

# Bharti Airtel | BUY

Sharp net debt decline reflects huge FCF generation potential; maintain BUY

India wireless EBITDA was 0.5-1% above JMFe/cons at INR 162.7bn (up 3.3% QoQ) on robust ARPU growth (up 2% QoQ to INR 250), but it was partly offset by lower net subscriber (subs) additions (1.2mn) and slightly lower 4G/5G subs additions (3.9mn). Further, strong traction continues in the home broadband business, led by FWA rollout, but the company lags Jio on subs addition. The management expects strong growth in the Enterprise business, having completed shedding of low-margin business. India capex (ex-Indus) moderated sharply to INR 54.5bn, led by the wireless business; consolidated net debt (ex-lease liability) declined by a sharp INR 130bn QoQ to INR 1,255bn reflecting the huge FCF generation potential. We maintain BUY on Bharti (revised TP of INR 2,240) as we believe the industry's wireless ARPU will grow at 12-13% CAGR in the next 3-5 years given the consolidated industry structure, to ensure a '3+1' player market and higher ARPU requirement for Jio not only to justify its significant 5G capex but also given its potential listing plans. Further, the potential 5G monetisation and FWA rollout provides significant upside risk over the long term. Moreover, there is huge FCF generation potential over the next 4-5 years with the next big jump in capex, mostly related to 6G, which is the most likely 2030-onwards story.

- Consolidated revenue slightly higher at INR 500bn led by strong growth in India wireless and home broadband business, while EBITDA in line with JMFe at INR 284bn: Bharti's 1QFY26 consolidated revenue at INR 500bn (up 3.3% QoQ, and up 28.6% YoY on a small base due to Indus consolidation) was ~1% higher than JMFe/consensus led by strong growth in India wireless, home broadband and Airtel Africa businesses. However, consolidated EBITDA at INR 284bn (up 3.1% QoQ, and up 41% YoY on a small base due to Indus consolidation), was in line with JMFe but 1% above consensus. Separately, it reported EBITDAaL of INR 250bn in 1QFY26 (up 2.5% QoQ), with EBITDAaL margin at 50% in 1QFY26.
- India wireless EBITDA 0.5-1% above JMFe/consensus at INR 162.7bn (up 3.3% QoQ) on robust ARPU growth (to INR 250) but partly offset by lower net subs adds (1.2mn): India wireless revenue, at INR 274bn (+2.9% QoQ and +21.6% YoY), was marginally above JMFe/consensus of INR 273bn. Further, India wireless EBITDA at INR 162.7bn (+3.3% QoQ and +30% YoY) was also 0.5-1% above JMFe/consensus of INR 162bn/INR 161bn; India wireless EBITDA margin improved to 59.4% in 1QFY26 (vs. 59.2% in 4QFY25). India wireless ARPU was higher at INR 250 (vs. JMFe of INR 249 and vs. INR 245 in 4QFY25), up 2.0% QoQ due to upgrades and improved subs mix and aided by 1 more day QoQ in 1QFY26. This compares to Jio's 1QFY26 ARPU being up 1.3% QoQ at INR 208.8 (including FTTH) and ~INR 195 (excluding FTTH) and Bharti Hexacom's ARPU, which grew by 1.7% QoQ to INR 246 in 1QFY26. Further, usage metrics was up 7.2% QoQ at 26.9GB/user/month in 1QFY26. However, India wireless business net subscriber additions was lower at 1.2mn QoQ (vs. JMFe of 2.3mn) with reported churn higher QoQ at 2.7% in 1QFY26 (vs. 2.3% in 4QFY25). Further, 4G/5G net additions were also slightly lower at 3.9mn in 1QFY26 vs. JMFe of 5.5mn additions (vs. 6.6mn additions in 4QFY25); 4G/5G subscribers constitute 77% of total

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	15,14,178	17,45,589	21,19,346	23,80,450	26,55,926
Sales Growth (%)	8.1	15.3	21.4	12.3	11.6
EBITDA	7,97,272	9,47,329	11,60,232	13,14,517	14,66,764
EBITDA Margin (%)	52.7	54.3	54.7	55.2	55.2
Adjusted Net Profit	1,09,509	1,45,531	2,69,800	3,69,724	4,66,324
Diluted EPS (INR)	19.1	25.2	46.8	64.1	80.8
Diluted EPS Growth (%)	24.2	32.2	85.4	37.0	26.1
ROIC (%)	9.2	9.5	14.7	17.9	21.4
ROE (%)	13.7	14.9	21.7	24.8	25.8
P/E (x)	101.2	76.6	41.3	30.1	23.9
P/B (x)	13.5	9.8	8.3	6.8	5.6
EV/EBITDA (x)	16.9	14.4	11.5	9.8	8.5
Dividend Yield (%)	0.4	0.8	0.7	1.0	1.3

Source: Company data, JM Financial. Note: Valuations as of 05/Aug/2025



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## Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,240
Upside/(Downside)	15.9%
Previous Price Target	2,250
Change	-0.5%

## Key Data – BHARTI IN

Current Market Price	INR1,932
Market cap (bn)	INR11,592.0/US\$132.0
Free Float	46%
Shares in issue (mn)	5,769.6
Diluted share (mn)	5,769.6
3-mon avg daily val (mn)	INR14,384.7/US\$163.8
52-week range	2,046/1,422
Sensex/Nifty	80,710/24,650
INR/US\$	87.8

## Price Performance

%	1M	6M	12M
Absolute	-4.2	16.3	31.8
Relative*	-1.0	12.5	28.3

\* To the BSE Sensex

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
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subscribers. However, post-paid subscriber net additions (excluding IoT) continued to be strong at 0.7mn in 1QFY26 to 26.6mn (vs. 0.6mn in 4QFY25).

- **Strong traction in home broadband business continues, led by FWA rollout, but Bharti lags Jio on subs addition; completes shedding low-margin business in B2B segment:** Bharti's home broadband EBITDA increased to INR 8.6bn in 1QFY26 (+7.9% QoQ and +25% YoY) with additions of 939k subscribers during the quarter, aided by FWA rollout (with ~11mn subs at end-1QFY26), but this is lower than Jio's robust FTTH/FWA addition of ~2.6mn in 1QFY26 (with 20.7mn subs at end-1QFY26). However, ARPU moderated to INR 537/month in 1QFY26 (vs. INR 543/month in 4QFY25) as additions are happening at lower tariff plans. Its home-pass network also expanded at a faster pace of 1.6mn home passes in 1QFY26, which the management aims to further accelerate to 2.5mn per quarter going forward. Separately, enterprise business revenue was down 4.9% QoQ and down 7.7% YoY to INR 50.6bn; EBITDA was down 3.7% QoQ but up 8.5% YoY to INR 21.5bn, impacted by portfolio transformation in line with the company's stated strategic goal to eliminate low-margin business (finally completed in 1QFY26). However, Bharti shared that the underlying revenue growth was steady at 2.0% QoQ growth with continued improvement in funnel and order book. Further, enterprise segment capex normalised QoQ to INR 7.3bn in 1QFY26 (after seeing one-off jump to INR 24.9bn in 4QFY25).
- **India capex (ex-Indus) moderating sharply to INR 54.5bn led by wireless business; Net debt (ex-lease liability) also declined by sharp INR 130bn QoQ to INR 1,255bn:** Consolidated capex (excluding Indus) moderated sharply to INR 64.9bn in 1QFY26 (of which India business capex excluding Indus moderated to INR 54.5bn) vs. sharp jump 4QFY25 consolidated capex to INR 123bn (of which India business capex was INR 104bn). Net debt at end-1QFY26, excluding lease liabilities, declined by a sharp INR 130bn QoQ to INR 1,255bn. Net debt-EBITDA, including lease liabilities, stands at 1.69x at end-1QFY26 (vs. 1.85x at end-4QFY25).
- **Reiterate BUY with revised 1-year TP of INR 2,240 and 3-year TP of INR 3,035 (implying 16% IRR); our TP implies 13.7x Sep'27 EV/EBITDA for India wireless:** We have tweaked our FY26-28 Revenue/EBITDA estimates marginally, incorporating 1QFY26 results; however, our TP has been revised downwards to INR 2,240 (from INR 2,250) due to decline in the value of listed investment, i.e., Indus (which is valued at CMP less 20% holding discount). Our TP implies 13.7x Sep'27 EV/EBITDA for India wireless business and 12.8x for overall India business. Further, given the attractive, long growth runway, we see Bharti delivering a 3-year IRR of 16% based on our revised 3-year TP of INR 3,035 (**Exhibit 11-12**). As detailed in our Deep-Dive note ([Biggest beneficiary of structural ARPU growth story](#)), we reiterate BUY on Bharti as we believe the industry's wireless ARPU will grow at 12-13% CAGR in the next 3-5 years given the consolidated industry structure, to ensure a '3+1' player market and higher ARPU requirement for Jio not only to justify its significant 5G capex but also given its potential listing plans. Further, the potential 5G monetisation and FWA rollout provides significant upside risk over the long term. Moreover, there is huge FCF generation potential over the next 4-5 years, with the next big jump in capex, largely related to 6G, which is the most likely 2030-onwards story.

## 1QFY26 concall takeaways

1) Reiterated **industry needs further tariff repair for long-term respectable** return for sustained investments given that RoCE for the industry is still very low. Also highlighted that the tariff repair opportunity is still huge given **India rates are low on both overall ARPU or based on cost/GB**, even if we compare with economies with lower per-capita income. Also reiterated that **upgrades** (i.e., feature phone to smartphone upgrades; pre-paid to post-paid upgrade: data monetisation; and international roaming) **will play the central role in ARPU growth in the absence of a tariff hike**.

2) Reiterated that **India's pricing structure is broken as we have one-size-fits-all tariff approach**, which doesn't incentivise the customer to upgrade and **telcos are force to hike tariff for everyone in its effort to boost its ARPU**; thus restructuring of tariff structure is necessary (i.e., **minimal hike in entry level tariff, while reducing data allowance on existing low-end data packs and charging more from customers who can pay more**). In an earlier concall, the management shared an example: if entry level wireless pricing in India is indexed at 100, then the highest tariff plan in India will be indexed at 200-250 while it could be significantly higher at 500 in other emerging markets like Indonesia, etc.

3) Reiterated that **Bharti will step up its dividend over the years but didn't share any dividend policy**. Further, **reiterated that fibre rollout remains a strategic priority while radio capex is trending down**. Also, **there will be rise in capex in a) home broadband, b) Enterprise business (in core connectivity by increasing capacity of under-sea cable capacity; and digital services adjacencies across Cloud, Security and IoT, which are contributing the majority of the growth in B2B currently); and in data centre business**. Added that 1QFY26 capex was low seasonally and hence may be 4QFY25 and 1QFY26 combined capex of ~INR 160bn should be taken as the more normalised run-rate; in the 4QFY25 concall, it had said that FY26 India business capex should be lower than FY25 India business capex excluding Indus of INR 303bn.

4) On monetisation of stake in various investment/subsidiaries, the management said: a) **Data-centre business has more than doubled in last 2 years and there is still huge growth potential; hence, not looking at listing in the next 2-3 years**, may be looked at after that; b) Fibre InvIT may be possible in a few years, but not necessary; c) Airtel money – keen to get listed possible in the next 1-2 years; d) Airtel payment may also get listed due to regulatory requirement in future; e) Minority stake in Sri Lanka and Bangladesh can be monetised in future but no urgency

5) In Home broadband business, **speeding up the rollout of home passes and targeting to accelerate home pass to 2.5mn per quarter from the current run-rate of 1.6mn per quarter**; focussed on reducing churn and improving customer experience. Happy with the progress in terms of market share in the home broadband business; jump in home capex is due to CPE cost and fibre-related capex.

6) On UBR technology for providing FWA broadband connection (like being done by Jio), **the management said UBR technology uses Wi-Fi band to provide connectivity, mostly in the B2B segment**. Added that there is a high degree of interference in UBR in high dense areas and hence can impact experience; but it can be workable in a less-dense market. Hence, **reiterated that the best way to connect home is via fibre and will continue to boost capex for fibre rollout**.

7) The management shared that it has **completely exited the very low margin commodity voice and wholesale business in 1QFY26** (was being carried out over the last few quarters). However, adjusted for this, the **underlying B2B segment revenue growth was steady at 2.0% QoQ growth with continued improvement in funnel and order book** (secured multiple deals in IoT, CPaaS segments, etc.)

Further, the management shared additional **insights on its segments under the Airtel business (Enterprise B2B segment): a) Core Connectivity** - high margins but annual growth slowed down to 4-5%; **b) IoT** - holds 60% market share in the industry dominated by telcos; good

margins and has growth opportunities led by smart meters, fleet tracking; **c) Wholesale business (messaging both domestic/international, incoming voice)** – very low margin and faces headwinds due to shift from SMS/voice to in-app based notification, etc. and pricing pressure; **d) Cyber Security** - growing nicely with less capex requirement, partnered with established players given it is a crowded space and requires credibility; **e) Cloud** - not focussed into reselling public cloud given it is a low-margin crowded business; undertaking capex to build its own cloud, which is a high-margin, high-growth business with the market as big as ~INR 600bn.

**8) Bharti has around 153mn 5G subs at end-1QFY26 (vs. 135mn 5G subs at end-4QFY25, 120mn at end-3QFY25, 105mn at end-2QFY25, 90mn at end-1QFY25, 72mn at end-4QFY24, 65mn during 3QFY24 and 55mn during 2QFY24) vs. +210mn for Jio at end-1QFY26. 5G caters to 36% of Bharti's network traffic, helping to decongest 4G data load. 5G mobile shipment has strengthened to 86% of total smartphone shipment.**

9) On Bharti's request to the government for AGR conversion to equity, the **management said it had written to the government to extend to Bharti the same relief that it has extended to other telco**; the government will take a decision but Bharti has enough room to make payment.

## 1QFY26 result review

## Exhibit 1. Consolidated quarterly snapshot

Consolidated, INR mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
Revenue	388,699	417,280	455,990	483,620	499,714	3.3%	28.6%
Operating costs	187,988	196,271	205,327	208,674	216,239	3.6%	15.0%
-Netw ork costs	77,606	80,115	86,267	91,055	95,456	4.8%	23.0%
-License fees, SUC and oher revenue share	31,564	34,658	35,698	36,370	37,200	2.3%	17.9%
-Access Charges	19,084	18,211	19,636	14,782	12,571	-15.0%	-34.1%
-Employee costs	13,728	14,966	16,082	18,313	17,380	-5.1%	26.6%
-SG&A and other costs	46,006	48,321	47,644	48,154	53,632	11.4%	16.6%
<b>EBITDA</b>	<b>200,711</b>	<b>221,009</b>	<b>250,663</b>	<b>274,946</b>	<b>283,475</b>	<b>3.1%</b>	<b>41.2%</b>
Depreciation & Amortization	105,401	110,000	117,042	123,260	124,651	1.1%	18.3%
EBIT	95,310	111,009	133,621	151,686	158,824	4.7%	66.6%
Associates	9,117	10,739	16,597	577	828		
Net interest cost	51,524	54,237	56,755	55,023	54,608		
Reported PBT	60,253	58,974	168,919	95,839	105,044		
Tax	-22,609	-20,383	-38,050	-30,214	-30,826		
Reported PAT	41,599	35,932	147,812	110,218	59,479		
Reported EPS	7.21	6.21	25.54	19.02	10.26		
Tax/PBT (%)	-38%	-35%	-23%	-32%	-29%		
EBITDA margin (%)	51.6%	53.0%	55.0%	56.9%	56.7%		
Incremental EBITDA margin (%)	40.8%	71.0%	76.6%	87.9%	53.0%		
EBITDAaL	202,644	226,134	260,343	243,839	249,945		
EBITDAaL margin (%)	52.1%	54.2%	57.1%	50.4%	50.0%		

Source: Company, JM Financial. Note: Above financials consolidates Indus for 3QFY25 while excludes Indus for prior quarters.

## Exhibit 2. India business quarterly snapshot

India Business, INR mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
Revenue	324,002	315,607	364,024	367,345	375,846	2.3%	16.0%
Operating costs	136,309	144,271	126,068	150,818	155,101	2.8%	13.8%
-Netw ork costs	58,281	61,083	70,232	68,364	72,224	5.6%	23.9%
-License fees, SUC and oher revenue share	26,239	29,198	30,122	30,406	31,074	2.2%	18.4%
-Access Charges	16,012	15,187	16,469	11,529	9,193	-20.3%	-42.6%
-Employee costs	7,721	8,468	10,589	11,870	10,635	-10.4%	37.7%
-SG&A and other costs	28,056	30,335	-1,344	28,649	31,975	NM	14.0%
<b>EBITDA</b>	<b>187,693</b>	<b>171,336</b>	<b>237,956</b>	<b>216,527</b>	<b>220,745</b>	<b>1.9%</b>	<b>17.6%</b>
Depreciation & Amortization	89,386	93,843	102,506	103,343	104,693	1.3%	17.1%
EBIT	98,307	77,493	135,450	113,184	116,052	2.5%	18.1%
Associates	9,117	10,739	0	0	0		
Net interest cost	49,477	23,778	32,401	33,274	31,387		
Reported PBT	38,312	55,163	105,922	80,872	83,148		
Tax	-9,257	-12,546	-29,395	-22,674	-20,972		
Reported PAT	26,814	40,138	55,443	48,037	53,954		
Reported EPS	4.65	6.94	9.58	8.29	9.31		
Tax/PBT (%)	-24%	-23%	-28%	-28%	-25%		
EBITDA margin (%)	57.9%	54.3%	65.4%	58.9%	58.7%		
Incremental EBITDA margin (%)	181.7%	194.8%	137.6%	-645.3%	49.6%		

Source: Company, JM Financial. Note: Above financials consolidates Indus for 3QFY25 while excludes Indus for prior quarters.

## Exhibit 3. Segment-wise capex break-up

Particulars	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
<b>Capex (INR Bn)</b>							
India Wireless	48.5	39.9	43.5	60.4	29.6	-51.0%	-39.0%
Home Services (Broadband)	7.1	9.5	11.4	15.2	14.6	-3.9%	106.0%
Telemedia (DTH)	4.1	4.3	4.6	3.7	3.1	-17.3%	-25.0%
Enterprise Business	8.2	9.0	9.1	24.9	7.3	-70.6%	-10.6%
<b>India Business Capex (ex Indus)</b>	<b>67.8</b>	<b>62.6</b>	<b>68.6</b>	<b>104.1</b>	<b>54.5</b>	<b>-47.6%</b>	<b>-19.6%</b>
South Asia	0.0	0.0	0.0	0.0	0.0	NM	NM
Airtel Africa	12.3	14.2	11.8	18.5	10.3	-44.1%	-15.7%
<b>Consolidated Capex (ex Indus)</b>	<b>80.1</b>	<b>76.7</b>	<b>80.5</b>	<b>122.6</b>	<b>64.9</b>	<b>-47.1%</b>	<b>-19.0%</b>
<b>Capex Intensity (i.e. Capex as % of Revenue)</b>							
India Wireless	21.5%	16.1%	16.6%	22.7%	10.8%		
Home Services (Broadband)	51.7%	66.1%	75.6%	95.0%	84.8%		
Telemedia (DTH)	52.5%	56.1%	60.8%	48.3%	40.1%		
Enterprise Business	14.9%	15.9%	16.1%	46.8%	14.5%		
<b>India Business Capex (ex Indus)</b>	<b>20.9%</b>	<b>19.8%</b>	<b>18.9%</b>	<b>28.3%</b>	<b>14.5%</b>		
Airtel Africa	12.7%	13.9%	11.0%	16.2%	8.6%		
<b>Consolidated Capex (ex Indus)</b>	<b>20.6%</b>	<b>18.4%</b>	<b>17.6%</b>	<b>25.3%</b>	<b>13.0%</b>		

Source: Company, JM Financial.

## Exhibit 4. Net debt (excluding lease liability) reduced by INR 130bn to INR 1,255bn in 1QFY26 at consolidated level (including Indus)

Particulars (INR bn)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
Long term debt, net of current portion	204	204	208	202	208	2.8%	2.0%
Short-term borrowings and current portion of long-term debt	276	323	265	376	258	-31.3%	-6.4%
Deferred payment liability	968	977	944	906	908	0.2%	-6.2%
<b>Gross debt excluding Lease Obligations</b>	<b>1,447</b>	<b>1,504</b>	<b>1,418</b>	<b>1,484</b>	<b>1,374</b>	<b>-7.4%</b>	<b>-5.1%</b>
Less: Cash and Cash Equivalents	54	48	60	61	53	-12.8%	-0.8%
Less: Investments & Receivables	19	9	21	38	66	72.7%	249.3%
<b>Net Debt excluding Lease Obligations</b>	<b>1,375</b>	<b>1,447</b>	<b>1,337</b>	<b>1,385</b>	<b>1,255</b>	<b>-9.4%</b>	<b>-8.7%</b>
Lease Obligation	501	609	629	653	661	1.2%	31.9%
<b>Net Debt including Lease Obligations</b>	<b>1,876</b>	<b>2,056</b>	<b>1,966</b>	<b>2,038</b>	<b>1,916</b>	<b>-6.0%</b>	<b>2.1%</b>
<b>Net Debt (incl Lease liability) to EBITDA (x)</b>	<b>2.34</b>	<b>2.33</b>	<b>1.96</b>	<b>1.85</b>	<b>1.69</b>		
<b>Consolidated Capex (ex Indus)</b>	<b>80</b>	<b>77</b>	<b>80</b>	<b>123</b>	<b>65</b>	<b>-47.1%</b>	<b>-19.0%</b>

Source: Company, JM Financial. Note: Above data includes Indus since 3QFY24 while excludes Indus for prior quarters.



## Exhibit 5. Bharti Airtel segmental snapshot

	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
<b>India wireless</b>							
Revenue (INR mn)	225,274	248,371	262,687	266,168	273,966	2.9%	21.6%
Post IND AS EBITDA (INR mn)	125,274	141,710	154,568	157,535	162,743	3.3%	29.9%
Post IND AS EBITDA margin (%)	55.6	57.1	58.8	59.2	59.4	22bps	379bps
Incremental Post IND AS EBITDA margin (%)	79.4	71.2	89.8	85.2	66.8		
EoP Subscribers (mn)	355	352	357	362	363	0.3%	2.3%
Net subscriber addition (mn)	2.3	-2.9	4.9	5.0	1.2		
EoP Post-paid subscribers (excluding IoT) (mn)	23.9	24.7	25.3	25.9	26.6	2.7%	11.2%
Net post-paid subscriber (excluding IoT) addition (mn)	0.8	0.8	0.6	0.6	0.7		
Postpaid subscribers (excluding IoT) as % of total subs	6.7%	7.0%	7.1%	7.2%	7.3%		
EoP 4G/5G subscribers (mn)	259	264	270	277	281	1.4%	8.2%
Net 4G/5G subscriber addition (mn)	6.7	4.2	6.5	6.6	3.9		
4G/5G subs as % of total subs	73%	75%	76%	77%	77%		
EoP 5G subscribers (mn)	90	105	120	135	153		
5G subs as % of 4G/5G subs	35%	40%	44%	49%	55%		
EoP Total Data subscribers (mn)	267	271	278	281	285		
Net Data subscriber addition (mn)	6.3	4.0	6.4	3.6	3.5		
Data subs as % of total subs	75%	77%	78%	78%	78%		
AMDU (GB/month)	23.7	23.9	24.5	25.1	26.9	7.2%	13.5%
ARPU (INR/month)	211	233	245	245	250	2.0%	18.5%
Total subscriber Churn	2.8%	3.2%	2.5%	2.3%	2.7%		
Implied Gross subscriber addition (mn)	31.9	31.0	31.5	29.8	31.6		
Mobile service population coverage	96.2%	96.2%	96.3%	97.0%	96.4%		
Netw ork tow ers (#)	324,498	329,543	334,757	338,029	339,860	0.5%	4.7%
Netw ork tow ers additions QoQ (#)	6,327	5,045	5,214	3,272	1,831		
Total Mobile Broadband Base stations (#)	947,377	962,565	978,832	992,465	999,933	0.8%	5.5%
Optic Fibre Netw ork (R km)	453,744	463,551	477,505	489,098	497,399	1.7%	9.6%
<b>Home Services (Broadband)</b>							
Revenue (INR mn)	13,670	14,321	15,092	15,961	17,179	7.6%	25.7%
EBITDA (INR mn)	6,867	7,203	7,465	7,957	8,589	7.9%	25.1%
EBITDA margin (%)	50.2	50.3	49.5	49.9	50.0	14bps	-24bps
Subscribers (mn)	7.97	8.55	9.23	10.04	10.98	9.3%	37.7%
ARPU (INR/month)	572	566	554	543	537	-1.1%	-6.1%
Cities covered (#)	1,317	1,345	1,427	1,476	1,512		
<b>Telemedia (DTH)</b>							
Revenue (INR mn)	7,771	7,586	7,607	7,644	7,628	-0.2%	-1.8%
EBITDA (INR mn)	4,402	4,243	4,425	3,849	3,882	0.9%	-11.8%
EBITDA margin (%)	56.6	55.9	58.2	50.4	50.9	54bps	-576bps
Subscribers (mn)	16.3	15.8	15.8	15.9	15.7	-1.3%	-4.0%
ARPU (INR/month)	159	158	160	162	161	-0.6%	1.3%
<b>Enterprise Business</b>							
Revenue (INR mn)	54,765	56,555	56,460	53,155	50,571	-4.9%	-7.7%
EBITDA (INR mn)	19,855	20,208	19,846	22,359	21,535	-3.7%	8.5%
EBITDA margin (%)	36.3	35.7	35.2	42.1	42.6	52bps	633bps
EoP Post-paid IoT/M2M connections (mn)	28	28	30	35	45	28.3%	57.9%
Net Post-paid IoT/M2M connection addition (mn)	0.1	0.2	1.7	4.7	9.9		
<b>Airtel Africa</b>							
Revenue (INR mn)	96,369	101,631	107,032	113,763	120,834	6.2%	25.4%
EBITDA (INR mn)	43,617	47,259	50,295	53,807	58,156	8.1%	33.3%
EBITDA margin (%)	45.3	46.5	47.0	47.3	48.1	83bps	287bps
<b>Passive Infrastructure (Indus Towers)</b>							
Revenue (INR mn)			75,474	77,271	80,576	4.3%	NM
EBITDA (INR mn)			69,971	43,952	44,673	1.6%	NM
EBITDA margin (%)			92.7	56.9	55.4	-144bps	NM
<b>Consolidated</b>							
Revenue (INR mn)	388,699	417,280	455,990	483,620	499,714	3.3%	28.6%
EBITDA (INR mn)	200,711	221,009	250,663	274,946	283,475	3.1%	41.2%
EBITDA margin (%)	51.6	53.0	55.0	56.9	56.7	-12bps	509bps
PAT (INR mn)	41,599	35,932	147,812	110,218	59,479		

Source: Company, JM Financial. The previous year numbers are as per reported including IUC, hence YoY ARPU and revenue numbers are not comparable for India wireless. Note: Above consolidated financials includes Indus for 3QFY25 while excludes Indus for prior quarters.

## Assumptions and Estimates

### Exhibit 6. Bharti Airtel – Key operational assumptions

Particulars	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
<b>India wireless</b>										
India ARPU (INR)	154	160	189	204	232	257	284	313	342	373
YoY Growth (%)	13.8%	3.7%	18.4%	8.0%	13.7%	10.5%	10.7%	10.2%	9.1%	9.1%
India subs EoP (mn)	321	326	335	352	362	368	374	380	386	391
YoY Growth (%)	13.3%	1.5%	2.9%	5.0%	2.7%	1.9%	1.6%	1.5%	1.5%	1.5%
India data subs (mn)	189	208	233	261	281	296	310	324	333	342
Data subs as % of total subs	59%	64%	69%	74%	78%	80%	83%	85%	86%	87%
Data usage per sub (GB)	16.1	19.0	20.5	22.3	25.0	25.7	26.3	26.9	27.4	27.9
Minutes of usage per sub (MoU)	992	1,056	1,096	1,131	1,140	1,182	1,226	1,272	1,319	1,368
<b>India Home Services/Broadband</b>										
Fixed line subscribers (mn)	3.1	4.5	6.1	7.7	10.2	14.7	18.7	22.7	26.7	28.7
Fixed line ARPU (INR)	740	661	621	586	537	532	526	521	521	526
<b>India DTH</b>										
DTH subscribers (mn)	18	16	16	16	16	16	16	16	16	16
DTH ARPU (INR)	148	156	154	158	159	159	159	159	159	159
<b>Airtel Africa</b>										
Africa ARPU (INR)	210	237	262	235	219	240	263	290	314	337
Africa subs (mn)	118	128	140	153	166	175	178	182	185	188

Source: Company, JM Financial.

### Exhibit 7. Revenue breakup for Bharti Airtel consolidated

Particulars	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
<b>Revenues (INR mn)</b>										
India wireless	555,676	630,405	759,246	850,488	1,002,500	1,131,896	1,273,653	1,423,381	1,575,211	1,743,235
Home services/Broadband	23,342	30,391	40,473	49,701	59,044	79,614	105,664	129,621	154,635	175,130
DTH	30,561	31,538	29,450	30,448	30,608	30,490	30,667	30,756	30,800	30,823
Airtel Business	144,075	160,703	185,931	208,209	220,935	245,238	272,214	307,602	332,210	358,787
Tower	0	0	0	0	0	327,772	348,417	367,827	382,932	395,814
Others										
Africa	288,632	350,613	422,665	411,841	418,795	491,281	557,974	626,046	689,935	754,618
South Asia	4,247	3,869	2,945	3,773	941					
Eliminations	-53,037	-36,707	-39,896	-40,282	12,766	-186,946	-208,138	-229,308	-248,817	-266,323
<b>Total</b>	<b>1,027,513</b>	<b>1,170,812</b>	<b>1,400,814</b>	<b>1,514,178</b>	<b>1,745,589</b>	<b>2,119,346</b>	<b>2,380,450</b>	<b>2,655,926</b>	<b>2,916,907</b>	<b>3,192,084</b>
<b>Revenue proportion (%)</b>										
India wireless	54.1%	53.8%	54.2%	56.2%	57.4%	53.4%	53.5%	53.6%	54.0%	54.6%
Home services/Broadband	2.3%	2.6%	2.9%	3.3%	3.4%	3.8%	4.4%	4.9%	5.3%	5.5%
DTH	3.0%	2.7%	2.1%	2.0%	1.8%	1.4%	1.3%	1.2%	1.1%	1.0%
Airtel Business	14.0%	13.7%	13.3%	13.8%	12.7%	11.6%	11.4%	11.6%	11.4%	11.2%
Tower	0.0%	0.0%	0.0%	0.0%	0.0%	15.5%	14.6%	13.8%	13.1%	12.4%
Others										
Africa	28.1%	29.9%	30.2%	27.2%	24.0%	23.2%	23.4%	23.6%	23.7%	23.6%
South Asia	0.4%	0.3%	0.2%	0.2%	0.1%					
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Revenue growth (%)</b>										
India wireless	20.9%	13.4%	20.4%	12.0%	17.9%	12.9%	12.5%	11.8%	10.7%	10.7%
Home services/Broadband	4.0%	30.2%	33.2%	22.8%	18.8%	34.8%	32.7%	22.7%	19.3%	13.3%
DTH	4.5%	3.2%	-6.6%	3.4%	0.5%	-0.4%	0.6%	0.3%	0.1%	0.1%
Airtel Business	8.9%	11.5%	15.7%	12.0%	6.1%	11.0%	11.0%	13.0%	8.0%	8.0%
Tower	-100.0%						6.3%	5.6%	4.1%	3.4%
Others										
Africa	19.2%	21.5%	20.6%	-2.6%	1.7%	17.3%	13.6%	12.2%	10.2%	9.4%
South Asia	-6.7%	-8.9%	-23.9%	28.1%	-75.1%					
<b>Total</b>	<b>16%</b>	<b>14%</b>	<b>20%</b>	<b>8%</b>	<b>15%</b>	<b>21%</b>	<b>12%</b>	<b>12%</b>	<b>10%</b>	<b>9%</b>

Source: Company, JM Financial. \* The company stopped the 'others' classification from FY20 \*\*Indus Towers has been de-consolidated post the merger from 3QFY21 \*\*\*South Asia business has been de-consolidated since 2QFY25 after sale of stake in Airtel Lanka \*\*\*\* Consolidated financials are pre Indus consolidation since FY21

## Exhibit 8. EBITDA breakup for Bharti Airtel consolidated

Particulars	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
<b>EBITDA (INR mn)</b>										
India wireless	242,642	312,666	400,751	467,551	579,087	661,606	752,815	851,858	951,144	1,062,244
Home services/Broadband	13,434	16,030	20,494	24,883	29,492	40,821	55,323	68,941	83,382	95,558
DTH	20,788	21,006	17,344	17,152	16,919	16,858	16,949	16,995	17,017	17,029
Airtel Business	54,973	62,639	73,821	82,012	82,268	91,924	103,176	117,922	128,485	139,933
Tower	0	0	0	0	0	174,415	185,400	196,097	204,533	211,216
Others										
Africa	132,995	172,092	207,244	200,860	195,012	241,895	275,966	311,364	345,441	380,547
South Asia	131	-621	-518	-648	-166					
Eliminations/Adjustment	7,010	-3,130	2,965	5,462	44,717	-67,289	-75,112	-96,413	-118,421	-141,350
<b>Total</b>	<b>471,973</b>	<b>580,682</b>	<b>722,101</b>	<b>797,272</b>	<b>947,329</b>	<b>1,160,232</b>	<b>1,314,517</b>	<b>1,466,764</b>	<b>1,611,580</b>	<b>1,765,176</b>
<b>EBITDA proportion (%)</b>										
India wireless	51.4%	53.8%	55.5%	58.6%	61.1%	57.0%	57.3%	58.1%	59.0%	60.2%
Home services/Broadband	2.8%	2.8%	2.8%	3.1%	3.1%	3.5%	4.2%	4.7%	5.2%	5.4%
DTH	4.4%	3.6%	2.4%	2.2%	1.8%	1.5%	1.3%	1.2%	1.1%	1.0%
Airtel Business	11.6%	10.8%	10.2%	10.3%	8.7%	7.9%	7.8%	8.0%	8.0%	7.9%
Tower	0.0%	0.0%	0.0%	0.0%	0.0%	15.0%	14.1%	13.4%	12.7%	12.0%
Others										
Africa	28.2%	29.6%	28.7%	25.2%	20.6%	20.8%	21.0%	21.2%	21.4%	21.6%
South Asia	0.0%	-0.1%	-0.1%	-0.1%	0.0%					
<b>EBITDA margins</b>										
India wireless	43.7%	49.6%	52.8%	55.0%	57.8%	58.5%	59.1%	59.8%	60.4%	60.9%
Home services/Broadband	57.6%	52.7%	50.6%	50.1%	49.9%	51.3%	52.4%	53.2%	53.9%	54.6%
DTH	68.0%	66.6%	58.9%	56.3%	55.3%	55.3%	55.3%	55.3%	55.3%	55.2%
Airtel Business	38.2%	39.0%	39.7%	39.4%	37.2%	37.5%	37.9%	38.3%	38.7%	39.0%
Tower						53.2%	53.2%	53.3%	53.4%	53.4%
Others										
Africa	46.1%	49.1%	49.0%	48.8%	46.6%	49.2%	49.5%	49.7%	50.1%	50.4%
South Asia	3.1%	-16.1%	-17.6%	-17.2%	-17.6%					
<b>Total</b>	<b>45.9%</b>	<b>49.6%</b>	<b>51.5%</b>	<b>52.7%</b>	<b>54.3%</b>	<b>54.7%</b>	<b>55.2%</b>	<b>55.2%</b>	<b>55.2%</b>	<b>55.3%</b>

Source: Company, JM Financial. \* The company stopped the 'others' classification from FY20 \*\*Indus Towers has been de-consolidated post the merger from 3QFY21 \*\*\*South Asia business has been de-consolidated since 2QFY25 after sale of stake in Airtel Lanka \*\*\*\* Consolidated financials are pre Indus consolidation since FY21

## Exhibit 9. Capex breakdown for Bharti Airtel consolidated

Particulars	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
<b>Capex (INR mn)</b>										
India wireless (ex-spectrum)	146,763	145,262	204,802	252,727	192,263	181,103	197,416	220,624	244,158	261,485
Home services/Broadband	11,010	16,654	21,992	28,538	43,104	51,749	44,379	50,552	55,669	57,793
DTH	12,842	13,028	13,602	14,386	16,652	12,196	12,267	12,302	12,320	12,329
Airtel Business	21,955	30,119	40,171	37,876	51,123	36,786	38,110	43,064	46,509	50,230
Tower	0	0	0	0	0	56,891	40,449	32,202	35,093	36,020
Africa	45,429	67,062	60,391	60,988	56,731	68,779	66,957	75,125	82,792	90,554
South Asia	3,686	3,292	978	268	4					
<b>Total (ex-spectrum)</b>	<b>428,675</b>	<b>275,418</b>	<b>341,936</b>	<b>394,783</b>	<b>359,877</b>	<b>407,504</b>	<b>399,578</b>	<b>433,871</b>	<b>476,542</b>	<b>508,412</b>
<b>Capex intensity (Capex/Revenue)</b>										
India wireless	26.4%	23.0%	27.0%	29.7%	19.2%	16.0%	15.5%	15.5%	15.5%	15.0%
Home services/Broadband	47.2%	54.8%	54.3%	57.4%	73.0%	65.0%	42.0%	39.0%	36.0%	33.0%
DTH	42.0%	41.3%	46.2%	47.2%	54.4%	40.0%	40.0%	40.0%	40.0%	40.0%
Airtel Business	15.2%	18.7%	21.6%	18.2%	23.1%	15.0%	14.0%	14.0%	14.0%	14.0%
Tower										
Africa	15.7%	19.1%	14.3%	14.8%	13.5%	14.0%	12.0%	12.0%	12.0%	12.0%
South Asia	86.8%	85.1%	33.2%	7.1%	0.4%					
<b>Total</b>	<b>41.7%</b>	<b>23.5%</b>	<b>24.4%</b>	<b>26.1%</b>	<b>20.6%</b>	<b>19.2%</b>	<b>16.8%</b>	<b>16.3%</b>	<b>16.3%</b>	<b>15.9%</b>
<b>Capex proportion (%)</b>										
India wireless	34.2%	52.7%	59.9%	64.0%	53.4%	44.4%	49.4%	50.9%	51.2%	51.4%
Home services/Broadband	2.6%	6.0%	6.4%	7.2%	12.0%	12.7%	11.1%	11.7%	11.7%	11.4%
DTH	3.0%	4.7%	4.0%	3.6%	4.6%	3.0%	3.1%	2.8%	2.6%	2.4%
Airtel Business	5.1%	10.9%	11.7%	9.6%	14.2%	9.0%	9.5%	9.9%	9.8%	9.9%
Tower	0.0%	0.0%	0.0%	0.0%	0.0%	14.0%	10.1%	7.4%	7.4%	7.1%
Africa	10.6%	24.3%	17.7%	15.4%	15.8%	16.9%	16.8%	17.3%	17.4%	17.8%
South Asia	0.9%	1.2%	0.3%	0.1%	0.0%					
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company, JM Financial. \* The company stopped the 'others' classification from FY20\*\*Indus Towers has been de-consolidated post the merger from 3QFY21 \*\*\*South Asia business has been de-consolidated since 2QFY25 after sale of stake in Airtel Lanka Note that the capex includes spectrum capex as well. \*\*\*\* Consolidated financials are pre Indus consolidation since FY21



**Exhibit 10. Change in estimates**

	<b>New</b>	<b>Old</b>	<b>Divergence</b>
<b>TP (INR)</b>	2,240	2,250	-0.5%
<b>Rating</b>	BUY	BUY	
<b>Revenue (INR bn)</b>			
FY26	2,119	2,117	0.1%
FY27	2,380	2,372	0.4%
FY28	2,656	2,645	0.4%
<b>EBITDA (INR bn)</b>			
FY26	1,160	1,158	0.2%
FY27	1,315	1,309	0.4%
FY28	1,467	1,460	0.4%
<b>PAT (INR bn)</b>			
FY26	297	294	1.1%
FY27	397	394	0.9%
FY28	494	489	1.0%
<b>EPS (INR)</b>			
FY26	52	51	1.1%
FY27	69	68	0.9%
FY28	86	85	1.0%

Source: JM Financial

## Valuation

## Exhibit 11. Bharti Airtel – 1-year SoTP DCF valuation of INR 2,240/share

Particulars, Enterprise Values unless mentioned	Valuation (INR bn)	Valuation (INR / share)	Sep'27 EV/EBITDA	Implied Sep'27 PE
<b>India business</b>				
Wireless	10,890	1887	13.6	
Enterprise	1,020	177	9.2	
DTH	4	1	0.3	
Broadband	758	131	12.2	
<b>Total India business EV</b>	<b>12,672</b>	<b>2,196</b>	<b>12.8</b>	
India net debt	-560	-97		
<b>Total India subsidiary Equity value</b>	<b>12,112</b>	<b>2,099</b>		
Indus Towers Equity value (50% share of Bharti, at CMP less 20% holdco discount)	369	64		
<b>Total India business Equity value including Indus Towers</b>	<b>12,482</b>	<b>2,163</b>		28.8
<b>Africa business (for Airtel's 62.33% share)</b>				
Africa Equity value (At CMP of Africa less 20% holding discount)	440	76		
<b>Total Equity value for Bharti Airtel</b>	<b>12,922</b>	<b>2,240</b>	<b>10.0</b>	<b>29.0</b>

Source: Company, JM Financial.

## Exhibit 12. Bharti Airtel – 3-year SoTP DCF valuation of INR 3,035/share, implying 16% IRR

Particulars, Enterprise Values unless mentioned	Valuation (INR bn)	Valuation (INR / share)	Sep'29 EV/EBITDA	Implied Sep'29 PE
<b>India business</b>				
Wireless	13,004	2,254	13.7	
Enterprise	1,155	200	9.0	
DTH	4	1	0.3	
Broadband	930	161	11.2	
<b>Total India business EV</b>	<b>15,094</b>	<b>2,616</b>	<b>12.8</b>	
India net debt	1615	279		
<b>Total India subsidiary Equity value</b>	<b>16,709</b>	<b>2,893</b>		
Indus Towers Equity value (50% share of Bharti)	369	64		
<b>Total India business Equity value including Indus Towers</b>	<b>17,078</b>	<b>2,957</b>		
<b>Africa business (for Airtel's 62.33% share)</b>				
Africa Equity value (At CMP of Africa less 20% holding discount)	440	78		
<b>Total Equity value for Bharti Airtel</b>	<b>17,519</b>	<b>3,035</b>	<b>9.6</b>	<b>28.9</b>

Source: Company, JM Financial.

## Bharti's EBITDA and valuation sensitivity to ARPU

Every increase/decrease in ARPU by INR 10 results in increase/decrease in Bharti's consolidated FY27 EBITDA by ~1.3% and valuation by INR 43/share.

Similarly, every increase/decrease in subscribers by 10mn results in increase/decrease in Bharti's consolidated FY27 EBITDA by ~1.7% and valuation by INR 36/share.

### Exhibit 13. Bharti - Sensitivity of FY27 consolidated EBITDA (INR 1,315bn in base case) & Valuation (INR 2,240/share in base case) to FY27E ARPU and subscriber base (mn)

FY27 consolidated EBITDA (INR Bn) sensitivity									Valuation per share (INR/share) sensitivity								
Subscriber base (mn)									Subscriber base (mn)								
ARPU (INR)		344	354	364	374	384	394	404			344	354	364	374	384	394	404
	254	1,200	1,221	1,242	1,263	1,283	1,304	1,325	254	2,013	2,046	2,079	2,112	2,145	2,178	2,211	
	264	1,216	1,237	1,259	1,280	1,301	1,323	1,344	264	2,053	2,087	2,121	2,155	2,189	2,222	2,256	
	274	1,231	1,253	1,275	1,297	1,319	1,341	1,363	274	2,093	2,128	2,162	2,197	2,232	2,267	2,302	
	284	1,247	1,269	1,292	1,315	1,337	1,360	1,382	284	2,133	2,168	2,204	2,240	2,275	2,311	2,347	
	294	1,262	1,285	1,309	1,332	1,355	1,378	1,402	294	2,173	2,209	2,246	2,282	2,319	2,355	2,392	
	304	1,278	1,301	1,325	1,349	1,373	1,397	1,421	304	2,212	2,250	2,287	2,325	2,362	2,400	2,437	
	314	1,293	1,318	1,342	1,366	1,391	1,415	1,440	314	2,252	2,291	2,329	2,367	2,406	2,444	2,482	

Source: JM Financial

### Exhibit 14. Bharti Airtel – one-year forward EV/EBITDA



Source: Bloomberg, JM Financial

## Exhibit 15. Global telecom companies valuation snapshot

Company	EV/EBITDA (x)			P/E (x)			P/B (x)			EBITDA Margins (%)			ROE (%)		
	CY24/FY25	CY25/FY26	CY26/FY27	CY24/FY25	CY25/FY26	CY26/FY27	CY24/FY25	CY25/FY26	CY26/FY27	CY24/FY25	CY25/FY26	CY26/FY27	CY24/FY25	CY25/FY26	CY26/FY27
Bharti Airtel	14.0	12.0	10.4	29.9	38.2	28.1	9.3	8.4	7.0	53.9	55.9	57.0	34.3	23.1	27.5
Bharti Hexacom	19.2	18.5	15.2	49.0	44.5	30.9	12.3	12.6	10.1	49.1	53.1	55.8	28.3	30.7	35.6
Jio (JMF)	18.8	14.4	11.4	40.2	29.3	19.9	4.1	3.6	3.1	53.2	51.9	51.7	10.4	13.2	16.7
Vodafone Idea	15.0	14.4	11.9	NM	NM	NM	NM	NM	NM	41.7	43.4	46.0	NM	NM	NM
<b>Indian telcos average</b>	<b>16.7</b>	<b>14.8</b>	<b>12.2</b>	<b>39.7</b>	<b>37.3</b>	<b>26.3</b>	<b>8.6</b>	<b>8.2</b>	<b>6.7</b>	<b>49.5</b>	<b>51.1</b>	<b>52.6</b>	<b>24.3</b>	<b>22.3</b>	<b>26.6</b>
AT&T	7.1	7.3	7.1	10.2	13.3	12.5	1.6	1.7	1.6	37.1	37.0	37.7	10.3	13.3	13.4
T-Mobile	10.1	10.3	9.5	22.3	21.9	18.4	4.1	4.5	4.5	43.9	38.8	39.9	17.9	20.1	24.3
Verizon	6.4	7.3	6.3	8.4	13.3	8.8	1.7	1.7	1.6	38.6	36.4	36.7	18.3	13.3	17.7
<b>US telcos average</b>	<b>7.9</b>	<b>8.3</b>	<b>7.6</b>	<b>13.6</b>	<b>16.2</b>	<b>13.2</b>	<b>2.5</b>	<b>2.6</b>	<b>2.6</b>	<b>39.8</b>	<b>37.4</b>	<b>38.1</b>	<b>15.5</b>	<b>15.6</b>	<b>18.5</b>
Deutsche Telekom	6.2	7.3	6.8	12.7	15.9	14.1	2.2	2.4	2.3	43.3	37.4	38.8	18.5	14.2	15.5
Orange	4.7	6.1	5.6	13.0	16.1	11.3	1.0	1.1	1.1	33.7	30.7	32.7	8.1	6.5	9.3
Telefonica	6.2	6.0	5.9	71.6	13.2	12.3	1.9	1.3	1.4	27.1	32.7	32.6	2.4	5.7	9.8
Telenor	7.5	8.9	8.7	9.4	18.3	16.4	2.3	3.4	3.3	44.5	44.5	45.2	26.1	17.4	20.7
Vodafone Plc	5.6	5.2	5.1	11.4	10.9	10.0	0.4	0.5	0.5	27.8	28.6	29.0	(7.4)	3.7	4.2
BT Group	4.2	5.0	5.0	12.6	11.2	11.5	0.9	1.6	1.6	36.6	40.4	41.0	6.3	13.2	12.6
<b>Europe telcos average</b>	<b>5.7</b>	<b>6.4</b>	<b>6.2</b>	<b>21.8</b>	<b>14.3</b>	<b>12.6</b>	<b>1.4</b>	<b>1.7</b>	<b>1.7</b>	<b>35.5</b>	<b>35.7</b>	<b>36.6</b>	<b>9.0</b>	<b>10.1</b>	<b>12.0</b>
China Mobile	3.7	6.4	4.0	11.2	9.1	11.0	1.1	1.7	1.2	32.1	32.0	32.4	10.1	18.8	10.5
China Telecom	2.7	4.3	4.2	12.7	14.3	13.1	0.9	1.1	1.1	26.6	26.8	27.0	7.4	7.7	8.0
China Unicom	1.9	2.5	2.4	10.4	12.3	11.4	0.6	0.7	0.7	25.5	25.3	24.8	5.8	5.9	6.2
<b>China telcos average</b>	<b>2.8</b>	<b>4.4</b>	<b>3.5</b>	<b>11.4</b>	<b>11.9</b>	<b>11.9</b>	<b>0.9</b>	<b>1.2</b>	<b>1.0</b>	<b>28.1</b>	<b>28.1</b>	<b>28.1</b>	<b>7.8</b>	<b>10.8</b>	<b>8.2</b>
KT Corp	4.1	2.5	3.9	23.0	12.3	8.9	0.7	0.7	0.8	17.7	22.6	21.4	2.8	5.9	8.6
LG Uplus	3.1	3.7	3.3	11.9	7.8	9.0	0.5	0.8	0.7	24.1	24.1	23.9	4.4	10.5	7.6
SK Telecom	3.7	4.0	3.8	9.6	14.1	9.8	1.0	1.0	1.0	30.8	28.9	30.1	10.7	7.4	10.1
<b>Korea telcos average</b>	<b>3.6</b>	<b>3.4</b>	<b>3.6</b>	<b>14.8</b>	<b>11.4</b>	<b>9.3</b>	<b>0.7</b>	<b>0.8</b>	<b>0.8</b>	<b>24.2</b>	<b>25.2</b>	<b>25.1</b>	<b>6.0</b>	<b>7.9</b>	<b>8.7</b>
Celcom Digi	9.9	9.7	9.4	30.9	24.6	22.3	2.6	2.8	2.8	44.0	46.2	46.7	8.5	11.1	12.4
Telekom Malaysia	6.2	6.3	6.1	12.6	15.4	14.6	2.5	2.4	2.3	38.1	38.4	38.6	20.9	16.1	15.8
<b>Malaysia telcos average</b>	<b>8.1</b>	<b>8.0</b>	<b>7.8</b>	<b>21.8</b>	<b>20.0</b>	<b>18.5</b>	<b>2.6</b>	<b>2.6</b>	<b>2.5</b>	<b>41.0</b>	<b>42.3</b>	<b>42.6</b>	<b>14.7</b>	<b>13.6</b>	<b>14.1</b>
Advanced Info	9.4	8.9	8.7	24.3	21.3	19.7	8.8	8.5	8.2	52.3	53.1	53.4	37.4	41.2	42.0
Chungwa Telecom	11.1	11.6	11.4	25.7	27.2	26.5	2.5	2.7	2.7	37.6	37.8	37.8	9.7	10.0	10.3
Converge ICT	6.4	5.2	4.7	10.8	10.1	8.9	2.3	2.0	1.7	57.9	60.7	60.5	20.9	21.3	20.2
Globe Telecom	7.5	6.7	6.5	13.8	11.4	10.5	1.9	1.4	1.4	49.1	47.8	47.5	14.1	13.3	14.3
Indosat	5.1	4.6	4.4	16.3	13.9	12.1	2.4	2.0	1.9	47.3	47.7	48.1	15.3	13.9	15.0
MTN Group	5.1	4.6	3.9	93.9	13.7	10.7	1.3	2.0	1.7	31.3	42.0	44.1	NM	NM	NM
Singtel	14.0	19.2	18.2	14.1	23.5	20.2	2.3	2.5	2.5	33.7	27.4	27.9	16.5	12.1	12.3
Taiwan Mobile	10.4	11.2	11.0	24.8	22.2	21.6	4.0	3.8	3.7	21.3	20.8	20.5	16.2	17.4	18.2
Telecom Indonesia	4.4	4.8	4.6	11.4	12.5	11.9	1.9	2.0	1.9	50.3	50.1	50.2	17.0	16.1	16.3
XL Axiata	4.1	4.6	4.2	16.2	15.9	16.6	1.1	1.1	1.0	53.0	50.1	50.8	6.9	6.0	6.9
<b>Other regional telcos average</b>	<b>7.7</b>	<b>8.1</b>	<b>7.8</b>	<b>25.1</b>	<b>17.2</b>	<b>15.9</b>	<b>2.9</b>	<b>2.8</b>	<b>2.7</b>	<b>43.4</b>	<b>43.7</b>	<b>44.1</b>	<b>17.1</b>	<b>16.8</b>	<b>17.3</b>
<b>Global telcos average</b>	<b>7.8</b>	<b>7.9</b>	<b>7.3</b>	<b>22.5</b>	<b>17.8</b>	<b>15.2</b>	<b>2.7</b>	<b>2.8</b>	<b>2.5</b>	<b>38.9</b>	<b>39.1</b>	<b>39.6</b>	<b>14.0</b>	<b>14.1</b>	<b>15.3</b>

Source: Bloomberg, JM Financial

## Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	15,14,178	17,45,589	21,19,346	23,80,450	26,55,926
Sales Growth	8.1%	15.3%	21.4%	12.3%	11.6%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>15,14,178</b>	<b>17,45,589</b>	<b>21,19,346</b>	<b>23,80,450</b>	<b>26,55,926</b>
Cost of Goods Sold/Op. Exp	4,95,731	5,45,046	6,23,311	6,96,770	7,78,224
Personnel Cost	53,231	63,089	74,043	82,844	91,977
Other Expenses	1,67,944	1,90,125	2,61,760	2,86,320	3,18,960
<b>EBITDA</b>	<b>7,97,272</b>	<b>9,47,329</b>	<b>11,60,232</b>	<b>13,14,517</b>	<b>14,66,764</b>
EBITDA Margin	52.7%	54.3%	54.7%	55.2%	55.2%
EBITDA Growth	10.4%	18.8%	22.5%	13.3%	11.6%
Depn. & Amort.	3,95,376	4,55,703	4,70,925	5,00,396	5,29,601
EBIT	4,01,896	4,91,626	6,89,306	8,14,121	9,37,163
Other Income	10,929	8,029	2,269	3,532	3,532
Finance Cost	1,88,270	2,07,488	1,96,875	1,85,581	1,70,441
PBT before Excep. & Forex	2,24,555	2,92,167	4,94,700	6,32,072	7,70,254
Excep. & Forex Inc./Loss(-)	-38,526	-8,620	0	0	0
PBT	1,86,029	2,83,547	4,94,700	6,32,072	7,70,254
Taxes	64,896	1,11,256	1,30,463	1,65,971	2,03,514
Extraordinary Inc./Loss(-)	-79,845	70,414	-27,538	-27,538	-27,538
Assoc. Profit/Min. Int.(-)	65,812	1,00,820	94,437	96,377	1,00,416
Reported Net Profit	29,664	2,15,945	2,42,262	3,42,186	4,38,786
<b>Adjusted Net Profit</b>	<b>1,09,509</b>	<b>1,45,531</b>	<b>2,69,800</b>	<b>3,69,724</b>	<b>4,66,324</b>
Net Margin	7.2%	8.3%	12.7%	15.5%	17.6%
Diluted Share Cap. (mn)	5,738.5	5,769.6	5,769.6	5,769.6	5,769.6
<b>Diluted EPS (INR)</b>	<b>19.1</b>	<b>25.2</b>	<b>46.8</b>	<b>64.1</b>	<b>80.8</b>
Diluted EPS Growth	24.2%	32.2%	85.4%	37.0%	26.1%
Total Dividend + Tax	55,254	1,11,107	1,00,546	1,36,727	1,72,946
Dividend Per Share (INR)	8.0	16.0	14.5	19.7	24.9

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	2,13,123	3,20,577	4,94,700	6,32,072	7,70,254
Depn. & Amort.	3,95,376	4,55,703	4,70,925	5,00,396	5,29,601
Net Interest Exp. / Inc. (-)	-79,845	70,414	-27,538	-27,538	-27,538
Inc (-) / Dec in WCap.	85,849	92,442	40,430	19,534	26,017
Others	0	0	0	0	0
Taxes Paid	-64,896	-1,11,256	-1,30,463	-1,65,971	-2,03,514
<b>Operating Cash Flow</b>	<b>5,49,607</b>	<b>8,27,880</b>	<b>8,48,054</b>	<b>9,58,493</b>	<b>10,94,820</b>
Capex	-3,29,256	-12,48,302	-4,07,504	-3,99,578	-4,33,871
Free Cash Flow	2,20,351	-4,20,422	4,40,550	5,58,916	6,60,950
Inc (-) / Dec in Investments	-32,444	2,59,437	0	0	0
Others	-9,080	-26,915	0	0	0
<b>Investing Cash Flow</b>	<b>-3,70,780</b>	<b>-10,15,780</b>	<b>-4,07,504</b>	<b>-3,99,578</b>	<b>-4,33,871</b>
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	14,895	1,00,586	-28,463	-58,524	-88,617
Inc / Dec (-) in Loans	-1,04,280	-19,502	-2,59,277	-4,14,064	-4,86,005
Others	-92,081	98,717	-86,328	-86,328	-86,328
<b>Financing Cash Flow</b>	<b>-1,81,466</b>	<b>1,79,801</b>	<b>-3,74,068</b>	<b>-5,58,916</b>	<b>-6,60,950</b>
<b>Inc / Dec (-) in Cash</b>	<b>-2,639</b>	<b>-8,099</b>	<b>66,482</b>	<b>0</b>	<b>0</b>
Opening Cash Balance	71,794	69,155	61,056	1,27,538	1,27,538
Closing Cash Balance	69,155	61,056	1,27,538	1,27,538	1,27,538

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	8,20,188	11,36,719	13,50,518	16,34,180	19,84,349
Share Capital	57,385	57,696	57,696	57,696	57,696
Reserves & Surplus	7,62,803	10,79,023	12,92,822	15,76,483	19,26,653
Preference Share Capital	0	0	0	0	0
Minority Interest	2,35,451	3,97,958	4,06,067	4,16,116	4,30,204
Total Loans	21,55,923	21,36,421	18,77,144	14,63,080	9,77,075
Def. Tax Liab. / Assets (-)	0	0	0	0	0
<b>Total - Equity &amp; Liab.</b>	<b>32,11,562</b>	<b>36,71,098</b>	<b>36,33,729</b>	<b>35,13,376</b>	<b>33,91,629</b>
Net Fixed Assets	32,02,072	39,94,671	39,31,250	38,30,431	37,34,701
Gross Fixed Assets	0	0	0	0	0
Intangible Assets	14,87,507	18,53,570	17,46,961	16,38,547	15,28,287
Less: Depn. & Amort.	0	0	0	0	0
Capital WIP	0	0	0	0	0
Investments	3,44,450	98,850	98,850	98,850	98,850
Current Assets	8,98,788	10,50,083	11,74,155	12,08,031	12,43,628
Inventories	0	0	0	0	0
Sundry Debtors	1,65,955	2,19,165	2,76,755	3,10,631	3,46,228
Cash & Bank Balances	69,155	61,056	1,27,538	1,27,538	1,27,538
Loans & Advances	0	0	0	0	0
Other Current Assets	6,63,678	7,69,862	7,69,862	7,69,862	7,69,862
Current Liab. & Prov.	12,33,748	14,72,506	15,70,526	16,23,936	16,85,550
Current Liabilities	5,05,421	5,80,723	6,78,743	7,32,153	7,93,767
Provisions & Others	7,28,327	8,91,783	8,91,783	8,91,783	8,91,783
Net Current Assets	-3,34,960	-4,22,423	-3,96,371	-4,15,905	-4,41,922
<b>Total - Assets</b>	<b>32,11,562</b>	<b>36,71,098</b>	<b>36,33,729</b>	<b>35,13,376</b>	<b>33,91,629</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	7.2%	8.3%	12.7%	15.5%	17.6%
Asset Turnover (x)	0.4	0.5	0.6	0.6	0.7
Leverage Factor (x)	4.3	3.7	3.1	2.5	2.0
RoE	13.7%	14.9%	21.7%	24.8%	25.8%

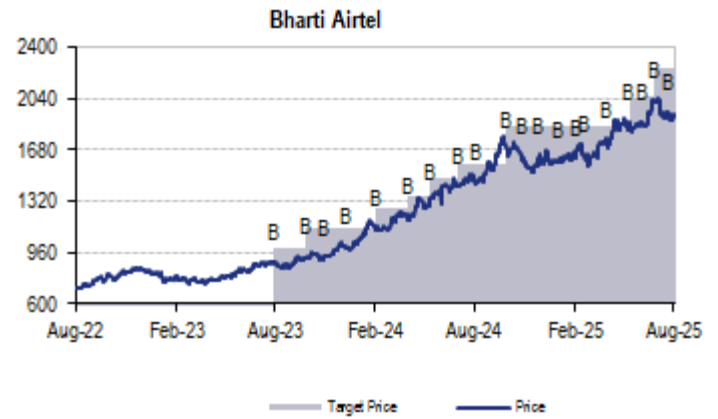
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	142.9	197.0	234.1	283.2	343.9
ROIC	9.2%	9.5%	14.7%	17.9%	21.4%
ROE	13.7%	14.9%	21.7%	24.8%	25.8%
Net Debt/Equity (x)	2.5	1.8	1.3	0.8	0.4
P/E (x)	101.2	76.6	41.3	30.1	23.9
P/B (x)	13.5	9.8	8.3	6.8	5.6
EV/EBITDA (x)	16.9	14.4	11.5	9.8	8.5
EV/Sales (x)	8.9	7.8	6.3	5.4	4.7
Debtor days	40	46	48	48	48
Inventory days	0	0	0	0	0
Creditor days	179	174	183	183	183

Source: Company, JM Financial

## History of Earnings Estimate and Target Price

Date	Recommendation	Target Price	% Chg.
4-Aug-23	Buy	985	
29-Sep-23	Buy	1,125	14.1
1-Nov-23	Buy	1,125	0.0
12-Dec-23	Buy	1,125	0.0
6-Feb-24	Buy	1,265	12.5
4-Apr-24	Buy	1,350	6.7
15-May-24	Buy	1,480	9.6
4-Jul-24	Buy	1,580	6.7
6-Aug-24	Buy	1,580	0.0
3-Oct-24	Buy	1,850	17.1
29-Oct-24	Buy	1,850	0.0
29-Nov-24	Buy	1,850	0.0
3-Jan-25	Buy	1,850	0.0
6-Feb-25	Buy	1,850	0.0
23-Feb-25	Buy	1,850	0.0
4-Apr-25	Buy	1,850	0.0
15-May-25	Buy	2,035	10.0
9-Jun-25	Buy	2,050	0.8
1-Jul-25	Buy	2,250	9.8
24-Jul-25	Buy	2,250	0.0

## Recommendation History





## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Energy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

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

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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