deliver CAGR of ~6% during FY26-29E

Indus Towers integration into BHARTI adds ~INR 325bn of revenue from FY26. We expect passive infra revenue CAGR of ~6% during FY26–29E, led by rental CAGR of ~7.4% CAGR and offset by slower power & fuel pass-through of ~3.6% CAGR. Rental growth is underpinned by ~13–14k annual tower additions at ~5% CAGR, driven by BHARTI's organic rollout and incremental Vodafone Idea activity, with tenancy ratio broadly stable at ~1.65–1.66x and modest ~1% annual pricing escalation. Lean tower co-locations are set to add ~5% CAGR, with per-operator sharing revenue compounding at ~6% during FY26–29E.

Exhibit 56: Passive infra revenue to deliver CAGR at ~6% during FY26–29E

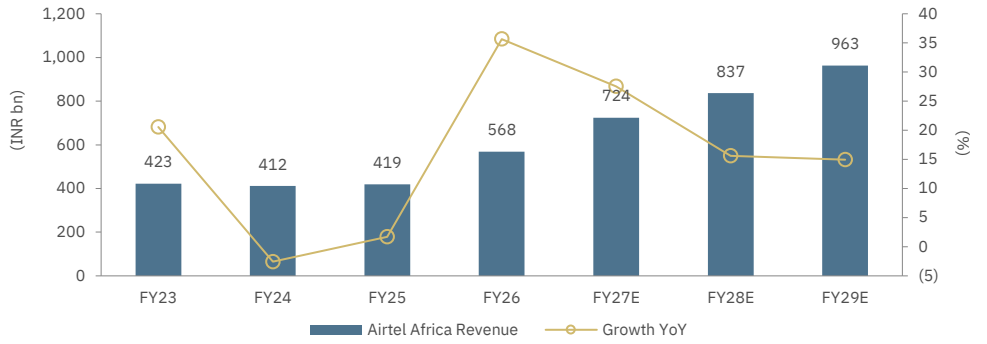


Source: Company, Elara Securities Estimate

Africa business revenue to clock CAGR of ~19% during FY26-29E

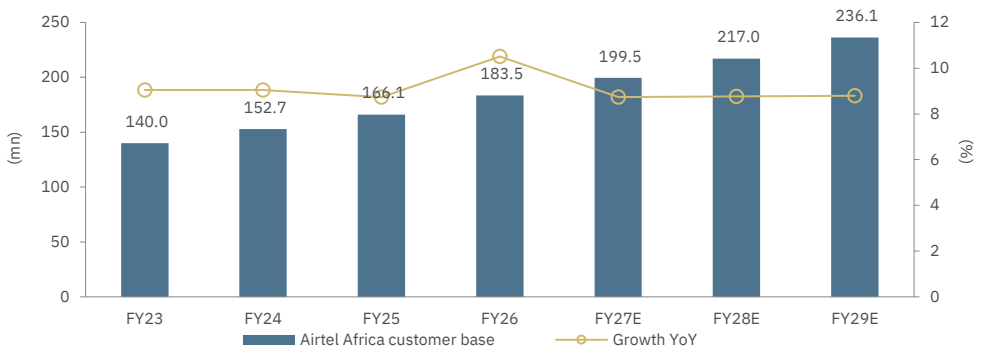
We expect Africa business revenue to grow from INR 568bn (USD 6.4bn) in FY26 to INR 963bn (USD 10.1bn) by FY29E, at a CAGR of ~19% in INR constant currency terms (~16% in USD CC), supported by ~9% CAGR in customer base (184mn in FY26 to ~236 mn in FY29E) and moderate ARPU expansion (USD 2.2 to ~USD 2.5 in FY29E). Growth would be led by 1) continued 4G & 5G rollout (~40k towers in FY26 vs ~22k in FY20), 2) data subscriber penetration rising from ~44% currently to ~52% by FY29E, and 3) ARPU resilience in key markets despite FX headwinds. Africa business EBITDA margin is set to expand from ~49.4% in FY26 to ~52.7% by FY29E (~380bp), supported by operating leverage on a largely-built-out network, tower-sharing economics, and continued cost discipline.

Exhibit 57: Airtel Africa revenue to clock CAGR of 19% during FY26-29E



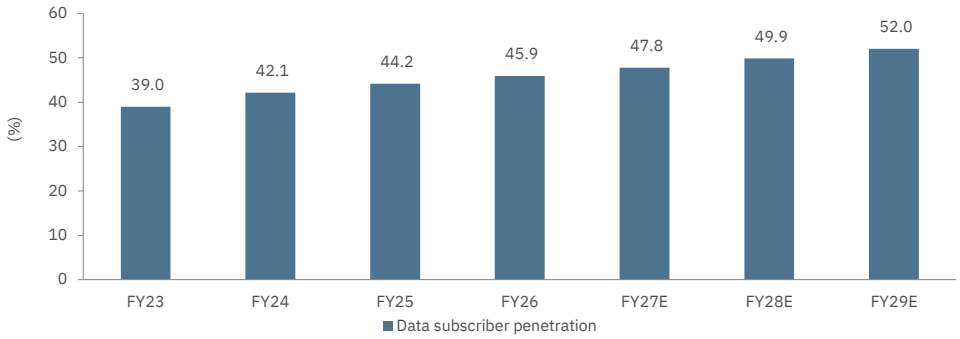
Source: Company, Elara Securities Estimate

Exhibit 58: Airtel Africa's customer base posts ~9% CAGR during FY26-29E from 184mn in FY26 to ~236 mn in FY29E



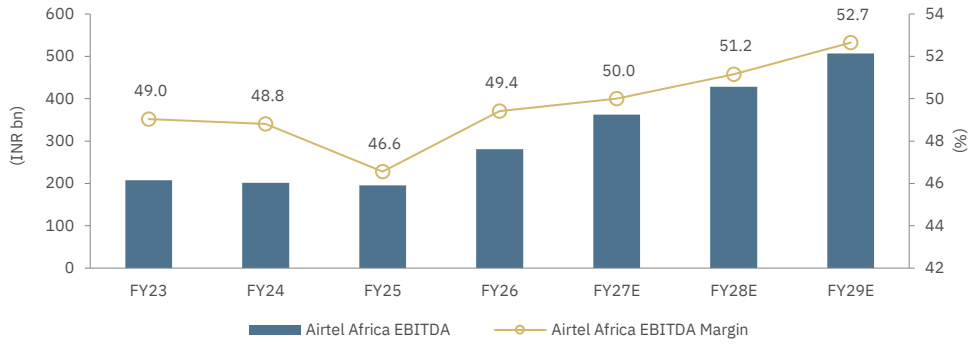
Source: Company, Elara Securities Estimate

Exhibit 59: Data subscriber penetration rising from ~44% in FY26 to ~52% by FY29E



Source: Company, Elara Securities Estimate

Exhibit 60: Africa Airtel EBITDA margin to expand to ~52.7% by FY29E from ~49.4% in FY26



Source: Company, Elara Securities Estimate

Airtel Mobile Money continues to scale up as a structural growth engine within Africa

Airtel Money revenue is set to scale up by ~24% CAGR during FY26-29E, with transaction value already at ~USD 196bn in FY26 (vs ~USD 25bn in FY20) and active customers at ~54mn (vs ~14mn in FY20). Mobile money ARPU stood at USD 2.3 in FY26, and we build in ~1% annual increase during FY26-29E, embedding the mix shift toward higher-yielding services (merchant, lending, and cross-border) as the take rate recovers from 0.69% in FY26 to 0.77% by FY27E.

Exhibit 61: Airtel Mobile Money revenue to scale up by ~24% CAGR during FY26-29E

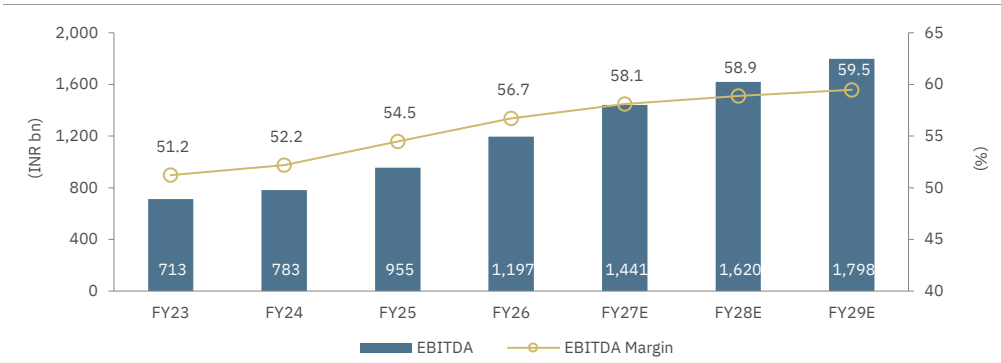
	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Airtel Money revenue (USD mn)	692	837	994	1,355	1,810	2,193	2,614
Growth YoY (%)	*25.1*	*21.0*	*18.8*	*36.3*	*33.6*	*21.2*	*19.2*
Airtel Money transaction value (USD bn)	89	112	137	196	235	282	339
Growth YoY (%)	*37.6*	*26.6*	*21.7*	*43.5*	*20.0*	*20.0*	*20.0*
Airtel money customers (mn)	32	38	45	54	65	78	92
Growth YoY (%)	*20.2*	*20.6*	*17.4*	*21.3*	*20.0*	*20.0*	*18.0*
Airtel Money ARPU (USD)	2.0	2.1	2.0	2.3	2.3	2.3	2.4
Growth YoY (%)	*11.1*	*5.0*	*-4.8*	*15.0*	*1.0*	*1.0*	*1.0*

Source: Company, Elara Securities Estimate

EBITDA to clock CAGR of ~15% during FY26-29E, led by operating leverage and Africa margin expansion

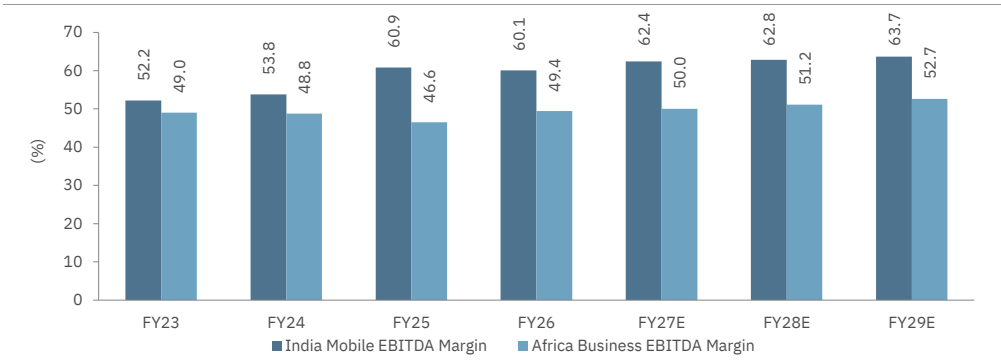
We expect a consolidated EBITDA CAGR of ~15% during FY26-29E, with EBITDA margin expanding ~276 bp from ~56.7% in FY26 to ~59.5% by FY29E. Margin expansion would be driven by: 1) ARPU-led operating leverage in India mobile where tariff hikes flow through to EBITDA with minimal incremental cost (India mobile EBITDA expansion of ~360bp to ~63.7% by FY29E), 2) Africa margin expansion of ~320bp to ~52.7%, 3) continued cost discipline (network opex as a percentage of sales declining from ~18.8% in FY26 to ~17.3% by FY29E), and 4) full-year inclusion of Indus tower business.

Exhibit 62: Consolidated EBITDA to clock CAGR of ~15% during FY26-29E



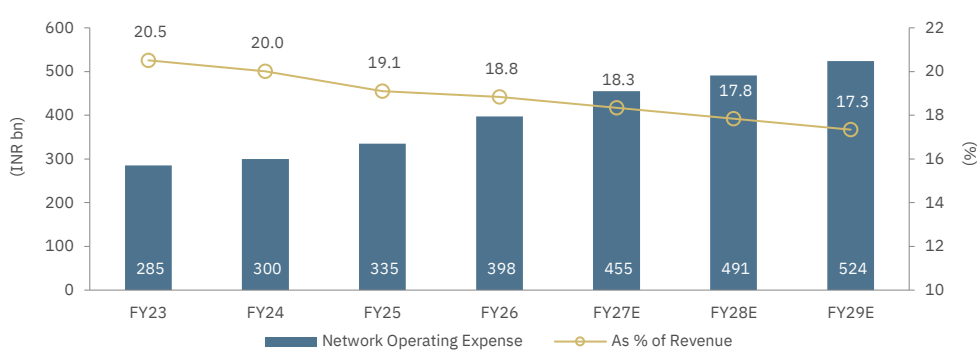
Source: Company, Elara Securities Estimate

Exhibit 63: India mobile EBITDA margin will scale to 63.7% by FY29E vs the Africa at 52.7%



Source: Company, Elara Securities Estimate

Exhibit 64: Network opex as a % of sales declining from ~18.8% in FY26 to ~17.3% by FY29E

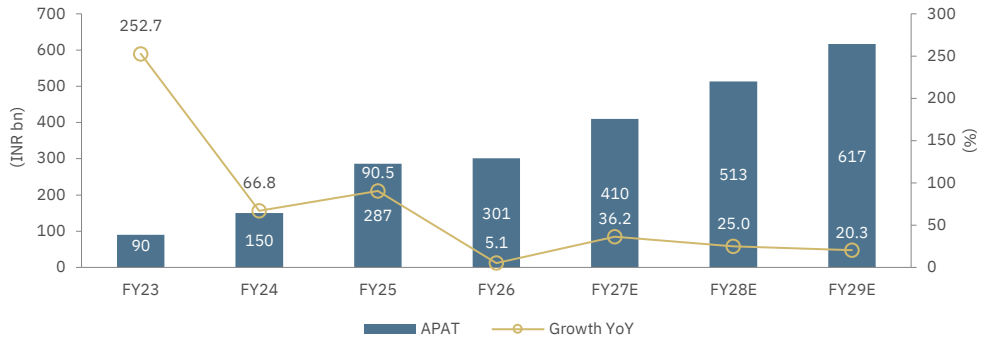


Source: Company, Elara Securities Estimate

APAT to clock CAGR of ~27% during FY26-29E, supported by deleveraging and rising Other income

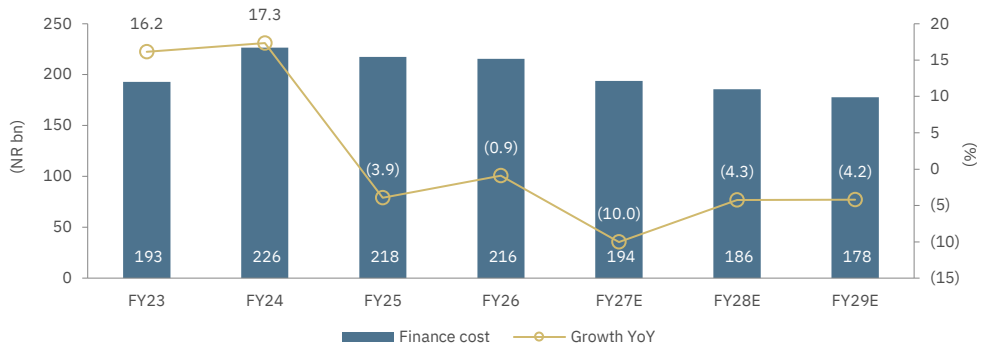
We expect an APAT CAGR of ~27% during FY26-29E, supported by 1) a decline in finance cost from INR 216bn in FY26 to INR 178 bn in FY29E as gross debt reduces INR 1,217bn to INR 842bn and an effective cost of debt moderates from ~7.8% to ~7.5%, and 2) rising Other income from ~INR 28bn in FY26 to INR 77bn in FY29E as cash surplus builds. EPS is set to grow from INR 49 in FY26 to ~INR 99 by FY29E.

Exhibit 65: APAT to clock CAGR of ~27% during FY26-29E



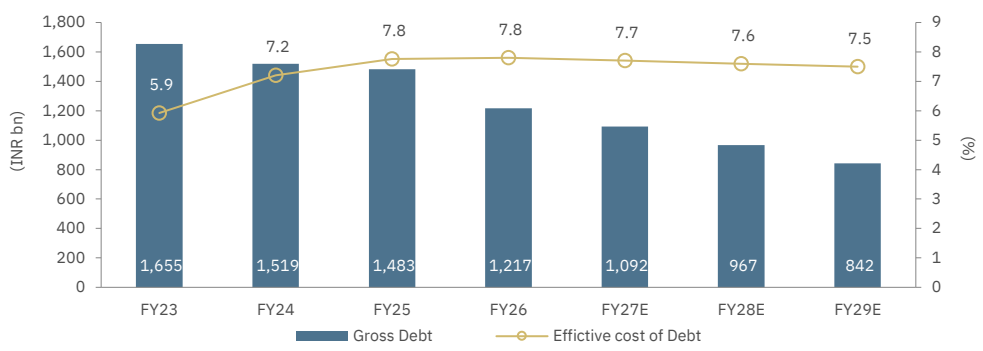
Source: Company, Elara Securities Estimate

Exhibit 66: Decline in finance cost to INR 178bn in FY29E from INR 216bn in FY26



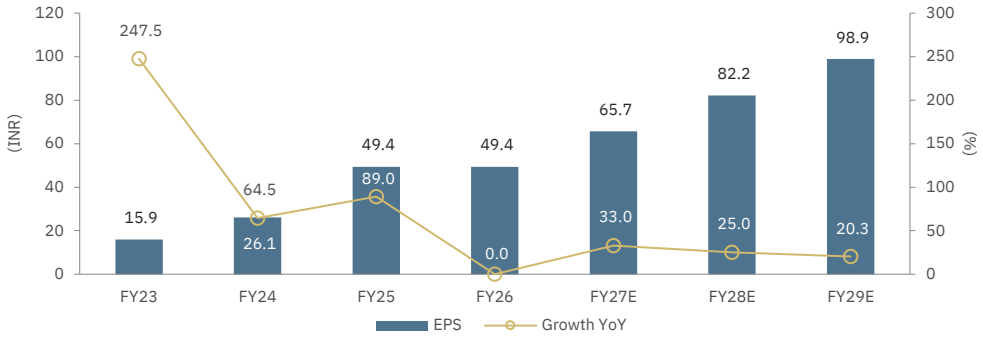
Source: Company, Elara Securities Estimate

Exhibit 67: Gross debt reduces to INR 842 bn and cost of debt moderates to ~7.5% by FY29E



Source: Company, Elara Securities Estimate

Exhibit 68: EPS to clock CAGR of 26% during FY26-29E to ~INR 99

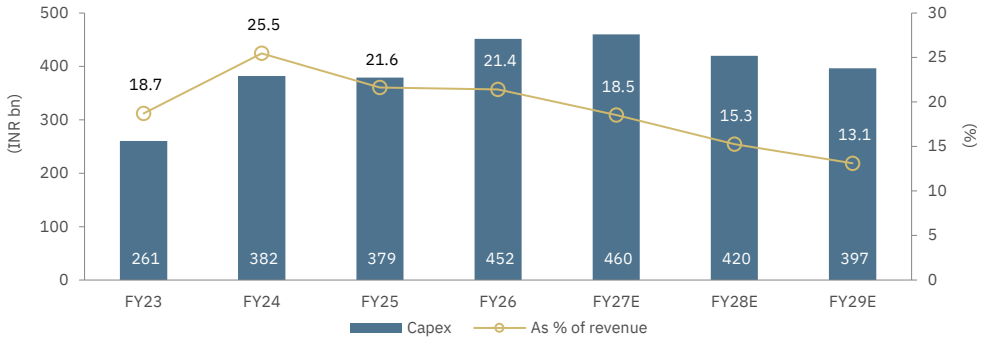


Source: Company, Elara Securities Estimate

Capex to normalize from ~21% of revenue in FY26 to ~13% by FY29E

BHARTI has crossed the peak capex phase. The heavy investment cycle around 5G rollout (3,300MHz, completed pan-India by end-FY25), pan-India fibre densification, and 4G coverage build-out are nearing completion. Cumulative network capex deployed across the mobile services India segment during FY23-26 stands at ~INR 836bn, including total 5G-era investment (including INR 431bn 2022 spectrum auction) at ~INR 1,267bn. We build in consolidated capex moderating from ~INR 452bn in FY26 (~21% of revenue) to ~INR 397bn by FY29E (~13% of revenue). Management has set a capex which is broadly flat in FY27 for India and Airtel Africa capex up 25% to USD 1.1bn. The more material step-down comes from FY28.

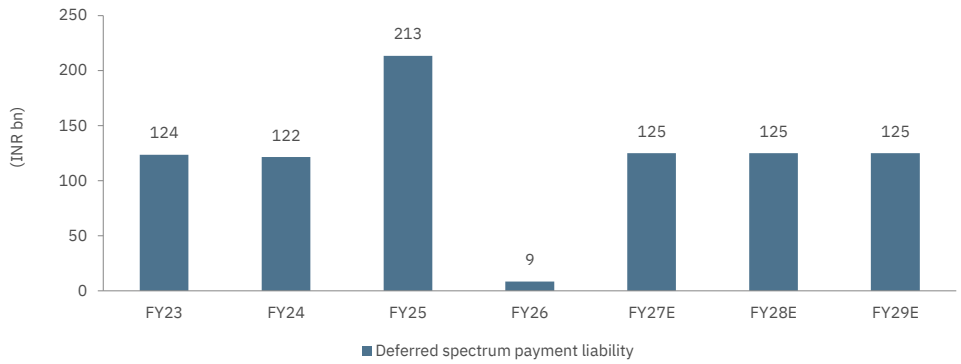
Exhibit 69: Capex moderating from ~21% of revenue in FY26 to ~13% of revenue by FY29E



Source: Company, Elara Securities Estimate

The spectrum portfolio after CY22 acquisition (19,868MHz at INR 431bn) is valid for 20 years, and no material spectrum expiry falls before CY30. We build a INR 1,200bn auction in FY28E (~2.8x the 2022 BHARTI outlay), with 30% paid upfront at INR 360bn funded via new borrowings. Deferred spectrum payment liability cash outflow was subdued at INR 8.5bn FY26, after a sizeable INR 213bn prepayment in FY25; we expect normalized annual amortization of ~INR 125bn pa during FY27-30E.

Exhibit 70: Deferred spectrum liability annual amortization of ~INR 125bn pa during FY27-30E

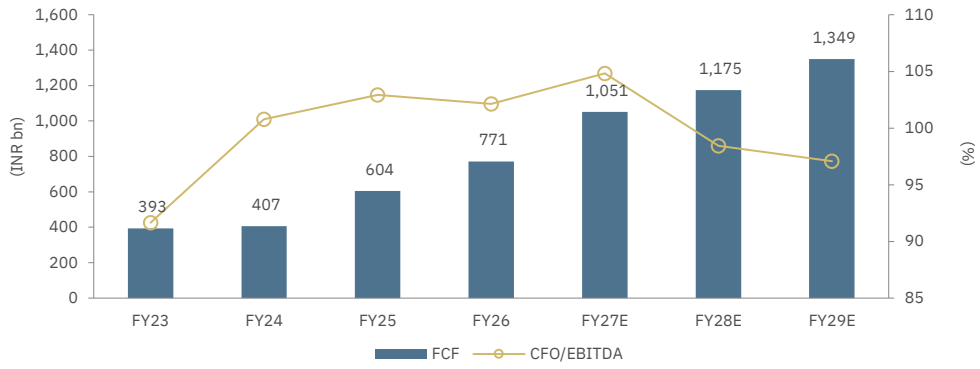


Source: Company, Elara Securities Estimate

FCF to clock CAGR of ~20% to INR 1,331bn by FY29E, with strong CFO conversion

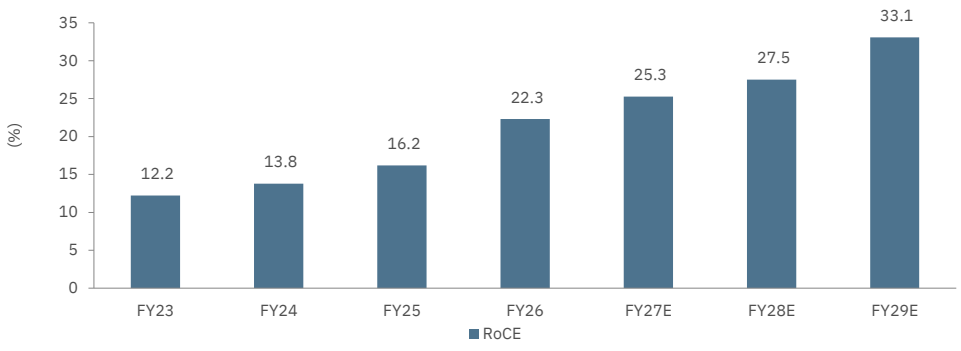
Consolidated FCF is likely to grow from ~INR 771bn in FY26 to ~INR 1,349 bn by FY29E, driven by: 1) an EBITDA CAGR of ~15% during FY26-29E, 2) ~5% absolute capex moderation in the back half of the forecast period, and 3) CFO/EBITDA conversion holding at ~97-100% on stable working capital. ROCE is likely to expand from 22% in FY26 to 33% in FY29E, reflecting operating leverage on the deployed asset base.

Exhibit 71: FCF to clock CAGR at ~21% during FY26-29E to INR 1,349bn



Source: Company, Elara Securities Estimate

Exhibit 72: ROCE to expand to 33% in FY29E from 22% in FY26



Source: Company, Elara Securities Estimate

Net Debt/EBITDA to reduce to 0.3x by FY29E

Net debt (including lease liabilities) is set to decline from INR 1,513bn in FY26 to INR 476 bn by FY29E on strong CFO generation, with net debt/EBITDA potentially improving from 1.3x to 0.3x during the same period. DPS scaled 3x during FY24-26 (INR 8 to INR 24); we build in a DPS of INR 40 by FY29E

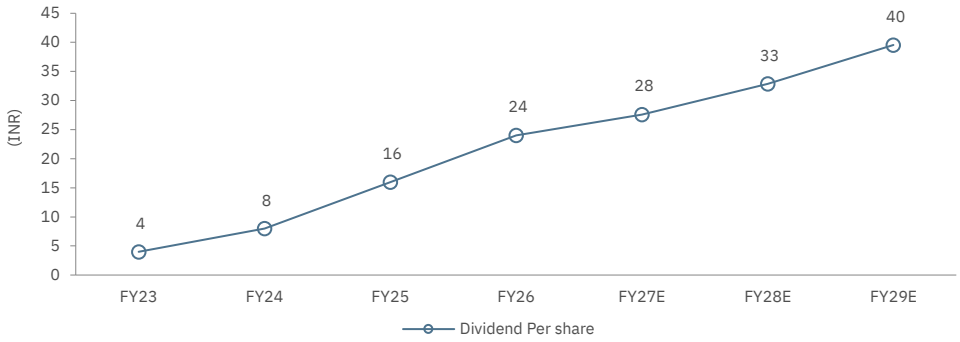
(total dividend outgo INR 146bn in FY26 to ~INR 247 bn in FY29E), holding payout broadly stable in the ~40% range as the absolute dividend pool grows with PAT.

Exhibit 73: Net debt/EBITDA to decline from 1.3x in FY26 to 0.3x by FY29E

	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Debt (INR bn)	1,474	1,353	1,299	776	368	232	(390)
Net Debt/EBITDA (x)	2.1	1.7	1.4	0.6	0.3	0.1	(0.2)
Net Debt (Including Lease Liability) (INR bn)	2,078	1,990	1,953	1,513	1,152	1,056	476
Net Debt (Including Lease Liability)/EBITDA (x)	2.9	2.5	2.0	1.3	0.8	0.7	0.3

Source: Company, Elara Securities Estimate

Exhibit 74: Dividend per share to scale to INR 40 by FY29E



Source: Company, Elara Securities Estimate

Exhibit 75: Valuation

(INR mn)	FY28E
EBITDA	1,620,176
Target Multiple (x)	10
Enterprise Value	16,201,761
Net debt	1,056,058
Equity value	15,145,704
Shares (mn)	6,240
Target Price (INR)	**2,427**

Source: Elara Securities Estimate

Key risks to our call

- ARPU stagnation led by tariff hike delays: Any deferral in the next hike cycle or Jio-led price competition could compress our ARPU growth assumptions and impair revenue estimates
- Reliance Jio IPO-driven competition: A potential IPO could trigger aggressive subscriber acquisition
- FY28 spectrum auction outlay exceeding our INR 1,200bn assumption: Higher-than-modelled auction pricing or incremental band acquisitions could weigh on leverage and delay our net debt/EBITDA improvement trajectory
- Nigeria FX and Africa business operational concentration: Continued NGN depreciation or broader Africa currency volatility could pressure our Africa EBITDA margin and consolidated earnings assumptions
- AGR overhang and post-moratorium payment resumption
- Lag in 5G monetization, given the global precedent of cost efficiency without revenue uplift

Company Overview

Bharti Airtel (BHARTI IN), part of the Bharti Group, is one of India's leading integrated communications companies, with a presence across wireless mobility, broadband, digital TV, enterprise connectivity, and digital services. Headquartered in India, BHARTI operates across 17 countries in Asia and the African Union , serving 500mn customers globally. The company has built a diversified telecom platform spanning India (its core and most profitable market), Africa, a global enterprise and wholesale business.

In India, BHARTI offers mobile services across 2G, 4G and 5G technologies, along with fixed broadband (Airtel Xstream Fiber), DTH television, and a growing portfolio of digital services including payments, Cloud, cybersecurity, IoT and CPaaS through the Airtel Business. The company has been at the forefront of 5G rollout in India, leveraging its strong spectrum portfolio, extensive fiber backbone and deep partnerships with global technology providers.

Airtel's Africa business operates across 14 countries, offering mobile voice and data services, as well as mobile money through *Airtel Money*. Africa has emerged as a structurally attractive growth engine, driven by rising data penetration, smartphone adoption, and under-penetrated financial services, supporting long-term revenue growth and margin expansion.

The company follows an asset-light and capital-efficient strategy, with a focus on network quality, customer experience, and premiumization. Airtel has consistently improved its revenue mix by growing high-ARPU customers, expanding postpaid and broadband subscribers, and increasing enterprise revenue. Strong execution, tariff discipline, and cost optimization have led to steady improvement in operating margin and return ratios in recent years.

Business segments

BHARTI operates through a diversified yet synergistic set of business segments, spanning India, Africa, and global enterprise services. The company's segment-wise structure reflects its strategy of combining scale-led consumer mobility with high-growth data, broadband, digital and enterprise solutions, while maintaining capital discipline and operating leverage.

India – mobile services

India mobile services form the core of Airtel's business and contribute the majority of consolidated revenue and EBITDA. The segment offers wireless voice and data services across 2G, 4G and 5G technologies, catering to both prepaid and postpaid customers.

Airtel has steadily repositioned its India mobile business toward a premium-led growth model, focusing on high-ARPU customers, postpaid additions and family plans, while pruning low-ARPU subscribers. This strategy, coupled with industry tariff discipline, has supported consistent ARPU expansion and margin improvement in the past few years.

The company has undertaken one of the fastest 5G rollouts in India, leveraging its pan-India spectrum footprint, extensive fiber backhaul, and strong execution capabilities. Airtel's 5G strategy remains monetization-focused, anchored around superior network quality, bundled offerings and enterprise use cases rather than aggressive price-led subscriber acquisition.

Operating leverage benefits from scale, rising data consumption, and declining incremental capex intensity, supporting structurally improving returns in the India mobility business.

India – homes (Broadband & DTH)

The homes segment comprises fixed broadband (Airtel Xstream Fiber) and digital TV (DTH) services. Airtel has been scaling its fiber broadband footprint aggressively, targeting high-quality urban households with higher willingness to pay.

Airtel Xstream Fiber offers high-speed broadband (up to 1Gbp) bundled with over-the-top (OTT) content and value-added services, enabling strong customer stickiness and lower churn. The company continues to expand its fiber-to-the-home (FTTH) network in a calibrated manner, balancing growth with capital efficiency.

While the DTH business operates in a mature industry environment, Airtel has focused on improving profitability through cost rationalization, bundling with broadband, and migration toward Internet Protocol Television (IPTV)-based offerings over time. The homes segment benefits from cross-selling opportunities, predictable cashflow, and improving unit economics as scale improves.

Airtel business (enterprise services)

The Airtel business serves large enterprises, SME, government institutions, and global corporations, offering a comprehensive suite of connectivity and digital solutions. The portfolio includes domestic and international data connectivity, Cloud services, data centers, cybersecurity, IoT, CPaaS, and managed network services.

This segment is strategically important due to its higher ARPU profile, sticky customer relationships, and lower churn compared to consumer mobility. Airtel's deep fiber network, global subsea cable investments, and integrated service offerings position it strongly to capture rising enterprise demand ,driven by cloud adoption, digitization, and data localization.

The Airtel business continues to scale up profitably, with increasing contribution from digital services beyond pure connectivity, supporting margin expansion in the medium term.

Digital services

Airtel's digital ecosystem spans payments, financial services, entertainment and communication platforms. Key offerings include Airtel Payments Bank, Wynk Music, Airtel Xstream, and CPaaS solutions.

Airtel Payments Bank has achieved meaningful scale, leveraging Airtel's large distribution network and customer base to drive transaction volume, deposits and cross-sell opportunities. The bank plays a strategic role in customer engagement rather than being a standalone profit driver.

The digital portfolio enhances customer stickiness, improves lifetime value and supports differentiation, while incremental investments remain measured to ensure capital discipline.

African Union operations

Airtel Africa operates across 14 countries, offering mobile voice, data and mobile money services. The Africa business represents a structurally high-growth segment, supported by low data penetration, increasing smartphone adoption, and favorable demographics.

Data services have emerged as the primary growth driver, aided by network investments, spectrum additions, and expanding 4G coverage. Airtel Money has scaled rapidly, benefiting from under-penetration of formal banking and rising digital payments adoption.

The Africa business delivers strong revenue growth, improving EBITDA margin, and robust free cashflow generation, making it a key contributor to Airtel's consolidated valuation and long-term growth optionality.

Current spectrum portfolio

Airtel's operates by using radio waves in different frequency bands, called spectrum to connect phones and data devices to the network. These bands are the highways over which voice and data travel. The type and amount of spectrum a company owns directly affects coverage, network quality, capacity, and future upgrades, such as 5G.

Bharti Airtel has built one of the largest and most balanced spectrum portfolios in India, spanning low, mid and high frequency bands. This mix allows it to deliver both wide coverage and high-speed capacity, which is important for everyday mobile users and enterprise customers alike.

1. Sub-GHz spectrum

This includes lower frequency bands, such as 850MHz and 900MHz.

- These bands are excellent for wide geographic reach and indoor penetration — meaning the phone gets a signal even inside homes, buildings and rural areas.
- Airtel holds a significant amount of this "coverage spectrum" across most telecom circles in India.

In simple terms, sub-GHz spectrum is like the broad, strong base of a network, helping Airtel ensure connectivity even in places where higher frequency waves struggle.

2. Mid-band spectrum

Airtel has aggressively built up a large mid-band spectrum position in bands including:

- 1800 MHz, 2100 MHz, and 2300 MHz
- These are often re-farmed — meaning Airtel shifts use from older 4G traffic to newer 5G traffic as demand changes.

Mid-band spectrum is the sweet spot — it offers both good coverage and significantly higher data speeds compared to sub-GHz bands. It is the foundation of Airtel's 4G and 5G services, especially in urban and semi-urban markets.

In the FY25 spectrum auction, Airtel spent about INR 68.6bn to renew and expand its holdings in precisely these key mid-band frequencies, strengthening capacity, and experience of both 4G & 5G services.

3. 5G-ready mid to high bands

For next-generation 5G services, Airtel holds spectrum in:

- 3.3GHz (3300 MHz) band — critical for wide-area 5G deployments
- 26GHz (millimeter-wave) — high-speed, high-capacity airwaves, ideal for dense urban zones, enterprise use and fixed wireless access (FWA) applications

In earlier auctions, Airtel secured a pan-India footprint in the 3300MHz and 26GHz bands, giving it the ability to run high-speed 5G services nationwide without having to rush back to the market for more core spectrum

Further strengthening this position, Airtel has recently agreed to acquire 400MHz of additional 26GHz spectrum from Adani Data Networks across key regions, such as Mumbai, Gujarat and others — reinforcing its mmWave assets for future high-capacity demand

- Lower frequency bands (like 900MHz) spread far but cannot carry huge data volume
- Mid bands (1800–3300MHz) are the best for carrying everyday smartphone data and 5G traffic
- High bands (26GHz) are short-range super-fast lanes for dense cities and advanced use cases

Airtel's current spectrum holdings reflect a balanced approach:

- Plenty of "coverage spectrum" to reduce dropped calls and improve indoor signals
- Strong mid-band pool to support both increased 4G data needs and robust 5G capacity without stretching capex
- High band optionality for future enterprise and advanced applications

This portfolio helps Airtel manage network quality, cost and scalability. Because much of the spectrum that Airtel needs is already secured or renewed for the next ~20 years, the company can avoid large spectrum purchases frequently, thereby protecting cashflow and return on invested capital.

Exhibit 76: Bharti's spectrum holding as on CY26

States	800MHz	900MHz	1800MHz	2100MHz	2300MHz	3300MHz	26GHz	Total
Andhra Pradesh	-	18	43	10	30	100	800	1,001
Assam	-	24	31	20	40	100	800	1,015
Bihar	-	22	36	30	40	100	800	1,028
Delhi	-	12	14	30	30	100	800	986
Gujarat	-	8	20	30	40	100	800	998
Haryana	10	-	20	30	40	100	800	1,000
Himachal Pradesh	-	20	40	10	40	100	800	1,010
Jammu & Kashmir	-	22	30	20	40	100	800	1,012
Karnataka	-	18	40	20	30	100	800	1,008
Kerala	-	9	20	30	30	100	800	989
Kolkata	-	14	30		30	100	800	974
Madhya Pradesh	10	-	30	20	30	100	800	990
Maharashtra	10	-	40	20	30	100	800	1,000
Mumbai	-	10	30	10	30	100	800	980
North-East	-	28	20	20	40	100	800	1,008
Odisha	-	22	39	10	40	100	800	1,012
Punjab	-	20	30	10	40	100	800	1,000
Rajasthan	-	12	20	30	40	100	800	1,002
Tamil Nadu	-	10	40	20	30	100	800	1,000
Uttar Pradesh (East)	-	22	34	10	40	100	800	1,006
Uttar Pradesh (West)	10	-	30	20	40	100	800	1,000
West Bengal	-	19	20	30	40	100	800	1,009
Total	**40**	**311**	**657**	**430**	**790**	**2,200**	**17,600**	**22,028**

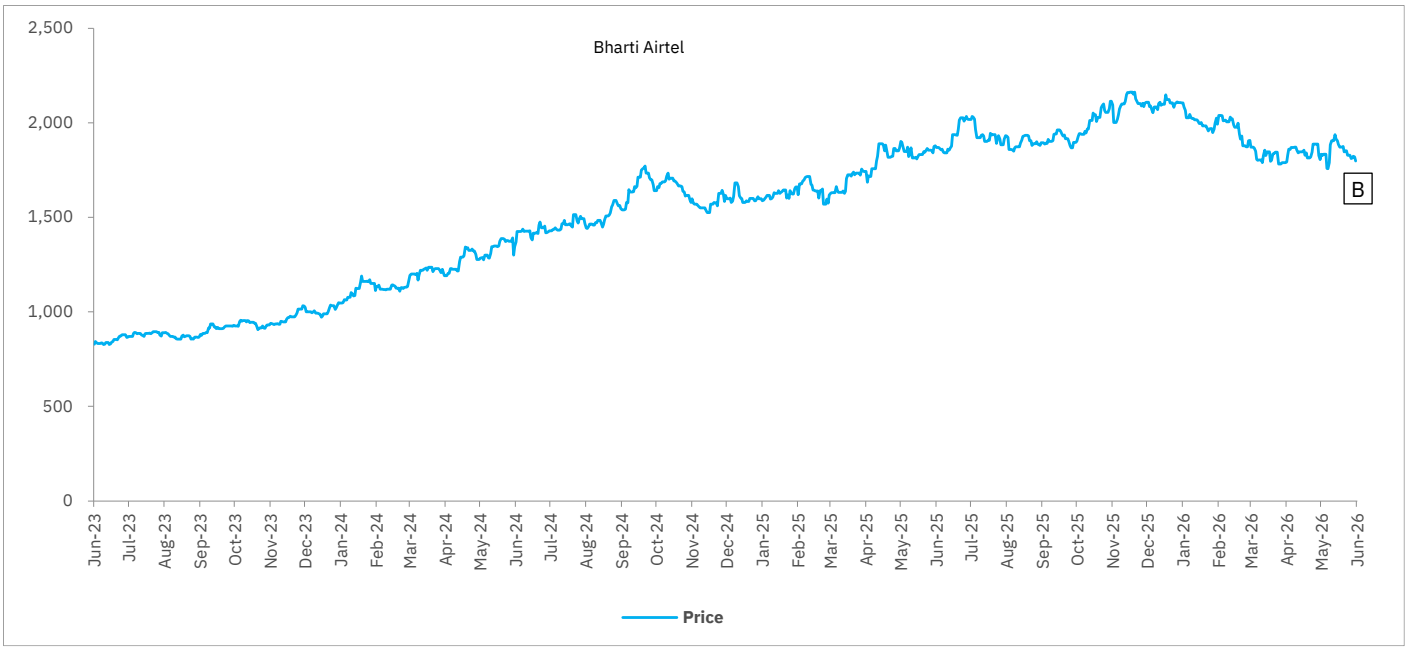
Source: Company, Elara Securities Research

Board of Directors & Key Managerial Personnel

Name	Designation	Education
Sunil Bharti Mittal	Chairman	Bachelor's degree, Punjab University
Gopal Vittal	Vice Chairman & Managing Director	BA (Madras Christian College), MBA (IIM Calcutta)
Shashwat Sharma	Managing Director & CEO (Airtel India)	BE (Delhi college of Engineering), PGDM (IIM Ahmedabad)
Justice (Retd.) Arjan Kumar Sikri	Independent Director	BCom (Hons), LLB, LLM, Post-grad Diplomas in Company & Admin Law
Dinesh Kumar Khara	Independent Director	MBA (FMS Delhi)
Douglas Anderson Baillie	Independent Director	BCom (Business Finance, Marketing & Business Admin) – University of Natal
Kimsuka Narasimhan	Independent Director	BCom (University of Madras), CA (ICAI), CMA (ICMAI)
Nisaba Godrej	Independent Director	BSc (Wharton School, UPenn), MBA (Harvard Business School)
Shyamal Mukherjee	Independent Director	BCom, LLB (Delhi University), Chartered Accountant (CA)
Chua Sock Koong	Non-Executive Director	Bachelor of Accountancy (First Class Hons) – University of Singapore
Rajan Bharti Mittal	Non-Executive Director	Bachelor's (Panjab University), MBA (Harvard Business School)
Tao Yih Arthur Lang	Non-Executive Director	BA in Economics (Magna Cum Laude) – Harvard, MBA (Harvard Business School)
Akhil Garg	Chief Financial Officer (Airtel India)	CA, MBA (University of Melbourne)
Rohit Krishan Puri	Joint Company Secretary & Compliance Officer	CS (ICSI), CA (ICAI)

Source: Company, Elara Securities Research

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
04-Jun-2026	Buy	2,427	1,819

Guide to Research Rating

BUY (B)	Absolute Return >+20%
ACCUMULATE (A)	Absolute Return +5% to +20%
REDUCE (R)	Absolute Return -5% to +5%
SELL (S)	Absolute Return < -5%

Reliance Jio

India | Telecom | Company Update

8 June 2026

Rating: Not Listed

From disruptor to digital infra powerhouse

Reliance Jio Infocomm (Jio), India's largest telecom operator with a subscriber base of 524mn as on FY26, (Source: Company, TRAI) has reshaped India's telecom landscape by offering some of the world's most affordable tariffs. That disruption has turned the sector into a quasi-duopoly and positioned Jio to capitalize on rising tariffs and persistently high data consumption. Continued ARPU expansion should be supported by value-added digital services across the Jio Platforms (JPL) ecosystem. Jio's technology leadership and network design have allowed it to add subscribers without a proportionate increase in recurring investment. We value Jio at enterprise value (EV) of ~INR 12-13tn based on 13x FY28E EV/EBITDA. JPL's EV is ~INR 13-14tn based on 13x FY28E EV/EBITDA, consistent with a SOTP valuation prepared by our Oil & Gas Analyst Gagan Dixit for Reliance (RIL IN, Rating, CMP: INR 1,298, TP: INR 1,619), subject to the stated assumptions.

From scale to monetization: Jio is moving from a market share acquisition phase to a monetization-led growth model, aided by industry consolidation and stronger pricing power. Jio is expected to post ~6% ARPU CAGR during FY26–29E, driven by tariff increases, premiumization, higher data use, and upgrade to postpaid plans. Jio's large 5G subscriber base and standalone network architecture create significant monetization upside via premium 5G plans and network slicing capabilities. Additionally, accelerating enterprise and B2B traction across connectivity, IoT, cloud, and managed services should raise higher blended monetization, stronger earnings visibility, and improved revenue quality in the medium term.

Home broadband: Jio's next growth engine: India's home broadband market is still underpenetrated, with sub-~18% household penetration across ~350mn homes, presently a large long-term growth opportunity (Source: Elara Securities Estimate). Jio is scaling rapidly via its wireless-first JioAirFiber model, which lowers deployment cost and speeds rollout beyond fiber constraints, especially in Tier II & III and rural areas. Jio's fixed broadband base has surpassed ~27mn subscribers, driven by JioAirFiber, making it one of the largest global fixed wireless access (FWA) platforms. Moving mobile-only users to home broadband can raise household ARPU by 3-6x and increase data consumption by 8-10x, supporting structurally stronger monetization. Technology upgrades -- nLOS hardware and proprietary UBR -- expand Jio's addressable market and improve rollout economics, enhancing visibility toward Jio's medium-term target of 100mn home connections.

Technology-led execution -- scale and cost leadership: Jio's integrated technology stack is a structural advantage that enables lower cost, faster rollout, and superior monetization vs peers reliant on external vendors. Its Cloud-native 5G standalone (SA) network, proprietary UBR & nLOS technologies, and AI-led *JioBrain* platform improve broadband economics and network efficiency at scale for ~524mn users. Exclusive pan-India 700MHz spectrum provides durable coverage and indoor connectivity advantages while reducing rural rollout cost. Backed by a ~500,000km fiber backbone and in-house home connectivity ecosystem, Jio is assembling a scalable digital infrastructure platform that is hard to replicate.

Transitioning to a monetization-driven digital platform: Jio is shifting from a scale-based telecom operator to a monetization-led digital platform, driven by tariff hikes, premiumization, enterprise business expansion, and growing adoption of high-ARPU home broadband. Supported by an integrated technology stack, Jio is building a scalable, structurally differentiated digital infrastructure ecosystem with strong long-term earnings visibility. We expect JPL to post a top-line CAGR of 11% and an EBITDA CAGR of 14% during FY26-29E. EV is set to be ~INR 12-13tn based on 13x FY28E EV/EBITDA, and JPL's EV could be ~INR 13-14tn on the same multiple.

Key financials

YE March	FY25	FY26	FY27E	FY28E	FY29E
Revenue (INR mn)	1,141,410	1,288,710	1,469,744	1,635,531	1,751,654
YoY (%)	14.0	12.9	14.0	11.3	7.1
EBITDA (INR mn)	602,860	698,220	829,670	945,337	1,033,476
EBITDA margin (%)	52.8	54.2	56.5	57.8	59.0
Adj PAT (INR mn)	247,950	281,730	371,821	435,511	493,844
YoY (%)	21.2	13.6	32.0	17.1	13.4
EPS (INR)	5.5	6.3	8.3	9.7	11.0
RoE (%)	14.23	15.41	16.56	18.74	17.54
RoCE (%)	9.8	11.2	13.6	16.0	16.4

Source: Company, Elara Securities Estimate

Prashant Biyani
Fertilizers & Agricultural Chemicals, Hotels, Sugar, Telecom
+91 22 6164 8581
prashant.biyani@elaracapital.com

Associate
Yashi Jain
yashi.jain@elaracapital.com

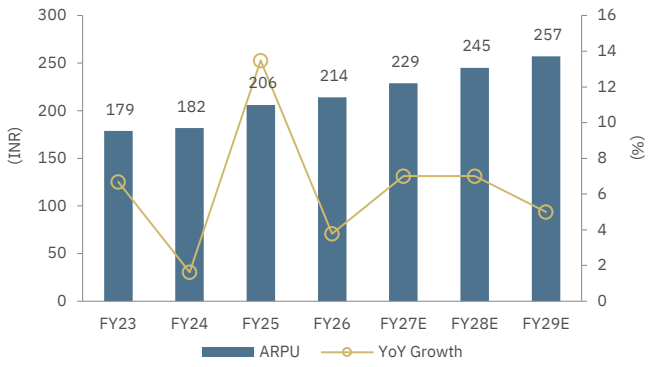
Financials

Income Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Total Revenue	1,141,410	1,288,710	1,469,744	1,635,531	1,751,654
EBITDA	**602,860**	**698,220**	**829,670**	**945,337**	**1,033,476**
Less :- Depreciation & Amortization	230,980	259,530	275,353	284,553	298,353
EBIT	**371,880**	**438,690**	**554,317**	**660,784**	**735,122**
Interest expense	48,370	85,590	83,542	106,077	103,212
Other income	9,470	25,320	26,312	27,527	28,309
PBT	**332,980**	**378,420**	**497,087**	**582,234**	**660,219**
Less: Tax	85,030	96,690	125,266	146,723	166,375
Adjusted PAT	**247,950**	**281,730**	**371,821**	**435,511**	**493,844**
Exceptional/ Extra-ordinary items	0	0	0	0	0
Reported PAT	**247,950**	**281,730**	**371,821**	**435,511**	**493,844**
Balance Sheet (INR mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Shareholders' Equity	2,613,770	2,846,200	3,346,867	3,525,691	4,190,300
Trade Payables	44,730	54,660	60,400	67,214	71,986
Provisions & Other Current Liabilities	389,040	352,220	391,813	431,452	460,115
Total Borrowings	705,290	678,050	601,330	741,330	741,330
Other long term liabilities	1,487,990	1,560,630	1,509,684	1,881,010	1,824,573
Total liabilities & equity	**5,240,820**	**5,491,760**	**5,910,096**	**6,646,697**	**7,288,304**
Net Fixed Assets	1,710,280	2,306,730	2,344,496	2,300,529	2,301,385
CWIP	568,660	131,210	100,000	200,000	400,000
Intangible assets	2,194,030	2,187,180	2,255,270	2,622,685	2,623,475
Business Investments / other NC assets	460,990	513,340	518,125	522,605	523,668
Cash, Bank Balances & treasury investments	88,040	163,540	452,313	733,928	1,153,872
Sundry Debtors	9,550	11,800	12,080	13,443	14,397
Other Current Assets	209,270	177,960	227,810	253,507	271,506
Total Assets	**5,240,820**	**5,491,760**	**5,910,095**	**6,646,696**	**7,288,304**
Cash Flow Statement (INR mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Cash profit adjusted for non cash items	**603,560**	**699,500**	**829,670**	**945,337**	**1,033,476**
Add/Less : Working Capital Changes	**57,950**	**52,290**	**(876)**	**9,761**	**6,837**
Taxes Paid	**570**	**(910)**	**(910)**	**(910)**	**(910)**
Cashflow from Operations	662,080	750,880	827,884	954,188	1,039,403
Capital expenditure	(416,220)	(324,970)	(300,000)	(250,000)	(450,000)
Free Cash Flow	245,860	425,910	527,884	704,188	589,403
Cashflow from Financing	3,250	(307,390)	(207,909)	(1,469)	(142,132)
Cashflow from Investing	(615,710)	(409,860)	(323,271)	(677,735)	(481,971)
Net Change in Cash	**49,620**	**33,630**	**296,703**	**274,983**	**415,300**
Ratio Analysis	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Income Statement Ratios (%)					
Revenue Growth	14.0	12.9	14.0	11.3	7.1
EBITDA Growth	15.0	15.8	18.8	13.9	9.3
PAT Growth	21.2	13.6	32.0	17.1	13.4
EBITDA Margin	52.8	54.2	56.5	57.8	59.0
Net Margin	21.7	21.9	25.3	26.6	28.2
Return & Liquidity Ratios (%)					
Net Debt/Equity (x)	0.2	0.2	0.1	0.0	(0.1)
ROE (%)	14.2	15.4	16.6	18.7	17.5
ROCE (%)	9.8	11.2	13.6	16.0	16.4
Per Share data & Valuation Ratios					
Diluted EPS (Rs/Share)	5.5	6.3	8.3	9.7	11.0
EPS Growth (%)	21.2	13.6	32.0	17.1	13.4
BVPS (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, Elara Securities Estimate

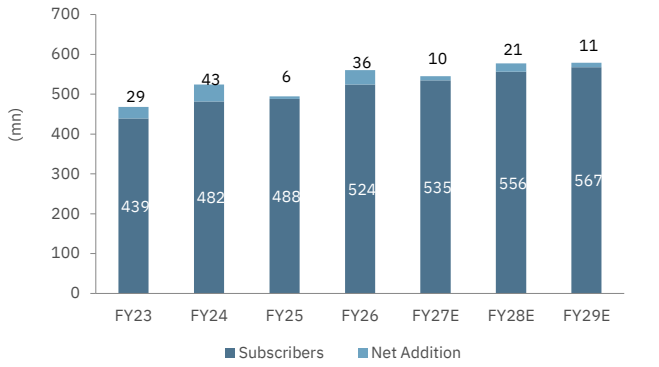
Story in Charts

Exhibit 1: ARPU to clock CAGR of 6% during FY26-29E, led by the tariff hike and premiumization



Source: Company, Elara Securities Estimate

Exhibit 2: Steady wireless subscriber addition



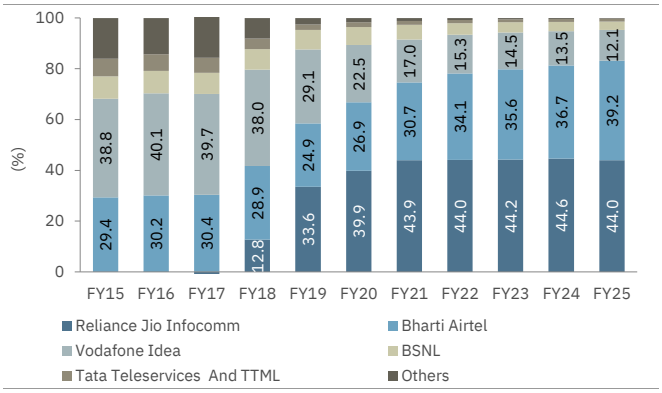
Source: Company, Elara Securities Estimate

Exhibit 3: Jio holds 26,801MHz of spectrum across bands

Band	Total MHz (UL+DL)
700 MHz	440
800 MHz	450
1800 MHz	591
2300 MHz	880
3300 MHz	2,440
26 GHz	22,000
Total	**26,801**

Source: TRAI, Elara Securities Research

Exhibit 4: Jio & Airtel account for >80% of industry revenue



Source: TRAI, Elara Securities Research

Exhibit 5: Jio's ARPU to clock CAGR of 6% during FY26-29E

Year	Jio	Airtel	Discount over Airtel
FY23	179	193	(7.5)
FY24	182	209	(13.0)
FY25	206	245	(15.8)
FY26	214	257	(16.7)
FY27E	229	275	(16.7)
FY28E	245	297	(17.5)
FY29E	257	315	(18.3)

Source: Company, Elara Securities Estimate

Exhibit 6: JPL's standalone EBITDA margin to grow by 300bp by FY29E

(INR mn)	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	73,130	94,390	140,770	180,140	225,175	281,469	332,133
YoY Growth (%)	58.6	29.1	49.1	28.0	25.0	25.0	18.0
EBITDA	20,490	25,390	38,840	64,330	82,729	106,260	128,891
EBITDA Margin (%)	28.0	26.9	27.6	35.7	36.7	37.8	38.8

Source: Company, Elara Securities Estimate

From disruptor to digital infrastructure powerhouse

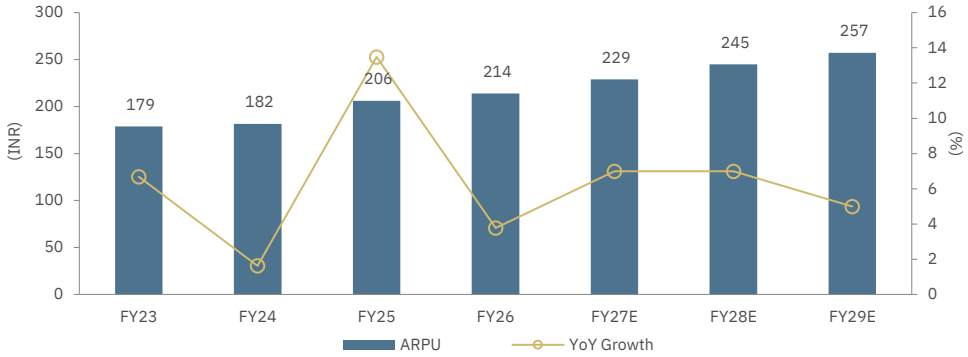
- From scale to monetization
- Home broadband emerging as Jio's next growth engine
- Technology-led execution driving scale and cost leadership

From scale to monetization

ARPU to clock CAGR of 6% during FY26-29E

We expect Jio's mobile services ARPU to clock in a CAGR of 6% during FY26-29E, driven by: 1) the strategy to monetize 4G & 5G network investments via tariff increase, 2) portfolio premiumization, 3) data consumption driving organic plan upgrades, and 4) enterprise and B2B mix-shift lifting blended realization. India remains among the most affordable telecom services market globally. As pricing normalizes and customer mix improves, Jio will expand ARPU.

Exhibit 7: Jio's ARPU to clock CAGR of 6% during FY26-29E

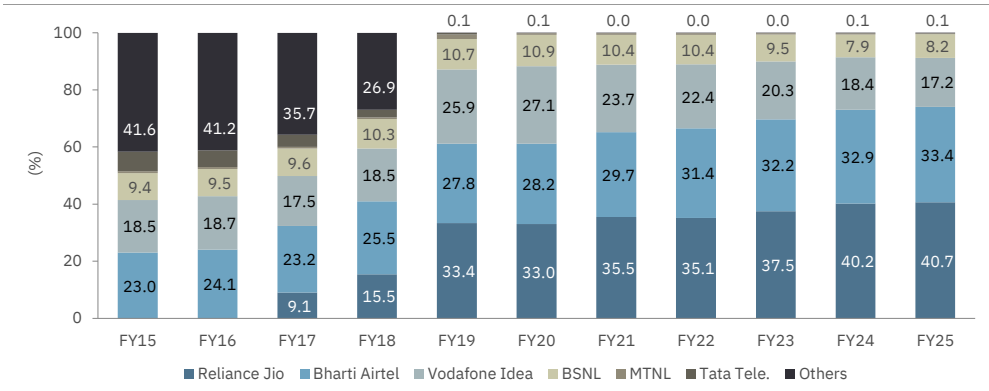


Source: Company, Elara Securities Estimate

Tariff hike to be primary driver of ARPU expansion

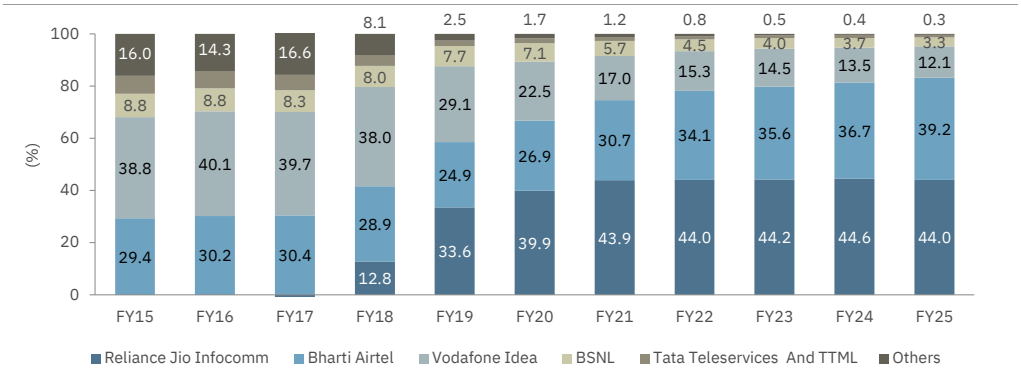
Jio's pricing power has strengthened materially as the industry structure has consolidated into a quasi-duopoly. Jio and Bharti Airtel (BHARTI IN, **Buy**, CMP: INR 1,798, TP: INR 2,427) account for >80% of industry revenue (Source: TRAI). This has materially reduced the need of disruptive pricing, particularly given the constrained financial position of Vodafone Idea and limited competitive relevance of BSNL in key urban and semi-urban markets. Within this structure, Jio is no longer operating in a market-share maximization phase but in a transition to monetization phase where pricing discipline is both feasible and economically rational.

Exhibit 8: From perfect competition, the industry consolidated into a quasi-duopoly



Source: TRAI, Elara Securities Research

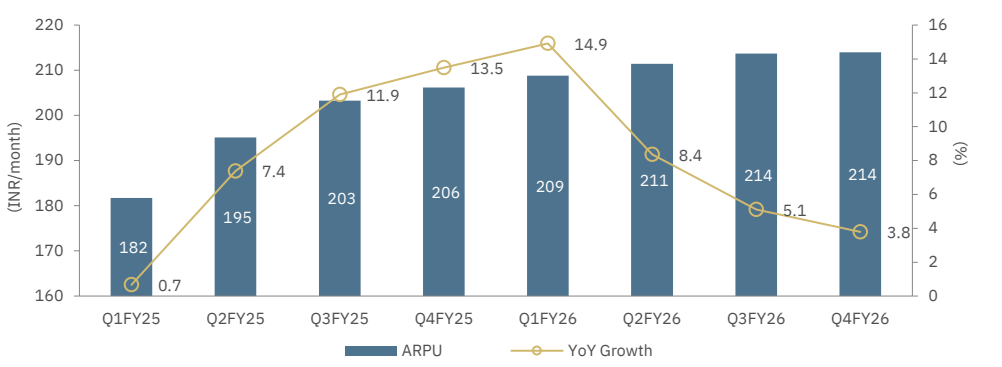
Exhibit 9: Reliance Jio & Bharti Airtel account for >80% of industry revenue



Source: TRAI, Elara Securities Research

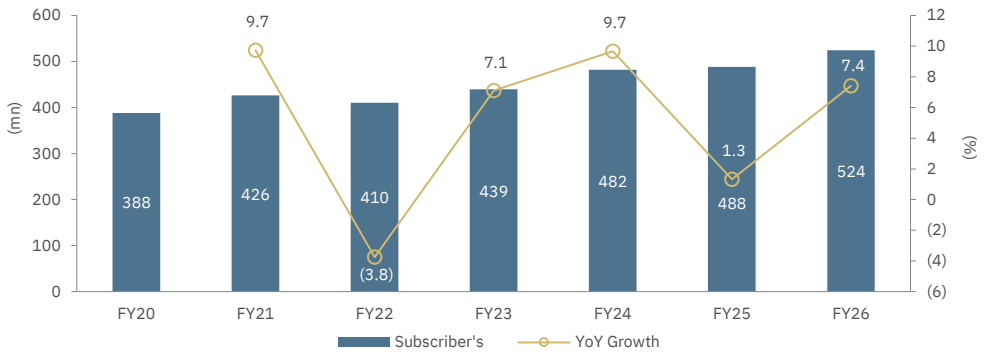
Jio's execution during the July 2024 tariff hike demonstrates this shift. ARPU increased from INR 182 in Q1FY25 to INR 195 in Q2FY25 following a 12-15% tariff increase, and further to INR 206 by Q4FY25. Importantly, the expected risk of sustained subscriber losses did not materialize. While there was some near-term churn from low-value, multi-SIM users, the subscriber base stabilized quickly and has since expanded to ~524mn. The durability of the higher ARPU base indicates Jio can implement price increases without structurally impairing demand, reinforcing its transition toward monetization-led growth phase.

Exhibit 10: Jio's APRU jumps ~12-15% post July 2024 tariff hike



Source: Company, Elara securities Research

Exhibit 11: Jio's subscribers expands to 524mn in FY26 from 488mn in FY25



Source: Company, Elara Securities Research

Despite this, Jio continues to operate at a meaningful ARPU discount to *Airtel*. Its ARPU stood at INR 214 vs INR 257 of BHARTI as on FY26, implying a ~21% discount despite serving a similar consumer base and under a common regulatory framework. More than premiumization, Jio's strategy is to be a player of scale by offering affordable pricing. Hence, while ARPU expansion opportunities exist for which they will capitalize as well; we expect Jio's ARPU to remain more affordable than that of BHARTI's.

Exhibit 12: Jio continues to be better value proposition for subscribers over Airtel

Year	Jio's ARPU (INR)	Airtel's ARPU (INR)	Discount over Airtel (%)
FY23	179	193	(7.5)
FY24	182	209	(13.0)
FY25	206	245	(15.8)
FY26	214	257	(16.7)
FY27E	229	275	(16.7)
FY28E	245	297	(17.5)
FY29E	257	315	(18.3)

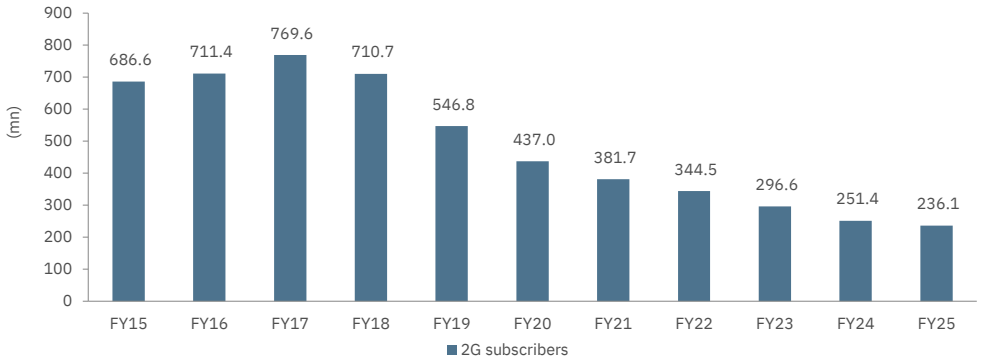
Source: Company, Elara Securities Estimate

Tariff hikes is the primary direct lever for ARPU expansion. Industry expectations point toward the next round of tariff increases in FY27, with potential hikes in the range of 15–20%. Without tariff increase, 4-5% ARPU growth will be driven by premiumization, 5G monetization, and higher data consumption.

premiumization: 2G-to-4G & 5G migration as structural ARPU lever

Migration of India's residual 2G subscriber base into the data ecosystem is another lever of ARPU expansion. As on H1FY26, ~225mn users industry-wide were on 2G networks, representing a sizeable pool of under-monetized customers with negligible data contribution. Jio targets this segment through a calibrated device-led strategy, working with original equipment manufacturer (OEM) partners to drive affordability across price points and accelerate 4G & 5G adoption. Each 2G-to-4G & 5G conversion represents a structural uplift in ARPU, as users transition from negligible data contribution to a recurring ~INR 150–200 per month.

Exhibit 13: Around 236mn 2G subscribers industry-wide remain on 2G networks as on FY25



Source: TRAI, Elara Securities Research

Multi-tier device strategy removes the affordability barrier across income class

Jio is actively targeting the 2G segment via a deliberate multi-tier device strategy, engineered to eliminate the affordability barrier at every income level. Jio's device engineering is the mechanism that makes this conversion possible at mass scale. *JioBharat* (INR 999), *JioPhone* (effectively free on a INR 1,500 refundable deposit), and *JioPhone Next* (INR 6,499, co-developed with Google which invested USD 4.5bn partly for this purpose) each address a distinct income category, ensuring no potential converter is priced out. Beyond its own devices, Jio extends this strategy through the *JioBharat* platform, enabling third-party OEM (e.g., Karbonn) to manufacture devices running Jio's

software stack with pre-integrated applications, scaling up device availability across manufacturers without capital concentration risk.

Exhibit 14: Affordable smartphones to drive migration of feature phone users to data-centric networks

Device	Price	Target Cohort
JioPhone (KaiOS)	INR 1,500 refundable deposit	Non-data users; rural; lowest income
JioBharat	INR 999	2G users (225mn pool); Tier III & IV
JioPhone Next	INR 6,499	First smartphone buyers; Tier II & III

Source: Company, Elara Securities Research

Postpaid migration lifts ARPU

Postpaid plans are priced at INR 349–1,499 per month vs a prepaid blended ARPU of ~INR 214, implying any shift from prepaid to postpaid is a voluntary upgrade that lifts per-user monetization significantly without any headline tariff increase. Beyond pricing, postpaid subscribers are inherently stickier, due to billing linkages and family plan structures, which introduce switching friction and improve customer lifetime value, making the benefit two-fold: higher ARPU and lower churn. Even a modest migration of ~5% of Jio's base (~26mn subscribers) to postpaid can drive meaningful blended ARPU expansion purely through mix improvement.

Exhibit 15: Postpaid plans command significant premium over prepaid plans

Year	Prepaid ARPU	Postpaid ARPU	Premium of postpaid over premium
FY21	132	155	17.4
FY22	148	166	12.2
FY23	135	177	31.1
FY24	146	185	26.7
FY25	174	181	4.0

Source: TRAI, Elara Securities Research

Exhibit 16: Jio's postpaid plans

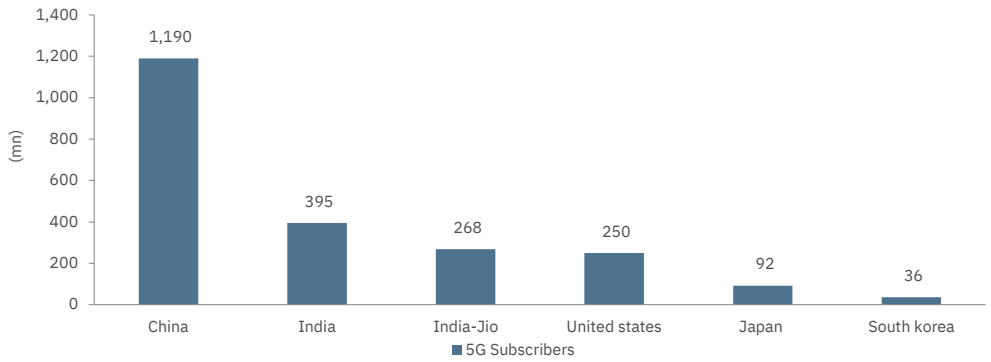
Postpaid plans	Validity	Price (INR)	Benefits	Subscriptions
Individual plan	Bill cycle	1,549	Unlimited calls+300GB	Netflix (Mobile), Amazone prime lite, JioTV
Individual plan	Bill cycle	649	Unlimited calls+ unlimited data	JioTV
Individual plan	Bill cycle	349	Unlimited calls+30GB	JioTV
Family Plan	Bill cycle	749	Unlimited calls+100GB	Netflix (Mobile), Amazone prime lite, JioTV
Family Plan	Bill cycle	449	Unlimited calls+75GB	JioTV

Source: Company, Elara Securities Research

Monetization gap of 5G creates visible and near-term ARPU opportunity

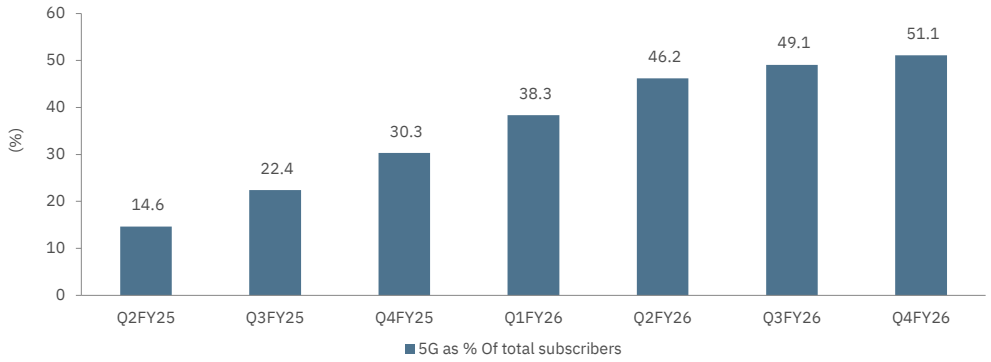
5G services are being provided at affordable tariffs. The decision is strategic, to embed user dependence on faster speeds before monetizing the upgrade. With a 5G base of ~268mn subscribers as on Q4FY26, the largest globally outside China, Jio has created a large and captive base of users already accustomed to 5G performance (Source: company, ITU). As Jio introduces premium 5G plans, offering better speed, lower latency, higher data limits, and bundled content, these users are structurally more likely to upgrade. Even a simple shift from a INR 299 plan to a INR 349 plan implies ~17% higher ARPU per user. At scale, even if ~30% of the existing 5G base upgrade, it can drive a sharp improvement in blended ARPU without requiring a headline tariff hike. In essence, 5G services monetization option is a visibly large unutilized lever, which can be of the most important drivers of earnings growth for Jio.

Exhibit 17: Jio has the largest 5G subscriber base globally outside China



Note: CY25, Source: Company, Ericsson, GSMA Mobile Economy 2025, Ministry of Industry & Information Technology, South Korea's Ministry of Science and ICT, Japan's Ministry of Internal Affairs and Communications, Elara Securities Research

Exhibit 18: Rapid 5G subscriber mix expansion driving data monetization



Source: Company, Elara Securities Research

5G SA architecture & network slicing, a differentiated, high-value pricing engine

Jio's 5G standalone (SA) architecture could be another enabler of sustained ARPU expansion, as it fundamentally changes the basis of pricing from volume-led (INR/GB) to performance-led monetization. Unlike non-standalone deployments (deployed by BHARTI), which rely on a 4G core and cannot enforce network-level quality differentiation, Jio's Cloud-native 5G core enables end-to-end control over speed, latency, and reliability. This allows the creation of differentiated service tiers through network slicing, where performance can be contractually defined and priced.

Network slicing represents a structural ARPU lever, anchored in technological differentiation rather than pricing cycles. It enhances pricing power, enables sustained premiumization, and supports higher-quality revenue growth. With SA infrastructure already deployed and peers still transitioning, Jio is positioned to monetize this capability ahead of the industry, making it a key driver of earnings growth over the medium term.

Under the current model, pricing power is constrained as most users receive a similar best-effort experience, limiting willingness to pay beyond incremental data allowances. Network slicing breaks this constraint by introducing real, enforceable service differentiation, enabling premium pricing for guaranteed performance. This supports a shift toward higher-value plans and incremental add-ons, driving ARPU expansion through mix rather than headline tariff increases. Importantly, this expands the monetization ceiling of the network. The same underlying capacity can be sold at higher effective yields when packaged as performance-assured services rather than undifferentiated data. As a result, ARPU growth becomes less dependent on industry-wide pricing actions and more driven by Jio's ability to segment and monetize its user base based on willingness to pay for quality. The commercial framework for network slicing is currently under review by TRAI.

Exhibit 19: 5G standalone a structural moat; underpins durable ARPU expansion

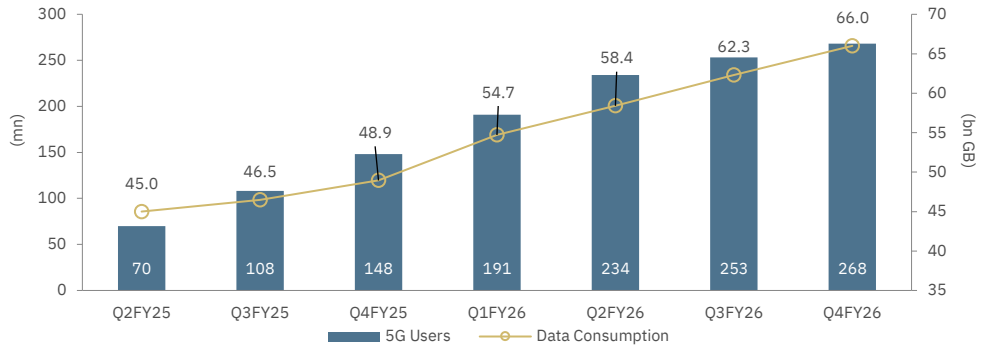
	5G standalone (SA)	5G non-standalone (NSA)
Operator	Reliance Jio	Bharti Airtel
Core network	Cloud-native 5G core	Anchored on legacy 4G core
QoS control	End-to-end (speed, latency, reliability)	Best-effort, no network-level differentiation
Network slicing	Supported , contractually enforceable tiers	Not feasible until SA migration
Monetisation basis	Performance-led (INR per assured QoS)	Volume-led (INR/GB)

Source: Company, Elara Securities Research

Rising 5G penetration drives structural step-up in per-user data consumption

Jio's 5G subscriber base of ~268mn already accounts for ~55% of total data traffic despite forming ~51% of the subscriber base, reflecting materially higher per-user consumption among 5G users vs 4G counterparts (Source: company). As the residual 4G base still ~250mn users migrates to 5G passively, driven by new smartphone adoption, average data consumption per subscriber will rise structurally without any incremental push from Jio. A migrating user usually consumes ~2–3x more data due to higher-quality video streaming and increased adoption of data-intensive applications.

Exhibit 20: As 5G users scale, data consumption rises in tandem



Source: Company, Elara Securities Research

Free-to-premium streaming mix driving structural rise in data consumption

JioCinema's strategy of anchoring mass viewership through free IPL streaming and premium OTT content has structurally shifted Jio's user base toward video-first consumption behavior. As users migrate from standard definition to HD and 4K streaming as device quality improves and network speeds increase on 5G, per-session data consumption rises sharply. A single HD stream consumes ~3GB per hour vs ~0.7GB for standard definition, implying quality upgrades alone can drive a 3-4x increase in per-user data consumption without any change in viewing frequency. With *JioHotstar* now one of India's largest streaming platforms by active users (Source: GSMA), this content-led consumption is already in motion and will accelerate as the 5G base expands and higher-quality viewing becomes the default behavior.

Next wave of data demand driven by AI, gaming, AR and real-time digital applications

Beyond video, a new layer of data-intensive use cases is emerging that will structurally lift consumption during FY27-29. AI-powered smartphone features, a real-time translation, generative AI assistants, Cloud gaming, and augmented reality applications that are inherently data-heavy and are being adopted first by 5G users. Short-form video platforms, social commerce, and digital payments are simultaneously extending session lengths and daily active use among newly converted 4G users, which are still in the steepest phase of their consumption growth curve. These use cases are not cyclical; they represent permanent behavioral shifts that compound data consumption and broaden the base of high-consumption users across different economic class.

JioPhone turns first-time internet users into captive long-term subscribers

KaiOS, in which Jio holds a strategic stake and codeveloped the software layer, has been purpose-built to make entry-level data use frictionless on JioPhone devices. The platform is optimized for low-

bandwidth browsing, enabling use cases, such as messaging, video consumption, and app-based services at near-2G data thresholds, thereby lowering the behavioral barrier to first-time internet adoption. As users develop habitual data use on these devices, a natural progression toward smartphones usually follows a 18–36-month period. Importantly, this transition tends to remain within the Jio ecosystem, as users' digital identity-spanning contacts, content consumption (for e.g., *JioCinema*), commerce (*JioMart),* and payments (UPI), is already anchored within Jio's platform stack. The device, therefore, serves not just as an access point but as a customer acquisition and retention layer, seeding ecosystem stickiness that compounds into ARPU expansion over a 3–5-year horizon.

Rising enterprise and B2B revenue driving premium ARPU per connection

Enterprise and B2B services are emerging as structural drivers of blended ARPU expansion for Jio, supported by early but accelerating traction. The company reported ~44% QoQ in non-mobility EBITDA growth in Q4FY26, reflecting strong momentum across enterprise connectivity, IoT, and platform-led solutions. While consumer ARPU of ~INR 200–220 remains anchored to a large subscriber base of ~470–480mn users, enterprise revenue is smaller in scale but significantly higher in realization per connection and materially stickier in nature.

Exhibit 21: Around 44% QoQ growth in non-mobility EBITDA in Q4FY26

(INR mn)	Q3FY26	Q4FY26	QoQ Growth (%)
JPL Consol EBITDA	193,030	200,600	3.9
RJIO standalone EBITDA	184,080	187,710	2
Non-Mobility Business EBITDA	8,950	12,890	44

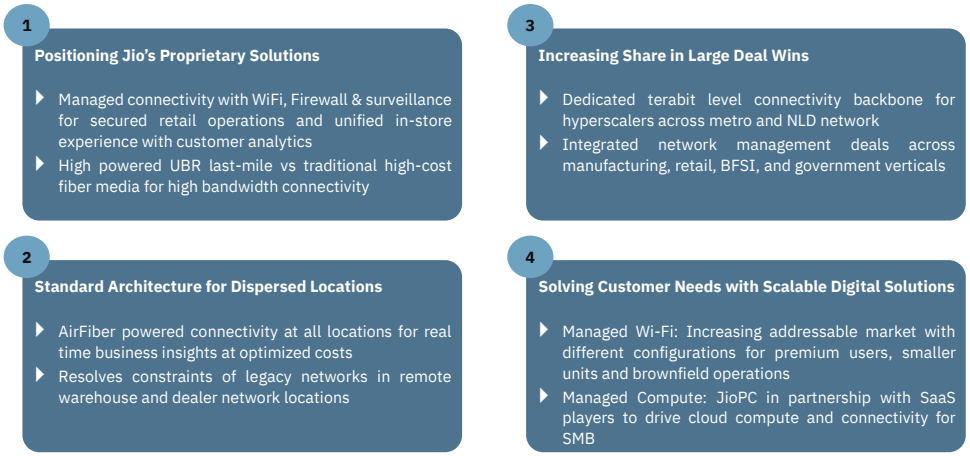
Source: Company, Elara Securities Research

Jio's enterprise solution is structurally differentiated through an integrated managed services model that bundles connectivity, Wi-Fi management, firewall, surveillance, and network security into a single unified offering across manufacturing, retail, BFSI, and government clients. This end-to-end architecture increases switching costs, enables multi-year contract tenures and expands share of wallet beyond connectivity, thereby improving revenue visibility and earnings quality.

A key enabler is Jio's proprietary UBR-based last-mile solution, which delivers high-bandwidth enterprise connectivity at a materially lower cost than fiber-based deployment. This creates a structural cost advantage, allowing Jio to serve geographies where fiber rollout is uneconomical and significantly expanding the addressable enterprise market. At the premium end, Jio is also building a terabit-scale connectivity backbone for hyperscalers across metro and national long-distance networks, representing long-duration, high-ticket, and highly sticky contracts with among the highest realizations per connection in the portfolio.

Emerging verticals further expand the opportunity set. JioPC, developed in partnership with SaaS providers, extends cloud compute and managed connectivity into the SMB segment, blurring the boundary between consumer and enterprise monetization and creating a structurally new addressable market that is inefficiently served by either traditional telecom operators or standalone cloud providers. In parallel, Jio is deepening its presence in large government and PSU contracts across BharatNet, smart city infrastructure, and defence connectivity, which represent recurring, high-value revenue streams with long tenures and high entry barriers.

Exhibit 22: Enterprise -- Jio's moat to drive growth acceleration



Source: Reliance Q4FY26 presentation, Elara Securities Research

Importantly, 5G acts as a structural unlock for enterprise monetization. Capabilities, such as private networks, network slicing, and low-latency IoT applications, are inherently 5G-native and play directly to Jio's coverage and standalone network advantage. As enterprise 5G adoption scales, Jio is positioned to capture a disproportionate share of incremental B2B demand.

As a result, even a gradual increase in the enterprise revenue mix can disproportionately lift blended monetization, given materially higher realization per connection vs consumer ARPU. This creates a durable, mix-driven ARPU expansion pathway that is independent of consumer tariff cycles, improving both the quality, and visibility of Jio's earnings trajectory.

AI and Cloud tie-ups with Google and Meta add new monetization pillar

As per FY25 AGM, Reliance Industries launched Reliance Intelligence as the vehicle for two strategic tie-ups that materially expand Jio's Cloud and AI addressable opportunity. Under the Google partnership, a dedicated AI-ready Cloud region at Jamnagar is being built, with Reliance contributing land, clean energy & connectivity, and Google delivering AI compute and the software stack, linked into Jio's network. The commercial layer firmed up in October 2025. Reliance Intelligence is now a go-to-market partner for Gemini Enterprise, and eligible Jio users get 18 months of free Google AI Pro (worth INR 35,100), driving stickiness on a 500mn+ subscriber base. Additionally, the Meta JV capitalized at ~INR 8.6bn (Reliance 70% and Meta 30%) will adapt Llama models for local use and build enterprise PaaS offerings across Cloud, on-premises and dedicated hardware, with first services in CY26. Execution risk is contained as both partners are existing Jio Platforms shareholders (Google 7.7%, Meta at 9.99%, ~USD 10.4bn combined invested in CY20). We see this as a structurally positive optionality for Jio, positioning Reliance Intelligence as the distribution layer for AI to consumers, enterprises and government, monetizing Jio's network and data-center footprint.

Exhibit 23: Tie-ups with Google and Meta materially expand Jio's Cloud and AI addressable opportunity

Particulars	Google partnership	Meta JV
Structure	Strategic tie-up + commercial GTM (firmed up Oct-25)	JV: INR 8.6bn capital; Reliance 70% and Meta 30%
Reliance brings	Jamnagar land, clean energy, connectivity	Distribution, enterprise relationships, deployment
Partner brings	AI compute, software stack, Gemini Enterprise	Llama models (localized for India)
Key commercial output	AI-ready Jamnagar cloud region; Gemini Enterprise GTM; 18 months free Google AI Pro (INR 35,100 value) for eligible Jio users	Enterprise PaaS across cloud, on-prem and dedicated hardware; first services in 2026
Target market	Consumer + enterprise + government	Enterprise (multi-deployment)
Monetisation lever	Stickiness + up trading on 500mn+ subs; cloud / AI services revenue	Enterprise PaaS subscription + dedicated infra revenue
Stake in JPL (CY20)	7.7%	9.99%

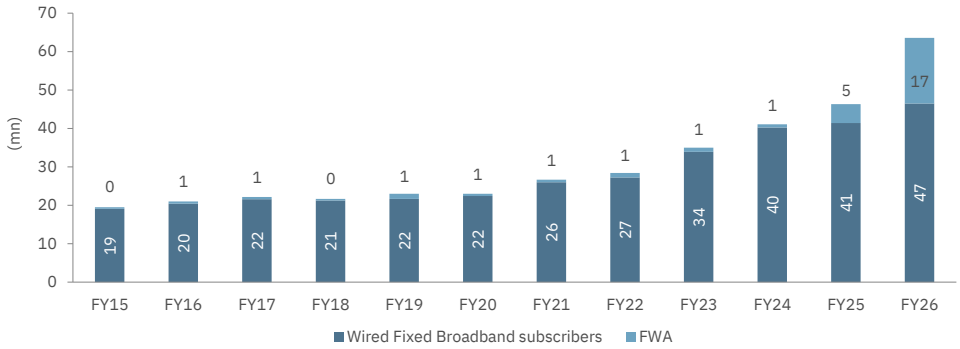
Source: Company, Elara Securities Research

Home broadband emerging as Jio's next growth engine

Underpenetrated home broadband is scaling up

India's fixed broadband market remains structurally underpenetrated. As per TRAI, household penetration stands at a mere ~20% vs 80–90% in the Developed Markets, even after a 3x rise in subscribers in the past decade (20mn in CY15 to 64mn currently), implying a large, untapped addressable opportunity. Historically, the constraint has been supply rather than demand, given high cost and complexity of fiber deployment, particularly across Tier II & III cities and rural markets. Jio is addressing this gap through a wireless-first last-mile model, which lowers deployment cost and significantly accelerate rollout timelines. This approach allows Jio to scale up beyond limitations of fiber-led expansion, particularly in underpenetrated geographies. As a result, Jio's home broadband business is scaling up rapidly, emerging as a distinct, high-ARPU growth engine alongside its core mobility segment.

Exhibit 24: Fixed broadband (FBB) subscribers grows 3x since FY15 to 64mn subscribers

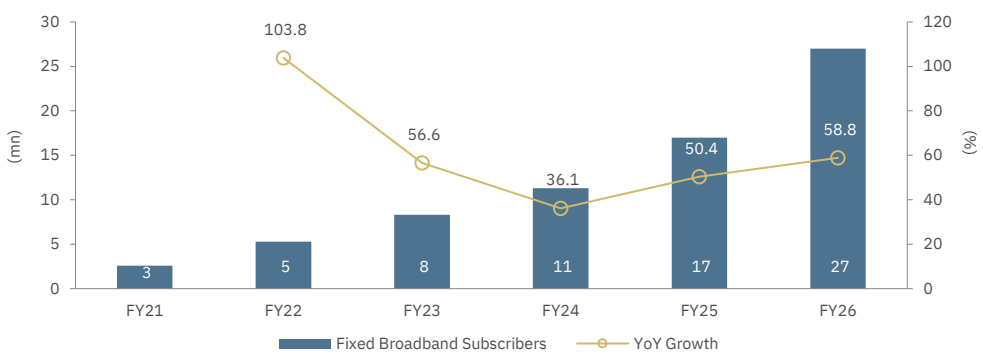


Source: TRAI, Elara Securities Research

Jio: established unrivalled scale in home broadband

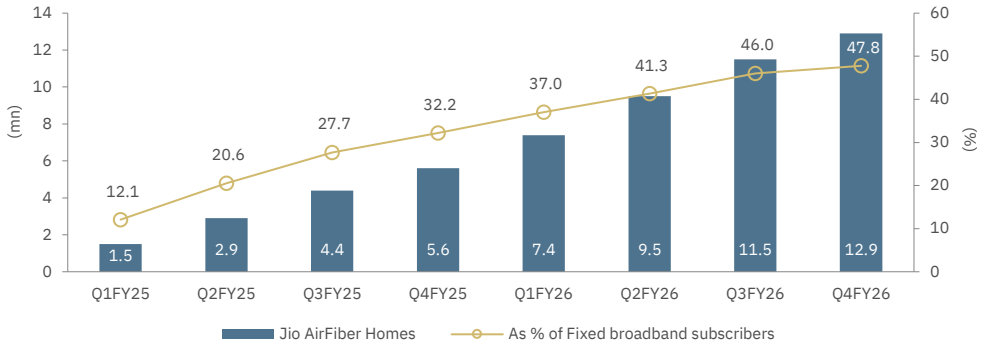
Jio's fixed broadband base crossed ~27mn subscribers as on Q4FY26, with net additions of ~10mn during FY26, accounting for a significant share of industry growth (Source: Company). Within this, *JioAirFiber* has scaled up to ~13mn subscribers, contributing >75% of net additions in the past 12 months and emerging as one of the largest fixed wireless access (FWA) platforms globally. This scale has been driven by a wireless-first, technology-led deployment model, which is faster to roll out and more cost-efficient than traditional fiber-led expansion, particularly in the non-metro markets. Installation turnaround is materially lower, with a majority of connections activated within ~24 hours, supported by AI-led tools that assess signal strength and service quality at the point of installation. As a result, Jio has significantly compressed time and cost required to scale up home broadband, enabling rapid expansion into the underpenetrated markets and positioning the segment as a meaningful, high-ARPU growth driver alongside mobility.

Exhibit 25: Jio continues to grow fixed broadband (FBB) subscribers by >50% YoY with a long runway for growth



Source: Company, Elara Securities Research

Exhibit 26: JioAirFiber scales to ~13mn subscribers, contributing ~48% of fixed broadband (FBB) subscribers



Source: Company, Elara Securities Research

JioAirFiber drives 5-10x increase in per-household consumption

The migration of mobile-only users to home broadband via JioAirFiber and JioFiber is a key driver of both data consumption and per-household monetization for Jio. This transition usually involves a move from ~INR 214 monthly mobile ARPU to ~INR 599–1,299 home broadband plans, implying a ~3-6x increase in per-account monetization. Importantly, this is accompanied by a step-up in use intensity. Unlike individual mobile users (~40–45GB/month), a home broadband connection supports multiple simultaneously connected devices within a household. 5G FWA users consume more than ~10–12x more data than mobile users (Nokia MBiT 2025), implying household consumption of ~400–500GB per month. As a result, the shift reflects not just higher ARPU but a change in consumption behavior, with households moving into a higher-value broadband category that supports structurally stronger monetization over time.

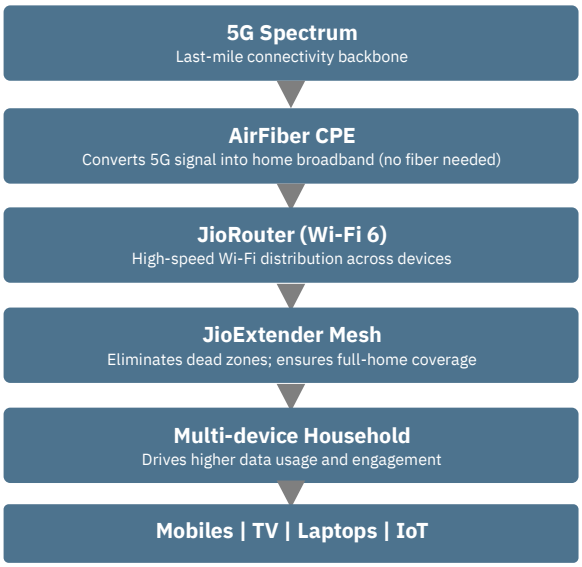
UBR technology expanding the addressable market

A key near-term catalyst for Jio's home broadband expansion is the transition to non-line of sight (nLOS) hardware. Traditional fixed wireless access (FWA) requires a clear line of sight between the customer premises and the nearest tower, limiting serviceability in dense urban areas and geographies with physical obstructions. nLOS capability removes this constraint, enabling connectivity through & around obstacles, and materially widening the pool of serviceable homes without requiring fiber deployment. This capability is supported by Jio's proprietary ultra broadband radio (UBR) technology, which enables high-bandwidth last-mile connectivity in environments where conventional FWA is less effective. UBR allows Jio to extend coverage across both dense urban and difficult terrains at significantly lower deployment cost relative to fiber, improving both scalability and unit economics. As a result, the shift to nLOS and UBR represents a structural expansion of the serviceable addressable market within Jio's existing network footprint. This drives faster subscriber additions, improves deployment efficiency, and supports scalability of its home broadband business without incremental spectrum investment.

In-house home connectivity stack strengthens execution and unit economics

Jio's ownership of the end-to-end home connectivity hardware stack—comprising the JioAirFiber CPE, JioRouter (Wi-Fi 6), and JioExtender mesh system—provides a meaningful execution and cost advantage as it scales up its home broadband business. This integrated ecosystem allows Jio to control the full-service layer, from signal reception to in-home distribution, rather than relying on third-party equipment. The AirFiber CPE enables fixed wireless access by converting 5G spectrum into a home Wi-Fi network, reducing the need for fiber deployment and significantly lowering installation time and cost. Complementing this, the router and mesh system ensure consistent in-home coverage across several devices, supporting higher data use within households. Owning the hardware layer improves control over performance, software updates, and cost structure, while enabling faster rollout and service upgrades. As a result, Jio is able to scale more efficiently, enhance customer experience, and retain stronger unit economics as the home broadband segment expands.

Exhibit 27: The AirFiber CPE enables fixed wireless access by converting 5G spectrum



Source: Elara Securities Research

***JioAirFiber* CPE as a recurring monetization layer**

Jio's in-house AirFiber CPE is more than a connectivity device; it serves as a managed interface within the customer's home that enables ongoing engagement and monetization. Unlike third-party routers, the CPE allows Jio to monitor network performance, push firmware updates, and facilitate plan upgrades as household consumption increases. This enables a gradual migration from entry-level plans (e.g., INR 599) to higher tiers (INR 799-999) through software-led prompts, without requiring physical intervention. Over time, the same device also acts as a delivery layer for additional services, such as Cloud computing (JioPC), connected TV content, and IoT integrations, creating incremental revenue streams on top of the base broadband plan. Each installed CPE represents an ongoing monetization touchpoint rather than a one-time event, supporting steady revenue deepening over the life of the customer relationship and enhancing value of the existing home broadband base.

Home broadband enables multi-layered revenue per household

The ARPU opportunity from home broadband extends beyond the base connectivity plan. A household on an entry-level JioAirFiber plan (e.g., INR 599) usually upgrades to higher tier plans (INR 799–999) as data consumption scales up. In parallel, additional services such as connected TV content (e.g., *JioHotstar*), IoT devices, and Cloud-based offerings like JioPC drive incremental revenue streams on top of the base plan. This form of revenue expansion differs structurally from mobile ARPU growth. It is driven by the adoption of several services across devices within a single household account, resulting in higher revenue per connection and improved customer retention. As a result, the home broadband segment supports a more durable and expandable monetization model, with scope for steady revenue deepening over time.

Exhibit 28: JioFiber Bundles OTT Content Across All Tiers

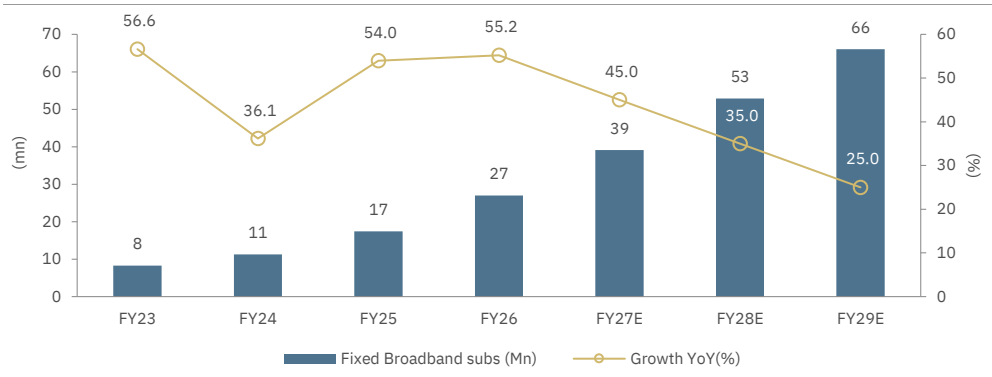
Validity	Price (INR)	Data speed	Subscriptions
Bill cycle	1499+ GST	Unlimited data Up to 300 Mbps	Netflix (basic), Amazon prime lite, YouTube premium, JioHotstar, Sony Liv, ZEE5, Sun NXT, Hoichoi, Discovery+, Timesplay, Tarang plus, Eros now, Lionsgate play, ShemarooMe, ETV Win, Fancode (Via JioTV+)
Bill cycle	999+ GST	Unlimited data Up to 150 Mbps	Amazon prime lite, JioHotstar, Sony Liv, ZEE5, Sun NXT, Hoichoi, Discovery+, Timesplay, Tarang plus, Eros now, Lionsgate play, ShemarooMe, ETV Win, Fancode (Via JioTV+)
Bill cycle	899+ GST	Unlimited data Up to 100 Mbps	JioHotstar, Sony Liv, ZEE5, Sun NXT, Hoichoi, Discovery+, Timesplay, Tarang plus, Eros now, Lionsgate play, ShemarooMe, ETV Win, Fancode (Via JioTV+)
Bill cycle	699+ GST	Unlimited data Up to 100 Mbps	No subscriptions
Bill cycle	599+ GST	Unlimited data Up to 30 Mbps	JioHotstar, Sony Liv, ZEE5, Sun NXT, Hoichoi, Discovery+, Timesplay, Tarang plus, Eros now, Lionsgate play, ShemarooMe, ETV Win, Fancode (Via JioTV+)

Source: Company, Elara Securities Research

The Path to 100mn home connections visible

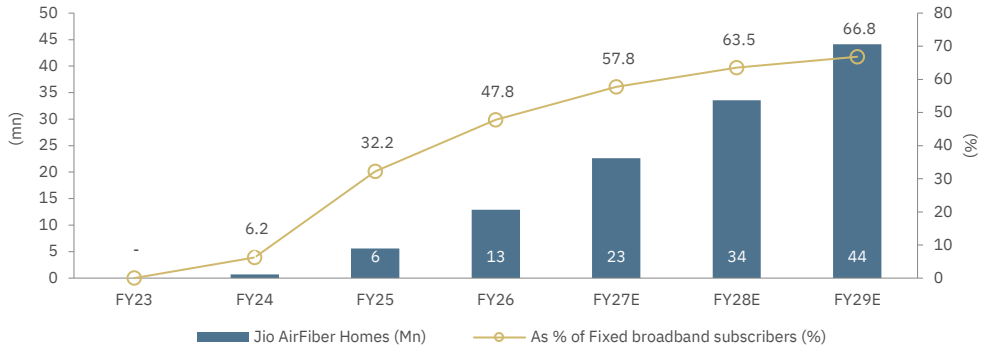
Jio has a 100mn home broadband connections target vs current base of 27mn, implying ~73mn incremental additions. At a current run-rate of ~0.75–0.8-mn additions per month, the trajectory appears achievable in the medium term, with momentum supported by technology upgrades, such as nLOS and UBR, which are expanding serviceable geographies. From a monetization perspective, at a blended home broadband ARPU of ~INR 599-1,299 per month, scaling to 100mn connections implies a significant incremental revenue opportunity relative to the current mobile-only baseline. Given the relatively fixed-cost nature of network infrastructure, incremental subscribers are likely to carry strong contribution margin, supporting EBITDA growth as scale builds. Even at ~50mn connections, the home broadband segment can emerge as a meaningful second growth engine, with a distinct revenue profile that is less dependent on mobile tariff cycles and driven more by subscriber additions and household-level consumption.

Exhibit 29: Fixed broadband base more than doubles to 66mn by FY29E



Source: Company, Elara Securities Estimate

Exhibit 30: AirFiber share expands 1,900bp to 67% of fixed broadband base by FY29E



Source: Company, Elara Securities Estimate

JPL bundles connectivity and digital services into integrated customer plans

Jio Platforms (JPL) is the aggregator of Reliance's digital-services offering. It procures connectivity from RJIL (mobile, *JioAirFiber, JioFiber* & enterprise) and content & platform services from its digital subsidiaries (*JioStar, JioSaavn, JioCloud* & *JioMart*) and bundles these into integrated plans sold to end-customers. JPL's revenue captures the full customer-facing ARPU × subscriber base of the digital-services business, while cost largely back-to-back inter-copayments to subsidiaries, with margin reflecting the bundle-vs-procurement spread. JPL also houses: 1) the proprietary IP and tech stack, and 2) the ~USD 20bn strategic equity invested in 2020 by Google, Meta, KKR, Silver Lake and other marquee investors. The Google Cloud partnership and Meta JV also sit within JPL.

Bundling operates across four non-mobility verticals: 1) Home: JioFiber and AirFiber plans of INR 999+ carry up to 15 OTT apps plus 800+ TV channels via the Jio STB, with single-sign-on auto-login. Triple-play on one bill drove ~10mn fixed additions in FY26, of which AirFiber took the bulk, 2) AI: the Google partnership bundles 18 months of free Gemini 2.5 Pro plus Veo for eligible 5G subs, valued at ~INR 35,100 per user, scaling to 500mn+ customers, 3) Enterprise: JPL packages connectivity with JioMeet, JioAttendance, JioCloud, and Microsoft 365, alongside 5G platform sales to third-party CSP (Radio, Core, OSS/BSS, and AI/ML ATOM): sub-scale in revenue today but is the platform-multiple optionality in our view, and 4) Commerce: JioMart attaches to home and mobility plans via single Jio ID, with the Meta-WhatsApp commerce partnership, providing the distribution lever.

Technology-led execution driving scale and cost leadership

Jio's technology strategy is a core differentiator, supporting both cost efficiency and monetization. Unlike traditional telecom operators that rely heavily on external vendors for network equipment and software, Jio has invested in building and controlling key layers of its technology stack across network, software, and devices. This approach reduces long-term vendor dependency, enables faster innovation cycles, and provides greater control over cost structure & service delivery. The benefits of this strategy are increasingly visible in Jio's ability to scale new services, improve network performance, and support differentiated offerings across both consumer and enterprise segments. Over time, this integrated stack raises barriers to replication, as competitors remain more dependent on third-party ecosystems. This competitive positioning is underpinned by technology pillars, including 1) 5G standalone architecture + network slicing, 2) UBR technology, 3) 700Mhz spectrum holdings, 4) *JioBrain* and AI-led network optimization, 5) full Wi-Fi and home connectivity stack, and 6) in-house device engineering. Together, these capabilities support a scalable platform for long-term growth. Underpinning all of this is a foundational infrastructure asset that is structurally difficult to replicate, a ~500,000km nationwide optical fiber backbone, which forms the core transport layer carrying traffic from 5G towers, AirFiber CPE, UBR access points, and edge compute sites back to Jio's core network and data centers. Without it, scale deployment of low-latency 5G, FWA, and edge computing would not be feasible, and replicating an equivalent network today would need high capex and 10+ years of civil deployment, given right-of-way constraints and urban density, making it a durable physical moat that competitors cannot replicate within any investment-relevant timeframe. Together, these capabilities support a scalable platform for long-term growth.

Early adopter of 5G standalone network

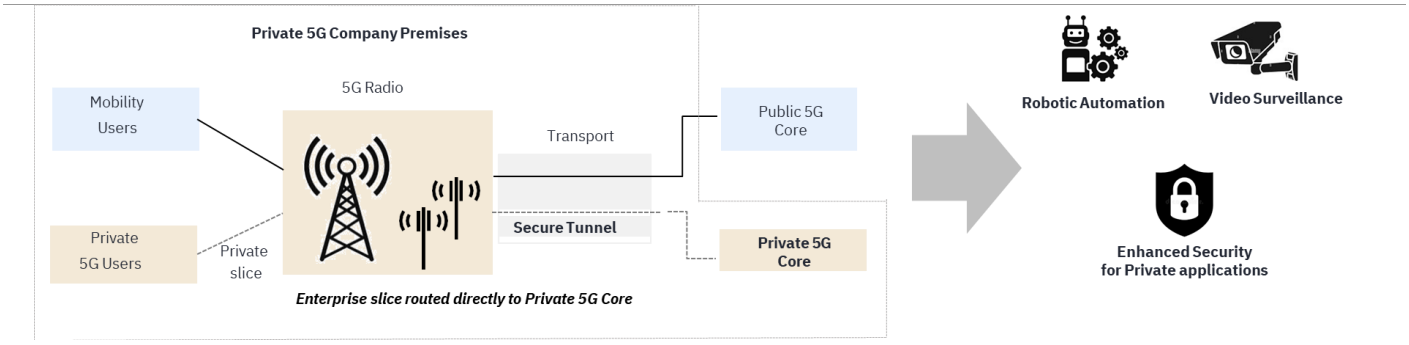
Jio has built its 5G network on a standalone architecture (SA) where both the radio layer and the core network are designed natively for 5G, without relying on legacy 4G infrastructure. This is structurally different from the approach by peers, such as BHARTI, which have deployed non-standalone (NSA) networks where 5G radios sit on top of an existing 4G core. While NSA can deliver higher speeds, it is inherently limited in enabling differentiated service quality, real-time network control, and advanced enterprise use cases. In contrast, Jio's Cloud-native SA architecture allows the network to be fully programmable, flexible, and capable of delivering guaranteed performance effectively transforming connectivity from a commodity into a configurable service.

5G SA deployment creating first-mover advantage in network slicing ecosystem

A key monetization lever enabled by this architecture is network slicing, and it allows Jio to carve a single physical network to be divided into independent virtual networks, each with its own guaranteed speed, latency, uptime, and security profile customized for a specific use case and priced accordingly. Hence, Jio unlocks premium ARPU pools that were structurally absent in the 4G era, particularly as high-value use cases, such as Cloud gaming, industrial IoT, and mission-critical enterprise connectivity scale. Jio has already deployed 10 live network slices nationwide on its indigenous 5G SA core, designed for enterprise, IoT, Cloud gaming, *JioAirFiber,* and mission-critical communications. Each slice operates with service-level guarantees, ensuring consistent performance even during periods of network congestion.

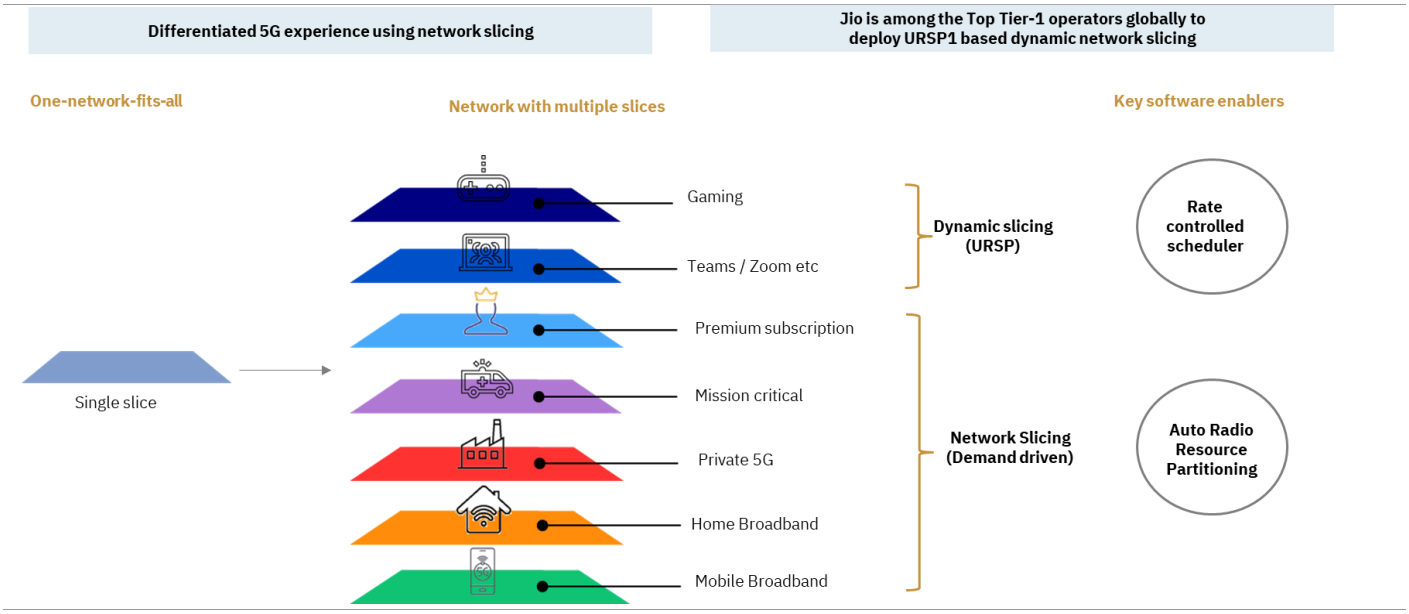
Under the traditional telecom model, all users share the same best-effort network experience, pricing is constrained to data volume (INR/GB), and revenue growth depends on subscriber additions or tariff hikes. Network slicing breaks this paradigm by enabling outcome-based monetization. Instead of charging purely for data volume, Jio can price based on quality and criticality of service, effectively moving from a volume-driven to a value-driven revenue model. This creates a structurally superior monetization framework, where enterprise and premium consumer use cases can command significantly higher and more stable pricing, independent of traditional tariff cycles.

Exhibit 31: Deployment of private 5G for secure, low-latency, high-bandwidth connectivity



Source: Reliance Q4FY25 presentation, Elara Securities Research

Exhibit 32: Standalone 5G – enabling a multi-purpose network



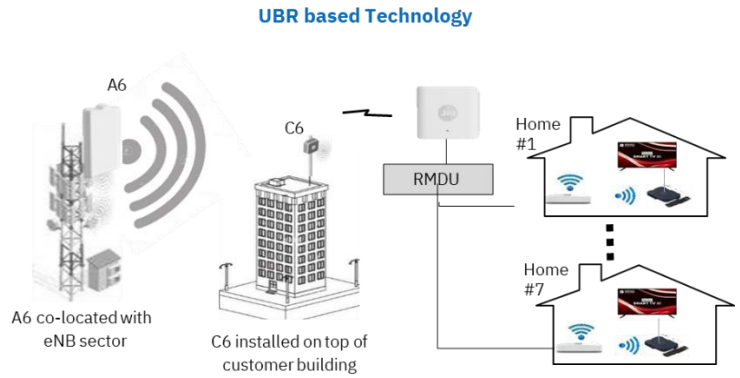
Source: Reliance Q1FY26 presentation, Elara Securities Research

Jio's competitive advantage in this space is reinforced by several structural factors. First, there is a significant architectural barrier, operators running NSA networks cannot simply "upgrade" to slicing; they must transition to a full 5G core, which is both capital-intensive and time-consuming. Second, Jio benefits from scale-driven data advantages, with its network serving ~524mn users, generating continued feedback loops that improve network optimization, slice performance, and resource allocation. Third, the company is building an integrated ecosystem around its network capabilities: for e.g., *JioAirFiber* already operates on dedicated slices, ensuring a consistent home broadband experience without competing with mobile traffic. Fourth, Jio is strategically positioned from a regulatory standpoint, having indicated readiness to commercialize slicing as soon as policy frameworks evolve, while peers remain in earlier stages of deployment.

UBR technology lowering per-subscriber broadband costs

Jio's unlicensed band radio (UBR) is a differentiated fixed wireless access technology that delivers home broadband using license-free spectrum, primarily in the 5GHz band. Conceptually, it operates like a high-powered Wi-Fi system at scale: a transmitter mounted on a tower or rooftop wirelessly beams connectivity to multiple homes, where a small receiver (CPE) captures the signal and feeds it into a standard in-home Wi-Fi network. Unlike traditional telecom networks, UBR operates on unlicensed spectrum, eliminating spectrum acquisition costs entirely. This makes it structurally more cost-efficient than traditional mobile networks, where spectrum represents a significant upfront and recurring capital burden.

Exhibit 33: Jio leadership through proprietary UBR technology



Source: Reliance Q1FY26 presentation, Elara Securities Research

UBR operates on a point-to-multipoint architecture where a single access unit mounted on a tower or rooftop can simultaneously serve multiple households within a defined coverage area. This is fundamentally more efficient than standard 5G fixed wireless access, where each user draws on finite licensed spectrum capacity. UBR leverages ~605MHz of unlicensed spectrum in the 5GHz band, significantly higher than the ~100MHz usually available in paid mid-band 5G spectrum. The result is higher aggregate capacity delivered at a structurally lower cost per user. Importantly, UBR is integrated with Jio's 5G SA core through the New Radio Unlicensed (NR-U) standard, making it an extension of the existing 5G architecture rather than a separate parallel network.

Exhibit 34: UBR superior to 5G FWA across key metrics

Feature	5G fixed wireless access (FWA)	Unlicensed band radio (UBR)
Spectrum	Limited availability	Abundant availability
Uplink and Download	Asymmetrical (DL >> UL)	Configurable symmetry (e.g., 70:30)
Throughput	Varies with load	Stable; can commit 1.0 - 2.5Gbps per user
Multi-cast and IPTV	Not supported, OTT only	Full supported with - < 1 second zap time
Scalability	Limited by mobile infra and spectrum	Highly scalable with minimal interference

Source: Company, Elara Securities Research

The competitive advantage of UBR rests on three pillars. First, full-stack proprietary ownership. Jio has built an integrated ecosystem spanning hardware, software, and network management systems (OSS & BSS). It further strengthened its position through the acquisition of Mimosa Networks via its subsidiary Radisys Corporation in CY23. This brings critical intellectual property in fixed wireless hardware and customer premises equipment in-house. As a result, Jio controls the entire stack from hardware design and software to manufacturing and cost engineering enabling continued optimization of performance & economics. Competitors relying on third-party vendors lack this level of integration and flexibility.

Second, superior deployment economics. By eliminating spectrum cost and enabling one-to-many connectivity, UBR materially lowers both capital and operating expenditure per subscriber. A single tower can serve a large share of homes within a micro-cluster, making the model particularly effective in rural and Tier III & IV markets where fiber rollout is uneconomical. Additionally, installation timelines are significantly compressed, as UBR avoids fiber trenching and extensive civil work. This enables faster scaling with lower execution risk.

Third, expanded coverage through Non-Line of Sight (nLOS) capability. Traditional fixed wireless solutions require a clear line of sight between the tower and customer premises, limiting applicability in dense or obstructed environments. Jio's UBR technology has evolved to support nLOS operations, allowing signals to reach users even without direct visibility. This materially expands the serviceable addressable market across dense urban areas as well as geographically complex terrains.

Jio is currently the only operator globally to have deployed UBR at scale. Jio's early and large-scale deployment of UBR creates a meaningful first-mover advantage.

Jio is currently the only operator globally to have deployed UBR at scale. This first-mover position creates a reinforcing advantage: each incremental deployment improves interference management, optimizes network performance, and reduces unit cost through learning effects. Competitors, both in India and globally, lack this deployment experience and face a multi-year catch-up cycle. Potential delicensing of additional spectrum bands, such as 6GHz, could further expand the available pool of unlicensed spectrum at zero incremental cost. In such a scenario, Jio is uniquely positioned to scale up rapidly, given its existing infrastructure, integrated 5G core, and proprietary technology stack. UBR strengthens Jio's broadband strategy by enabling capital-efficient expansion into underpenetrated markets and supporting subscriber growth without proportional increases in spectrum cost.

Exhibit 35: UBR-led subscriber addition in the range of ~0.2-0.4mn each month

Month	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
UBR FWA subscribers (mn)	2.1	2.5	2.8	3.2	3.6	3.9	4.1	4.3
Addition (mn)		0.38	0.35	0.35	0.39	0.34	0.17	0.20

Source: TRAI, Elara Securities Research

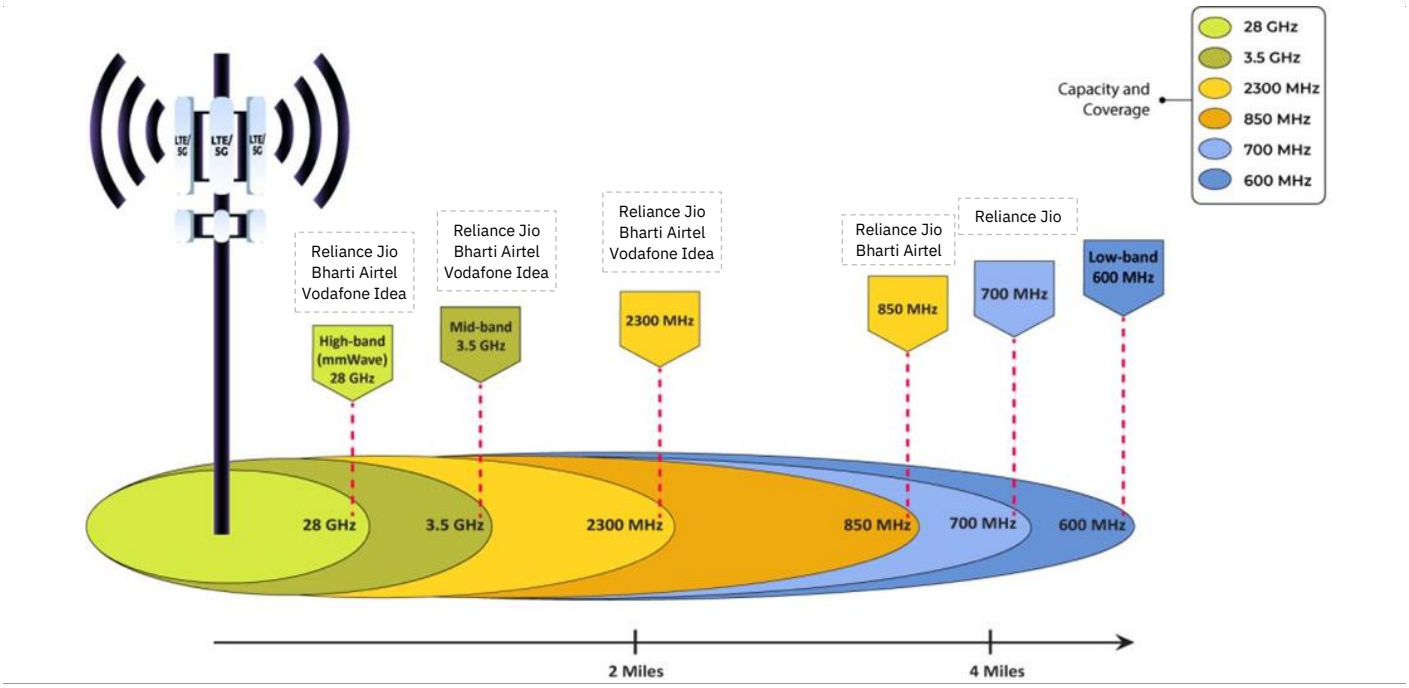
Jio eyes global markets for proprietary UBR stack

At the AGM 2025, Mukesh Ambani signaled Jio's intent to move beyond India, with its innovative technologies to be deployed globally via strategic partnerships. The unlicensed band radio (UBR), flagged as the lead export, is an industry-first innovation that has revolutionized home broadband, offering giga-bit speeds while avoiding cable-cut disruptions and supporting high-end applications. UBR underpins *JioAirFiber,* currently the world's largest fixed wireless broadband service, adding 1mn+ homes monthly; Jio has connected 7.4mn homes via UBR and 5G-based AirFiber, holding 82% of the global FWA market, with field throughput of up to 2.5Gbps (Source: Company). The full hardware and software stack, including Operations Support Systems (OSS) & Business Support Systems (BSS) has been developed in-house and deployed at scale, with management noting that global operators are closely watching Jio's success and the stack is now ready for deployment in other geographies.

700MHz spectrum creating durable low-band coverage moat for Jio

Jio's acquisition of pan-India 700MHz spectrum in the 2022 auction represents one of the most durable advantages in its network architecture, grounded in fundamental radio physics. Lower-frequency spectrum travels materially farther and penetrates physical obstacles far more effectively than higher-frequency bands. A 700MHz signal can cover distances of ~7–10km from a single site and deliver strong indoor connectivity, whereas mid-band 5G (3.5GHz) is usually limited to ~1–2km with weaker indoor performance, and millimeter wave (26.0GHz) is confined to very short ranges and is highly susceptible to blockage. As a result, 700MHz serves as the foundational "coverage layer" in a 5G network, ensuring consistent connectivity across wide geographies and indoor locations, even if it is not the primary driver of higher speed.

Exhibit 36: 700MHz offers optimal coverage with moderate capacity



Source: NYBSYS, Elara Securities Research

Jio is the sole owner of 700MHz spectrum in India, having acquired the entire available allocation across 22 circles in the 2022 auction. This acquisition was part of a deliberate portfolio strategy, with Jio building a layered 5G spectrum mix with 700MHz for coverage, 3.5GHz for capacity, and 26.0GHz for ultra-high-speed use cases. This integrated approach enables Jio to optimize simultaneously for reach, capacity, and performance, rather than relying on any single band. Competitors, such as BHARTI and IDEA chose not to bid for the 700MHz band. This exclusivity is not merely a timing advantage, but it is structurally difficult to replicate. Even if competitors were to acquire low-band spectrum in future auctions, they face added constraint of legacy network usage (2G & 4G) on existing low-frequency bands (800-900MHz), limiting their ability to deploy 5G without service disruption. Jio, by contrast, has no legacy burden on 700Mz, enabling full and immediate utilization for 5G services.

700MHz forming foundation layer of Jio's 5G architecture

From a network design standpoint, this spectrum underpins Jio's layered 5G architecture. Jio uses the 700MHz for wide-area coverage and deep indoor penetration, 3.5GHz for capacity and throughput in urban markets, and 26GHz for ultra-high-speed, high-density use cases, such as enterprise campuses and large venues. Through carrier aggregation, these bands operate simultaneously on a single connection with 700MHz usually anchoring coverage and uplink reliability, while mid-band spectrum delivers high-speed data throughput. This integrated approach allows Jio to offer both breadth (coverage) and depth (capacity), a combination that is difficult to achieve with mid-band-heavy networks alone.

Jio's 5G availability metrics are materially higher than peers, reflecting the role of 700MHz in extending coverage into rural areas, indoor environments, and propagation-challenged locations where mid-band spectrum alone is inadequate. The cost efficiency benefit is equally material. Low-band spectrum reduces the number of towers required to achieve equivalent geographic coverage, potentially lowering network rollout cost by in rural areas, creating a long-term structural cost advantage that improves unit economics as Jio scales into underserved geographies.

Jio's exclusive pan-India 700MHz spectrum holdings translate into measurable and independently verified network advantages. Jio's 5G availability is higher than BHARTI. This gap is structurally driven by the 700MHz coverage layer, which extends 5G reach into rural areas, indoor environment, and other difficult propagation zones where mid-band-only networks have limited effectiveness. The advantage is visible in rural penetration. TRAI data from October 2025 shows Jio with ~213mn rural wireless subscribers vs ~193 million for BHARTI, reflecting stronger coverage economics in low-

density geographies where tower economics favor low-band spectrum. On indoor coverage, 700MHz penetrates walls and buildings materially better than 3.5Hz, giving Jio a persistent user experience advantage in the dense urban indoor environment where the highest-value subscribers spend most of their connected time. Collectively, these factors translate into a structural network advantage across coverage breadth, rural reach, and indoor reliability, supporting higher 5G availability and strengthening Jio's market share.

AI-native network operations driving structural cost optimization

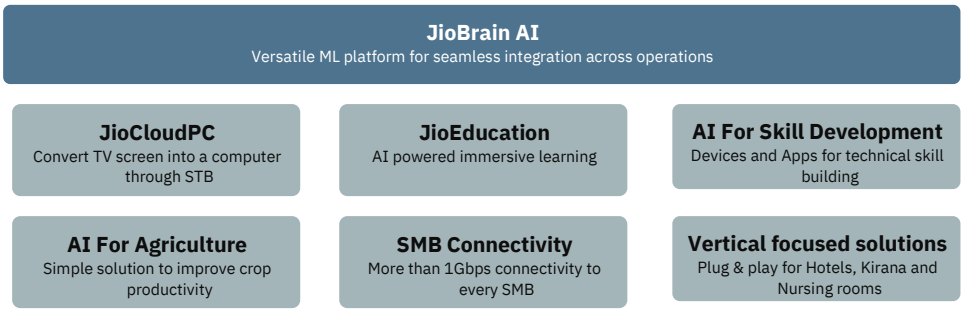
JioBrain materially reduces operating cost by automating core network functions, including predictive maintenance (identifying network failures before they occur), real-time traffic optimization (dynamic congestion management), automated fraud detection, and energy optimization across tower operations.

At a scale of ~524mn users, even marginal improvement in network reliability translates into meaningful cost savings through fewer field interventions, lower energy consumption, reduced customer service escalation, and lower downtime, creating a structural cost advantage that compounds with scale. AI-driven operations reduce dependence on manual engineering intervention, enabling a shift from reactive network management to a self-optimizing, AI-native architecture. While peers have invested in AI-assisted network operations, no operator in India has deployed an AI-native architecture at a comparable scale or with equivalent full-stack integration.

***JioBrain* emerging as multi-vector AI monetization platform**

JioBrain also functions as a monetization platform across three distinct vectors. On the consumer side, *JioTranslate* (real-time multilingual translation), *JioVault* (AI-powered secure storage), and *JioPC* (Cloud-based computing that converts televisions into virtual desktops), collectively lowering the cost of digital access and expanding AI adoption across mass-market users. On the enterprise side, *JioBrain*'s integration with private 5G networks enables low-latency, AI-driven, decision-making across manufacturing, logistics, and healthcare, shifting AI from a productivity tool to mission-critical infrastructure. On the platform exportability side, Jio has positioned *JioBrain* as a reference architecture for global telecom operators, including partnerships with AMD, Cisco, and Nokia to develop an Open Telecom AI platform, building on the commercial precedent established by Radisys Corporation, which already supplies telecom software solutions across the US, the EU, and the AU.

Exhibit 37: *JioBrain* - AI Everywhere for Everyone



Source: Reliance Q3FY25 presentation, Elara Securities Research

Vertically integrated (WI-FI stack) model transforming Jio into digital infrastructure platform

Most telecom operators globally are dependent on third-party vendors for their home connectivity hardware, paying licensing fees annually, waiting on vendor roadmaps for feature upgrades, and accepting margin that flow to equipment manufacturers rather than to the operator. Jio has taken a fundamentally different approach, to own and engineer every layer of the home connectivity stack, from the in-home devices to the network software to the AI management layer.

The stack operates across five integrated layers. At the device layer, Jio deploys a fully integrated hardware ecosystem comprising JioRouter (Wi-Fi 6), JioAirFiber CPE (converting 5G & UBR signals into home Wi-Fi without fiber), and mesh extenders that use AI-driven optimization to dynamically route traffic across access points. At the connectivity layer, Jio operates a technology-agnostic model

that automatically selects between fiber, 5G fixed wireless access (FWA), and proprietary UBR depending on geography and network availability, ensuring optimal cost and performance without manual intervention. At the network layer, *JioAirFiber* runs on a dedicated 5G network slice, isolating home broadband traffic from mobile users and ensuring consistent quality of experience regardless of broader network load. At the software layer, Jio's Cloud-native, fully software-defined 5G stack is developed in-house, enabling remote upgrades, rapid feature deployment, and continued optimization without reliance on external vendors. At the AI management layer, *JioBrain* monitors signal strength, predicts failures, and optimizes routing across every connected home in real time.

Exhibit 38: Jio only operator with full-stack 5G spectrum across bands

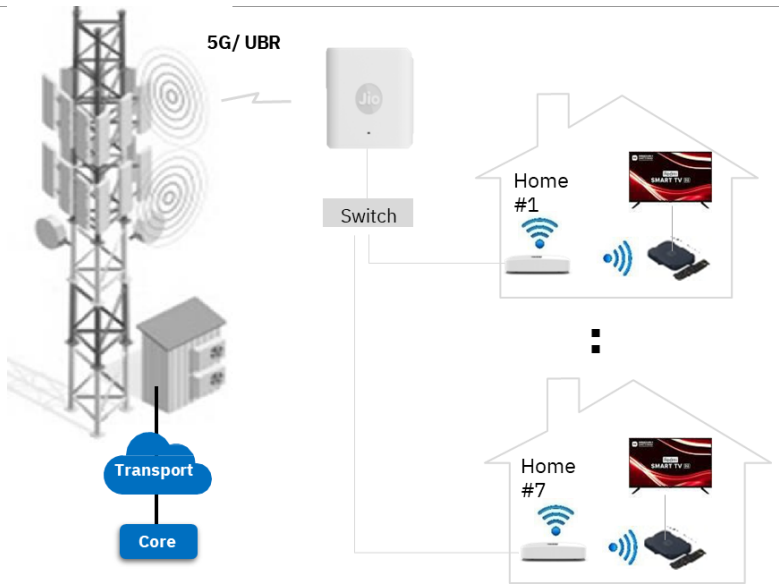
Band	Reliance Jio	Bharti Airtel	Vodafone Idea
700MHz (Low-band)	Pan-India (22 circles)	None	None
3.5GHz (Mid-band)	Strong (pan-India)	Strong (pan-India)	Moderate (select circles)
26.0GHz (mmWave)	Strong	Strong	Limited

Source: Company, Elara Securities Research

This full-stack ownership , spanning hardware, software, and network intelligence creates a durable structural moat. Through internal development and acquisition of Mimosa Networks, Jio has brought critical fixed wireless intellectual property in-house, enabling full control over design, cost structure, and innovation cycles. This contrasts with traditional operators, such as BHARTI and Vodafone Idea, which remain dependent on global vendors, such as Nokia and Ericsson, resulting in recurring licensing cost and lower flexibility.

By owning the entire stack, Jio retains hardware economics that would otherwise accrue to vendors, deploys feature upgrades via software rather than hardware replacement cycles, and optimizes device performance specifically for its spectrum holdings (700MHz, 3.5GHz, and 26.0GHz). Jio's FY26 capex declined ~22% YoY to INR 32.5bn while FCF improved significantly, confirming full-stack ownership is translating into improving unit economics as the home broadband base scales up. This creates a reinforcing loop -- better network performance improves user experience, which drives higher retention and lifetime value, further enhancing returns on a lower, internally captured cost base.

Exhibit 39: Jio's FWA stack scales to global leadership



Source: Reliance Q4FY26 presentation, Elara Securities Research

Low-cost Jio phones helping first-time users enter the digital ecosystem

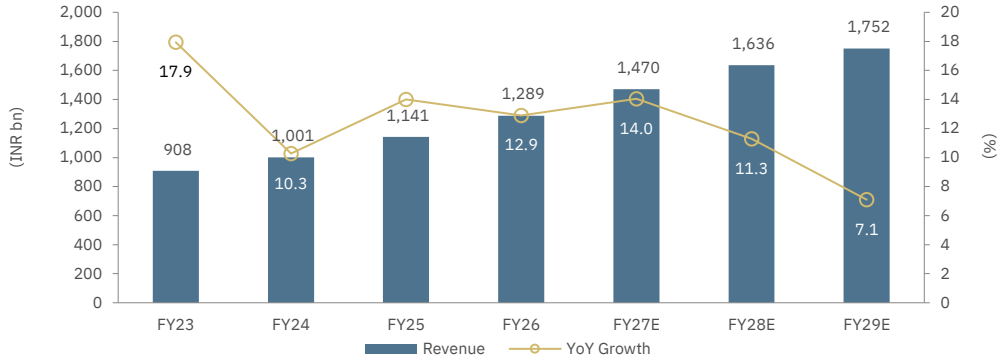
In mobility, JioBharat (INR 999) and JioPhone Next (co-developed with Google) function as ecosystem onboarding platforms rather than entry-level devices. JioBharat has been opened to third-party OEM, such as Karbonn, effectively creating a hardware ecosystem built on Jio's software stack with pre-integrated services. Each device becomes a distribution node for *JioCinema, JioTV, JioSaavn*, and *JioMart*, enabling immediate engagement and monetization without incremental customer acquisition cost. The KaiOS-based software layer ensures a low-bandwidth optimized experience for first-time internet users, accelerating digital adoption among feature-phone users. This creates a structural 18–36 months of upgrade pathway into smartphones, with users already embedded in Jio's ecosystem through identity, content, and commerce layers. As a result, subsequent device upgrades largely remain within the Jio ecosystem, reinforcing retention and lifetime value.

Financials

Revenue to clock CAGR of ~11% during FY26-29E led by ARPU expansion and home broadband

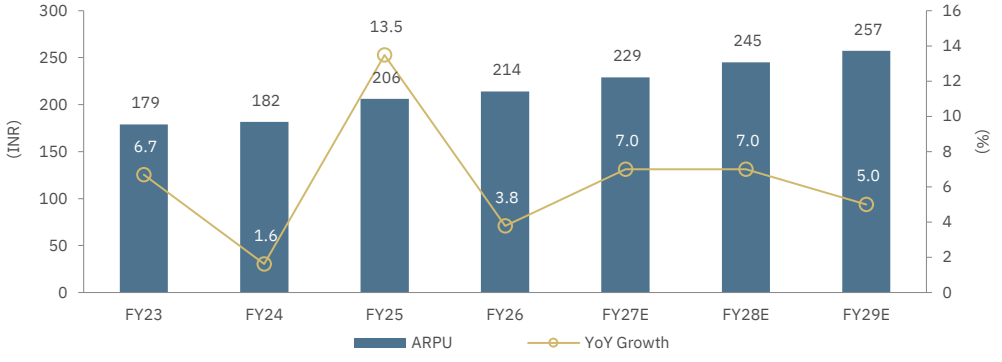
Reliance Jio's enterprise value (EV) is expected at ~INR 12-13tn based on 13x FY28E EV/EBITDA while JPL's EV is ~INR 13-14tn based on 13x FY28E EV/EBITDA. We expect a revenue CAGR of ~11% during FY26-29E, driven by ~6% ARPU CAGR, supported by an industry-wide tariff hike, ongoing premiumization, steady wireless subscriber additions, and continued ramp-up of home broadband, led by *JioAirFiber*. Growth is front-loaded, with revenue expected at INR 1,470 bn in FY27E, up 14% YoY, followed by INR 1,636 bn and INR 1,752 bn in FY28E and FY29E, respectively, as tariff benefits flow through in FY27 & FY28. Revenue growth is led by 1) ARPU expansion from INR 214 in FY26 to ~INR 257 by FY29E, supported by the tariff hike and a continued shift in mix toward higher-ARPU 5G and FTTH plans, 2) wireless subscriber additions of ~10mn, 21mn and 11mn in FY27E, FY28E and FY29E, respectively, and 3) accelerated ramp-up of *JioAirFiber*, with home connections. tracking toward the company's stated target of 100mn homes via Fiber and AirFiber combined.

Exhibit 40: Revenue to deliver CAGR of ~11% during FY26-29E



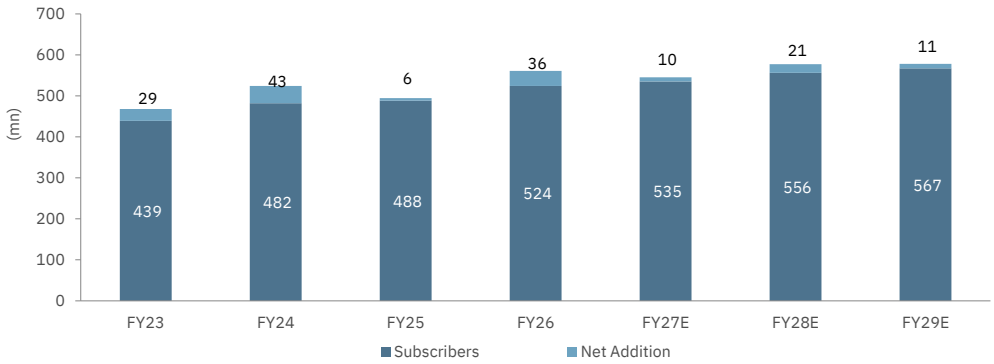
Source: Company, Elara Securities Estimate

Exhibit 41: ARPU to deliver CAGR at 6% during FY26-29E, led by the tariff hike and premiumization



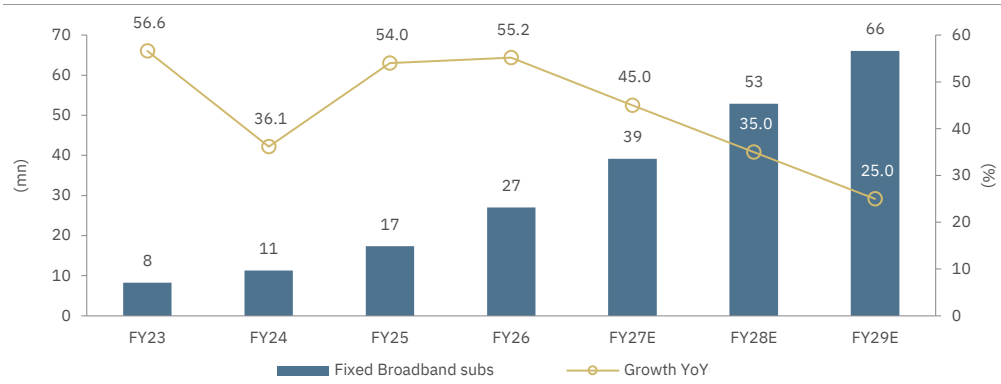
Source: Company, Elara Securities Estimate

Exhibit 42: Steady wireless subscriber addition



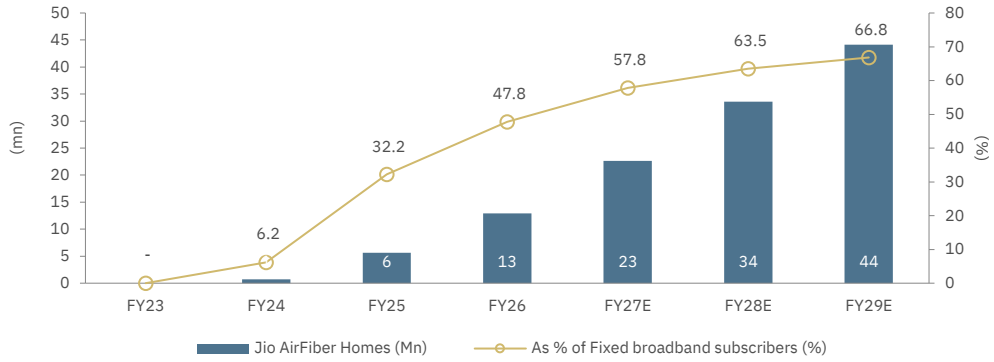
Source: Company, Elara Securities Estimate

Exhibit 43: Fixed broadband base more than doubles to 66mn by FY29E



Source: Company, Elara Securities Estimate

Exhibit 44: AirFiber share expands 1,900bp to 67% of fixed broadband base by FY29E

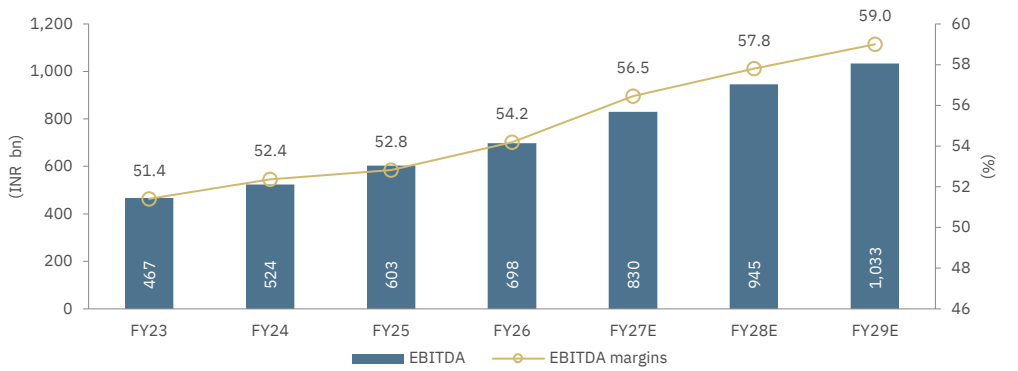


Source: Company, Elara Securities Estimate

EBITDA margin expansion of ~482 bp during FY26-29E, driven by operating leverage

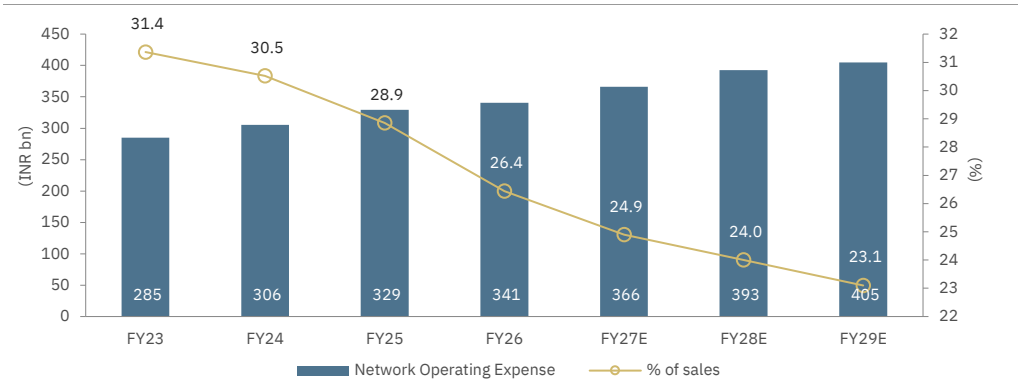
We expect an EBITDA CAGR of ~14% during FY26-29E, with a margin expanding ~482 bp from 54.2% in FY26 to 59% by FY29E on operating leverage. We expect EBITDA to grow at 19% YoY to INR 830bn in FY27E, 14% YoY to INR 945 bn in FY28E and 9% YoY to INR 1,034 bn in FY29E, with FY27E the peak year as tariff pass-through flows at high incremental margin. Margin drivers include: 1) network opex declines from 26% of sales in FY26 to ~23% by FY29E as the fixed-cost base is amortized in a larger revenue pool, 2) employee cost stays decline from ~1.6% of sales in FY26 to ~1.4% by FY29E, well below BHARTI and VI, and 3) license fee declines from ~9% of sales in FY26 to 8.3% by FY29E.

Exhibit 45: EBITDA to clock CAGR of ~14% during FY26-29E



Source: Company, Elara Securities Estimate

Exhibit 46: Network operating expenses to decline from 26% of sales in FY26 to ~23% by FY29E

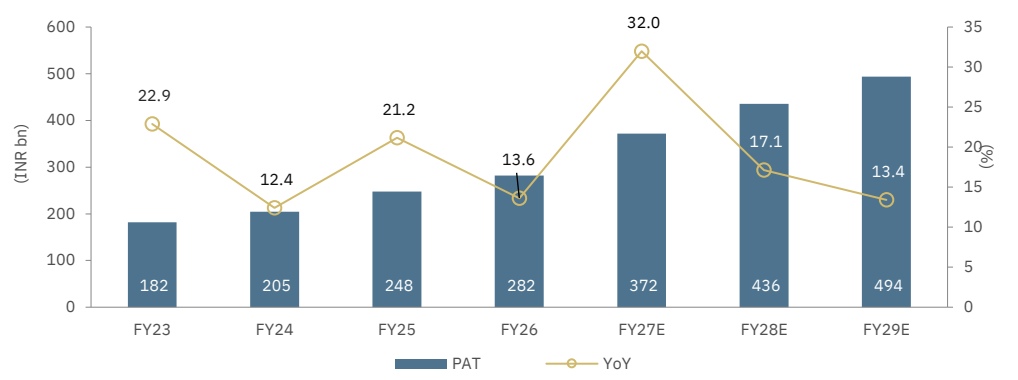


Source: Company, Elara Securities Estimate

PAT CAGR of ~21% over FY26-29E supported by operating leverage and lower finance cost

We expect a PAT CAGR of ~21% during FY26-28E, led by lower average debt driving lower finance cost, Other income rising from INR 25bn in FY26 to INR 28bn by FY29E on growing cash surplus. We expect PAT growth of 32% to INR 372 bn in FY27E, 17% to INR 436 bn in FY28E and 13% YoY to INR 494 bn in FY29E.

Exhibit 47: PAT to clock CAGR of ~21% during FY26-29E

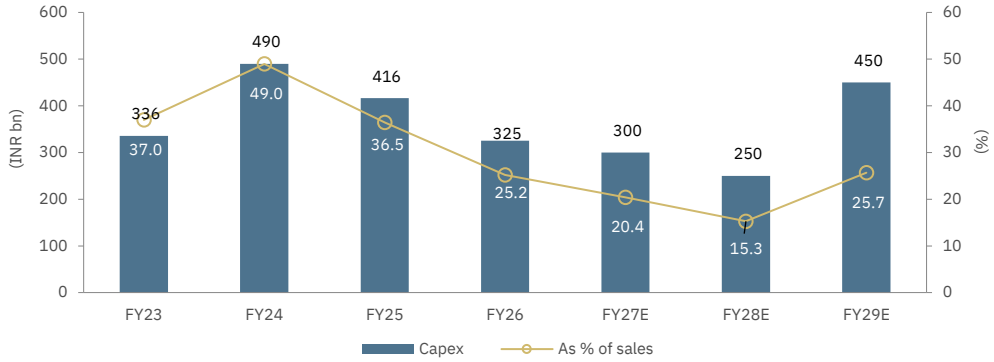


Source: Company, Elara Securities Estimate

Capex moderation during FY26-28; FY29E elevated on next-cycle network investment

We expect core capex (ex-spectrum) of INR 300bn in FY27E, INR 250bn in FY28E, and INR 450bn in FY29E. Core capex/sales moderates from 25% in FY26 to 15% in FY28E, signaling the bulk of 5G coverage investment is behind us, before rising to 26% in FY29E on the next cycle build-out. During FY26-28E capex, ongoing spend is directed at: 1) *JioAirFiber* home rollout, where Jio aims to reach 100mn homes via a combination of Fiber and AirFiber, 2) network densification and AI & data center build-out under *JioBrain*, and 3) routine maintenance. We build in INR 408bn spectrum renewal outflow in FY28E. The FY29E step-up to INR 450 bn in core capex reflects the next leg of network investment.

Exhibit 48: Capex/sales moderates from 25% in FY26 to 15% in FY28E



Source: Company, Elara Securities Estimate

Company Overview

Reliance Jio Infocomm (RJIL), a wholly owned subsidiary of Jio Platforms and part of Reliance Industries, is India's largest digital services and telecom operator with an integrated presence across mobility, broadband, enterprise connectivity, and digital platforms. Since its launch in CY16, Jio has fundamentally transformed India's telecom landscape by driving mass data adoption through affordable pricing, a pan-India 4G network, and a strong digital ecosystem, positioning itself as a key enabler of India's digital economy.

RJIL operates a diversified telecom and digital services platform spanning wireless mobility (4G and standalone 5G), fixed broadband (*JioFiber* and *JioAirFiber*), enterprise solutions, and emerging digital verticals, such as IoT, Cloud, and digital content. The company serves a subscriber base of ~488mn, making it the largest telecom operator in India and one of the largest globally, supported by strong growth in high-speed data consumption and rapid 5G adoption.

In India, Jio offers mobile services across 4G and 5G technologies, with minimal legacy 2G exposure, positioning itself as a pure-play data-centric operator. Its 5G rollout has been among the fastest globally, enabled by a Greenfield, Cloud-native standalone (SA) architecture, extensive fiberization, and a robust spectrum portfolio. Jio's 5G strategy is focused on capacity leadership, superior user experience, and enabling next-generation use cases across consumers and enterprises, including fixed wireless access (FWA), private networks and IoT applications.

The company has built a strong presence in the fixed broadband segment through *JioFiber* (FTTH) and *JioAirFiber* (FWA), targeting both urban and underserved markets. *JioAirFiber,* in particular, is emerging as a key growth lever, enabling rapid scale-up of home broadband without heavy last-mile fiber investment, thereby improving capital efficiency while expanding addressable market reach.

Beyond connectivity, Jio has developed a comprehensive digital ecosystem spanning content (*JioCinema*), music (*JioSaavn*), payments, Cloud and enterprise services. The company is increasingly focused on monetization through bundled offerings, premium content, enterprise solutions, and digital platforms, transitioning from a pure connectivity-led model to an integrated digital services platform.

RJIL's enterprise segment offers a wide suite of services, including connectivity, Cloud infrastructure, edge computing, IoT, private 5G networks, and digital solutions for businesses & government institutions. Backed by a pan-India fiber backbone and global partnerships, Jio is well-positioned to capture rising demand for enterprise digitization, data localization, and Cloud adoption.

Strategically, Jio follows a scale-led, technology-driven model with a focus on network leadership, affordability and ecosystem expansion. Backed by Reliance's strong balance sheet and long-term investment orientation, the company continues to invest in next-generation technologies, including 5G, satellite broadband (through partnerships) and early-stage 6G development.

Overall, Jio's integrated digital platform, large subscriber base, strong spectrum position, and expanding presence across high-growth digital segments position it well to benefit from structural growth in data consumption, increased smartphone penetration, and accelerating digitization across India, while driving long-term value through premiumization and enterprise-led monetization.

Business segments

Mobile services

- Jio's mobility business forms the core of its operations, contributing a majority of revenue and subscriber base. The company offers wireless services primarily across 4G and standalone 5G technologies, with a pure-play data-centric model and minimal legacy 2G exposure. Jio has built a strong competitive position through affordable pricing, wide network coverage, and high data capacity, driving industry-leading data consumption levels.
- The company has undertaken one of the fastest 5G rollouts globally, supported by its pan-India 700MHz spectrum and Cloud-native standalone architecture. Jio's strategy remains scale-led, focused on subscriber addition, increasing data use, and gradual ARPU improvement through tariff hikes and premium offerings. Operating leverage is supported by its large subscriber base, high network utilization, and efficient cost structure.

Homes (broadband & FWA)

- The homes segment includes fixed broadband services through *JioFiber* and *JioAirFiber*. Jio continues to expand its broadband footprint, targeting both urban households and underpenetrated markets.
- *JioFiber* offers high-speed broadband bundled with digital content, while *JioAirFiber* leverages the 5G network to deliver last-mile connectivity without heavy fiber investment, providing a scalable and capital-efficient growth lever.
- The segment benefits from strong cross-selling opportunities within Jio's ecosystem and is set to witness robust growth, driven by rising demand for home broadband, digital content consumption, and connected devices.

Enterprise services (Jio business)

- Jio's enterprise segment provides connectivity and digital solutions to large enterprises, Small and Medium Enterprises (SME), and government institutions. Its portfolio includes data connectivity, Cloud services, edge computing, IoT solutions, private 5G networks, and managed services.
- The segment is strategically important, given its higher ARPU profile, sticky customer relationships, and strong growth potential, driven by increasing digitization across industries. Jio's extensive fiber network and integrated capabilities position it well to capture enterprise demand for digital transformation and Cloud adoption.

Digital services & ecosystem

- Jio has built a comprehensive digital ecosystem spanning content, entertainment, music, payments, and communication platforms. Key offerings include *JioCinema* and *JioSaavn*, which are integrated with its connectivity services.
- The digital segment enhances customer engagement, improves stickiness, and supports monetization through bundled offerings. While still evolving as a direct revenue driver, it strengthens its overall value proposition and enables cross-selling across a large subscriber base.

Emerging technologies (5G, IoT & new businesses)

- Jio continues to invest in next-generation technologies, including standalone 5G, IoT, fixed wireless access, satellite broadband, and early-stage 6G development. These initiatives are aimed at expanding its addressable market beyond traditional telecom services and enabling new use cases across consumers & enterprises.
- The company's focus on building a future-ready digital infrastructure and positions it well to benefit from long-term growth in data consumption & connected ecosystems.

Jio spectrum portfolio as on CY25

- Largest spectrum holder in India with ~26,800MHz (uplink + downlink), providing a significant capacity advantage across sub-GHz, mid-band and mmWave frequencies.
- Only operator with pan-India 700MHz spectrum, enabling superior indoor coverage and true nationwide 5G rollout, particularly in rural and in-building environments.
- Strong sub-GHz holdings (700MHz and 800MHz) provide wide coverage and deep indoor penetration, forming the backbone of Jio's coverage-led network strategy.
- Robust mid-band spectrum portfolio (1800MHz, 2300MHz, and 3300MHz) supports high-capacity data traffic and forms the core layer for both 4G and 5G services across urban & semi-urban markets.
- Extensive mmWave spectrum (~1,000MHz in the 26GHz band) provides future optionality for ultra-high-speed use cases, including enterprise solutions, FWA, and dense urban deployments.
- Overall, Jio's spectrum portfolio reflects a well-balanced mix of coverage and capacity bands, enabling scalable network performance, efficient capex utilization, and long-term readiness for data-intensive applications & enterprise use cases.

Board of Directors & Key Managerial Personnel

Jio Platforms (JPL)

- **Mukesh D. Ambani – Chairman:** Mukesh Ambani holds a Bachelor's degree in Chemical Engineering from the Institute of Chemical Technology, University of Bombay (now University of Mumbai), and attended Stanford University's MBA program. He is Chairman and Managing Director of Reliance Industries.
- **Akash M. Ambani – Executive Director:** Akash Ambani holds a Bachelor's degree in Economics from Brown University, the US. He is Chairman of Reliance Jio Infocomm since June 2022 and was elevated to Managing Director of Jio Platforms with effect from April 2026 for a five-year term.
- **Isha M. Ambani – Director:** Isha Ambani graduated from Yale University with a double major in Psychology & South Asian Studies and holds an MBA from Stanford University Graduate School of Business. She is on the executive leadership teams and Boards of Reliance Retail Ventures, Reliance Jio Infocomm, Jio Financial Services, and the Reliance Foundation. Prior to joining Reliance, she worked with McKinsey & Company.
- **Anant M. Ambani – Director:** Anant Ambani received his Bachelor's degree from Brown University, the US. He leads the Reliance Group's New Energy and Materials business, focusing on the integrated giga-factory complex at Jamnagar, covering solar PV, batteries, electrolysers, fuel cells, and power electronics. He serves on the Boards of Reliance Industries, Reliance Foundation, and several group entities.
- **Manoj H. Modi – Director:** Manoj Modi holds a Bachelor's degree In Chemical Engineering from the University of Mumbai. He has been associated with Reliance Industries since 1980. He played a central role in the USD 5.7bn *Facebook (Meta)* investment into Jio Platforms in 2020 and subsequent stake sales to Google, Silver Lake, KKR, Vista, General Atlantic, Mubadala, TPG, and others. He is Director on the boards of Reliance Retail and Reliance Jio Infocomm.
- **Pankaj M. Pawar – Director:** Pankaj Pawar is a career Reliance executive with two decades of experience across the group's retail, telecom, and supply chain businesses. He concurrently serves as Managing Director of Reliance Jio Infocomm since June 2022 for a five-year term. He holds Directorships on the Boards of Reliance Retail, Reliance Retail Ventures, and several other group entities.
- **Haigreve Khaitan – Director:** Haigreve Khaitan holds an LLB degree from South Kolkata Law College (1995). He is the Senior Partner of Khaitan & Co, India's largest full-service law firm, and heads its Corporate, M&A and Private Equity practices. He serves on several key regulatory committees, including the SEBI Committee on Fair Market Conduct and the Ministry of Corporate Affairs' Committee on Digital Competition Law.
- **Raminder Singh Gujral – Director:** Raminder Singh Gujral holds a BA (Economics Honours), an LLB, an MBA from IIM Ahmedabad, and an MA in International Finance and Business from The Fletcher School, the US. He served in the Indian Administrative Service for 37 years and retired as Finance Secretary, Government of India, in 2013. He earlier held the positions of Secretary (Revenue), Secretary (Expenditure), and Secretary (Ministry of Road Transport and Highways). He was Chairman of the National Highways Authority of India (NHAI), Director General of Foreign Trade, and Chairman of the Board of Governors of the National Institute of Financial Management. He is Chairman of the Audit Committee of Jio Platforms and serves as an Independent Director on the Boards of Reliance Jio Infocomm and Adani Green Energy.
- **Dr Shumeet Banerji – Director:** Dr Shumeet Banerji holds a BA and an MBA from the University of Delhi, and a PhD from the Kellogg School of Management, Northwestern University. He is Founder of Condorcet, LP, an advisory and investment firm, specialising in early and growth-stage technology companies, with focus on data, biology, and healthcare. He retired as Founding CEO of Booz & Company in 2013 after a 20-year career at the firm and its predecessor Booz, Allen & Hamilton, where he co-led the historic 2008 separation of the consultancy.
- **Dinesh H. Kanabar – Director:** Dinesh Kanabar is a qualified Chartered Accountant. He is Founder, Chairman and CEO of Dhruva Advisors. Before founding Dhruva in 2014, he served as Deputy CEO and Chairman of the Tax Practice at KPMG India, Chairman of the Tax Practice at PwC India, and Deputy Managing Partner at RSM & Co. He is a member of the National Executive Committee of FICCI, was a member of the Prime Minister-constituted Rangachary Committee on IT & ITES taxation and Safe Harbour Rules, and serves on the Boards of Reliance Industries, Adani Green Energy, and PVR INOX.
- **Dileep C. Choksi – Director:** Dileep Choksi is a qualified Chartered Accountant with 35 years of professional experience in tax, commercial law, audit, and assurance. He was formerly Joint Managing Partner of Deloitte Haskins & Sells in India and is Founder of CC Chokshi Advisors. He serves as an Independent Director on the Boards of Deepak Nitrite, National Securities Clearing Corporation and Gujarat International Finance Tec-City. He was earlier Chairman of BNP Paribas (Mumbai) and a long-standing director on the Board of ICICI Bank.

- **Donald S. Harrison – Director:** Donald Harrison holds a BA in Political Science and Philosophy from Dalhousie University, Canada, and an LLB & JD from the Henry NR Jackman Faculty of Law, University of Toronto (1997). He is President of Global Partnerships and Corporate Development at Google, where he leads strategic partnerships, global M&A, and investments. He joined Google in 2005 and has led the company's most significant transactions, including the acquisitions of DeepMind, YouTube, DoubleClick, AdMob, Nest and Motorola. Before Google, he was a Senior Associate at Wilson Sonsini Goodrich & Rosati in Palo Alto, where he helped take Google public. He also serves on the Boards of SpaceX and is a Managing Partner at Gradient Ventures.
- **John William Hegeman – Director:** John Hegeman holds a Bachelor's degree in Mathematics and Economics from Stanford University. He is Co-CEO of Ithaca Holdings and was earlier Chief Revenue Officer at Meta Platforms, where he led the company's global monetization strategy. He joined Meta in 2007 as an engineering leader on the ads system, subsequently led the Facebook app's Feed, Stories, notifications, and integrity functions, and returned to ads in 2021 as Head of Monetization. He also serves on the Board of Directors of Robinhood Markets, Inc. and the Center for Election Science.
- **Mathew Oommen – Group Chief Executive Officer:** Mathew Oommen holds a Master's degree in Electrical and Telecommunications Engineering from Oklahoma State University, US. He has 25 years of experience in the global telecommunications and technology industry. He has been a founding member of Reliance Jio since inception and is the Group CEO of Jio Platforms since November 2024, earlier served as President, Technology & Services, at Reliance Industries. Prior to Reliance, he was the Chief Technology and Product Officer at Flag Telecom (Global Cloud Xchange), and earlier the Chief Technology Officer at Sprint in the US. He is on the Board of Directors of the GSM Association and Airspan Networks, Inc.
- **Kiran M. Thomas – Chief Executive Officer:** Kiran Thomas serves as President at Reliance Industries. Since 2010, he has been a key member of the core team responsible for Strategy, Planning, Project Execution and Launch of Jio, where he leads technology innovation and the development of Jio's next-generation software platforms. He serves on the Board of Directors of TM Forum, the industry association for telecommunications digital transformation.
- **Saurabh Sancheti – Chief Financial Officer:** Saurabh Sancheti is an alumnus of the Indian Institute of Management, Ahmedabad. He serves as CFO of Jio Platforms since April 2020. He has prior experience across Den Networks, Hathway Cable and Datacom, Reliance Industries and BMR Advisors. His areas of expertise include valuation, financial analysis, forecasting, and due diligence.

Reliance Jio Infocomm (RJIL)

- **Akash M. Ambani – Chairman:** Akash Ambani holds a Bachelor's degree in Economics from Brown University, US, and is a member of Brown University's President's Leadership Council. He has been Chairman of Reliance Jio Infocomm since June 2022, having earlier served as a Non-Executive Director on the RJIL Board since October 2014. He is Managing Director of Jio Platforms since April 2026.
- **Pankaj M. Pawar – Managing Director:** Pankaj Pawar is a career Reliance executive with two decades of experience across the group's retail, telecom, and supply chain businesses. He has served as Managing Director of Reliance Jio Infocomm since June 2022 for a five-year term. He also serves as Director on the Boards of Jio Platforms, Reliance Retail, and Reliance Retail Ventures.
- **Isha M. Ambani – Director:** Isha Ambani graduated from Yale University with a double major in Psychology and South Asian Studies and holds an MBA from Stanford University Graduate School of Business. She is part of the executive leadership teams and serves on the Boards of Reliance Retail Ventures, Reliance Jio Infocomm, Jio Financial Services, and the Reliance Foundation. She previously worked with McKinsey & Company before joining the family business.
- **Mathew Oommen – Director:** Mathew Oommen holds a Master's degree in Electrical and Telecommunications Engineering from Oklahoma State University, US. He has been a founding member of Reliance Jio since inception and serves concurrently as Group CEO of Jio Platforms since November 2024. He has 25 years of global telecommunications experience and was earlier Chief Technology Officer at Sprint and Chief Technology and Product Officer at Flag Telecom. He is on the Board of Directors of the GSM Association and Airspan Networks, Inc.
- **Mahendra Nahata – Director:** Mahendra Nahata holds a Bachelor's degree in Commerce from St. Xavier's College, Kolkata. He is the Founder and Managing Director of HFCL (Himachal Futuristic Communications), a Reliance Group-associated telecom equipment manufacturer he established in 1987. He has served as a Non-Executive Director on the Board of Reliance Jio Infocomm since 2010. He has been the President of the Telecom Equipment Manufacturers Association of India (TEMA) and Co-Chairman of the Telecom Committee at FICCI.
- **Ranjit V Pandit – Director:** Ranjit Pandit holds a B.E. in Electrical Engineering from Veermata Jijabai Technological Institute (VJTI), University of Bombay, and an MBA from the Wharton School at the University of Pennsylvania, US. He has been an Independent Non-Executive Director on the Board of Reliance Jio Infocomm since 2015. He served as Managing Director of General Atlantic LLC, a leading

global private equity firm, between 2007 and 2012. Prior to General Atlantic, he was Managing Director and Chairman of McKinsey & Company in India. He serves on the Boards of The Great Eastern Shipping, Reliance Retail Ventures, and Reliance Retail.

- **Dr Shumeet Banerji – Director:** Dr. Shumeet Banerji holds a B.A. and an MBA from the University of Delhi, and a Ph.D. from the Kellogg School of Management, Northwestern University. He is Founder of Condorcet, LP, an advisory and investment firm. He retired as the founding CEO of Booz & Company in 2013. He previously served on the Boards of Directors of Hewlett-Packard Company and HP. from 2011 to 2024 and was an Independent Director on the Board of the BBC. He is also an Independent Director at Jio Platforms and Reliance Industries.
- **Raminder Singh Gujral – Director:** Raminder Singh Gujral holds a B.A. (Economics Honours), an LL.B., an MBA from IIM Ahmedabad, and an M.A. in International Finance and Business from The Fletcher School, US. He served in the Indian Administrative Service for 37 years and retired as Finance Secretary, Government of India, in 2013, after holding positions including Secretary (Revenue), Secretary (Expenditure) and Secretary (Ministry of Road Transport and Highways). He was Chairman of NHAI and Director General of Foreign Trade. He serves as an Independent Director on the Boards of Jio Platforms and Adani Green Energy.
- **KV Chowdary – Director:** KV Chowdary holds a Bachelor's degree in Mathematics from Loyola College, Chennai, and a Master's degree in Mathematics from IIT Madras. He served as the Central Vigilance Commissioner of India from June 2015 to June 2019, and earlier as Advisor to the Department of Revenue. He was elected as a member of the Executive Committee of the International Association of Anti-Corruption Agencies and served on the Advisory Board of the Comptroller and Auditor General of India. He also holds Directorships at Tata Motors, Divi's Laboratories, CCL Products (India), Anant Raj, and Nuziveedu Seeds.

Notes

Indus Towers

India | Telecom | Initiating Coverage

Global Markets Research

5G, VI revival, and AU entry to underpin growth

8 June 2026

Rating: Accumulate
Target Price: INR 491
Upside: 14%
CMP: INR 430
As on 4 June 2026

Accelerating 5G adoption and rising data use in India would drive sustained demand for network densification, increased equipment loading, small-cell & IBS infrastructure deployment benefitting Indus Towers (INDUSTOW IN). A capex revival and improving liquidity at Vodafone Idea's (VI) (IDEA IN, **Not Rated**, CMP: INR 15) should bolster tenancy additions and lower receivables risk, supporting high site-level utilization. Additionally, INDUSTOW's measured entry into the African Union (AU) expansion, anchored by demand from Airtel Africa, and the company's experience in a mature outsourced tower market creates a durable avenue for geographic diversification and long-term revenue growth. Together, these factors support a multi-year runway for revenue growth, tenancy expansion, and a more resilient portfolio. We initiate on INDUSTOW with an **Accumulate** rating and a TP of INR 491 based on 15x FY28E EPS of INR 33.

5G-led network densification to drive long-term tower infra growth: India's rapid 5G rollout and rising data consumption are driving the next phase of telecom network densification, particularly across urban and industrial clusters. While a mere ~31% of wireless data subscribers currently use 5G services, 5G users are likely to exceed 970mn by CY30, creating sustained demand for tower infrastructure (Source: TRAI & Ericsson). We believe INDUSTOW is well positioned to benefit via higher equipment loading, tenancy growth, rooftop sites, small cells, and IBS deployments. Although incremental tower additions are likely to remain in the low single digits, due to a mature coverage landscape, densification-led investments would continue to drive revenue growth. Rising indoor coverage requirements across malls, metros, hospitals, and commercial hubs further expand the long-term opportunity for small cell and in-building solutions.

Vodafone Idea revival and capex expansion to support tenancy growth: IDEA's network expansion and rising capex are likely to drive incremental tenancy growth for INDUSTOW. Vi's 5G rollout and planned tower expansion is translating into higher colocation demand for INDUSTOW. Improved financial stability, supported by Adjusted gross revenue (AGR) relief and government equity conversion, has significantly reduced receivables risk. Further, capital infusion plans are set to strengthen Vi's balance sheet and accelerate network expansion, indirectly benefitting INDUSTOW through sustained tenancy additions and revenue growth.

Initiate with Accumulate and a TP of INR 491: India's tower infra industry and INDUSTOW in particular are poised for long-term growth, driven by accelerating 5G adoption and expectations of early adoption of 6G technology. This would drive multi-year network densification to support structural uplift in data consumption. We expect a top-line CAGR of 6%, an EBITDA CAGR of 6% and a PAT CAGR of 10% during FY26-28E. We initiate coverage of INDUSTOW with an **Accumulate** rating and a target price of INR 491 based on 15x FY28E EPS of INR 33.

Key financials

YE March (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (INR mn)	301,228	324,931	342,563	363,574	384,099
YoY (%)	5.3	7.9	5.4	6.1	5.6
EBITDA (INR mn)	206,407	177,967	186,028	201,289	216,280
EBITDA margin (%)	68.5	54.8	54.3	55.4	56.3
Adj PAT (INR mn)	99,223	71,348	75,920	86,435	98,424
YoY (%)	64.2	(28.1)	6.4	13.8	13.9
Fully DEPS (INR)	37.6	27.0	28.8	32.8	37.3
RoE (%)	30.5	18.0	15.6	14.8	14.3
RoCE (%)	20.8	13.4	11.7	11.2	10.8
P/E (x)	11.4	15.9	15.0	13.2	11.6
EV/EBITDA (x)	6.2	7.1	6.8	6.0	5.2

Note: Pricing as on 4 June 2026; Source: Company, Elara Securities Estimate

Key data

Bloomberg	INDUSTOW IN
Reuters Code	INUS.NS
Shares outstanding (mn)	2,638
Market cap (INR bn/USD mn)	1,136/11,855
EV (INR bn/USD mn)	1,303/13,606
ADTV 3M (INR mn/USD mn)	2,763/29
52 week high/low	482/313
Free float (%)	49

Note: as on 4 June 2026; Source: Bloomberg

Price chart

Source: Bloomberg

Shareholding (%)	Q1 FY26	Q2 FY26	Q3 FY26	Q4 FY26
Promoter	50.0	51.0	51.0	51.3
% Pledge	0.0	0.0	0.0	0.0
FII	27.5	26.2	25.9	25.1
DII	18.2	18.2	19.0	19.7
Others	4.3	4.5	4.1	4.0

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(4.3)	(10.1)	(4.9)
Indus Towers	(2.7)	7.1	12.3
NSE Mid-cap	1.7	(3.6)	0.7
NSE Small-cap	11.8	2.8	0.0

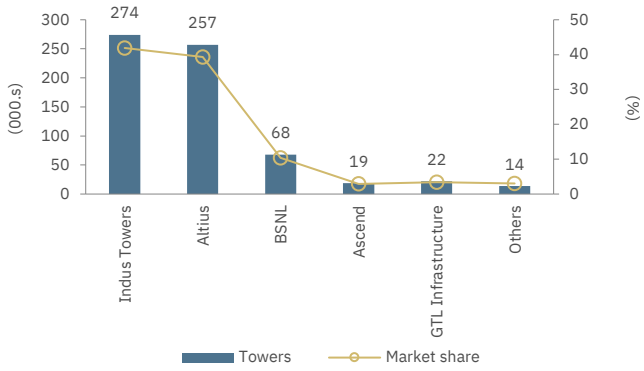
Source: Bloomberg

Prashant Biyani
Fertilizers & Agricultural Chemicals, Hotels, Sugar, Telecom
+91 22 6164 8581
prashant.biyani@elaracapital.com

Associate
Yashi Jain
yashi.jain@elaracapital.com

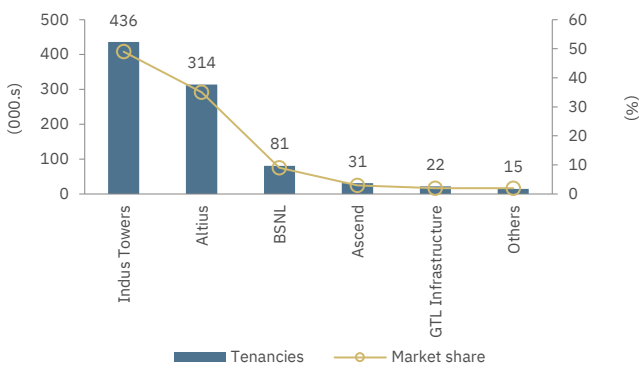
Story in charts

Exhibit 1: INDUSTOW dominates tower industry market share in terms of towers...



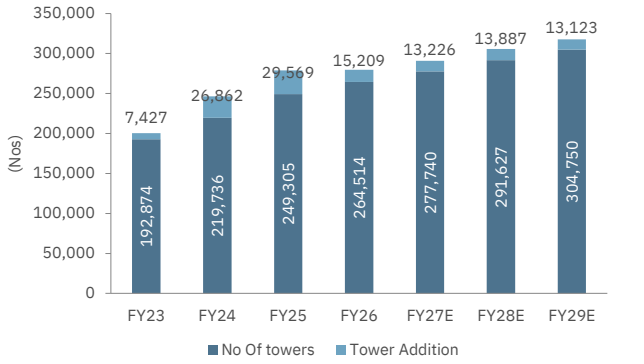
Source: Altius Annual Report 2025, Elara Securities Research

Exhibit 2: ...as well as tenancies...



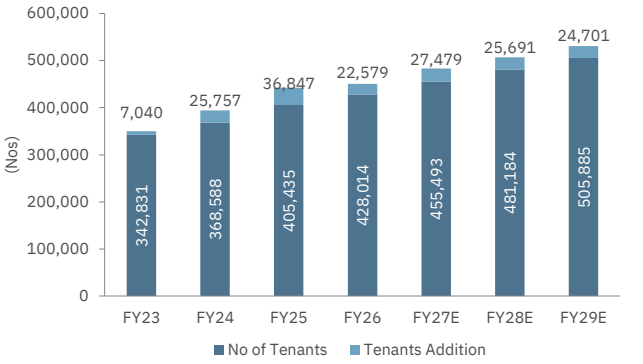
Source: Altius Annual Report 2025, Elara Securities Research

Exhibit 3: Tower additions to moderate



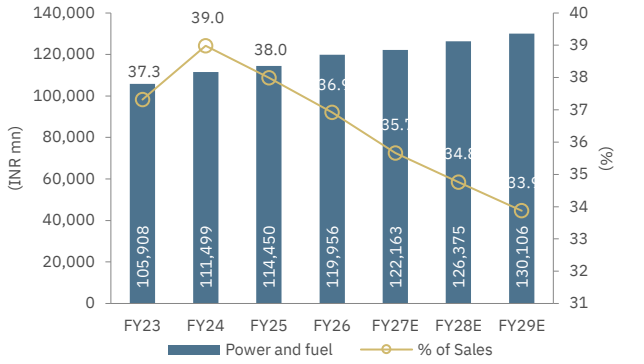
Source: Company, Elara securities Estimate

Exhibit 4: Tenant additions to remain stable



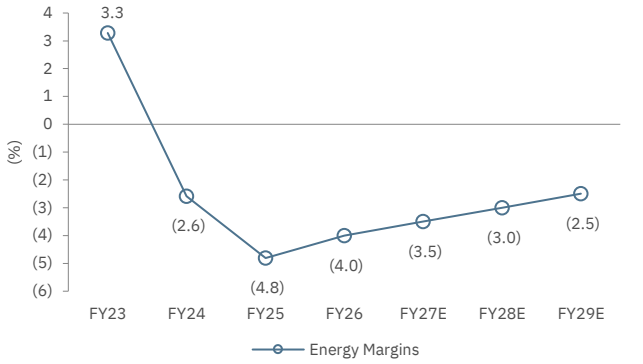
Source: Company, Elara Securities Estimate

Exhibit 5: Power and fuel cost to reduce 304bp by FY29E



Source: Company, Elara Securities Estimate

Exhibit 6: Limited visibility on energy margin



Source: Company, Elara Securities Estimate

C

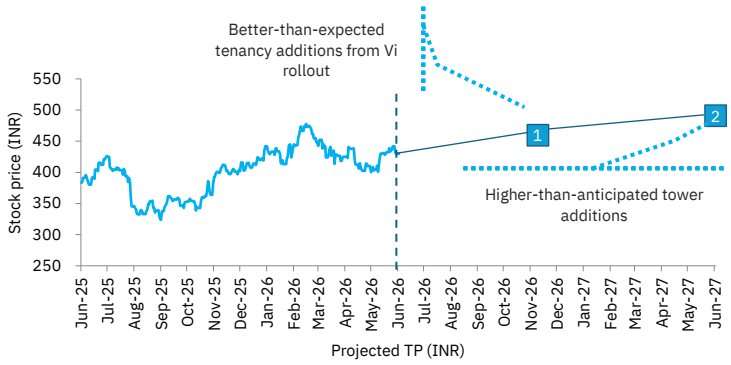
Investment Rationale

INDUSTOW will add ~13-14k towers pa during FY26-28E at ~5% CAGR, driven by 5G-led densification, equipment loading, and small cell deployments. India's 5G subscribers are set to reach 970mn by CY30 vs 380mn currently, providing multi-year tenancy growth runway on INDUSTOW's 260,000 macro tower base

Vodafone Idea's INR 450bn capex plan to scale up 4G and 5G would drive incremental tenancies, with Vi's quarterly capex already scaling from ~INR 4bn pre-fundraise to ~INR 20bn and tower count set to expand from 175k to 220k. Receivables risk has materially receded post AGR conversion of ~INR 370bn into government equity at ~49% stake

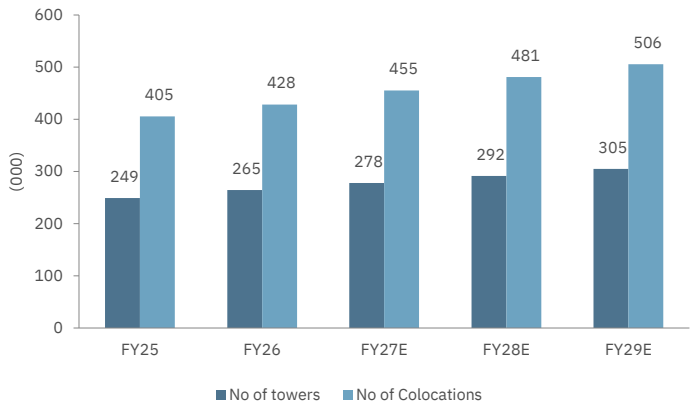
The AU entry (Nigeria, Uganda, and Zambia) gives INDUSTOW access to: 1) anchor customer Airtel Africa across 14 countries with ~35,000+ outsourced towers, and 2) a mature shared-infra ecosystem, with upside as incumbent contracts (American Tower, IHS, and Helios) come up for renewal

Valuation Triggers



Source: Bloomberg, Elara Securities Estimate

Valuation drivers: colocation CAGR of ~6% during FY26-29E



Source: Company, Elara Securities Estimate

Valuation triggers

- Better-than-expected tenancy additions from Vi rollout
- Higher-than-anticipated tower additions

Our assumptions

- Tower additions to clock at CAGR of 5% during FY26-28E
- Around 1.5% annual increase in sharing revenue per operator
- EBITDA margin to expand 212bp to 55.2% by FY28E

Key risks (downside/upside)

- Slowdown in industry-wide tower additions
- Diesel price volatility
- Vi financial stress or accelerated network rollback

Valuation overview

(INR)	
EPS – FY28E	32.8
Target multiple (x)	15.0
Target price	491

Source: Elara Securities Estimate

Industry trends and macro factors

- Pan-India, 5G is live in 776 of 777 districts, with subscribers at 380mn (31% penetration) in FY26 and set to reach 970mn (~75%) by FY30E. Data consumption is growing 15-20% YoY, with 5G's traffic share at 35% in CY26 vs 25% in FY25
- Pan-India, incremental tower supply is in a sweet spot (mature coverage landscape with additions at ~3-5% pa), driving operator demand toward equipment loading, colocations, and small cell deployments.

Market position and competitive landscape

- INDUSTOW is India's largest passive tower infrastructure platform. It operates across 22 telecom circles with ~260,000 macro towers and ~420,000 colocations, representing ~42% market share by towers and ~49% by tenancies
- Competitive landscape for tower-sharing is in favor as 5G densification demand outpaces mature-market supply growth

Financials (YE March)

Income Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Total Revenue	301,228	324,931	342,563	363,574	384,099
Gross Profit	301,190	324,838	342,563	363,574	384,099
EBITDA	206,407	177,967	186,028	201,289	216,280
EBIT	142,407	106,579	106,521	117,067	128,204
Interest expense	18,579	18,930	15,837	16,276	16,428
Other income	7,638	8,188	10,813	14,764	19,807
Exceptional/ Extra-ordinary items	-	-	-	-	-
PBT	131,466	95,837	101,498	115,555	131,583
Tax	32,243	24,489	25,577	29,120	33,159
Minority interest/Associates income	-	-	-	-	-
Reported PAT	99,223	71,348	75,920	86,435	98,424
Adjusted PAT	99,223	71,348	75,920	86,435	98,424
Balance Sheet (INR mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Shareholders' Equity	325,370	396,788	486,763	583,625	687,841
Minority Interest	-	-	-	-	-
Trade Payables	24,465	26,782	28,156	29,883	31,570
Provisions & Other Current Liabilities	52,324	54,083	58,541	59,841	61,070
Total Borrowings	22,624	9,209	209	-	-
Other long term liabilities	207,321	226,675	219,034	218,643	218,165
Total liabilities & equity	**632,104**	**713,537**	**792,704**	**891,993**	**998,646**
Net Fixed Assets	294,036	332,303	367,858	384,360	392,315
Goodwill	-	-	-	-	-
Intangible assets	149,715	162,812	166,938	172,203	174,103
Business Investments / other NC assets	58,780	62,967	65,463	69,098	72,649
Cash, Bank Balances & treasury investments	18,554	15,272	16,198	18,599	20,511
Inventories	76	268	268	268	268
Sundry Debtors	-	-	-	-	-
Other Current Assets	110,943	139,915	175,979	247,464	338,800
Total Assets	**632,104**	**713,537**	**792,704**	**891,993**	**998,646**
Cash Flow Statement (INR mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Cashflow from Operations	**196,381**	**156,649**	**154,072**	**169,447**	**182,589**
Capital expenditure	(62,569)	(78,909)	(85,212)	(70,000)	(65,000)
Acquisitions / divestitures	-	-	-	-	-
Other Business cashflow	(46,681)	(23,463)	(24,320)	(61,253)	(78,647)
Free Cash Flow	**87,131**	**54,277**	**44,540**	**38,194**	**38,942**
Cashflow from Financing	(69,157)	(57,559)	(43,614)	(35,792)	(37,030)
Net Change in Cash / treasury investments	17,974	(3,282)	926	2,402	1,912
Key assumptions & Ratios	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Dividend per share (INR)	-	14.0	14.4	16.4	18.7
Book value per share (INR)	123.3	150.4	184.5	221.2	260.7
RoCE (Pre-tax) (%)	20.8	13.4	11.7	11.2	10.8
ROIC (Pre-tax) (%)	34.3	22.8	19.9	20.4	21.4
ROE (%)	30.5	18.0	15.6	14.8	14.3
Asset Turnover (x)	1.1	1.0	1.0	1.0	1.0
Net Debt to Equity (x)	0.6	0.4	0.3	0.1	(0.0)
Net Debt to EBITDA (x)	0.9	0.9	0.7	0.3	(0.1)
Interest cover (x) (EBITDA/ int exp)	11.1	9.4	11.7	12.4	13.2
Total Working capital days (WC/rev)	65.6	87.0	115.6	182.6	260.6
Valuation	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
P/E (x)	11.4	15.9	15.0	13.2	11.6
P/Sales (x)	3.8	3.5	3.3	3.1	3.0
EV/ EBITDA (x)	6.2	7.1	6.8	6.0	5.2
EV/ OCF (x)	6.6	8.3	8.5	7.7	7.1
FCF Yield	6.7	4.2	3.4	2.9	3.0
Price to BV (x)	3.5	2.9	2.3	1.9	1.7
Dividend yield (%)	-	3.3	3.3	3.8	4.3

Note: Pricing as on 4 June 2026; Source: Company, Elara Securities Estimate

Revenue CAGR of ~6% and an EBITDA CAGR of ~7% during FY26-29E

5G, Vi revival, and AU entry to drive growth

- Surging data consumption remains the bedrock of network expansion
- Vodafone Idea investment plans to drive tenancy ratio
- INDUSTOW pushes its footprints to AU's fast-growing markets

Surging data consumption remains the bedrock of network expansion

India's rapid 5G rollout has been rapid. Telecom operators have deployed 0.52mn base transceiver station (BTS) and 5G services are available in 776 out of 777 districts. But India has only 380mn (31%) wireless data subscribers using 5G services (Source: TRAI). This implies India's network densification is in the early stage. But the need to dense network architecture is accelerating, especially in urban and industrial clusters. Densification requires more towers, more equipment, small cell infrastructure, and building infill sites.

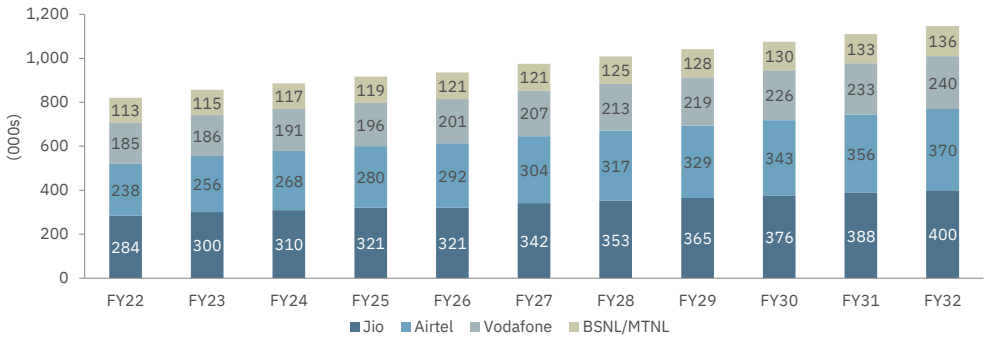
As 5G subscribers are likely to reach 970mn by CY30 or more than 1.0bn by CY31 (Source: Ericsson), INDUSTOW revenue growth would be driven by increased demand for equipment loading on existing towers, new macro towers, small cells, and rooftop infrastructure, supporting low-latency, and high-capacity connectivity for applications. INDUSTOW is witnessing increased demand for site expansion, particularly in high-traffic zones. Higher-frequency 5G bands (≥2600MHz) need more sites per coverage unit.

India's tower industry is largely mature from a coverage standpoint, with pan-India networks deployed by BHARTI and Reliance Jio. Tower addition growth would remain in the low single digits, focused on urban densification or targeted rural expansion, including lean towers high-traffic or degraded coverage areas, rather than broad-based expansion. While new tower additions are modest, INDUSTOW will continue to capture incremental revenue via equipment loading and tenancy growth on existing towers.

Data consumption is rising 15–20% pa, with 5G's share of mobile traffic increasing from 25% in FY25 to 35% by CY26. INDUSTOW's, with 259,600 macro towers and the deepest national footprint, is the primary beneficiary, capturing a majority of customer rollouts and densification activity. As per TRAI, by CY31, over 1.0bn 5G subscribers (~79% of total) are projected, providing a multi-year runway for both incremental tower additions and equipment loading.

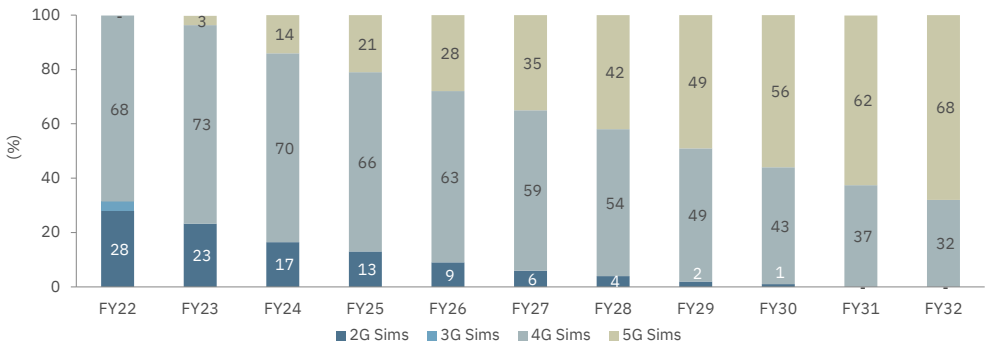
With growing demand for seamless indoor coverage in malls, transit hubs, hospitals, metros and commercial buildings, the opportunity for deploying IBS and small cell infrastructure is expanding.

Exhibit 7: Sustained 5G rollout and rural densification to drive ~40% growth in total BTS tenancies by FY32



Source: Analysys Mason, Altius Annual Report 2025, Elara Securities Research

Exhibit 8: 5G SIM share to surge from ~21% in FY25 to ~68% by FY32 as 4G base rapidly converts



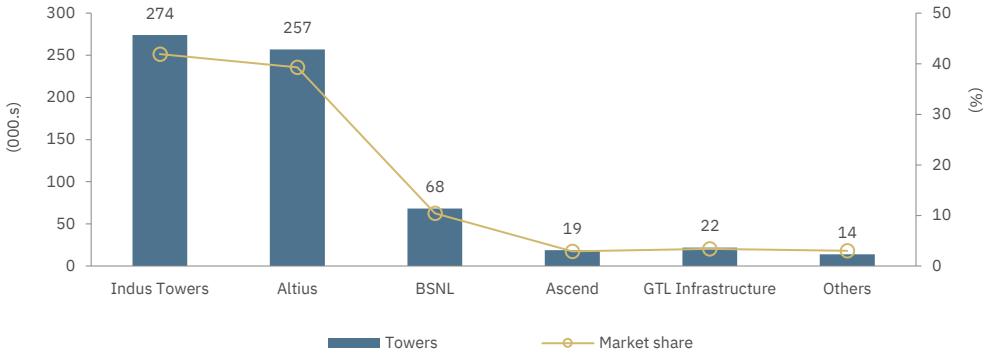
Source: Analysys Mason, Altius Annual Report 2025, Elara Securities Research

Exhibit 9: Forecast demand for small cells (000) to grow at 20% by FY32

Year	Deployments by NHP	Deployments by MNO	Total
FY22	18	50	68
FY23	32	79	111
FY24	56	104	160
FY25	85	124	209
FY26	141	150	291
FY27	181	159	340
FY32	239	171	410

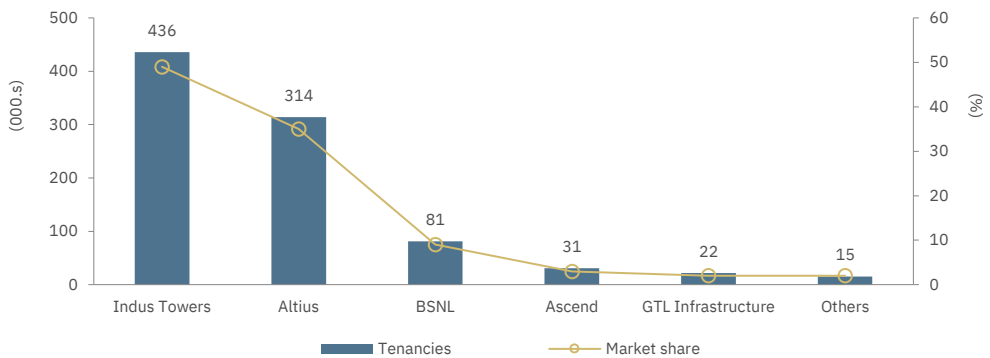
Source: Altius Annual Report 2025, Elara Securities Research

Exhibit 10: INDUSTOW dominates tower industry market share in terms of towers...



Source: Altius Annual Report 2025, Elara Securities Research

Exhibit 11: ...as well as tenancies



Source: Altius Annual Report 2025, Elara Securities Research

Vodafone Idea investment plans to drive tenancy ratio

Vodafone Idea's (IDEA IN, **Not Rated,** CMP: INR 15) plans to ramp up 4G and 5G network infrastructure with an investment of INR 450bn would give a leg-up to tenancy ratio of INDUSTOW. Quarterly capex of IDEA has already scaled up from ~INR 4bn pre-fundraise to ~INR 20bn, indicating the network deployment is underway. IDEA is providing 5G services to its subscribers in its 17 priority circles. To offer the same, it had planned to scale up total tower count from 175,000 towers to 220,000. The current ramp-up is a catch-up cycle that unlocks previously deferred tenancy growth. Given INDUSTOW's scale, incumbency, and existing co-location relationships, we expect almost all of IDEA's rollout to translate into incremental tenancy, thereby driving top-line growth and margin expansion.

IDEA's inability to meet payment obligations during FY23-24 led to elevated receivables, significant surge in provisioning, and suppressed investor confidence. This risk has materially receded since IDEA had cleared past pending dues and is paying dues on-time and regular. Cash infusion by promoters and the government's decision to freeze Vi's AGR liabilities at ~INR 877bn and extending repayments over multi-year, significantly reduces near-term cashflow pressure, thereby enabling expansion by IDEA. More importantly, the conversion of ~INR 370bn of dues into equity has resulted in the government holding a ~49% stake in Vi, aligning policy intent with the company's operational continuity. This materially lowers probability of financial distress.

The resolution of IDEA's financial stress removes a key overhang for INDUSTOW, as its capex revival reintroduces incremental tenancy demand. With receivables risk largely addressed and collections normalized, downside for INDUSTOW is meaningfully reduced. Existing tenancy remains stable, supported by ongoing investments from *Airtel* and Jio, while IDEA's recovery provides additional upside.

INDUSTOW pushes its footprints to AU's fast-growing markets

INDUSTOW plans to expand its footprint across select international markets and enter AU markets, beginning with Nigeria, Uganda, and Zambia. These markets resemble India in terms of unexplored market opportunity -- underpenetrated, and rapidly urbanizing. By leveraging its expertise in delivering innovative and cost-effective solutions, the company is well-positioned to differentiate in AU's fast-growing telecom market and emerge as the preferred tower company. It will begin operations in AU countries through its existing partner, BHARTI, which has a strong regional presence and holds the third-largest market share. Combined with growth potential from emerging opportunities in the AU, its robust financial position, and an anchor customer relationship with BHARTI, the company is well-positioned to enter international markets.

The AU is the last major underpenetrated telecom market globally, with low tower density, fast-growing subscriber base, and governments actively funding rural connectivity. INDUSTOW can leverage: 1) its existing expertise in managing 250,000+ towers, 2) Airtel Africa's established presence in 14 countries as an anchor customer, and 3) the UAE's 100% foreign ownership policies & financial hub status to structure investments efficiently. The AU markets offer attractive prospects for revenue diversification, operational scalability, and long-term value creation. The company stated that as part of its broader growth strategy, it will continue to evaluate expansion opportunities in other AU markets where *Airtel* has an established presence. The company added the proposed expansion into AUs markets remains subject to necessary approvals and compliance with applicable laws and regulations.

Entry in the AU through Greenfield expansion

INDUSTOW has adopted a measured, Greenfield-led strategy for the AU. During Q3, the company incorporated one direct and three indirect subsidiaries in the UAE (entities). Post Q3, it has incorporated three subsidiaries of the UAE entities in the AU (entities). Lastly, a subsidiary in GIFT City will serve as investment-holding company for overseas entities. All entities are wholly owned, providing full strategic and operational control. Management says investments will be debt-funded and gradual, starting at modest scale via new tower builds, with learnings from initial deployments guiding expansion across other markets. Capex outlay and mode of expansion remains flexible and will be calibrated based on market conditions as well as early execution outcomes.

INDUSTOW can leverage and build in anchor-led demand

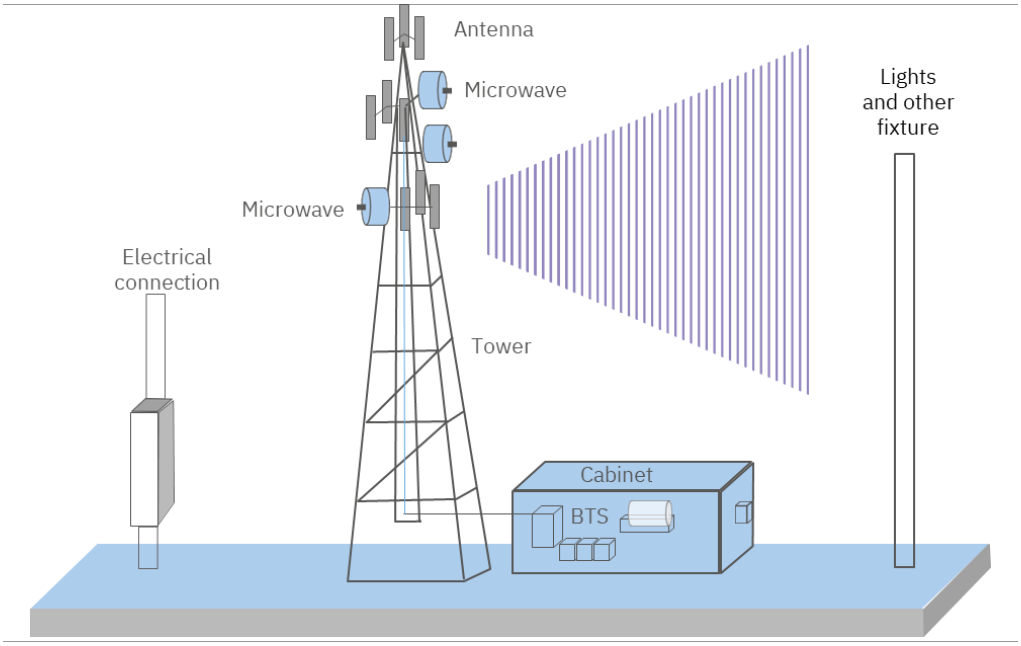
Airtel Africa Plc (AAF) has historically divested most of its owned towers in favor of long-term leasing arrangements with independent tower companies. Today, a significant portion of its network, spanning ~35,000+ towers, is managed by third-party tower companies, reflecting a structurally asset-light model (Source: company). Recent strategic agreements further reinforce this trend. Airtel Africa has extended long-term tower partnerships with firms, such as American Tower Corporation (covering ~7,000+ sites in Nigeria, Uganda, Kenya, and Niger) and IHS Towers (including multi-year commitments for ~4,000 new tenancies and extension of ~6,000 existing tenancies in Nigeria). These agreements highlight ongoing network densification, active infrastructure investment, and continued reliance on shared tower models. INDUSTOW is not entering an untested or uncertain market, but rather an ecosystem where demand for outsourced tower infrastructure is already well-established and growing.

The AU tower market presents a dual opportunity for INDUSTOW. First, it can participate in incremental build-to-suit demand, driven by network expansion, 4G rollout, and data growth. Second, it can gradually gain market share from incumbents, such as American Tower, IHS Towers, and Helios as contracts come up for renewal, particularly if it delivers a lower total cost of ownership. Additionally, increasing tower-sharing agreements across operators reinforce the structural shift toward shared infrastructure, supporting tenancy-led growth. As data consumption rises and networks densify, the need for cost-efficient, reliable tower infrastructure is set to increase, providing a strong demand pipeline for new entrants with differentiated capabilities.

Overall, a combination of an anchor-led entry, a proven outsourced infrastructure ecosystem, disciplined capital allocation, and structural demand tailwinds provide a pathway for INDUSTOW to build a scalable international tower portfolio. If executed well, this expansion can evolve into a

meaningful growth engine alongside its core India business. Even a modest rollout of ~2,000-3,000 towers in the next 3-4 years, supported by anchor demand and incremental colocations can evolve into a portfolio of meaningful scale and value. Airtel Africa's broader footprints provide a long-term pipeline that could support significantly larger deployments over time.

Exhibit 12: Standard facilities located on site



Source: Altius Annual Report 2025, Elara Securities Research

Tower infrastructure: The tower sites comprise various types of structures, deployed based on the network requirements to provide a required coverage to enhance customer experience.

Ground-based towers (GBT): GBT are erected on the ground with a height of 30m to 60m. As per discussions with management, they have been designed to allow utilities to be placed inside the towers, leading to the reduction of additional cost for foundational work relating to DG and/or cabinets, the elimination of fencing work around the plot & enhancement of security of DG and cabinets within SDIL's tower sites.

Ground-based mast (GBM): GBM address difficulties of erecting GBT in urban areas arising from space requirements. GBM need less space for tower sites than GBT. GBM need low rentals, use natural cooling mechanism with no air-conditioning or fans, resulting in lower capital expenditure.

Rooftop structures: Rooftop structures are placed on the terrace of high-rise buildings and have varying heights of 3, 6, 9, 12, 15 and 18m. There are two types of rooftop structures: rooftop poles (RTP) and rooftop towers (RTT).

Cell-on-wheel (COW): Cell-on-wheel sites provide coverage for places where permanent sites are not allowed, or for network restoration in case of natural disasters or temporary electricity outages.

Exhibit 13: Design Complexity and Site Requirements Vary Significantly Across Tower Types

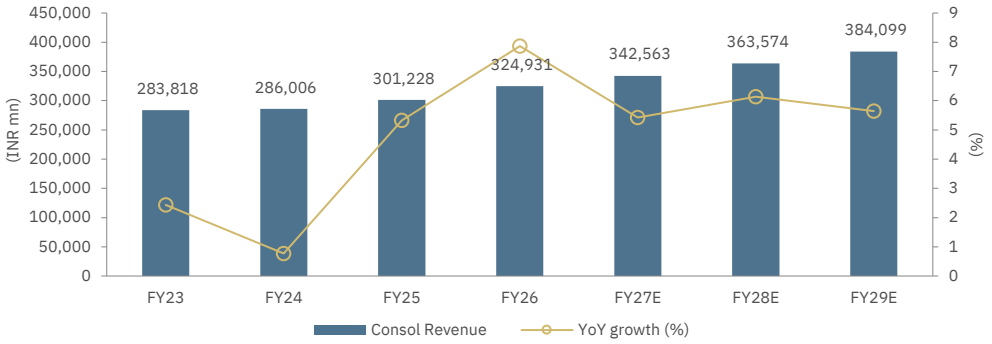
Type	Height	Space required	Access to site location	Factors and requirements for civil foundation	Antenna loading required	Electrical utilities	Vertical clearance	High-tension electrical lines
GBT	Up to 60m	10mx10m	24x7	Soil-bearing capacity, wind Speed	Yes	Standardized AC-DC	No vertical obstacle	No high-tension electrical lines nearby
GBM	20m, 25m, 30m	3mx3m	24x7	Standard penetration test, wind speed	Yes	Standardized AC-DC	No vertical obstacle	No high-tension electrical lines nearby
RTP	3m, 6m, 9m, 12m, 15m, 18m	< 420 sqft	24x7	Structural stability report of buildings by certified structural consultants, wind speed	Yes	Standardized AC-DC	No vertical obstacle	No high-tension electrical lines nearby
RTT	Up to 12m/more than 12m	< 420 sqft	24x7	Structural stability report of buildings by certified structural consultants, wind speed	Yes	Standardized AC-DC	No vertical obstacle	No high-tension electrical lines nearby
COW	Up to 30m	N/A	Not required	No civil foundation	Yes	Direct DG set	No vertical obstacle	Not required

Source: Altius Annual Report 2025, Elara Securities Research

Valuation and recommendation

We expect INDUSTOW to deliver an overall revenue CAGR of ~6% during FY26–29E, driven by a stronger rental revenue CAGR of ~7.1% and relatively moderate growth in the power and fuel pass-through segment at a ~3.2% CAGR during the same period.

Exhibit 14: Revenue CAGR of ~6% during FY26-29E

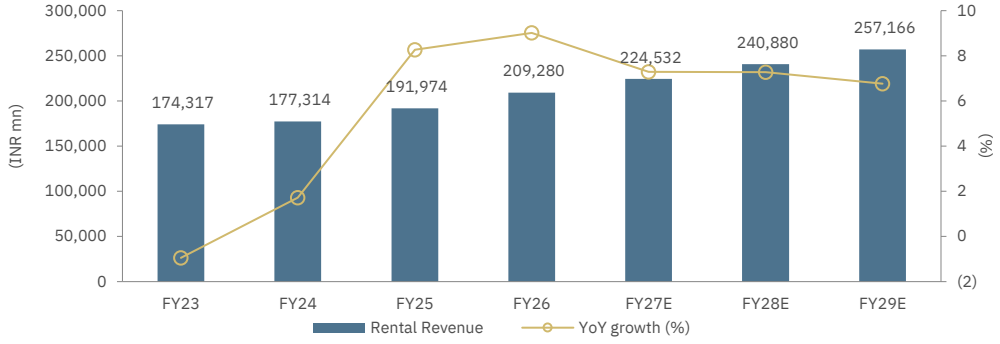


Source: Company, Elara Securities Estimate

Service rental revenue CAGR of ~7.4% during FY26–29E, led by tenant additions

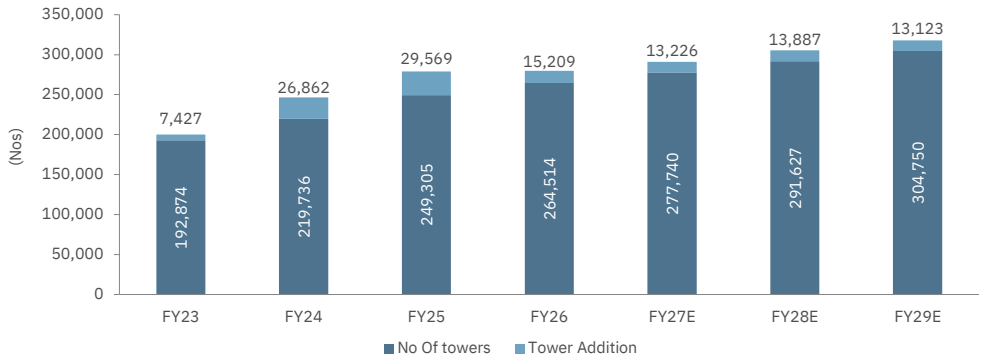
We expect rental revenue CAGR of ~7.1% during FY26–29E, driven by 5% growth in tower additions, negligible tenancy growth, at a 1% CAGR in price escalation. We expect tower addition of ~13–14k towers pa at a ~5% CAGR, supported by organic network expansion from BHARTI and incremental rollout activity from Vodafone Idea. Tenancy growth is set to moderate, led by 5G-driven colocation demand from telecom operators, while the average tenancy ratio remains broadly stable at ~1.65-1.66x. We expect sharing revenue per operator to grow modestly at ~1% pa, reflecting modest escalation. In addition, we expect lean tower colocation to post ~5% CAGR, with sharing revenue per operator for lean towers registering a CAGR of ~6% during FY26–29E, moderating from historical growth of ~8-9% annually.

Exhibit 15: Rental revenue CAGR of ~7.4% during FY26-29E



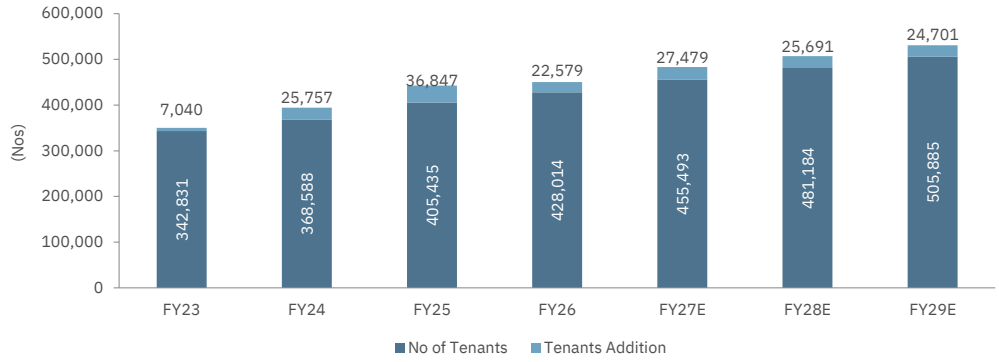
Source: Company, Elara Securities Estimate

Exhibit 16: Tower additions to moderate



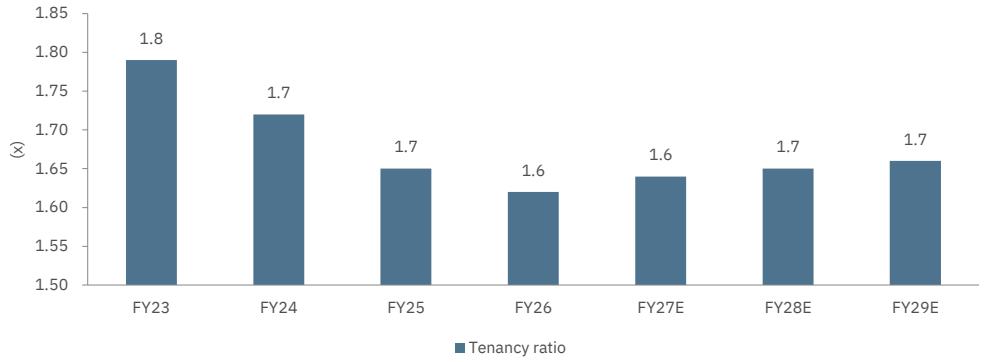
Source: Company, Elara Securities Estimate

Exhibit 17: Tenant additions to remain stable



Source: Company, Elara Securities Estimate

Exhibit 18: Tenancy ratio to remain at ~1.7x

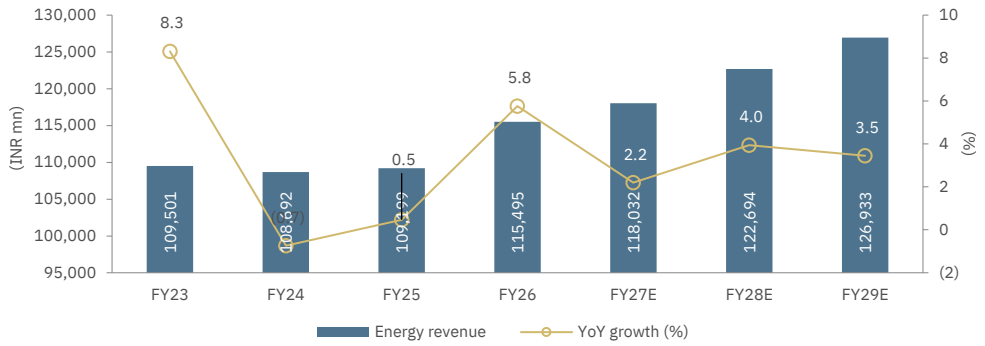


Source: Company, Elara Securities Estimate

Energy margin to sustain at similar levels

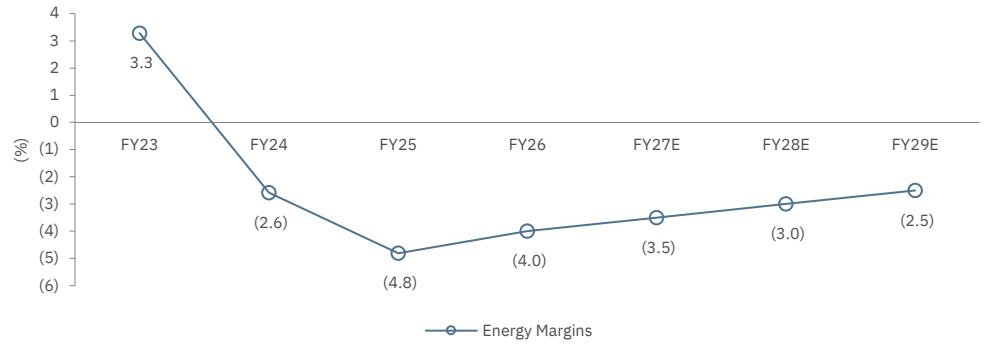
Energy income remains largely a pass-through segment, historically affected by inefficiency, billing disputes, and diesel price volatility, resulting in margin pressure. We expect energy revenue to post a CAGR of ~3.6% during FY26–29E, driven primarily by expansion in the tower base, partly offset by a decline in per-site energy billing. We expect power pass-through losses to reduce by ~50bp annually. Increased adoption of renewable energy (particularly solar) would reduce diesel & grid dependence and lower effective energy cost per site.

Exhibit 19: Energy revenue to remain stable



Source: Company, Elara Securities Estimate

Exhibit 20: Energy losses to reduce gradually

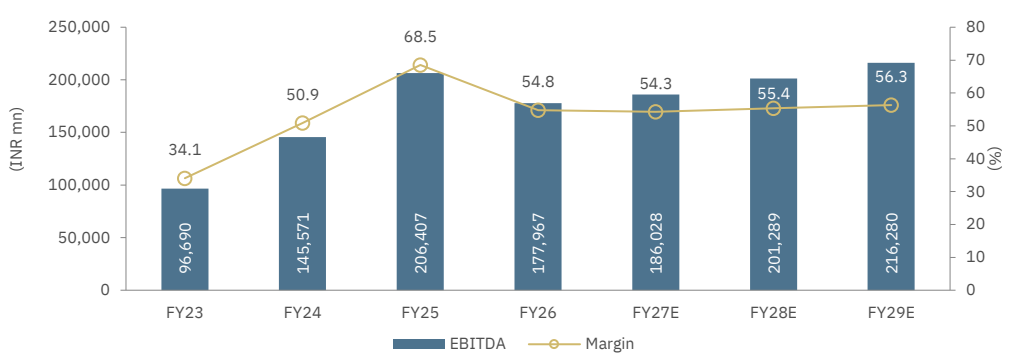


Source: Company, Elara Securities Estimate

EBITDA margin improvement driven by operational efficiency

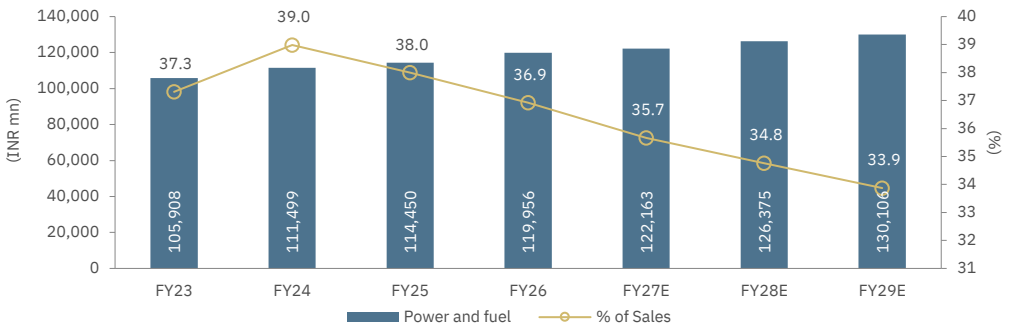
We expect EBITDA margin to expand ~154bp from ~54.8% in FY26 to ~56.3% by FY29E. Increased EBITDA is based on tower addition-led business growth, cost optimization led by technology advancements, and growth in colocations, which would drive an EBITDA CAGR of ~7% during FY26-29E. With a largely fixed cost structure, incremental tenancy (colocations) flow through at high margin. With colocation growth of ~5–6% annually, this drives meaningful operating leverage and supports margin expansion. In addition, technology-led efficiency is driving cost optimization. IoT-based monitoring and predictive maintenance are lowering repair and maintenance expenses by reducing site visits and emergency interventions. As a result, both energy cost and Other operating expenses are set to decline as a percentage of revenue over time.

Exhibit 21: EBITDA margin to increase by 154 bps to 56.3% by FY29E



Source: Company, Elara Securities Estimate

Exhibit 22: Power and Fuel cost to reduce 304 Bps by FY29E

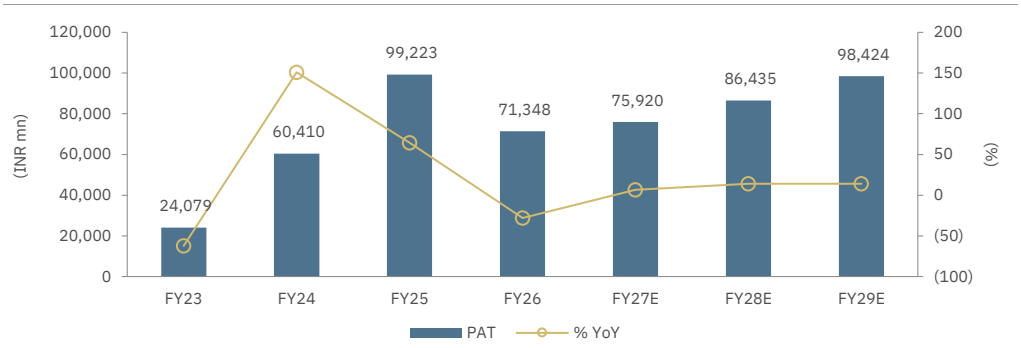


Source: Company, Elara Securities Estimate

PAT CAGR of ~11% during FY26-29E

We expect a PAT CAGR of ~11% during FY26-29E, supported by a sharp decline in finance cost and rising Other income. Healthy cash generation but limited capex requirement would drive balance sheet deleveraging. We expect INDUSTOW to repay all of its debt by FY28E. Driven by debt repayments, we expect finance cost to reduce from INR 19bn in FY26 to INR 16.5bn in FY29E. In parallel, Other income is set to rise from INR 8.2bn in FY26 to ~INR 19.8 bn by FY29E, driven by a growing cash surplus.

Exhibit 23: PAT at CAGR of ~11% during FY26-29E

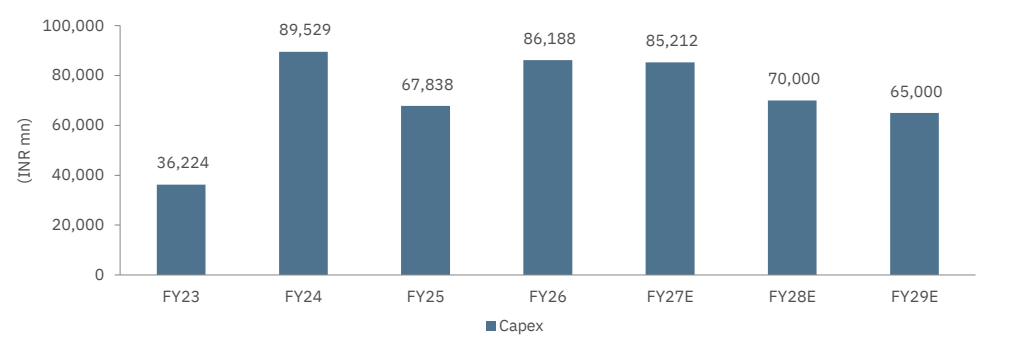


Source: Company, Elara Securities Estimate

Elevated capex in the near term due to technology advancement

We expect capex of ~INR 85bn pa for FY27E for ongoing tower additions, continued investment in solarization & energy-efficiency initiatives, and maintenance capex. Near-term maintenance capex is likely to remain elevated, driven by refurbishment of ageing sites and transition from lead-acid to lithium-ion batteries. From FY28E, we expect capex to lower to ~INR 60-70bn, once tower additions stabilize and the green energy rollout matures, indicating a structural moderation from peak levels.

Exhibit 24: Capex to stabilize by FY28E

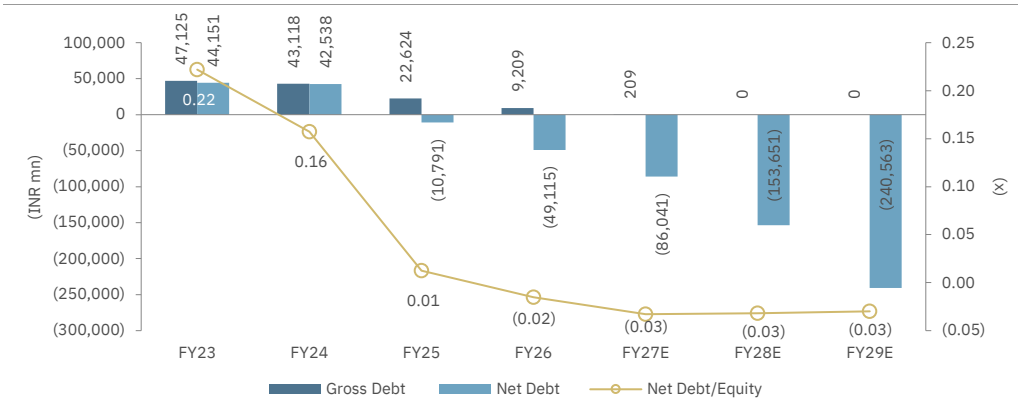


Source: Company, Elara Securities Estimate

Rapid deleveraging driving net cash buildup and ROIC expansion

INDUSTOW has executed a disciplined deleveraging strategy, with Net debt (incl lease) reducing sharply from ~INR 153 bn in FY26 to ~INR 63 bn by FY28E, implying the company is effectively debt-free from FY28. Strong operating cashflow are driving a rapid buildup of net cash, with the company turning net cash positive (ex-lease) in FY25. We expect negative net debt at INR 22 bn by FY29E. Return ratios are set to improve, driven by better asset utilization, incremental tenancy additions, and returns from efficiency-led capex.

Exhibit 25: Aggressive debt reduction positions INDUSTOW for net cash surplus since FY25



Source: Company, Elara Securities Estimate

Exhibit 26: Valuation

(INR)	
EPS – FY28E	32.8
Target multiple (x)	15.0
Target price	491

Source: Elara Securities Estimate

Key risks to our call

- Vodafone Idea remains INDUSTOW's most financially stressed customer. Any acceleration in VIL's network rollback, inability to pay dues, or potential closure would materially impact tenancy ratios and revenue.
- Energy margin remains negative, with losses a persistent structural drag. Diesel price volatility poses an ongoing opex risk, as INDUSTOW is a major diesel consumer for tower power backup. Any hike in industrial diesel prices puts direct pressure on energy cost without an offsetting pass-through.
- The slowdown in industry-wide tower additions could reduce revenue visibility and compress tenancy ratios, particularly if 5G small cell densification takes longer than expected.
- INDUSTOW has started exploring tower operations in the African Union ([AU]: Nigeria, Uganda, and Zambia). While promising, international expansion introduces currency & geopolitical risk, regulatory complexity, and execution challenges in markets with weaker telecom ecosystems.
- Although unlikely, another round of network expansion by BHARTI will be a positive surprise for INDUSTOW. Government support remains a key factor. A total lack of government support or inadequate support will put VI's survival at stake and will eventually hamper INDUSTOW's performance significantly.
- Jio's decision not to renew a significant portion of its leased towers will be a negative for the stock, although such a situation is difficult to predict.

Company Overview

Indus Towers (INDUSTOW IN) is India's main passive telecom infrastructure platform and among the largest globally, with a pan-India portfolio of ~260,000 macro towers and ~420,000 co-locations as on December 2025. The company operates across 22 telecom circles, providing ubiquitous coverage and forming a critical backbone of India's wireless ecosystem. INDUSTOW functions as a pure-play tower co-location platform, owning and operating passive infrastructure—towers, ground space, shelter and power—which it leases to telecom operators. The business model is structurally defensive, anchored in long-term master service agreements (MSA) with leading operators including Bharti Airtel (BHARTI IN), Reliance Jio, and Vodafone Idea. These contracts usually span 5–15 years and incorporate annual escalation clauses, resulting in high revenue visibility, predictable cashflow, and embedded inflation pass-through. The model exhibits classic infrastructure characteristics: high upfront capital intensity, but minimal incremental cost per additional tenant, driving strong operating leverage.

Profitability is primarily driven by the tenancy ratio (co-locations per tower), currently at ~1.6x, with incremental co-locations generating high-margin revenue, given the fixed cost base. As network densification accelerates, particularly with 5G rollout, tenancy expansion remains the key earnings driver. The company's revenue mix is dominated by sharing income (tower rentals), supplemented by energy pass-through and a growing contribution from adjacent services. INDUSTOW was formed through the merger of Bharti Infratel and Indus Towers in November 2020, consolidating tower assets under a single platform. BHARTI holds a controlling ~51% stake, positioning INDUSTOW as a strategic infrastructure subsidiary, while Vodafone Group has fully exited its shareholding. The customer base remains concentrated among the three private telecom operators, reflecting the oligopolistic structure of India's telecom market.

Business segments

INDUSTOW operates through a focused yet expanding set of infrastructure-led business segments, anchored around its core tower sharing model and supported by adjacent services that enhance monetization and improve asset utilization.

Core tower sharing

The core business is leasing passive infrastructure—towers, shelter, ground space and power—to telecom operators. Operators install their active equipment (antennas, radios) on INDUSTOW and pay a recurring monthly rental, often referred to as sharing or Infrastructure Provider (IP) fees. This segment accounts for the majority of revenue and is driven by tenancy additions, network expansion, and technology upgrades, such as 4G and 5G. The long-term contractual nature of this business ensures stable and predictable cashflow while incremental co-locations contribute disproportionately to profitability due to low marginal cost.

Energy services

INDUSTOW provides power management solutions at tower sites, including electricity and diesel backup, which are billed to operators on a pass-through basis. While historically diesel-intensive, the company is increasingly transitioning toward renewables energy solutions, such as solar power to reduce operating cost, improve margin, and align with sustainability goals. As per management, this shift is set to structurally lower energy cost while enhancing return profiles.

Lean colocations

To support rising data demand and 5G rollout, INDUSTOW has been deploying lean colocation sites—smaller, cost-efficient tower structures, designed for dense urban environment. These sites enable faster deployment and improved network capacity in high-traffic areas, making them critical for 5G densification strategies of telecom operators.

In-building solutions (IBS)

The company offers indoor network solutions across high-footfall locations, such as malls, airports, metro stations, and commercial buildings. With a growing share of data consumption occurring indoors, IBS has emerged as an important growth segment, enabling operators to enhance customer experience and network quality within enclosed spaces.

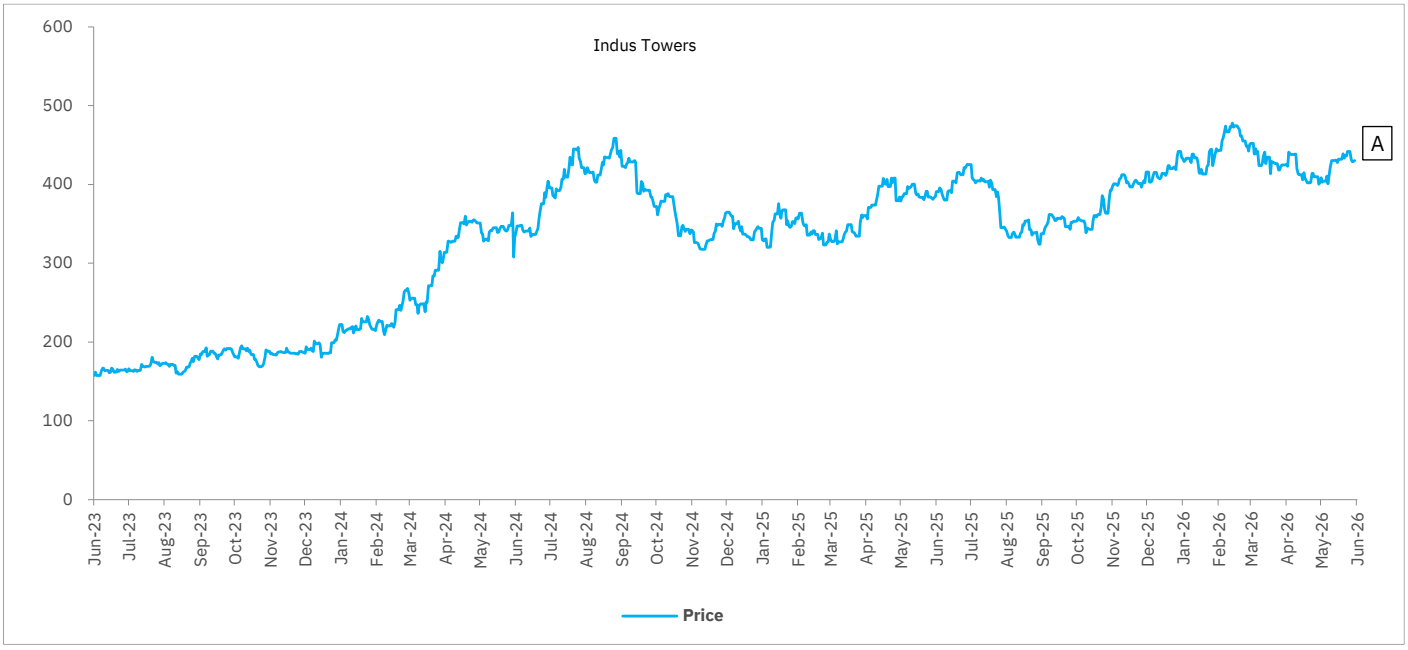
Board of Directors & Key Managerial Personnel

Name	Designation	Education
Dinesh Kumar Mittal	Chairman and Independent Director	Former IAS officer, master's degree in physics with specialization in Electronics - University of Allahabad
Anita Kapur	Lead Independent Director	Undergraduate degree - Panjab University, Graduate degree - Guru Nanak Dev University
Harjeet Singh Kohli	Non-Executive Non-Independent Director	Leadership program - Harvard, MBA (Finance) - FMS Delhi, Mechanical Engineering - Delhi College of Engineering
Randeep Singh Sekhon	Non-Executive Non-Independent Director	BE (Electronics) - Guru Nanak Dev Engineering College Ludhiana
Prachur Sah	Managing Director & CEO	Electrical Engineering - IIT Mumbai, MSc (Management) - Heriot-Watt University, Edinburgh
Rajan Bharti Mittal	Non-Executive Non-Independent Director	Bachelor's degree - Panjab University, MBA - Harvard Business School
Rakesh Bharti Mittal	Non-Executive Non-Independent Director	PG Diploma, Electronics & Control - YMCA Institute of Engineering
Ramesh Abhishek	Non-Executive Independent Director	Master's degree in public administration - Harvard Kennedy School, MBA - Sikkim Manipal University, Master's degree in international politics - Jawaharlal Nehru University
Sharad Bhansali	Non-Executive Independent Director	MBA in Finance and Marketing - Delhi University, Law graduate - Delhi University, MA (Economics) - Boston University
Soumen Ray	Non-Executive Non-Independent Director	Bachelor's degree in commerce (honours) - University of Calcutta, Member of ICAI
Vikas Poddar	CFO	CA, MBA (Financial Management) - NUS Business School Singapore
Tejinder Kalra	COO	Engineering - Thapar Institute of Engineering and Technology, Executive Diploma (International Business) - IIFT
Samridhi Rodhe	Company Secretary	CS, Law graduate

Source: Company, Elara Securities Research

Coverage History

Indus Towers



Date	Rating	Target Price (INR)	Closing Price (INR)
04-Jun-2026	Accumulate	491	430

Guide to Research Rating

BUY (B)	Absolute Return >+20%
ACCUMULATE (A)	Absolute Return +5% to +20%
REDUCE (R)	Absolute Return -5% to +5%
SELL (S)	Absolute Return < -5%

Bharti Hexacom

India | Telecom | Initiating Coverage

8 June 2026

Long runway of strong growth

Bharti Hexacom (BHARTIHE IN), a subsidiary of Bharti Airtel (BHARTI IN**, Buy,** CMP: 1,819 , TP: INR 2,427), provides wireless and broadband services across Rajasthan and the Northeast – regions that remain structurally underpenetrated but offer high-growth potential. Leveraging *Airtel*'s brand, superior network quality, and premiumization-led strategy, BHARTIHE has consistently gained revenue market share (1,376bp in Rajasthan and 1,871bp in the Northeast during FY20-25) through deep 4G and 5G coverage, rising smartphone penetration (from 66% in FY23 to 79% in FY26), and strong data consumption trends (24% during FY23-26 & 22% during FY26-29E). With India's telecom industry evolving into a near-duopoly, we believe the company is well positioned to benefit from sustained ARPU growth, registering a 7% CAGR during FY26-29E, driven by tariff hikes, expanding home broadband penetration (home subscribers to clock in a 33% CAGR during FY26-29E) and long-term digital adoption trends across its operating circles. We initiate on BHARTIHE with a **Buy** rating with a TP of INR 1,876 based on 15x FY28E EV/EBITDA.

ARPU to clock CAGR of 7% during FY26-29E: We expect an ARPU CAGR of 7% during FY26–29E, driven by tariff hikes and sustained premiumization. Limited competition and India's still-low telecom tariffs provide a strong runway for continued ARPU expansion. BHARTIHE remains focused on high-value customers via premium plans, superior customer mix, and differentiated service offerings. Key ARPU drivers include smartphone upgrades, rising postpaid penetration, enterprise growth, 5G monetization, and convergence-led cross-selling.

Data consumption and 5G driving ARPU growth: Rising data consumption is a key structural driver of BHARTIHE's ARPU growth, with per-user data use posting a 29% CAGR during FY21-26 to ~34 GB/month. We expect a mobile data traffic CAGR of 22% during FY26-30E, supported by rising 5G adoption, wider network rollout, and an expanding digital ecosystem. Home broadband growth via fiber-to-the-home (FTTH) and 5G-led fixed wireless access (FWA) is emerging as a key monetization lever, expanding household wallet share & rising 5G returns.

Sustained RMS gains in an underpenetrated duopoly market: BHARTIHE continues to gain revenue market share, emerging as the market leader in the Northeast and No 2 firm in Rajasthan. Revenue markets share (RMS) gains have been driven by expansion in 4G and 5G coverage area, Vodafone Idea's weak network investments, and BHARTIHE's own premiumization-led execution. Both circles remain structurally underpenetrated vs pan-India levels in internet use, teledensity, and postpaid penetration, providing long-term growth runway. Smartphone penetration has converged with pan-India levels, shifting the next phase of ARPU growth toward postpaid migration, 5G monetization, and data upgrades. A near-duopolistic market structure between BHARTIHE and Reliance Jio supports sustained market share gains, tariff discipline, and strong ARPU-led monetization.

Initiate with Buy and TP of INR 1,876: We expect a top-line CAGR of 11%, an EBITDA CAGR of 14% and a PAT CAGR of 29% during FY26-29E. We initiate on BHARTIHE with a **Buy** rating with a TP of INR 1,876 based on 15x FY28E EV/EBITDA.

Key financials

YE March (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (INR mn)	85,479	93,538	103,359	117,953	129,361
YoY (%)	20.6	9.4	10.5	14.1	9.7
EBITDA (INR mn)	41,972	48,904	55,710	64,461	71,731
EBITDA margin (%)	49.1	52.3	53.9	54.7	55.5
Adj PAT (INR mn)	13,180	17,590	23,216	30,512	37,344
YoY (%)	96.7	33.5	32.0	31.4	22.4
Fully DEPS (INR)	26.4	35.2	46.4	61.0	74.7
RoE (%)	22.2	24.5	28.9	32.6	34.8
RoCE (%)	15.9	20.2	24.4	32.1	40.8
P/E (x)	58.1	42.1	32.1	24.4	19.9
EV/EBITDA (x)	19.0	16.3	14.3	12.0	10.4

Note: Pricing as on 4 June 2026; Source: Company, Elara Securities Estimate

Rating: Buy
Target Price: INR 1,876
Upside: 26%
CMP: INR 1,489
As on 4 June 2026

Key data

Bloomberg	BHARTIHE IN
Reuters Code	BHAX.NS
Shares outstanding (mn)	500
Market cap (INR bn/USD mn)	745/7,774
EV (INR bn/USD mn)	799/8,342
ADTV 3M (INR mn/USD mn)	308/3
52 week high/low	2,053/1,439
Free float (%)	15

Note: as on 4 June 2026; Source: Bloomberg

Price chart

Source: Bloomberg

Shareholding (%)	Q1 FY26	Q2 FY26	Q3 FY26	Q4 FY26
Promoter	70.0	70.0	70.0	70.0
% Pledge	0.0	0.0	0.0	0.0
FII	4.3	3.9	4.0	3.7
DII	9.8	10.2	10.3	10.6
Others	15.9	15.8	15.7	15.7

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(4.3)	(10.1)	(4.9)
Bharti Hexacom	(5.6)	(15.6)	(20.8)
NSE Mid-cap	1.7	(3.6)	0.7
NSE Small-cap	11.8	2.8	0.0

Source: Bloomberg

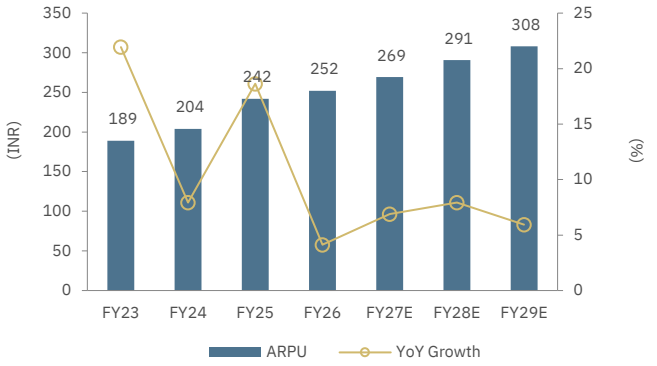
Prashant Biyani
Fertilizers & Agricultural Chemicals, Hotels, Sugar, Telecom
+91 22 6164 8581
prashant.biyani@elaracapital.com

Associate
Yashi Jain
yashi.jain@elaracapital.com

Global Markets Research

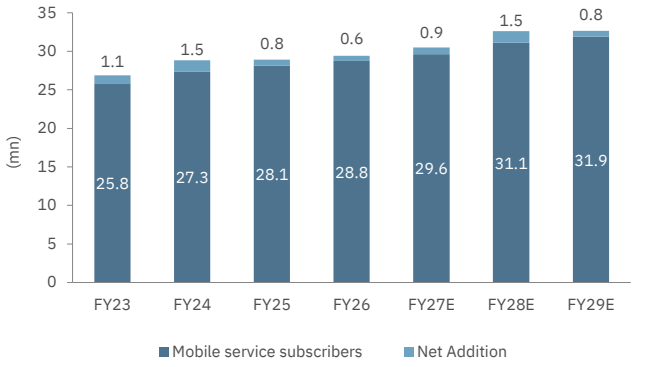
Story in charts

Exhibit 1: Mobile ARPU to clock CAGR of 7% during FY26-29E



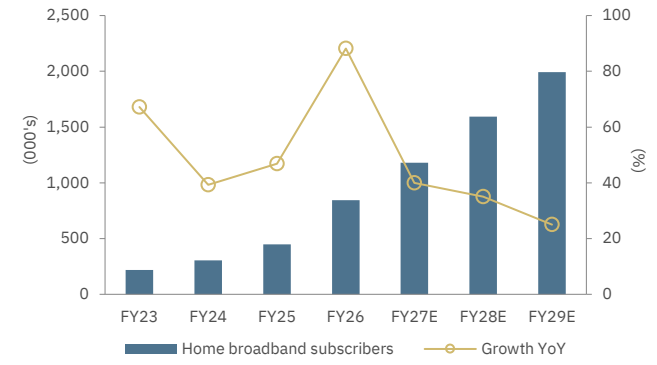
Source: Company, Elara Securities Estimate

Exhibit 2: Subscriber additions to moderate



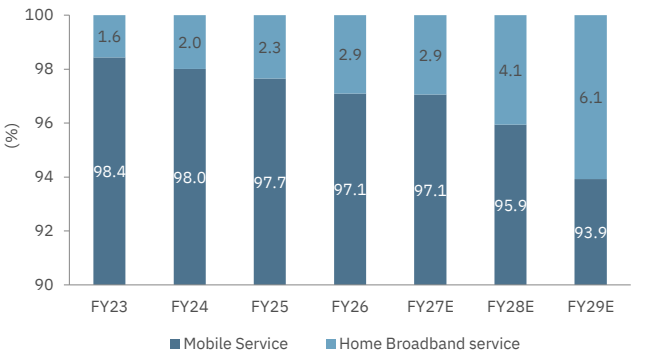
Source: Company, Elara Securities Estimate

Exhibit 3: Home subscriber to scale from ~843k in FY26 to ~1.99mn in FY29E, at a CAGR of ~33%



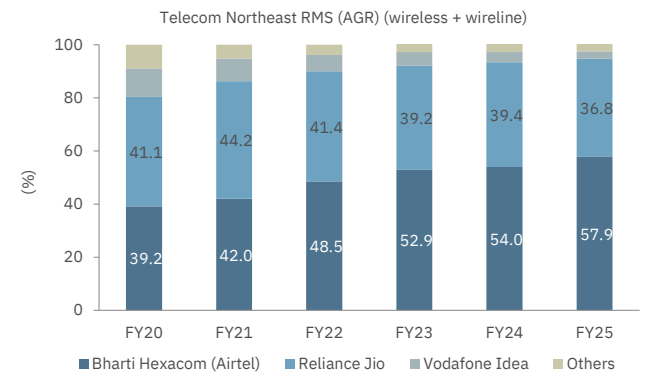
Source: Company, Elara Securities Estimate

Exhibit 4: Revenue contribution from home broadband to expand from ~3% of total revenue in FY26 to ~6% by FY29E



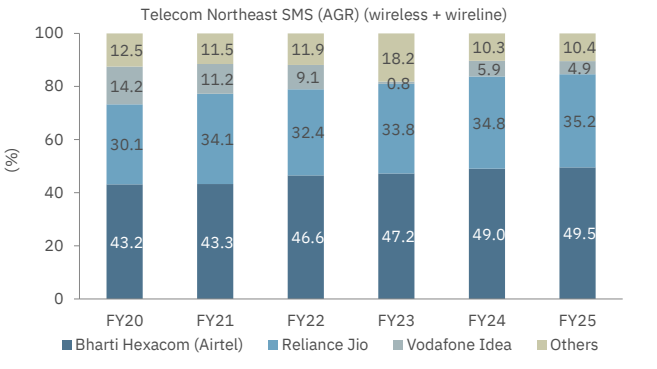
Source: Company, Elara Securities Estimate

Exhibit 5: Strengthening pole position in the Northeast



Source: TRAI, Elara Securities Research

Exhibit 6: Narrowing its revenue market share gap with Jio in Rajasthan



Source: TRAI, Elara Securities Research

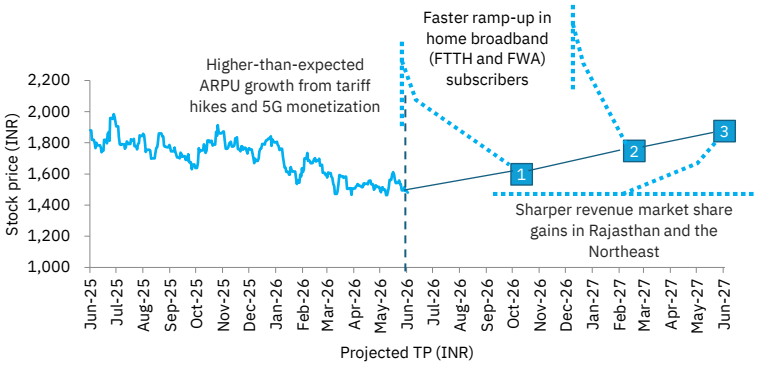
Investment Rationale

We expect ARPU to clockCAGR of 7% during FY26–29E, driven by tariff hikes and sustained premiumization at ~15–20% premium to Jio, with limited competition providing a clear runway for continued ARPU expansion

Data consumption and 5G are driving ARPU growth, with per-user data use growing at 29% CAGR during FY21–26 to ~34 GB/month; mobile data traffic is set to post a 22% CAGR during FY26–29E, supported by rising 5G adoption and expanding digital ecosystem

Sustained RMS gains in an underpenetrated duopoly market, with BHARTIHE emerging as a market leader in the Northeast (~58% RMS) and No 2 in Rajasthan (~43% RMS), with both circles structurally underpenetrated vs pan-India on internet use, teledensity, and postpaid penetration

Valuation Triggers



Source: Bloomberg, Elara Securities Estimate

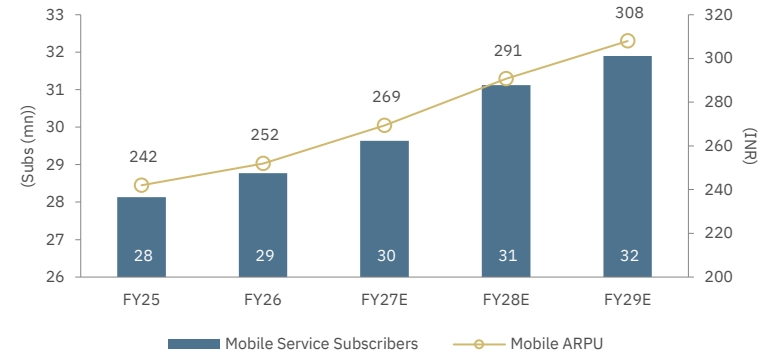
Valuation triggers

- Higher-than-expected ARPU growth from tariff hikes and 5G monetization
- Faster ramp-up in home broadband (FTTH and FWA) subscribers
- Sharper revenue market share gains in Rajasthan and the Northeast

Our assumptions

- ARPU to clock CAGR of ~7% during FY26-29E
- Home broadband subscriber to deliver CAGR of ~33% during FY26-29E
- Data traffic to clock CAGR of ~22% during FY26-29E

Valuation drivers: Mobile ARPU to clock CAGR of 7% during FY26-29E



Source: Company, Elara Securities Estimate

Key risks (downside/upside)

- Delay in tariff hikes
- Slower 5G monetization and postpaid migration
- Around 96% wireless revenue from Rajasthan and the Northeast

Valuation overview

(INR mn)	FY28E
EBITDA	64,461
Target Multiple (x)	15.0
Enterprise Value	966,917
Net debt	29,104
Equity value	937,813
Shares (mn)	500
Target Price (INR)	**1,876**

Source: Elara Securities Estimate

Industry trends and macro factors

- India's wireless subscriber base stood at ~1.3bn in FY26 with teledensity near saturation at ~85%; smartphone penetration is at ~79% with ~236mn feature-phone users still to upgrade
- India's 5G subscriber share is likely to expand from 33% to 68% during CY25-31E, at a 14% CAGR, with home broadband (FTTH + FWA) emerging as the next monetization lever across fiber-dark Tier II & III and rural markets

Market position and competitive landscape

- BHARTIHE is No 1 in the Northeast (~57% RMS) and No 2 in Rajasthan, having gained 1,376bp RMS in Rajasthan and 1,871bp in the Northeast during FY20–25
- Competitive landscape is favorable, a near-duopoly with Reliance Jio, as Vi remains marginal, supporting tariff hike and sustained ARPU-led monetization

Financials (YE March)

Income Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Total Revenue	85,479	93,538	103,359	117,953	129,361
Gross Profit	49,389	57,049	64,082	73,838	81,627
EBITDA	41,972	48,904	55,710	64,461	71,731
EBIT	21,027	26,772	32,122	39,443	45,663
Interest expense	6,883	6,012	5,492	4,712	4,366
Other income	1,818	2,238	3,133	4,386	6,580
Exceptional/ Extra-ordinary items	2,126	(337)	-	-	-
PBT	18,088	22,661	29,763	39,118	47,876
Tax	3,152	5,329	6,548	8,606	10,533
Minority interest/Associates income	-	-	-	-	-
Reported PAT	14,936	17,332	23,216	30,512	37,344
Adjusted PAT	13,180	17,590	23,216	30,512	37,344
Balance Sheet (INR mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Shareholders' Equity	59,321	71,652	80,419	93,692	107,354
Minority Interest	-	-	-	-	-
Trade Payables	15,860	16,063	18,406	21,005	23,037
Provisions & Other Current Liabilities	41,276	40,347	46,392	53,143	58,656
Total Borrowings	37,799	26,943	15,443	3,943	2,943
Other long term liabilities	38,254	35,501	43,718	46,947	49,743
Total liabilities & equity	**192,510**	**190,506**	**204,379**	**218,730**	**241,732**
Net Fixed Assets	87,781	87,372	89,879	85,750	79,012
Goodwill	-	-	-	-	-
Intangible assets	62,521	57,773	60,354	59,105	57,660
Business Investments / other NC assets	23,025	23,111	25,679	28,976	31,856
Cash, Bank Balances & treasury investments	370	606	5,170	18,454	44,299
Inventories	-	-	-	-	-
Sundry Debtors	1,083	1,084	1,416	1,616	1,772
Other Current Assets	17,730	20,560	21,881	24,828	27,133
Total Assets	**192,510**	**190,506**	**204,379**	**218,730**	**241,732**
Cash Flow Statement (INR mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Cashflow from Operations	**45,826**	**44,640**	**50,151**	**62,005**	**66,270**
Capital expenditure	(14,694)	(14,209)	(11,539)	(9,739)	(8,000)
Acquisitions / divestitures	-	-	-	-	-
Other Business cashflow	(8,712)	(5,893)	(4,629)	(7,298)	(6,880)
Free Cash Flow	**22,420**	**24,538**	**33,983**	**44,968**	**51,390**
Cashflow from Financing	(22,793)	(24,302)	(29,419)	(31,684)	(25,545)
Net Change in Cash / treasury investments	(373)	236	4,564	13,284	25,845
Key assumptions & Ratios	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Dividend per share (INR)	4.0	18.0	20.8	25.1	33.6
Book value per share (INR)	118.6	143.3	160.8	187.4	214.7
RoCE (Pre-tax) (%)	15.9	20.2	24.4	32.1	40.8
ROIC (Pre-tax) (%)	24.7	27.7	32.3	39.9	55.8
ROE (%)	22.2	24.5	28.9	32.6	34.8
Asset Turnover (x)	1.0	1.1	1.2	1.3	1.6
Net Debt to Equity (x)	1.2	0.9	0.6	0.3	0.1
Net Debt to EBITDA (x)	1.7	1.2	0.9	0.5	0.1
Interest cover (x) (EBITDA/ int exp)	6.1	8.1	10.1	13.7	16.4
Total Working capital days (WC/rev)	(177.2)	(139.3)	(134.7)	(96.5)	(25.1)
Valuation	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
P/E (x)	58.1	42.1	32.1	24.4	19.9
P/Sales (x)	8.7	8.0	7.2	6.3	5.8
EV/ EBITDA (x)	19.0	16.3	14.3	12.0	10.4
EV/ OCF (x)	17.4	17.9	15.9	12.9	12.1
FCF Yield	2.8	3.1	4.3	5.6	6.4
Price to BV (x)	12.6	10.4	9.3	7.9	6.9
Dividend yield (%)	0.3	1.2	1.4	1.7	2.3

Note: Pricing as on 4 June 2026; Source: Company, Elara Securities Estimate

Revenue CAGR of ~11% and an EBITDA CAGR of ~14% during FY26-29E

Long runway of strong growth

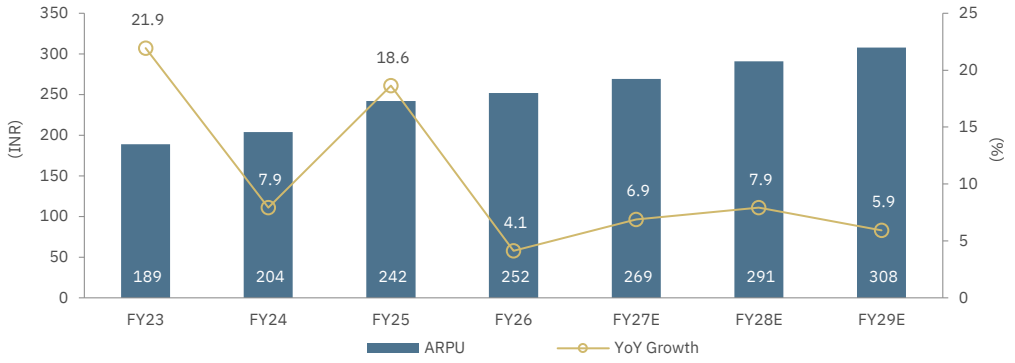
- ARPU to clock CAGR of 7% during FY26-29E
- Data consumption and 5G driving ARPU growth
- Sustained RMS gains in an underpenetrated duopoly market

ARPU to clock CAGR of 7% during FY26-30E

Sustain ARPU leadership in its operating markets

We expect an ARPU to clock CAGR of 7% during FY26-29E, driven by: 1) tariff hike to monetize 4G & 5G network investments, and 2) portfolio premiumization. Limited competition is creating a visible opportunity for sustained ARPU expansion. BHARTIHE's operating markets remain among the most affordable telecom services markets. As pricing normalizes and customer mix improves, the company will continue to be the ARPU leader in its operating markets.

Exhibit 7: ARPU to clock CAGR of 7% during FY26-29E



Source: Company, Elara Securities Estimate

Premiumization is a key lever for ARPU expansion

The company's premiumization strategy to earn higher ARPU is driven by migrating subscribers toward higher-value plans, improving service quality, and enhancing the overall customer experience via differentiated services. BHARTIHE differentiates itself through premiumization, in contrast to Reliance Jio's volume-driven strategy. It is reflected in its revenue market share leadership in both operating circles, where it consistently sustains an ARPU premium to peers, driven by mix rather than tariff differentials. Its tariffs are usually priced at a ~15–20% premium to Jio across key plans, reflecting focus on high-value customers and monetization. This positioning has enabled BHARTIHE to build a superior customer mix and a higher share of premium subscribers, translating into revenue market share leader in its operating circles. It continues to sustain higher ARPU levels, underpinned by consistent pricing discipline and a structurally improving mix.

Premiumization remains a core pillar of BHARTIHE's ARPU strategy, with focus on increasing wallet share from high-value households. We see four drivers underpinning continued ARPU expansion: 1) smartphone migration, with penetration rising from 65.8% to 79.0% during FY23–26 at a steady ~1pp/quarter and ~6mn feature-phone subscribers still to convert, each rising from INR 100–120 (voice) to INR 200+ (entry-level data), 2) postpaid migration, with India's postpaid mix still in the single digits and BHARTIHE disproportionately capturing this high-ARPU pool, particularly from Vi's eroding base, 3) enterprise where Rajasthan's industrial depth (textiles, cement, auto components, and renewables) supports a higher-ARPU corporate book than subscriber share implies, with the Airtel business as the platform, and 4) convergence cross-sell, with *Airtel* targeting ~50mn homes across India and BHARTIHE's circles (Rajasthan and the Northeast), offering underpenetrated runway across mobile, fiber-to-the-home (FTTH), and direct-to-home (DTH).

Exhibit 8: Airtel's plans usually priced at a ~15–20% premium to Jio across key plans

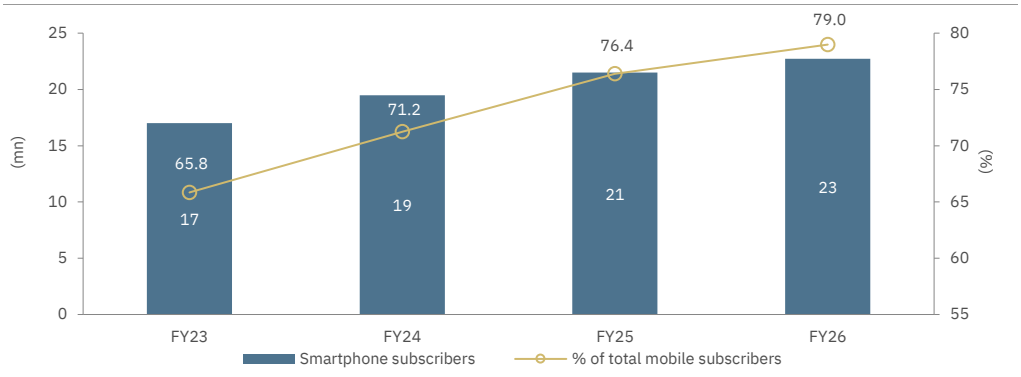
Bharti			JIO			Premium over JIO (%)
Validity (days)	Price (INR)	Plan feature	Validity (days)	Price (INR)	Plan feature	
90	929	1.5Gb/day	90	899	2Gb/day + 20GB	3
84	1,798	Unlimited 5G + 3GB/day	84	1,199	3Gb/day	50
84	1,729	Unlimited 5G + 2GB/day	84	1,299	2Gb/day	33
56	649	Unlimited 5G + 2GB/day	56	629	2Gb/day	3
28	598	Unlimited 5G + 2GB/day	28	500	2Gb/day	20
28	409	Unlimited 5G + 2.5GB/day	28	399	2.5Gb/day	3
28	398	Unlimited 5G + 2GB/day	28	349	2Gb/day	14
28	199	2Gb	28	189	2GB	5
28	299	1GB/day	28	186	1GB/day	61
30	361	50GB Data	30	359	50GB	1
1	22	1 GB Data	1	19	1GB	16

Source: Company, Elara Securities Research

Smartphone migration continues to drive ARPU

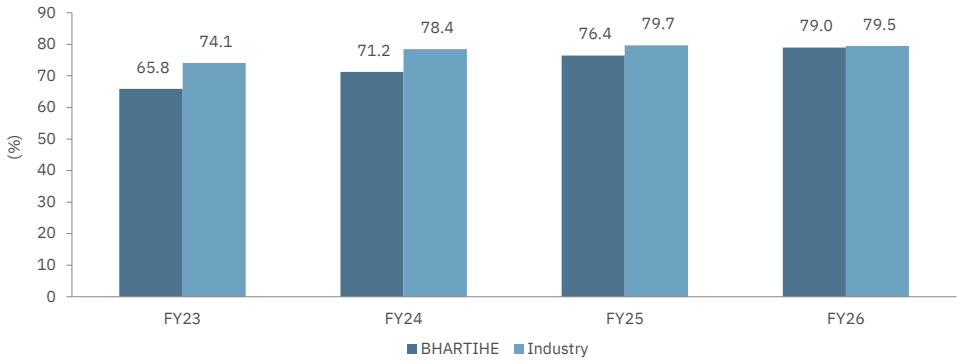
India's residual feature phone base of ~236mn (Source: TRAI) provides a continued industry-wide tailwind for smartphone adoption and data monetization. BHARTIHE's smartphone penetration has reached ~79% of subscribers as on FY26, which is broadly similar to the overall India average. However, the trend differs across circles — Rajasthan is already at par with the national level, while smartphone use in the Northeast remains lower. The Northeast still has a larger pool of users who can upgrade from feature phones to smartphone, creating additional growth and monetization opportunity. As users upgrade to entry-level 4G smartphones, ARPU usually increases by ~35–50%, as consumption shifts from voice-only to data-led plans, with minimal incremental network cost given the existing 4G & 5G overlay, making it highly accretive to margin. The cycle remains structurally supported by improving smartphone affordability, OEM financing penetration, and *Airtel*'s distribution depth in rural geographies. With BHARTIHE's 4G and 5G penetration still below BHARTI's pan-India levels, especially in the Northeast circle, the remaining feature-phone subscriber base provides a sustained multi-year ARPU upgrade opportunity.

Exhibit 9: BHARTIHE's smartphone penetration reaches ~79% of subscribers as on FY26



Source: Company, Elara Securities Research

Exhibit 10: BHARTIHE's smartphone penetration broadly at par with industry

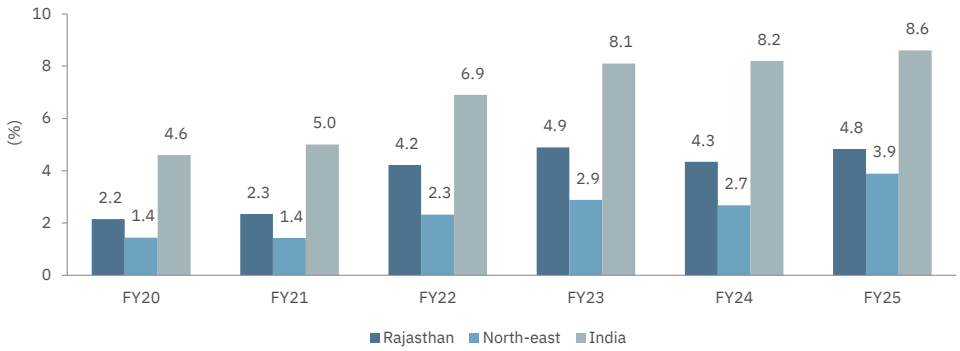


Source: TRAI, Company, Elara Securities Research

Low postpaid penetration leaves meaningful premiumization headroom

Migration from prepaid to postpaid remains a meaningful yet underpenetrated ARPU lever for BHARTIHE. Postpaid penetration in its circles is low at ~4-5%, reflecting the early stage of premiumization in its largely rural markets and creating meaningful headroom for customer mix improvement. This is significant as postpaid users generate ~1.5-1.7x higher ARPU, see materially lower churn and better payment visibility, making them structurally more profitable. Postpaid penetration across its circles remains low at ~4–5%, reflecting the early stage of premiumization in its rural markets and leaving huge scope for customer mix improvement. This is significant as postpaid users generate ~1.5-1.7x higher ARPU, exhibit structurally lower churn, and provide better revenue visibility, resulting in superior customer economics. Leveraging the broader *Airtel* ecosystem, BHARTIHE is increasingly targeting high-use prepaid subscribers through family plans, bundled offerings, and converged propositions, such as *Airtel Black*. Even a gradual increase in postpaid penetration in the medium term could support steady ARPU expansion, aided by premiumization, improved customer retention, and a higher-quality subscriber mix.

Exhibit 11: Postpaid penetration in Rajasthan and the Northeast at ~4-5% remains below India levels' of 8-9%



Source: TRAI, Elara Securities Research

Exhibit 12: Postpaid users generate ~1.5-1.7x higher ARPU

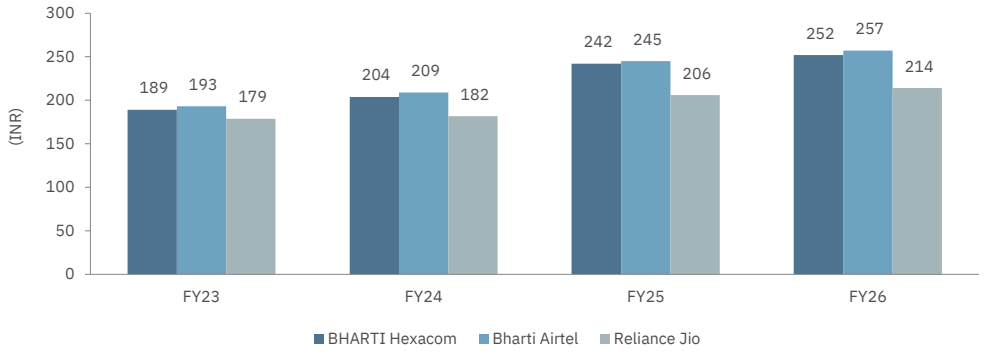
Postpaid plan	Prepaid equivalent
INR 449/month -unlimited 4G/5G, unlimited calls, 100 SMS/day, Xstream Play, Google One 30GB, Apple Music	INR 299/28d ≈ INR 320/ month - 1GB/day, unlimited calls, no premium OTT
INR 449/ month- unlimited 4G/5G, unlimited calls, 100 SMS/day, Xstream Play, Google One 30GB, Apple Music	INR 379/30d - 2GB/day, unlimited 5G, Google One, Apple Music
INR 549/ month- unlimited + full OTT bundle	INR 449/28d ≈ INR 481/ month -4GB/day, JioHotstar, SonyLIV, Xstream, Google One, Apple Music
INR 449/ month	INR 899/84d ≈ INR 321/ month - unlimited (FUP), no premium OTT

Source: Company, Elara Securities Research

5G monetization and tariff hike to expand ARPU

BHARTIHE is mid-way through a multi-year 5G monetization cycle. As on FY26, ARPU stands at INR 252, industry pricing remains below levels needed to generate cost-of-capital returns on the recent 5G capex outlay, particularly in an industry that requires continued reinvestment in spectrum and network. With competition having normalized to a three-player construct, we view the periodic tariff hikes as the principal mechanism through which the industry recoups invested capital. BHARTIHE participates symmetrically, with each industry-wide hike flowing through to ARPU on a nearly one-to-one basis, given its premium subscriber mix.

Exhibit 13: BHARTIHE ARPU rises in line with peers post tariff hike

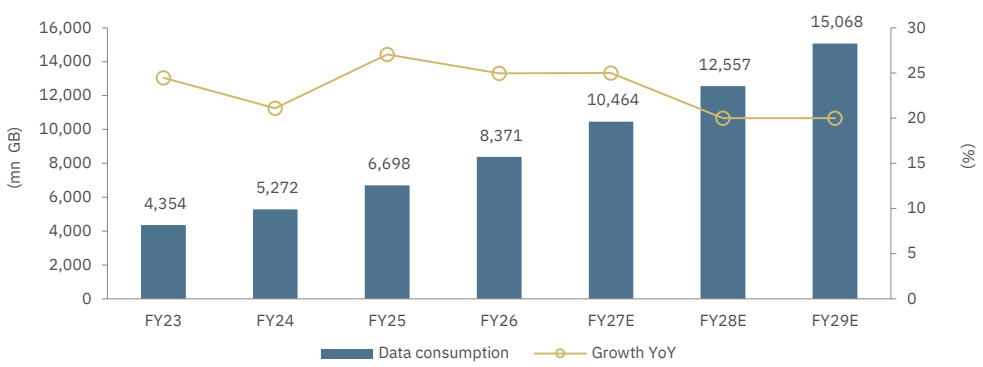


Source: Company, Elara Securities Research

Data traffic to clock CAGR of 22% during FY26-29E

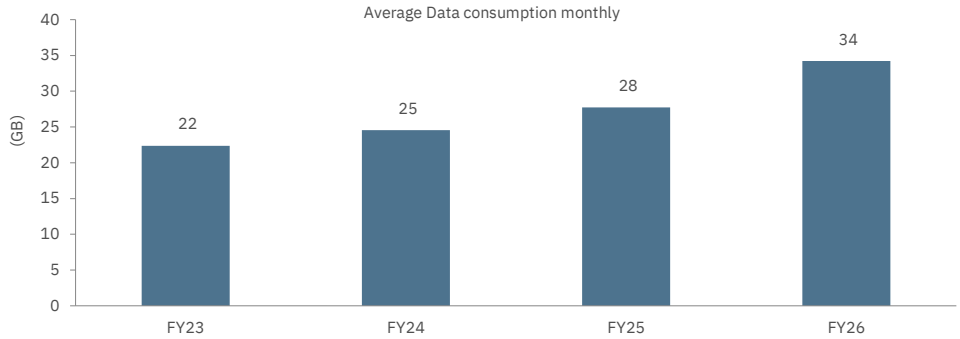
Data consumption remains a core structural driver of ARPU expansion for BHARTIHE, as rising digital engagement continues to push users toward higher data allowances and premium plans. Data consumption per subscriber has witnessed a 29% use CAGR during FY21-26, with average monthly data consumption exceeding ~34GB/user. Building on this momentum, BHARTIHE mobile data traffic is likely to register a CAGR of 22% during FY26-30E, supported by: 1) rising 5G compatible devices, 2) increase in 5G rollout, and 3) expanding digital ecosystem.

Exhibit 14: Data traffic to deliver CAGR of 22% during FY26-29E



Source: Company, Elara Securities Estimate

Exhibit 15: Average monthly data consumption exceeding ~34GB/user in FY26



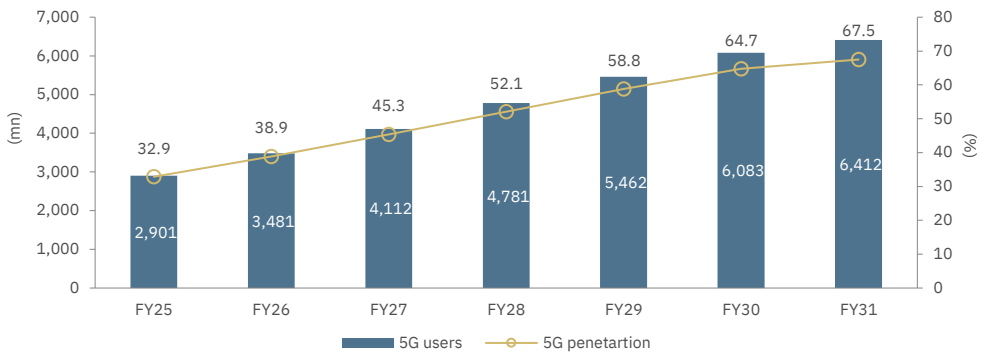
Source: Company, Elara Securities Research

5G to intensify data use

5G has fundamentally reshaped how data is consumed. Unlike previous technology upgrades, 5G acts as a use accelerator, enabling higher-speed, low-latency applications that deepen digital engagement across platforms and devices. This results in a structural uplift in data consumption, which is sticky in nature, and thus creates a stronger foundation for monetization over time. As the share of India's 5G subscriber base increases from 33% to 68%, clocking in a CAGR of 14% during CY25-31 (Source: Ericsson), we expect data consumption growth for BHARTIHE's base to outperform industry data consumption growth in its operating markets.

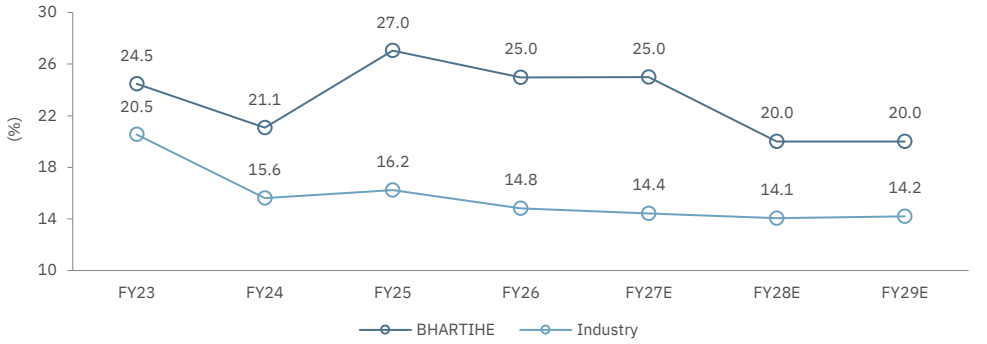
In the next three years as 5G coverage further broadens and 5G devices dominate the handset ecosystem, sustained elevated demand for data would make ARPU resilient and enhance BHARTI's pricing power to monetize 5G investments.

Exhibit 16: India's 5G subscriber base to increase from 33% in FY25 to 68% by FY31



Source: Ericsson, Elara Securities Research

Exhibit 17: We expect data consumption growth for BHARTIHE's to outperform industry data consumption growth

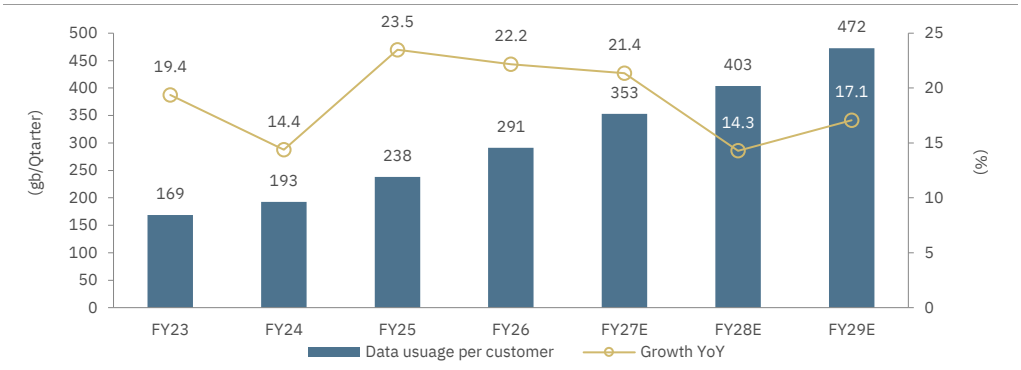


Source: Ericsson, Company, Elara Securities Estimate

Structural drivers sustaining data consumption growth

The sustained rise in data consumption is underpinned by structural factors: 1) rising smartphone penetration, 2) ongoing migration from 2G to 4G and 4G to 5G resulting in expansion of high-data user base, and 3) towering content consumption, driven by OTT video, short-form media, social platforms, and gaming. As content quality improves, BHARTIHE's per-user data demand has scaled up disproportionately, clocking in a 24% CAGR during FY21-26. These growth drivers still persists, and with increased conversion of 4G users to 5G which should lead to a 17% CAGR in data consumption during FY26-30E.

Exhibit 18: Data consumption to clock at 17% CAGR during FY26-30E



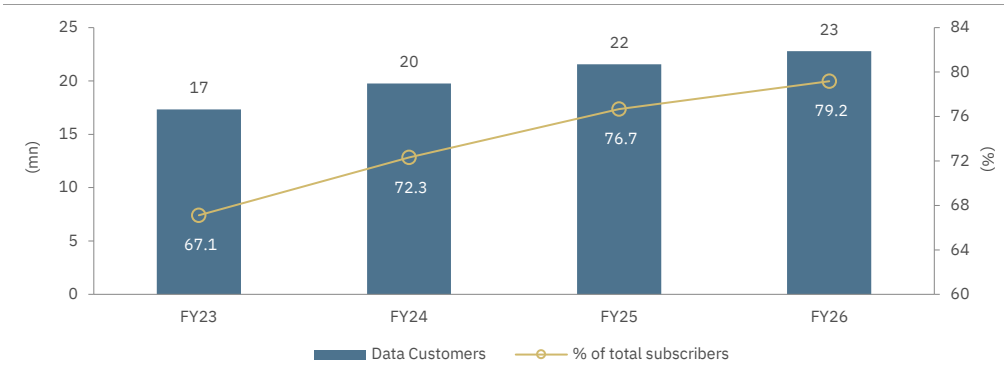
Source: Company, Elara Securities Research

- BHARTIHE has ~29mn mobile subscribers as on FY26, with ~23mn data users (~79% penetration) which consume ~34GB per user per month on an average, reflecting strong ongoing data intensity. As data use increases, customers naturally migrate to higher-priced plans and

purchase add-on packs, driving incremental ARPU without explicit tariff increase. Importantly, this opportunity is structurally stronger in BHARTIHE's markets, where low fixed broadband and Wi-Fi penetration make mobile, the primary internet access layer, ensuring incremental data demand is largely captured within mobile.

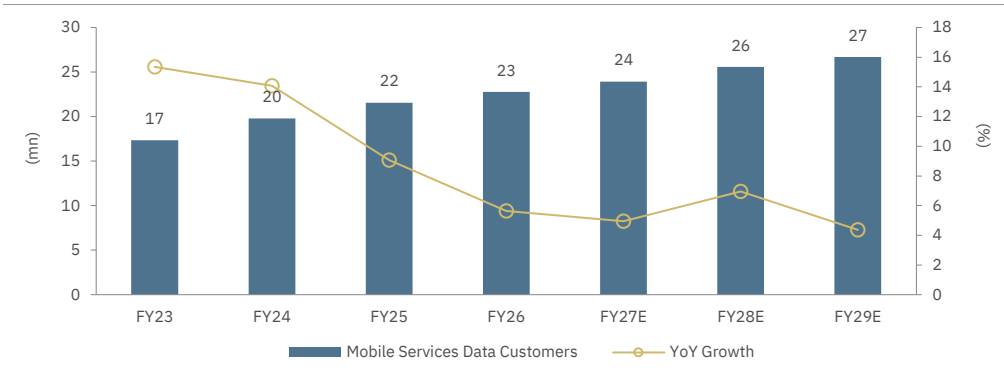
- BHARTIHE's 5G rollout was rapid and so has been the adoption with ~23mn smartphone data customer base, which accounts for 79% of total mobile subscribers. This highlights the speed and scale at which high-speed mobile broadband has been adopted, reflecting strong appetite of advanced data services. Alongside 5G, BHARTIHE's overall mobile broadband additions, including 4G, we expect it to grow at a 5% CAGR during FY26-29E, reinforcing the shift away from 2G. This underpins BHARTIHE's ability to monetize elevated data consumption through premiumization-led strategy of offering higher value plans.

Exhibit 19: Rising data penetration (~79% as on FY26) reflects incremental ARPU expansion



Source: Company, Elara Securities Research

Exhibit 20: Data customers to clock CAGR of 5% during FY26-29E



Source: Company, Elara Securities Estimate

Organic plan upgrades and premiumization occur without overt tariff hikes

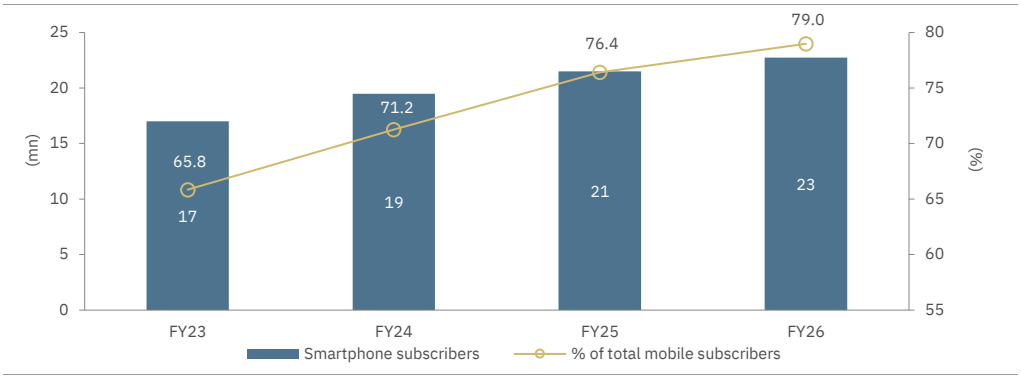
As data use grows — both on mobile and broadband platforms -- several subscribers naturally exceed their existing plan allowances and migrate to higher capacity or upper tiers. This progression from basic buckets to larger or use-linked pricing creates frictionless, demand-driven ARPU uplift that is in complement to headline tariff increases.

Rising smartphone penetration driving data use

Smartphone adoption remains a key enabler, with smartphone users accounting for ~79% of BHARTIHE's total subscriber base, reflecting improving affordability and deeper digital adoption. With India's wireless subscriber base already exceeding ~1.17bn (Source: TRAI) and teledensity nearing saturation, incremental growth is shifting from subscriber additions to higher use per user. This transition is being further accelerated by rapid proliferation of 4G and 5G smartphones, significantly lowering the entry barrier for high-speed data adoption. Reflecting this, ~79% of *Airtel*'s subscriber base is smartphone data customer, indicating device affordability is no longer a constraint but a key enabler of higher data use. As device capabilities improve and access barriers reduce, a growing

proportion of subscribers is moving from basic connectivity to high data consumption behavior, structurally increasing data intensity across the base.

Exhibit 21: BHARTIHE's smartphone penetration reaches ~79% of subscribers as on FY26



Source: Company, Elara Securities Research

Home broadband (FTTH + FWA): second layer of high-value data consumption

- Data consumption is increasingly shifting to the household, creating a second layer of high-value demand beyond individual mobile use. BHARTIHE's home broadband business, getting anchored 5G-enabled FWA and FTTH, is scaling up rapidly, driven by video streaming, gaming, remote work, and several connected devices. As more users operate simultaneously, per-household data consumption is significantly higher, making broadband a structurally superior monetization segment.
- FWA is playing a critical role in accelerating this growth, emerging as a key monetization lever for 5G. It enables BHARTIHE to deliver high-speed home broadband instantly, particularly in fiber-dark markets across tier II-IV cities, thereby expanding its addressable market and driving faster customer additions.
- From a network perspective, FWA acts as a supply-side enabler, allowing BHARTIHE to leverage its existing 5G infrastructure without heavy last-mile investments in the geographically difficult terrains of the Northeast. This supports rapid rollout and efficient network utilization, as home broadband users drive higher and more stable data consumption. Importantly, FWA customers usually generate higher ARPU than mobile, accelerating revenue scale-up in the early 5G cycle.
- The economics is increasingly viable, with cost per connection approaching fiber levels, indicating FWA is a parallel access technology rather than a temporary solution. FWA serves as an entry product, with a pathway to migrate users to fiber over time, improving ARPU and customer lifetime value. In addition, bundled offerings, such as IPTV and OTT services, are driving higher engagement and household spend, reinforcing BHARTIHE's convergence strategy. The company is currently in a "land grab" phase, prioritizing subscriber additions, which should sustain strong near-term growth momentum.
- Overall, home broadband led by FWA is a key pillar of BHARTIHE's growth strategy, driving higher data consumption, faster 5G monetization, and improved return on network investment.

FWA: scaling home broadband in the underserved markets

- BHARTIHE has augmented digital infrastructure further by investing heavily in 5G networks. While 5G is assumed to revolutionize how individuals and industries operate but the true potential for monetization of 5G will be driven by emergence of large-scale use cases in the upcoming years in B2C and B2B segments. Currently, 5G is expanding the addressable market via accelerated expansion of home broadband by deploying fiber-to-the-home (FTTH) and fixed wireless access (FWA) services. This would drive digital connectivity to millions of new households in its operating geographies.

- Due to difficult terrain, fixed-line broadband has low penetration in Rajasthan and the Northeast. 5G has enabled the introduction of technologies, such as FWA, which leverages cellular infrastructure to provide high-speed, cost-effective internet access in fiber-dark areas. Large geography and dispersed population in these regions make FWA deployment structurally more scalable and cost-efficient vs fiber-led expansion. FWA is driving strong demand, amplifying the adoption of high-speed home internet and significantly increasing BHARTIHE addressable market, taking it reach to new heights. It can further drive adoption through its Local Cable Operator(LCO) distribution ecosystem and convergence strategy, bundling FWA with mobile, fixed-line, and digital services to improve customer stickiness and wallet share.
- BHARTIHE has strongly focused on expanding the Wi-Fi customer base in the past few years through fixed wireless access (FWA), along with launching tech-driven innovations like IPTV, to attract high-value customers and increase customer loyalty.
- Home broadband ARPU has declined from INR 598 in FY23 to INR 482 in FY26, reflecting BHARTIHE's aggressive strategy to grab volume market share. Its footprint has expanded from 87 cities in FY23 to 120 cities in FY26, with incremental subscriber base skewed toward tier II & III towns. The drift down in APRU has been to offer better value proposition to the incremental buyer. Despite lower ARPU, home broadband revenue has more than doubled during FY23-26 (INR 1.5bn to INR 3.8bn, at ~35% CAGR vs mobile's ~12%) and customer base has grown ~3.9x to 0.843mn. While home broadband contributes a mere ~5% of total revenue today, it is BHARTIHE's fastest-growing segment and the principal lever for household-level wallet share, with positive impact on the mobile business as it leads to lower churn and rising household ARPU.

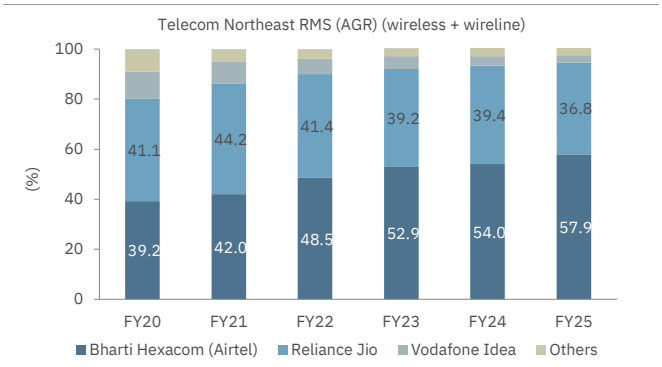
Revenue market share gains to continue

BHARTIHE: market leader in the Northeast, and the second-largest firm in Rajasthan

BHARTIHE provides wireless services in Rajasthan and the Northeast (Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, and Tripura) under the *Airtel* brand, with the two circles together accounting for ~6% of India's telecom revenue. BHARTIHE is the market leader in the Northeast with revenue market share (RMS) of 57.9% and subscriber market share (SMS) of 48.9% in FY25 (vs RMS of 54.0% in FY24), and a No 2 in Rajasthan with a RMS of 43.1% and a SMS of 34.8% in FY25 (vs RMS of 41.0% in FY24), according to TRAI.

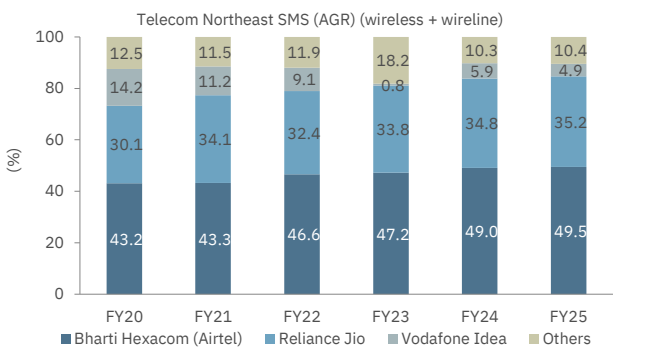
RMS expansion has been broad-based across both circles during FY20-25. In Rajasthan, RMS has expanded from 29.3% to 43.1%, while in the Northeast, it has expanded from 39.2% to 57.9%. Market share gain has come from: 1) Vi as its RMS collapsed from 13.9% to 8.7% in Rajasthan and from 10.7% to 2.9% in the Northeast during FY20-25, and 2) Reliance Jio ceded share to BHARTIHE in both circles, with Jio's RMS declining from 50.9% to 45.9% in Rajasthan and from 41.1% to 36.8% in the Northeast.

Exhibit 22: BHARTIHE strengthening pole position in the Northeast...



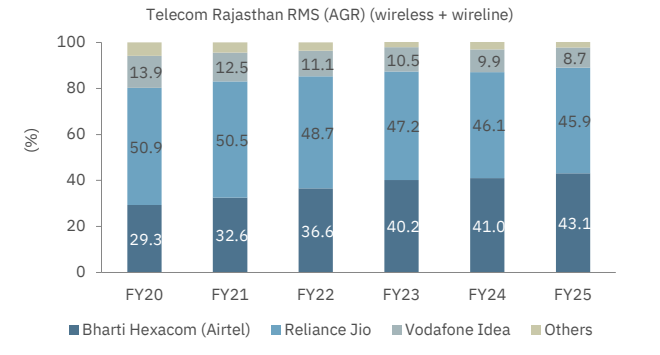
Source: TRAI, Elara Securities Research

Exhibit 23: ...led by rising subscriber market share in the Northeast



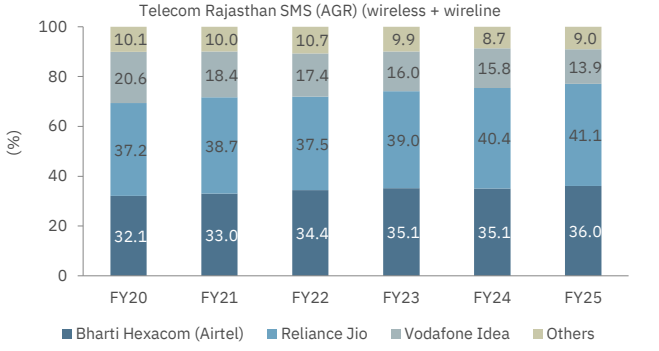
Source: TRAI, Elara Securities Research

Exhibit 24: BHARTIHE narrows its revenue market share gap with Jio in Rajasthan...



Source: TRAI, Elara Securities Research

Exhibit 25: ...by adding more subscribers in the geography



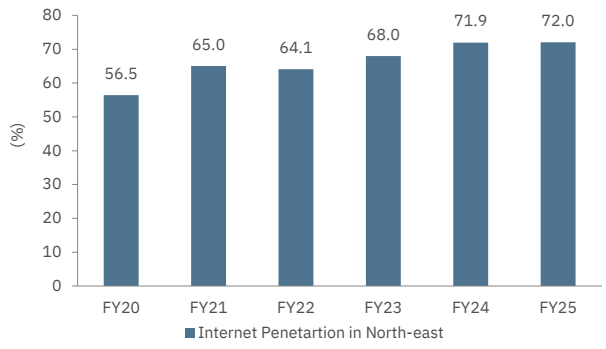
Source: TRAI, Elara Securities Research

Both revenue and subscriber market share gains have been driven by: 1) closure of the 4G coverage gap vs Reliance Jio, 2) Vi's prolonged financial stress & capex constraints, and 3) *Airtel*'s superior rural execution & premiumization playbook spanning feature-phone to smartphone upgrades, prepaid to postpaid migration via family plans & *Airtel Black* convergence, and data plan upgrades. The pace of share gain moderates hereafter as the 4G coverage catch-up plays out and Vi stabilizes its network following its recent equity-raise, but the structural set-up of a near-duopolistic market, an underpenetrated rural base, and a continued premiumization runway supports steady incremental gains alongside ARPU-led monetization.

Teledensity in BHARTIHE circles lower than the pan-India level

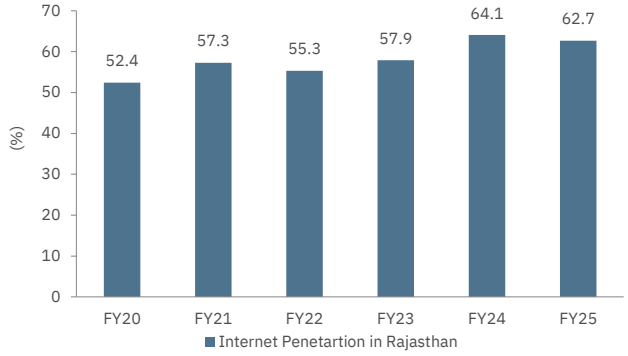
Both circles remain materially underpenetrated relative to the pan-India base in several dimensions: 1) internet subscriber penetration stands at 62.7% in Rajasthan and 72.0% in the Northeast in FY25, vs pan-India at ~80%, providing a multi-year data monetization runway, 2) wireless teledensity stands at 79.8% in Rajasthan and 80.9% in the Northeast in FY25 vs ~85% pan-India, with the gap driven by lower rural teledensity (58.7% in Rajasthan, 66.6% in the Northeast), reflecting the higher rural population mix in both circles, 3) prepaid penetration is 95.2% in Rajasthan and 96.1% in the Northeast in FY25 vs ~91.9% pan-India, implying a meaningful postpaid migration potential, and 4) the smartphone customer gap, however, has compressed materially in the past two years. BHARTIHE's smartphone customers reached 79% of its mobile base in Q4FY26, broadly in line with BHARTI pan-India at 80% (Source: company). This indicates the feature-phone to smartphone migration cycle is largely complete, with the remaining ARPU upside increasingly concentrated in postpaid migration, data plan upgrades and 5G monetization rather than first-time smartphone adoption.

Exhibit 26: Internet penetration for the Northeast at 72% in FY25; ~800bp gap to pan-India aids in data growth



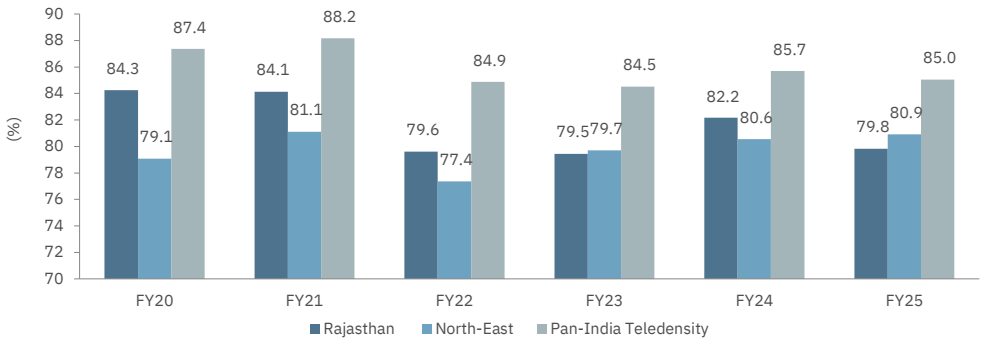
Source: TRAI, Elara Securities Research

Exhibit 27: Internet penetration for Rajasthan at 62.7% in FY25; ~1,700bp gap to pan-India aids in data growth



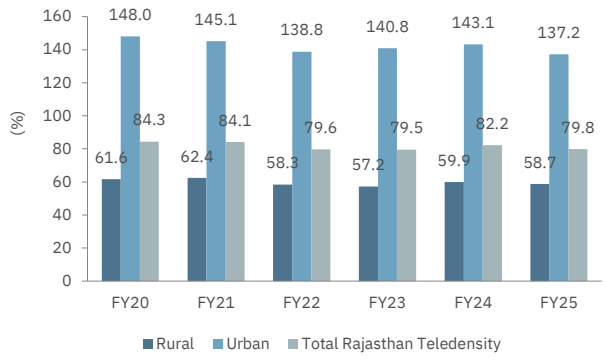
Source: TRAI, Elara Securities Research

Exhibit 28: Wireless teledensity gap to pan-India persists in both circles



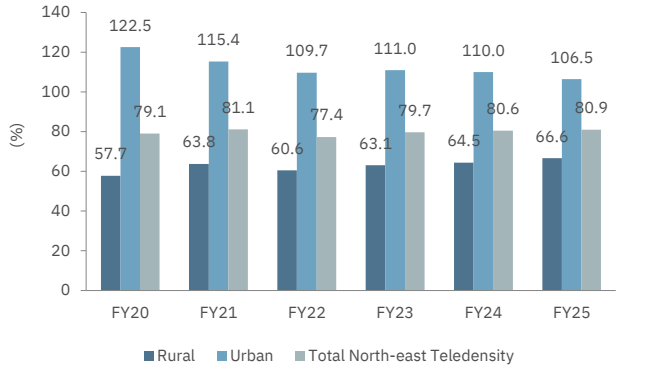
Source: TRAI, Elara Securities Research

Exhibit 29: Rajasthan teledensity for rural is at 59% vs urban ~137%; rural is likely to drive additions



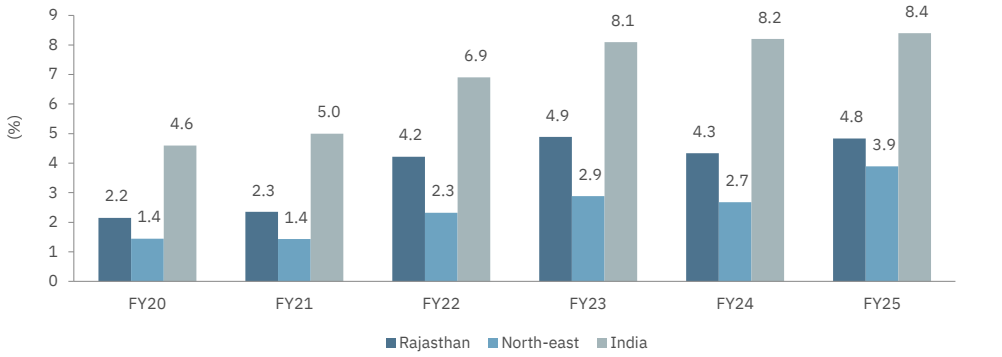
Source: TRAI, Elara Securities Research

Exhibit 30: Northeast teledensity for rural is at 66% vs urban ~106%; rural is likely to drive additions



Source: TRAI, Elara Securities Research

Exhibit 31: Postpaid penetration in both circles below pan-India; meaningful migration potential

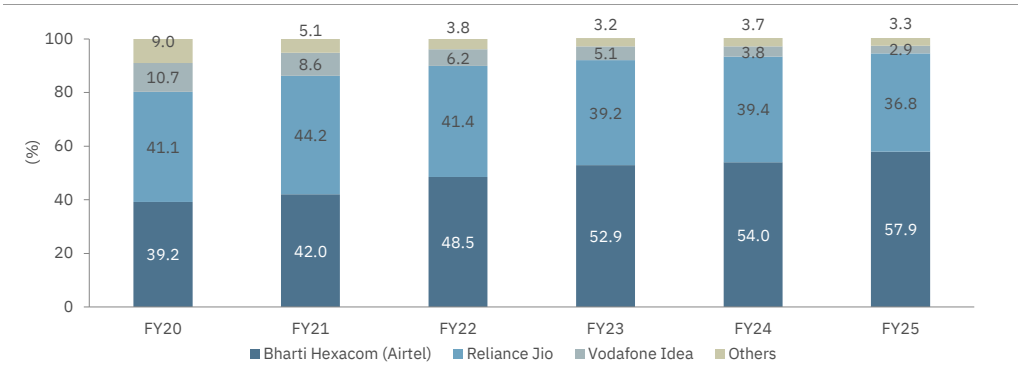


Source: TRAI, Elara Securities Research

Duopoly set up in a structurally underpenetrated market

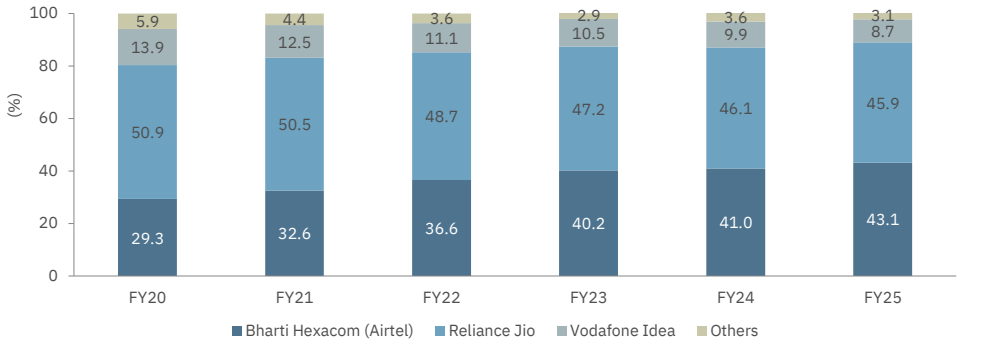
The competitive structure across both circles is highly concentrated. Reliance Jio and BHARTIHE together hold a bulk of industry adjusted gross revenue (AGR), with Vodafone Idea contributing ~3% RMS in the Northeast and ~9% in Rajasthan. BSNL is playing only a small role. Vi de-prioritized network investments in these circles during FY20-24, leaving BHARTIHE and Jio as the two anchor operators. This duopolistic structure is a meaningful differentiator vs the broader telecom market, where Vi remains a relevant third operator across top metros. Two implications follow: 1) tariff actions taken by either Reliance Jio or BHARTIHE flow through to circle-level ARPU with limited dilution from a third price-aggressive operator. BHARTIHE's ARPU trajectory through the July 2024 tariff cycle evidenced this: ARPU expanded from INR 198 in FY24 to INR 226 in FY25, with Q4FY26 print at INR 252 vs INR 242 in Q4FY25, broadly consistent with industry-level pass-through, and 2) cost of incremental subscriber acquisition is structurally lower for BHARTIHE than for operators competing in three-operator circles, supporting both EBITDA margin expansion and superior return ratios vs pan-India peers.

Exhibit 32: Northeast RMS consolidated with BHARTIHE and Jio; Vi at 2.9% in FY25



Source: TRAI, Elara Securities Research

Exhibit 33: Rajasthan RMS consolidated with BHARTIHE and Jio; Vi at 8.7% in FY25

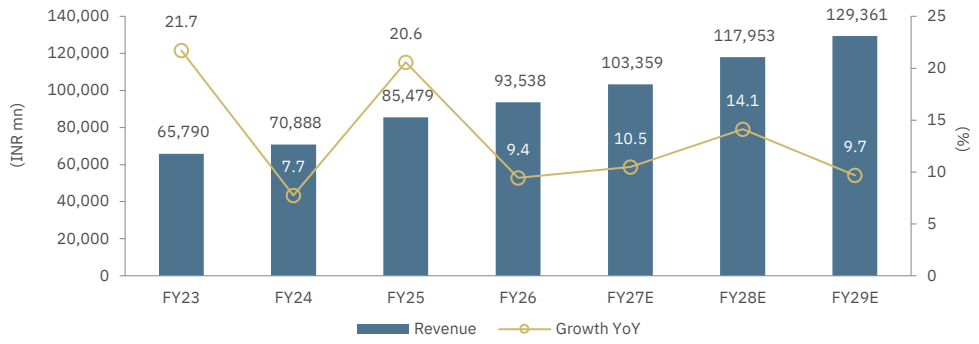


Source: TRAI, Elara Securities Research

Valuation and recommendation

We expect BHARTIHE to deliver an overall revenue to clock CAGR of ~11% during FY26-29E, driven by higher growth in home and office broadband services (~40% CAGR) and relatively moderate growth in the mobile services segment (~10% CAGR) during the same period. We initiate coverage of BHARTIHE with a **Buy** rating and a TP of INR 1,876 based on 15x FY28E EV/EBITDA.

Exhibit 34: BHARTIHE to deliver an overall revenue to clock CAGR of ~11% during FY26-29E

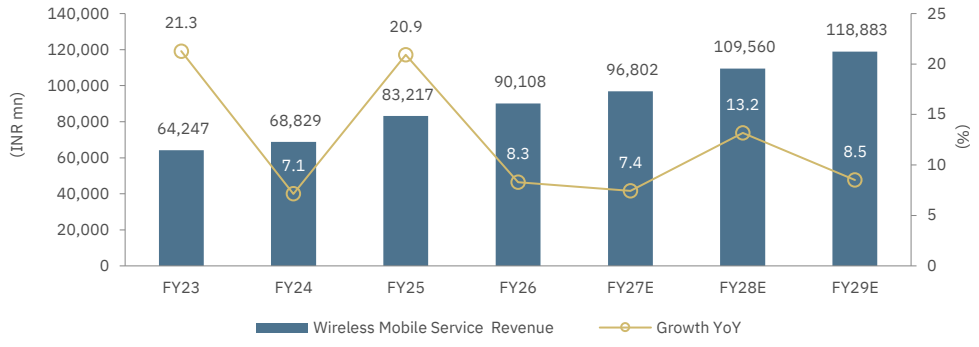


Source: Company, Elara Securities Estimate

Mobile services to clock CAGR of ~10% during FY26-29E, driven by ARPU expansion

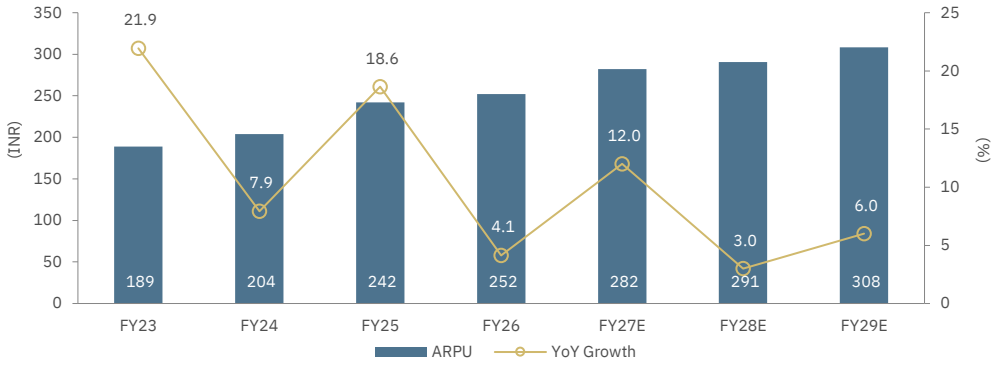
We expect a mobile services revenue to clock CAGR of ~10% during FY26-29E, supported by ~7% ARPU CAGR and ~3% subscriber CAGR. ARPU is set to expand from INR 252 in FY26 to ~INR 308 in FY29E, driven by tariff hikes, prepaid-to-postpaid migration via family plans & *Airtel Black* convergence, and continued data plan upgrades. Subscriber base is set to grow modestly from 28.8mn in FY26 to ~31.9mn in FY29E. Data subscriber penetration is set to rise from ~79% in FY26 to ~84% by FY29E, and data use per subscriber to scale from 291GB/quarter in FY26 to ~472GB/quarter in FY29E, supporting both ARPU growth and operating leverage.

Exhibit 35: Mobile services revenue to clock CAGR of ~10% during FY26-29E



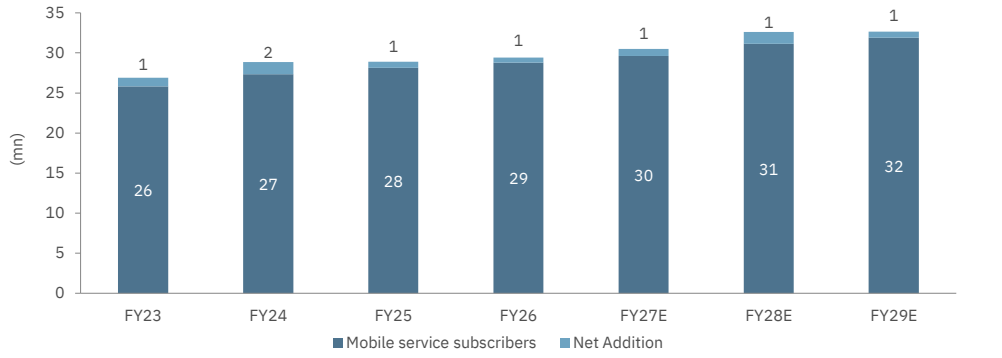
Source: Company, Elara Securities Estimate

Exhibit 36: We expect ARPU to expand from INR 252 in FY26 to ~INR 308 in FY29E



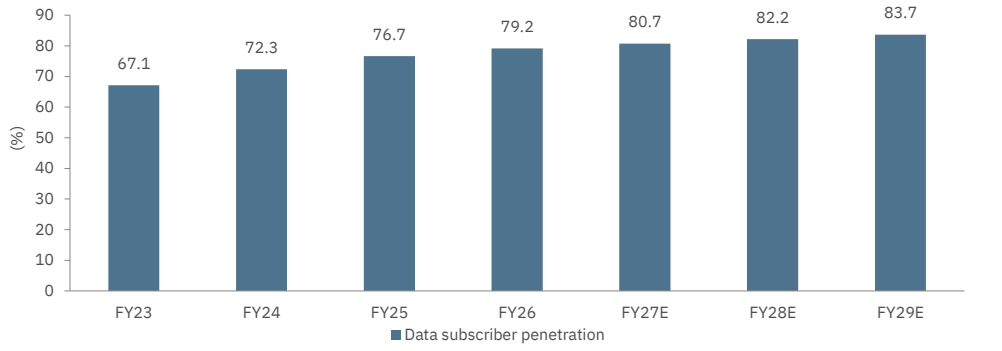
Source: Company, Elara Securities Estimate

Exhibit 37: Subscriber base to grow modestly from 28.8mn in FY26 to ~31.9mn in FY29E



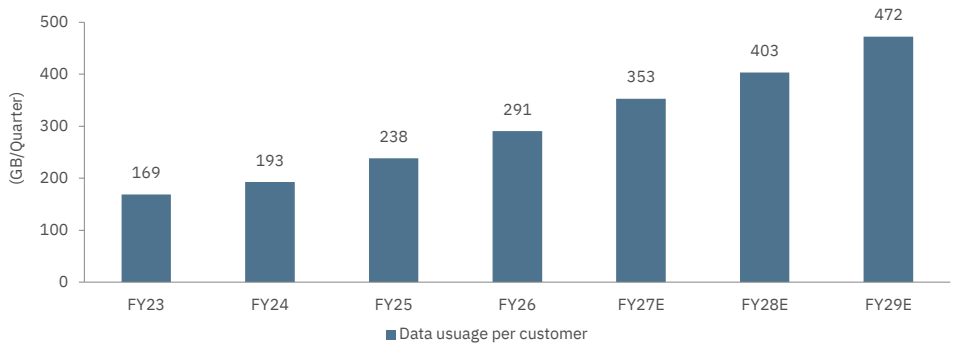
Source: Company, Elara Securities Estimate

Exhibit 38: Data subscriber penetration to rise from ~79% in FY26 to ~84% by FY29E



Source: Company, Elara Securities Estimate

Exhibit 39: Data use per subscriber to scale up from 291GB/quarter in FY26 to ~472GB/quarter in FY29E

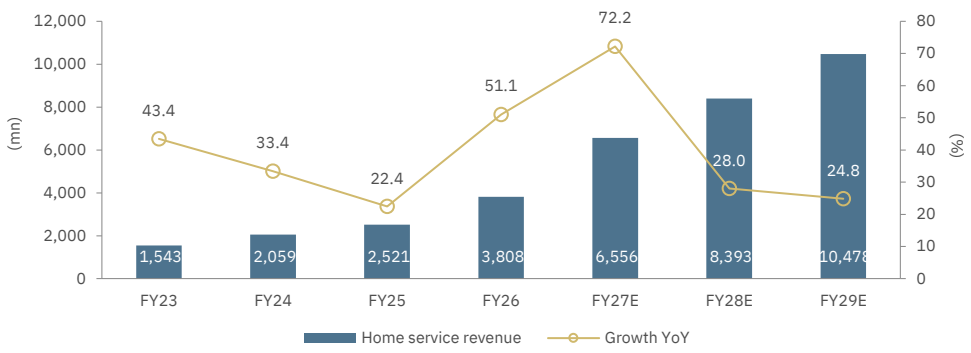


Source: Company, Elara Securities Estimate

Home broadband revenue to clock CAGR of ~40% during FY26-29E

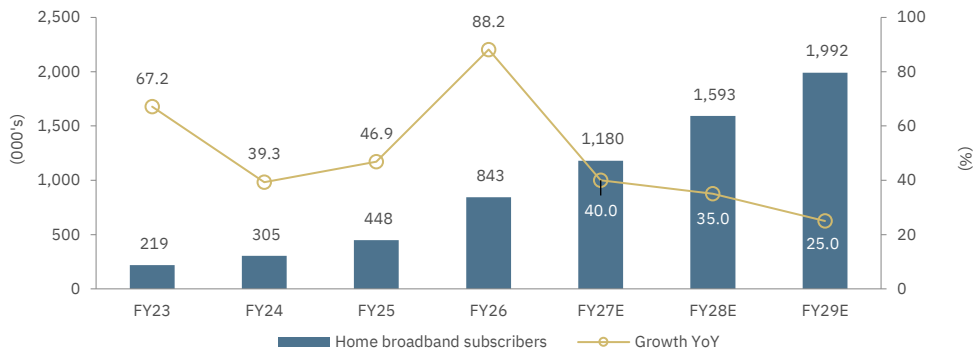
We expect home broadband revenue to scale up rapidly from INR 3.8bn in FY26 to INR 10.5bn in FY29E, at a CAGR of ~40%, supported by aggressive subscriber additions. Home subscriber base is set to grow from ~843k in FY26 to ~1.99mn in FY29E, at a CAGR of ~33%, with Rajasthan and the Northeast offering a large addressable opportunity, given materially lower fixed broadband penetration relative to pan-India levels of ~20% (Source: TRAI), reflecting the larger rural population mix in both circles and limited historical fiber-based broadband rollout. Home broadband ARPU is likely to gradually moderate from INR 482 in FY26 to ~INR 435 by FY29E, reflecting competitive pressure and increasing mix of entry-level plans, but absolute revenue contribution scales up materially from ~3% of total revenue in FY26 to ~6% by FY29E.

Exhibit 40: Home services to clock CAGR of 40% during FY26-29E



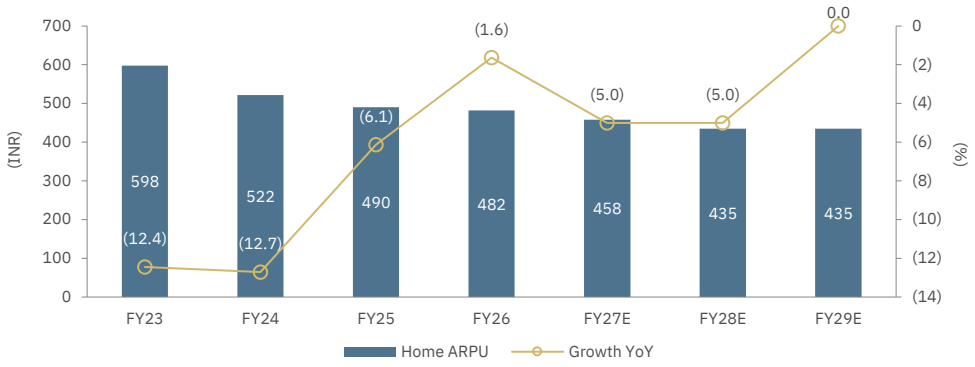
Source: Company, Elara Securities Estimate

Exhibit 41: Home subscriber base to grow from ~843k in FY26 to ~1.99mn in FY29E, a CAGR of ~33%



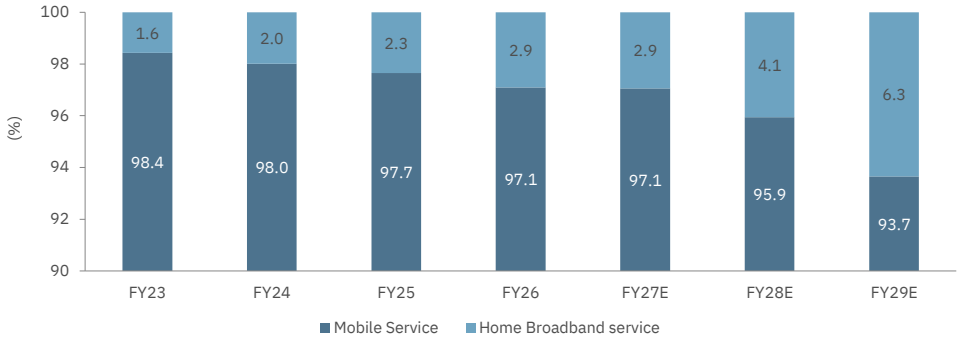
Source: Company, Elara Securities Estimate

Exhibit 42: Home broadband ARPU to gradually moderate from INR 482 in FY26 to ~INR 435 by FY29E



Source: Company, Elara Securities Estimate

Exhibit 43: Revenue contribution from Home service scales up from ~3% of total revenue in FY26 to ~6% by FY29E

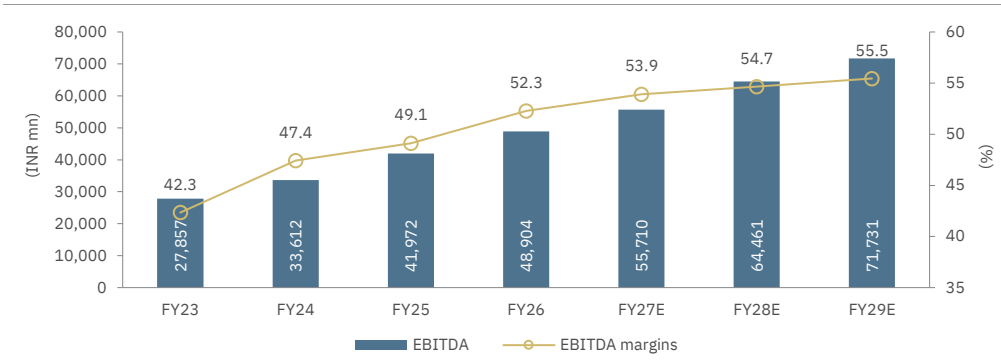


Source: Company, Elara Securities Estimate

EBITDA to clock CAGR of ~14% during FY26-29E, led by operating leverage

We expect an EBITDA to clock CAGR of ~14% during FY26-29E, with EBITDA margin expanding ~317 bp from ~52.3% in FY26 to ~55.5% by FY29E. Margin expansion is likely to be driven by: 1) ARPU-led operating leverage as tariff hikes flow through to EBITDA with limited variable cost offset, 2) continued operating cost discipline, and 3) scale up benefits from the home broadband segment.

Exhibit 44: EBITDA to clock CAGR of ~14% during FY26-29E

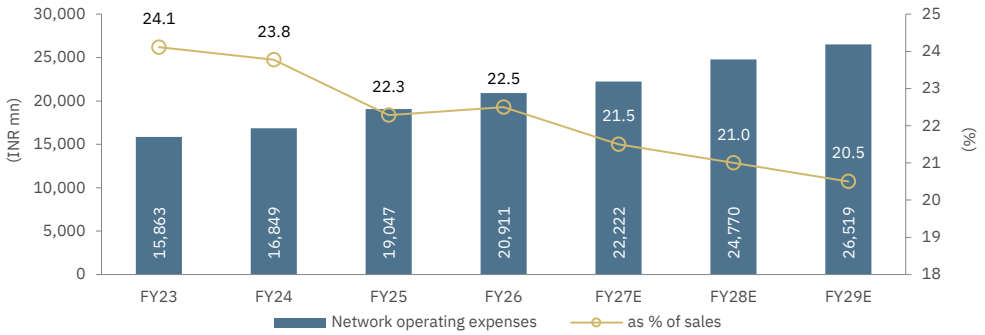


Source: Company, Elara Securities Estimate

BHARTIHE operates an asset-light infrastructure model, with fiber backhaul leased from BHARTI under a use-based arrangement rather than owned outright. Fiber use charges are linked to data traffic, providing a variable element that scales up with revenue rather than imposing fixed capital intensity. Combined with a stable tower base (~26,700 in FY26 vs ~17,200 in FY21, with only small additions) and continued cost discipline, this has driven network operating expenses down from ~31% of revenue in FY21 to ~22.5% in FY26; we expect further moderation to ~20.5% by FY29E. Energy cost,

while not contractually pass-through, are managed via power optimization initiatives and solar deployment at tower sites. With 4G densification and 5G rollout largely complete across both circles, the business is operating on a largely stable cost base, with incremental revenue flowing through at high incremental EBITDA margin. This asset-light structure reduces capex intensity vs integrated telecom operators.

Exhibit 45: Network operating expenses to decline from ~23% of revenue in FY26 to ~20.5% by FY29E

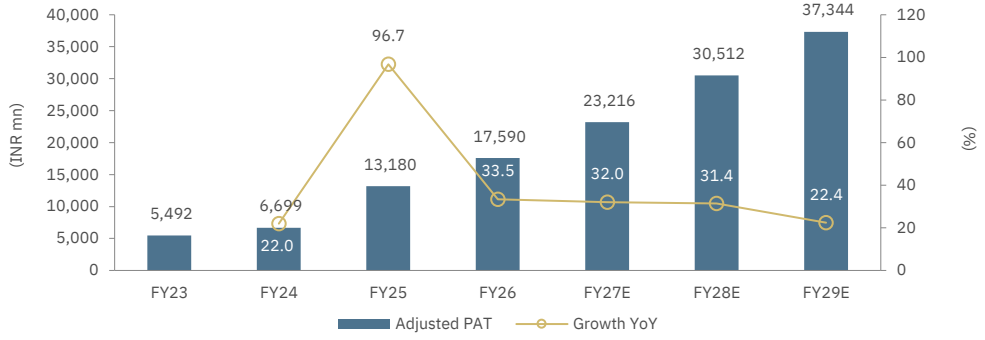


Source: Company, Elara Securities Estimate

PAT to clock CAGR of ~29% during FY26-29E, supported by deleveraging and rising Other income

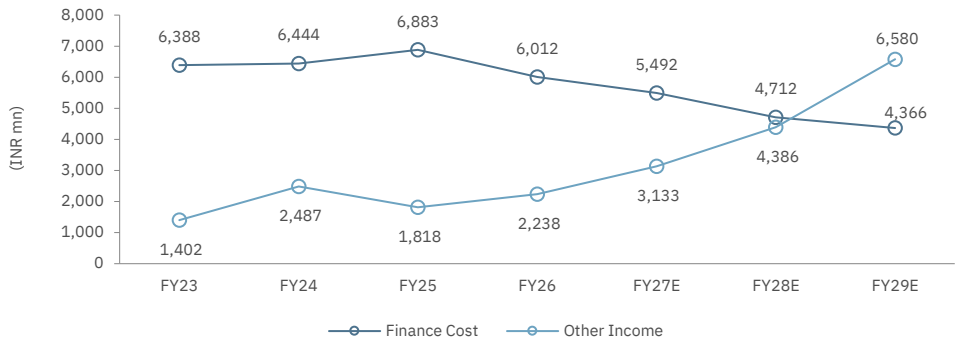
We expect a PAT to clock CAGR of ~29% during FY26-29E, supported by: 1) a sharp decline in finance cost as total borrowings are set to decline from INR 26.9bn in FY26 to -INR 2.9bn by FY29E, with finance cost set to reduce from INR 6.0bn in FY26 to INR 4.4 bn in FY29E, and (2) rising Other income as cash surplus builds, with Other income likely to expand from INR 2.2bn in FY26 to INR 6.6bn in FY29E.

Exhibit 46: APAT to clock CAGR of ~29% during FY26-29E



Source: Company, Elara Securities Estimate

Exhibit 47: Declining finance cost and rising Other income to drive PAT growth



Source: Company, Elara Securities Estimate

Net debt to turn net cash by FY28E

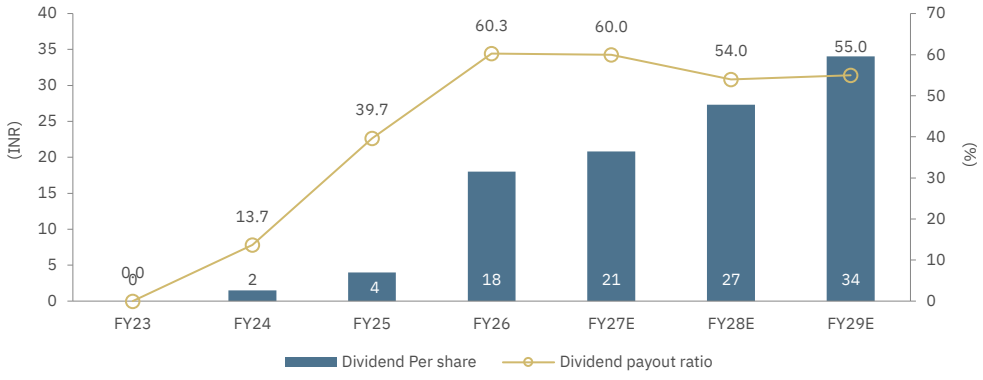
BHARTIHE has undergone a rapid deleveraging cycle, with net debt (incl-lease) declining from INR 91.2bn in FY23 to INR 60.8bn in FY26, supported by healthy free cashflow generation and further expect to come down to 4.5bn by FY29E. We expect BHARTIHE to turn net cash by FY28E, with net cash position building to ~INR 44 bn by FY29E. Including lease liabilities, net debt/EBITDA is set to improve from 1.2x in FY26 to 0.1x by FY29E. Dividend payout has already scaled up materially, with the final dividend rising from INR 4/share for FY25 to INR 18/share for FY26 (~3x increase); we expect total dividend payout to grow from ~INR 9 bn in FY26 to ~INR 17bn by FY29E, as free cashflow expands.

Exhibit 48: Rapid deleveraging; likely to turn net cash by FY28E

(INR mn)	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Debt	61,806	47,603	37,429	26,337	10,273	(14,511)	(41,356)
Net Debt/ EBITDA (x)	2.2	1.4	0.9	0.5	0.2	(0.2)	(0.6)
Net Debt (incl Lease Liability)	91,149	80,303	73,158	60,767	51,492	29,104	4,449
Net Debt (incl Lease Liability)/ EBITDA (x)	3.3	2.4	1.7	1.2	0.9	0.5	0.1

Source: Company, Elara Securities Estimate

Exhibit 49: Dividend per share rising 1.9x from INR 18 in FY26 to INR 24 for FY29E

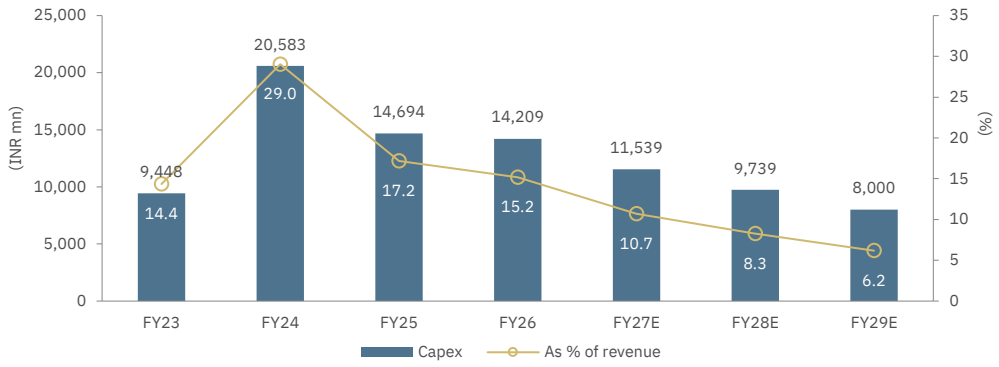


Source: Company, Elara Securities Estimate

Capex to normalize at ~6-8% of revenue from FY28E

BHARTIHE is transitioning from a capex-intensive buildout phase to a structurally lower capex phase. The heavy investment cycle around rural 4G expansion and 5G rollout is largely complete, with tower additions increasing from ~17,200 in FY21 to ~26,750 in FY25, alongside a fully secured spectrum portfolio with no major renewal requirements before CY30. We expect capex intensity to normalize from ~29% of revenue at FY24 peak to ~15% in FY26 and further to ~6% by FY29E. In absolute terms, annual capex to moderate from ~INR 14-20bn at peak levels to ~INR 8-10bn on a sustainable basis from FY28E, even as the revenue base continues to grow.

Exhibit 50: Capex to moderate from ~INR 14-20bn at peak levels to ~INR 8-10bn from FY28E



Source: Company, Elara Securities Estimate

Exhibit 51: Valuation

(INR mn)	FY28E
EBITDA	64,461
Target Multiple (x)	15.0
Enterprise Value	966,917
Net debt	29,104
Equity value	937,813
Shares (mn)	500
Target Price (INR)	**1,876**

Source: Elara Securities Estimate

Key risks to our call

- Only two circles and ~96% wireless revenue; any circle-specific disruption would have a disproportionate impact due to concentration risk.
- Delay in the next tariff hike cycle would lead to lower-than-expected ARPU growth, which will yield lower than projected EBITDA and PAT.

Company Overview

- Bharti Hexacom (BHARTIHE IN) is a regional telecom operator focused exclusively on two strategic circles in India: Rajasthan and the Northeast (Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, and Tripura). While these markets represent a smaller share of India's overall telecom landscape, they are structurally underpenetrated, with lower tele-density and limited fixed broadband infrastructure, leading to a higher reliance on mobile-led connectivity. This creates a long runway for data growth, rural penetration, and digital adoption.
- Incorporated in 1995, the company was acquired by Bharti Airtel (BHARTI IN) in 2004 with a 70% stake. Post its April 2024 IPO (pure OFS), Airtel continues to remain the promoter, while the Government of India, through Telecommunications Consultants India Limited (TCIL), holds ~15% stake. BHARTIHE operates under the *Airtel* brand via a licensing arrangement, enabling full access to *Airtel*'s technology stack, digital platforms, and product ecosystem.
- BHARTIHE has established a strong competitive position, particularly in the Northeast where it holds leadership in revenue market share, while continuing to gain share in Rajasthan. Its operating strategy is anchored on premiumization (2G to 4G & 5G upgrade, prepaid-to-postpaid migration), data monetization, and network superiority, supported by one of the largest mid-band spectrum holdings in its circles.

Business segments

- BHARTIHE operates a converged telecom model, integrating mobility, and broadband offerings, with an increasing strategic focus on bundled services to drive higher customer monetization and retention.
- The mobile services segment remains the core revenue driver, contributing ~97% of total revenue in FY25. The company offers voice and data services across 2G, 4G, and 5G networks, catering to a subscriber base of ~28mn, with a rising mix of data users of ~77%. Growth in this segment is primarily driven by structural tailwinds, such as 2G to 4G & 5G upgrades, rising data consumption (~28GB per user per month), and ongoing ARPU expansion, led by tariff hikes and premiumization initiatives, including prepaid-to-postpaid migration. Given the largely fixed nature of network cost, incremental revenue growth in this segment translates into strong operating leverage, making mobility the key EBITDA driver for the business.
- The home and office broadband segment (fixed line and Wi-Fi), which includes fiber-to-home (FTTH) and fixed wireless access (FWA), is currently a smaller contributor but is witnessing strong growth of ~22% YoY. The segment's expansion is supported by low fixed broadband penetration in the operating regions, along with an asset-light rollout strategy through partnerships with local cable operators. Additionally, FWA is emerging as a key enabler in extending high-speed internet access to areas with limited fiber infrastructure, effectively expanding the addressable market. Strategically, this segment enhances customer lifetime value and plays a critical role in enabling service convergence.
- The converged digital offerings segment, anchored around bundled plans, such as *Airtel Black* and family plans, integrates mobility, broadband, and digital TV services into a single proposition. These offerings are further strengthened through partnerships with 20+ over-the-top (OTT) platforms, driving higher engagement, and cross-sell opportunities. Convergence not only improves customer stickiness but also supports multi-product monetization and reduces churn. From a strategic standpoint, this aligns with global telecom trends, where bundled offerings are increasingly central to driving sustainable ARPU growth and long-term customer retention.

Structural synergies with BHARTI

- BHARTIHE benefits meaningfully from its integration with BHARTI. Key operational synergies include access to Indus Towers' infrastructure, inter-circle roaming arrangements (ICR), national long-distance (NLD) connectivity, and centralized corporate functions, such as procurement, IT, finance, HR, and strategy.
- These linkages improve cost efficiency, accelerate rollout, and provide scale benefits in vendor negotiations. As a result, BHARTIHE operates with lower standalone infrastructure requirements than a fully independent telecom operator.

Related party transactions: structured and arm's length

- Given the integrated nature of operations, BHARTIHE has several related-party transactions with BHARTI. These include fiber leasing, bandwidth usage, access charges, brand use, and inter-circle roaming settlements.
- All such transactions are conducted at arm's length and reviewed annually by the board and auditors.
- BHARTIHE does not own fiber infrastructure and pays use-based charges to *Airtel*, linking cost directly to traffic rather than capacity.
- This reduces capex intensity but results in slightly lower reported EBITDA margin, due to pass-through cost.

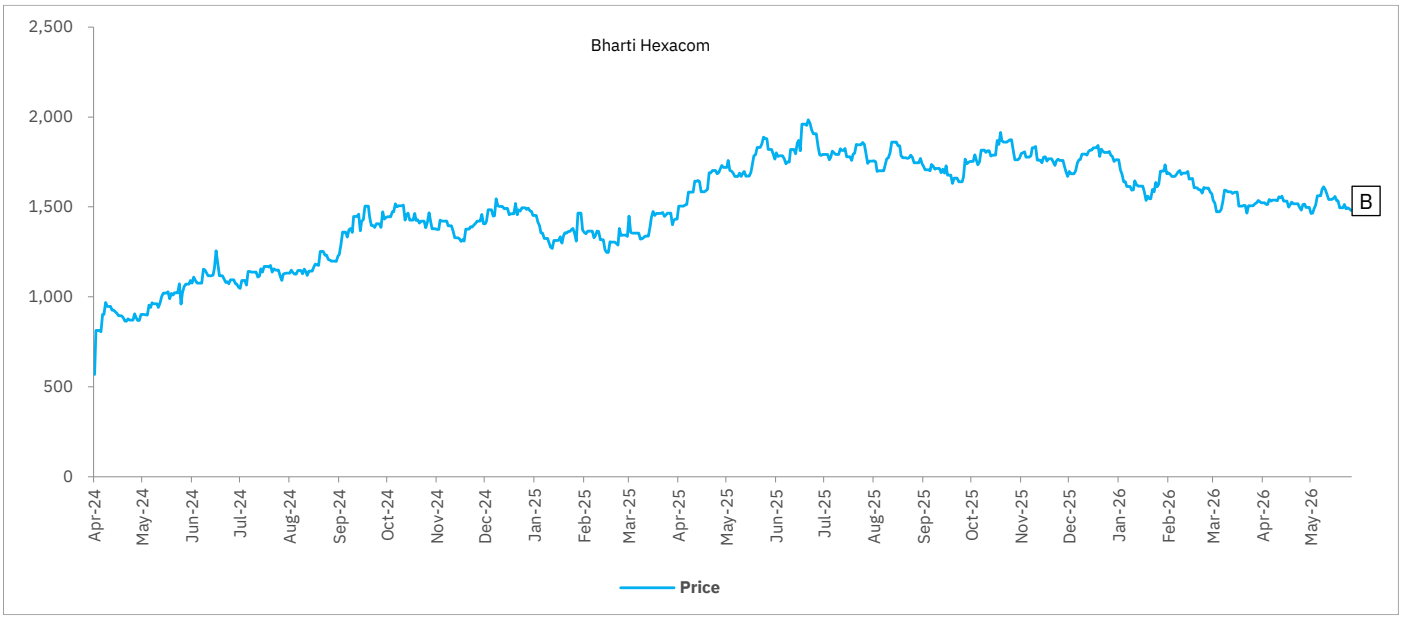
- Inter-circle roaming (ICR) revenue and cost broadly offset each other and are largely EBITDA neutral in absolute terms, although they can impact reported margin
- Total related-party payouts (including fiber, brand, and overheads) are less than 7% of revenue, indicating limited economic leakage.
- **BHARTIHE holds adequate 4G and 5G spectrum with a diverse pool of mid-band spectrum:** This has enabled the company to offer 5G services on non-standalone network architecture and at a low cost of ownership. Further, none of the existing spectrum expires before CY30 (validity in the range of CY30-45); hence, no major spectrum purchase is likely in the near term except for small renewals.

Board of Directors & Key Managerial Personnel

Name	Designation	Education
Jagdish Saksena Deepak	Chairperson & Non-Executive Director	PGDM - IIM Ahmedabad
Devendra Khanna	Non-Executive Director	Commerce graduate - SRCC, CA - ICAI
Ashok Tyagi	Independent Director	Bachelor's degree in Science - University of Delhi, Fellow member of ICSI
Arvind Kohli	Independent Director	Bachelor's degree in Commerce - Delhi University, Diploma in intellectual property rights law - Indian Law Institute, New Delhi
Arun Gupta	Independent Director	Master's degree in Law - Kurukshetra University, Fellow member of ICSI
Kapal Kumar Vohra	Independent Director	MBA - Nijenrode University
Nalina Suresh	Independent Director	PGDM (Personnel management and Industrial relations) - XLRI Jamshedpur
Rakesh Bharti Mittal	Non-Executive Director	PG Diploma, Electronics & Control - Y.M.C.A Institute of Engineering
Soumen Ray	Non-Executive Director	Bachelor's degree in Commerce (honors) - University of Calcutta, Member of ICAI
Marut Dilawari	CEO	MBA - Maharshi Dayanand University, PGDM - XLRI Jamshedpur
Karthikeyan Velu	CFO	BE - IRTT, MBA - BIM Trichy, Strategy Leadership Programme - ISB, CFO Programme - IIM Calcutta

Source: Company, Elara Securities Research

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
04-Jun-2026	Buy	1,876	1,489

Guide to Research Rating

BUY (B)	Absolute Return >+20%
ACCUMULATE (A)	Absolute Return +5% to +20%
REDUCE (R)	Absolute Return -5% to +5%
SELL (S)	Absolute Return < -5%

Abbreviations and Acronyms

Term	Full form
ARPU	Average Revenue Per User
IPO	Initial Public Offering
ROCE	Return on Capital Employed
FCF	Free Cash Flow
CAGR	Compound Annual Growth Rate
GB	Gigabyte
EB	Exabyte
EU	European Union
XR	Extended Reality
AI	Artificial intelligence
AU	African Union
FWA	Fixed Wireless Access
FTTH	Fiber to the Home
SA	Standalone architecture
NSA	Non-Standalone architecture
IoT	Internet of Things
HD	High Definition
SD	Standard Definition
UPI	Unified Payments Interface
VoD	Video on Demand
MBB	Mobile Broadband
SMS	Short Message Service
UBR	Unlicensed Band Radio
THz	Terahertz
MHz	Megahertz
OEM	Original Equipment Manufacturer
B2B	Business to Business
nLOS	near Line of Sight
OSS	Operations Support System
BSS	Business Support System
AI	Artificial Intelligence
ML	Machine Learning
ATOM	Adaptive Traffic Optimization Manager
OTT	Over-The-Top.
CSP	Communication Service Providers
CPE	Customer Premises Equipment
AR	Augmented Reality
VR	Virtual Reality
AGR	Adjusted Gross Revenue
BTS	Base Transceiver Station
AAF	Airtel Africa Plc
IP	Infrastructure Provider
RMS	Revenue Market share
TRAI	Telecom Regulatory Authority of India
ITU	International Telecommunication Union
DOT	Department of Telecommunications

Disclosures & Confidentiality for non U.S. Investors

The Note is based on our estimates and is being provided to you (herein referred to as the "Recipient") only for information purposes. The sole purpose of this Note is to provide preliminary information on the business activities of the company and the projected financial statements in order to assist the recipient in understanding / evaluating the Proposal. Nothing in this document should be construed as an advice to buy or sell or solicitation to buy or sell the securities of companies referred to in this document. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. Nevertheless, Elara Securities (India) Private Limited or any of its affiliates is committed to provide independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Elara Securities (India) Private Limited or any of its affiliates have not independently verified all the information given in this Note and expressly disclaim all liability for any errors and/or omissions, representations or warranties, expressed or implied as contained in this Note. The user assumes the entire risk of any use made of this information. Elara Securities (India) Private Limited or any of its affiliates, their directors and the employees may from time to time, effect or have effected an own account transaction in or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for or solicit investment banking or other business from any company referred to in this Note. Each of these entities functions as a separate, distinct and independent of each other. This Note is strictly confidential and is being furnished to you solely for your information. This Note should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This Note is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Elara Securities (India) Private Limited or any of its affiliates to any registration or licensing requirements within such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law, and persons in whose possession this document comes, should inform themselves about and observe, any such restrictions. Upon request, the Recipient will promptly return all material received from the company and/or the Advisors without retaining any copies thereof. The Information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This Information is subject to change without any prior notice. Elara Securities (India) Private Limited or any of its affiliates reserves the right to make modifications and alterations to this statement as may be required from time to time. However, Elara Securities (India) Private Limited is under no obligation to update or keep the information current. Neither Elara Securities (India) Private Limited nor any of its affiliates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. This Note should not be deemed an indication of the state of affairs of the company nor shall it constitute an indication that there has been no change in the business or state of affairs of the company since the date of publication of this Note. The disclosures of interest statements incorporated in this document are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. Elara Securities (India) Private Limited generally prohibits its analysts, persons reporting to analysts and their family members from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Any clarifications / queries on the proposal as well as any future communication regarding the proposal should be addressed to Elara Securities (India) Private Limited. It is important to note that any dispute with respect to this research report, would not have access to stock exchange investor redressal forum or arbitration mechanism.

Elara Securities (India) Private Limited was incorporated in July 2007 as a subsidiary of Elara Capital (India) Private Limited.

Elara Securities (India) Private Limited is a SEBI registered Stock Broker in the Capital Market and Futures & Options Segments of National Stock Exchange of India Limited [NSE] and BSE Limited [BSE] and a Depository Participant registered with Central Depository Services (India) Limited [CDSL].

Elara Securities (India) Private Limited's business, amongst other things, is to undertake all associated activities relating to its broking business.

The activities of Elara Securities (India) Private Limited were neither suspended nor has it defaulted with any stock exchange authority with whom it is registered in last five years. However, during the routine course of inspection and based on observations, the exchanges have issued advise letters or levied minor penalties on Elara Securities (India) Private Limited for minor operational deviations in certain cases. Elara Securities (India) Private Limited has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has the certificate of registration been cancelled by SEBI at any point of time.

Elara Securities (India) Private Limited offers research services primarily to institutional investors and their employees, directors, fund managers, advisors who are registered or proposed to be registered.

Details of Associates of Elara Securities (India) Private Limited are available on group company website www.elaracapital.com

Elara Securities (India) Private Limited is maintaining arms-length relationship with its associate entities.

Research Analyst or his/her relative(s) may have financial interest in the subject company. Elara Securities (India) Private Limited does not have any financial interest in the subject company, whereas its associate entities may have financial interest. Research Analyst or his/her relative does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. Elara Securities (India) Private Limited does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. Associate entities of Elara Securities (India) Private Limited may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. Research Analyst or his/her relative or Elara Securities (India) Private Limited or its associate entities does not have any other material conflict of interest at the time of publication of the Research Report.

Artificial Intelligence (AI) tools may have been used only for compilation or collating publicly available research data or internally generated research data during the information gathering and/or summarizing the final report.

Research Analyst or his/her relative(s) has not served as an officer, director or employee of the subject company.

Research analyst or Elara Securities (India) Private Limited have not received any compensation from the subject company in the past twelve months. Associate entities of Elara Securities (India) Private Limited may have received compensation from the subject company in the past twelve months. Research analyst or Elara Securities (India) Private Limited or its associate entities have not managed or co-managed public offering of securities for the subject company in the past twelve months. Research analyst or Elara Securities (India) Private Limited or its associates have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months. Research analyst or Elara Securities (India) Private Limited or its associate entities may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company or third party in connection with the Research Report in the past twelve months.

Disclaimer & Standard warning

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Disclaimer for non U.S. Investors

The information contained in this note is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

Disclosures for U.S. Investors

Rule 15a6 Disclosure: This research report ("**Report**") was prepared, approved, published, and distributed by Elara Securities (India) Private Limited a company located outside of the United States (the "**Foreign Counterparty**"). Avior Capital Markets US LLC ("**Avior US**"), a US registered broker-dealer, distributes this Report in the US on behalf of the Foreign Counterparty. Only major U.S. institutional investors (as defined in Rule 15a-6 under the US Securities Exchange Act of 1934 (the "**Exchange Act**") may receive this Report under the exemption in Rule 15a-6. A US institutional investor must effect any transaction in the securities described in this Report through Avior US.

Neither the Report nor any analyst who prepared or approved the Report is subject to US legal requirements or the Financial Industry Regulatory Authority, Inc. ("**FINRA**") or other US regulatory requirements concerning research reports or research analysts. The Foreign Counterparty is not a registered broker-dealer under the Exchange Act nor is it a member of the Financial Industry Regulatory Authority, Inc., or any other US self-regulatory organisation.

Disclosures on Subject Companies: Analysts of the Foreign Counterparty produced this material solely for informational purposes and the use of the intended recipient. No person may reproduce, this Report under any circumstances. No person may copy or make this Report available to any other person other than the intended recipient.

Avior US distributes this Report in the United States of America. The Foreign Counterparty distributes this Report elsewhere in the world. This document is not an offer, or invitation by or on behalf of Avior US, the Foreign Counterparty, their affiliates, or any other person, to buy or sell any security.

Avior US and the Foreign Counterparty and their affiliates obtained the information contained herein from published information and other sources, which Avior US and the Foreign Counterparty and their affiliates reasonably consider to be reliable.

Avior US and the Foreign Counterparty accept no liability or responsibility whatsoever for the accuracy or completeness of any such information. All estimates, expressions of opinion and other subjective judgments contained herein are valid as of the date of this document. Avior US assumes responsibility for the Report content with regards to research distributed in the US.

Neither Avior US nor the Foreign Counterparty has managed or co-managed a public offering of securities for the subject company in the past 12 months, have not received compensation for investment banking services from the subject company in the past 12 months and do not expect to receive and does not intend to seek compensation for investment banking services from the subject company in the next three months. Avior US and the Foreign Counterparty have not owned any class of equity securities of the subject company. There are no other actual, material conflicts of interest of Avior US and the Foreign Counterparty at the time of the publication of this Report. As of the publication of this Report, Avior US nor the Foreign Counterparty makes a market in the subject securities.

Avior US and its affiliates, to the fullest extent permissible by law, accept no liability of any nature whatsoever for any claims, damages or losses arising from, or in connection with, the contents of this Report or the use, reliance, publication, distribution, dissemination, disclosure, alteration or reproduction of this Report, or any views or recommendations recorded therein.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (i) exchange rates can be volatile and are subject to large fluctuations; (ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government imposed exchange controls which could affect the value of the currency. Investors in securities such as ADRs, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Subject to the applicable laws, all transactions should be executed through Avior US. Aside from within this Report, important conflict disclosures can also be found at https://aviorcapital.us/us-regulatory-disclosures/and Investors are strongly encouraged to review this information before investing.

Additional Disclaimer for UK Investors

Note that Elara Securities (India) Private Limited ("**Foreign Counterparty**") has concluded a MiFID II research intermediary agreement with Avior Capital Markets International Limited ("Avior UK"), regulated by the Financial Conduct Authority (FRN: 191074), pursuant to which Avior UK distributes the Foreign Counterparty's research in the UK, in return for which the Foreign Counterparty pays Avior UK a percentage of the income received in relation to such research. This research report including any recommendations recorded therein ("**Report**") have been prepared by the Foreign Counterparty, and not by Avior UK.

The Report: (a) has been objectively prepared from public sources which are believed to be reliable and therefore constitutes independent investment research and is presented as such; and (b) may only be distributed to, and relied on by, qualifying investors, who are permitted to receive same in the UK.

Securities, money market instruments, strategies, financial or investment instruments mentioned in this Report may not be suitable for all investors. The information and opinions provided in this Report do not constitute a personal recommendation/investment advice and take no account of the investor's individual circumstances. Investors should consider this Report as only a single factor in making any investment decisions and, if appropriate, should seek advice from an investment advisor. This Report is not an offer, or invitation by or on behalf of Avior UK, the Foreign Counterparty, their affiliates, or any other person, to buy or sell any security.

Save as disclosed otherwise, the Foreign Counterparty's relationship with Avior UK is not reasonably expected to impair the objective presentation of the recommendations in the Report, including any interests or conflicts of interest concerning any financial instruments or the issuers to which the recommendations, directly or indirectly, relate. The Report is deemed to be first disseminated at the date and time recorded on the relevant distribution platform, data network or email (as applicable), and which information is available on request. A list of the Foreign Counterparty's research reports disseminated in the UK over the past 12 months is also available on request.

Avior UK does not assume any responsibility or liability of any nature whatsoever arising from or in connection with the content, use, reliance or dissemination of the Report or any recommendation in respect thereof and disclaims any such liability.

Certification by Each of the Authors of this Report

The analyst(s) (singular includes plural) ("Analyst") certifies that the views expressed in this Report are an accurate representation of the Analyst's personal opinions on the stock or sector as covered and reported on by the Analyst hereinabove. The Analyst furthermore certifies that no part of the Analyst's compensation was, is, or will be related, directly or indirectly, to the specific recommendations or views as expressed in this document. The Analyst is principally responsible for the preparation of this Report and does not have any material conflict of interest at the time of publication of this Report. The Analyst(s) has not served as an officer, director or employee of the subject company in the last 12-month period ending on the last day of the month immediately preceding the date of publication of the Report.

Analyst Certification: In connection with the companies or securities that; each analyst identified in this Report certifies that: The views expressed on the subject companies and securities in this Report reflect their personal views. No part of his or her compensation was, is or will be directly or indirectly dependent on the specific recommendations or views expressed in this Report.

Note that:

(i) The Foreign Counterparty is the employer of the research analyst(s) responsible for the content of this Report, and

(ii) Research analysts preparing this Report are resident outside the United States and are not associated persons of any US regulated broker-dealer. Therefore, the analyst(s) are not subject to supervision by a US broker-dealer and are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with US rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

Avior Capital Markets US, LLC is a FINRA registered broker-dealer (CRD # 172595) formed for that purpose in the State of Delaware with its principal office at 45 Rockefeller Plaza, Suite 2335, New York, New York 10111.

Avior Capital Markets International Limited is regulated by the Financial Conduct Authority (FRN: 191074), with its principal office at 10 South Street, Elgin, Scotland IV30 1LE.

Elara Securities (India) Private Limited is a SEBI-registered Research Analyst (Regn. No.: INH000000933), Stock Broker (Regn. No.: INZ000238236) and Depository Participant (Regn. No.: IN-DP-370-2018). Its registered address is One International Center, Tower 3, 21st Floor, Senapati Bapat Marg, Elphinstone Road (West) Mumbai – 400 013, India

India
Elara Securities (India) Private Limited
One International Center, Tower 3,
21st Floor, Senapati Bapat Marg,
Elphinstone Road (West)
Mumbai – 400 013, India
Tel : +91 22 6164 8500

Europe
Elara Capital Plc.
6th Floor, The Grove,
248A Marylebone Road,
London, NW1 6JZ,
United Kingdom
Tel : +44 20 7486 9733

USA
Elara Securities Inc.
950 Third Avenue, Suite 1900
New York, NY 10022 United States
Tel: +1 212 430 5870
Fax: +1 212 208 2501

Asia / Pacific
Elara Capital (Singapore) Pte.Ltd.
One Marina Boulevard,
Level 20,
Singapore 018989
Tel : +65 6978 4047

Managing Director	**Harendra Kumar** | harendra.kumar@elaracapital.com | +91 22 6164 8571
Head of Sales	**Prashin Lalvani -** prashin.lalvani@elaracapital.com - +91 22 6164 8544
Head of Research	**Dr Bino Pathiparampil** | bino.pathiparampil@elaracapital.com | +91 22 6164 8572
Deputy Head of Research & Strategist	**Garima Kapoor** | garima.kapoor@elaracapital.com | +91 22 6164 8527

Sales Team

India & UK	**Prashin Lalvani -** prashin.lalvani@elaracapital.com - +91 22 6164 8544
India	**Hitesh Danak** - hitesh.danak@elaracapital.com - +91 22 6164 8543 **Ashok Agarwal** - ashok.agarwal@elaracapital.com - +91 22 6164 8558 **Himani Sanghavi** - himani.sanghavi@elaracapital.com - +91 22 6164 8586 **Pooja Soni** - pooja.soni@elaracapital.com - +91 22 6164 8558
India, APAC & Australia	**Sudhanshu Rajpal** - sudhanshu.rajpal@elaracapital.com - +91 22 6164 8508 **Joshua Saldanha** - joshua.saldanha@elaracapital.com - +91 22 6164 8541 **Shraddha Shrikhande** - shraddha.shrikhande@elaracapital.com - +91 22 6164 8567 **Suyash Maheshwari** - suyash.maheshwari@elaracapital.com - +91 22 4204 8698
India & US	**Karan Rathod** - karan.rathod@elaracapital.com - +91 22 6164 8570
Corporate Access, Conference & Events	**Anita Nazareth** - anita.nazareth@elaracapital.com - +91 22 6164 8520 **Tina D'souza** - tina.dsouza@elaracapital.com - +91 22 6164 8595

Elara Securities (India) Private Limited
Registered Office Address: One International Center, Tower 3, 21st Floor, Senapati Bapat Marg, Elphinstone Road (West) Mumbai – 400 013, India Tel : +91 22 6164 8500
CIN: U74992MH2007PTC172297 | SEBI Research Analyst Registration No.: INH000000933
Member of BSE Limited and National Stock Exchange of India Limited | SEBI REGN. NO.: INZ000238236
Member of Central Depository Services (India) Limited | SEBI REGN. NO.: IN-DP-370-2018
Investor Grievance Email ID: investor.grievances@elaracapital.com - Tel. +91 22 6164 8509
Compliance Officer: Mr. Anand Rao - Email ID: anand.rao@elaracapital.com - Tel. +91 22 6164 8509