

# Bharti Hexacom | BUY

## Earnings miss on muted subs gains; ARPU growth in line

Bharti Hexacom's (BHL) 1QFY26 revenue was ~4% lower than JMFe/consensus at INR 22.6bn (down 1.1% QoQ but up 18.4% YoY) on weak net subs additions (at 17k vs. JMFe of 250k) while ARPU was in line with JMFe (at INR 246). Hence, EBITDA was also 4.4% lower than JMFe at INR 12.1bn (-0.6% QoQ, +31.9% YoY), though EBITDA margin still improved by 28bps QoQ to 53.4% in 1QFY26. In the home broadband and wireline business, subs addition remains strong while ARPU continues to moderate. Capex fell QoQ at INR 2.3bn in 1QFY26; net debt also fell by INR 9.5bn QoQ to INR 63.2bn while operating FCF was higher QoQ at INR 9.8bn in 1QFY26. We maintain BUY on BHL (unchanged 1-year TP of INR 2,000) 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.

- **Revenue/EBITDA ~4% lower than JMFe at INR 22.6bn/ INR 12.1bn respectively on muted net subs addition while ARPU growth was in line:** BHL's 1QFY26 revenue was ~4% lower than JMFe/consensus at INR 22.6bn (down 1.1% QoQ but up 18.4% YoY) on weak net subs additions (at 17k vs. JMFe of 250k) while ARPU was in line with JMFe at INR 246. However, total opex was also 2.9% below JMFe due to lower access costs. Access charges were lower than JMFe at INR 1.6bn (-34.0% QoQ, -26.2% YoY) - there tends to be seasonality in access charges on a quarterly basis. However, this was partly offset by higher network cost (at INR 5.2bn, +9.7% QoQ and +11.7% YoY) and higher SG&A and other costs at INR 1.9bn (vs. INR 1.5bn in 4QFY25) while licence fee/SUC cost was largely in line (at INR 2.1bn, +1.0% QoQ and +21.9% YoY). Hence, EBITDA was also 4.4% lower than JMFe at INR 12.1bn (-0.6% QoQ, +31.9% YoY) though in line with consensus of INR 12.1bn. However, EBITDA margin still improved by 28bps QoQ to 53.4% in 1QFY26 (vs. 53.1% in 4QFY25). Further, the company reported EBITDAaL of INR 10.8bn in 1QFY26 (up 1.2% QoQ). Wireless business net subscriber rose by only 17k to 28.1mn (significantly lower than JMFe of 250k net subs gain) with reported churn higher QoQ at 2.4% in 1QFY26 (vs. 1.8% in 4QFY25). Moreover, 4G/5G net additions were also lower at 283k in 1QFY26 vs. JMFe of 418k additions (vs 710k additions in 4QFY25); 4G/5G subscribers constitute 78% of total subscribers. However, usage metrics improved 6.1% QoQ at 29.4GB/user/month in 1QFY26. Further, wireless ARPU was up 1.7% QoQ to INR 246 and in line with JMFe (vs. INR 242 in 4QFY25) 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 Airtel's ARPU, which grew by 2% QoQ to INR 250 in 1QFY26.

- **Home broadband and wireline business – strong subs addition continues while ARPU moderation continues:** BHL's home broadband and wireline revenue was 3.6% above JMFe at INR 784mn in 1QFY26 (+10.6% QoQ and +38.0% YoY) on robust additions of

Financial Summary	(INR mn)				
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	70,888	85,479	99,469	1,13,414	1,27,524
Sales Growth (%)	7.7	20.6	16.4	14.0	12.4
EBITDA	36,099	43,790	52,567	62,295	72,702
EBITDA Margin (%)	49.2	50.2	52.8	54.9	57.0
Adjusted Net Profit	8,074	12,810	19,840	26,732	33,514
Diluted EPS (INR)	16.1	25.6	39.7	53.5	67.0
Diluted EPS Growth (%)	47.0	58.7	54.9	34.7	25.4
ROIC (%)	10.0	14.3	18.7	25.6	32.7
ROE (%)	18.3	24.2	30.1	32.8	33.0
P/E (x)	111.2	70.1	45.2	33.6	26.8
P/B (x)	19.3	15.1	12.4	9.9	8.0
EV/EBITDA (x)	27.0	22.1	18.0	14.8	12.3
Dividend Yield (%)	0.2	0.6	0.7	1.0	1.3

Source: Company data, JM Financial. Note: Valuations as of 06/Aug/2025



**Dayanand Mittal**

dayanand.mittal@jmfl.com | Tel: (91 22) 66303063

**Shivam Gupta**

shivam.gupta@jmfl.com | Tel: (91 22) 66303082

**Anupam Jakhotia**

Anupam.Jakhotia@jmfl.com | Tel: (91 22) 69703686

### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,000
Upside/(Downside)	11.4%
Previous Price Target	2,000
Change	0.0%

### Key Data – BHARTI IN

Current Market Price	INR1,795
Market cap (bn)	INR897.6/US\$10.2
Free Float	15%
Shares in issue (mn)	500.0
Diluted share (mn)	500.0
3-mon avg daily val (mn)	INR635.9/US\$7.2
52-week range	2,053/1,058
Sensex/Nifty	80,544/24,574
INR/US\$	87.7

### Price Performance

%	1M	6M	12M
Absolute	-5.8	37.0	64.4
Relative*	-2.4	32.4	62.2

\* To the BSE Sensex

JM Financial Research is also available on:  
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54k subscribers during the quarter (with 502k subs at end-1QFY26). However, ARPU was lower QoQ at INR 485/month in 1QFY26 (vs. INR 490/month in 4QFY25).

- **Capex fell QoQ at INR 2.3bn in 1QFY26; net debt down by INR 9.5bn QoQ to INR 63.2bn while operating FCF up QoQ at INR 9.8bn in 1QFY26:** Capex fell QoQ to INR 2.3bn in 1QFY26 (vs. 4QFY25 capex of INR 4.3bn. Net debt at end-1QFY26, including lease liabilities, declined by INR 9.5bn QoQ to INR 63.2bn with operating FCF higher QoQ at INR 9.8bn in 1QFY26 (vs. INR 7.9bn in 4QFY25). Net debt (including lease liability) to EBITDA (annualised) stood at 1.3x at end 1QFY26.
- **Reiterate BUY rating on BHL with unchanged 1-year TP of INR 2,000 and 3-year TP of INR 2,720 (implying 15% IRR):** As detailed in our initiation note ([Mid-cap pure-play on structural wireless ARPU growth story](#)), we reiterate our BUY rating on BHL (with unchanged 1-year TP of INR 2,000 and 3-year TP of INR 2,720, implying ~15% IRR — **Exhibit 7-8**) as we believe 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. We see BHL as a midcap pure-play on wireless ARPU growth story vis-à-vis Bharti (which sees 25-30% of its value coming from other-than-India wireless business).

## 1QFY26 concall takeaways

- 1) Roaming revenue and access charges declined significantly QoQ in 1QFY26 partly due to seasonality and aided by couple of incidents impacting tourism in Rajasthan. Hence, there was 1.1% QoQ decline in revenue in 1QFY26. However, access charges were also lower due to this as it's a pass-through; hence, it doesn't impact EBITDA.
- 2) There was a significant QoQ jump in overall opex due to some one-off event related to towers laid under USOF. The management clarified that underlying growth in opex was lower QoQ at 2.5-3% vs. reported 6.5% QoQ growth in opex.
- 3) Clarified that there was a sharp QoQ decline in employee costs in 1QFY26 on reversal of year-end provision in 1QFY26 (made in 4QFY25).
- 4) Attributed the higher AMDU (data usage per subscriber) in the wireless segment to lower level of home broadband penetration in two operating circles (due to difficult terrain) given subs consume more data on mobile due to limited home broadband connection.
- 5) FCF to improve in coming years and, hence, there could be directional increase in dividend payouts in the coming years. The company intends to increase number of sites.
- 6) External debt is very small while a majority of its debt is its deferred spectrum/AGR payment liability.

## 1QFY26 result review

## Exhibit 1. BHL quarterly snapshot

INR mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
<b>Revenue</b>	<b>19,106</b>	<b>20,976</b>	<b>22,507</b>	<b>22,890</b>	<b>22,630</b>	<b>-1.1%</b>	<b>18.4%</b>
Operating costs	10,348	10,957	10,990	11,212	11,023	-1.7%	6.5%
-Netw ork costs	4,674	4,764	4,853	4,756	5,219	9.7%	11.7%
-License fees, SUC and oher revenue share	1,734	1,923	2,074	2,093	2,114	1.0%	21.9%
-Access Charges	2,209	2,238	2,304	2,468	1,630	-34.0%	-26.2%
-Employee costs	297	322	292	431	210	-51.3%	-29.3%
-SG&A and other costs	1,434	1,710	1,467	1,464	1,850	26.4%	29.0%
<b>EBITDA</b>	<b>9,157</b>	<b>10,510</b>	<b>11,967</b>	<b>12,156</b>	<b>12,082</b>	<b>-0.6%</b>	<b>31.9%</b>
Depreciation & Amortization	4,957	5,361	5,315	5,312	5,273	-0.7%	6.4%
EBIT	4,200	5,149	6,652	6,844	6,809	-0.5%	62.1%
Net interest cost	1,615	1,754	1,802	1,712	1,541	-10.0%	-4.6%
Extraordinary	-3,183	0	1,057	0	0		
Reported PBT	5,768	3,395	3,793	5,132	5,268	2.7%	-9%
Tax	656	864	1,184	448	1,352		
Reported PAT	5,112	2,531	2,609	4,684	3,916	-16.4%	-23%
Reported EPS	10.2	5.1	5.2	9.4	7.8	-16.4%	-23%
Tax/PBT (%)	11%	25%	31%	9%	26%		
EBITDA margin (%)	47.9%	50.1%	53.2%	53.1%	53.4%		
Incremental EBITDA margin (%)	-25.4%	72.4%	95.2%	49.3%	28.5%		
EBITDAaL	7,705	9,008	10,416	10,660	10,789	1.2%	40%
EBITDAaL margin (%)	40.3%	42.9%	46.3%	46.6%	47.7%		

Source: Company, JM Financial.

## Exhibit 2. BHL segmental snapshot

	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
<b>Wireless</b>							
Revenue (INR mn)	18,604	20,433	21,931	22,249	21,916	-1.5%	17.8%
EBITDA (INR mn)	8,928	10,276	11,741	11,969	11,923	-0.4%	33.5%
EBITDA margin (%)	48.0	50.3	53.5	53.8	54.4	61bps	641bps
EoP Subscribers (mn)	27.6	27.1	27.6	28.1	28.1	0.1%	2.0%
Net subscriber addition (mn)	0.25	-0.47	0.49	0.52	0.02		
EoP 4G/5G subscribers (mn)	20.2	20.3	20.8	21.5	21.8	1.3%	7.9%
Net 4G/5G subscriber addition (mn)	0.70	0.14	0.45	0.71	0.28		
4G/5G subs as % of total subs	73%	75%	75%	76%	77%		
EoP Total Data subscribers (mn)	20.5	20.6	21.0	21.6	21.8	1.3%	6.8%
Net Data subscriber addition (mn)	0.69	0.13	0.45	0.53	0.28		
Data subs as % of total subs	74%	76%	76%	77%	78%		
AMDU (GB/month)	25.7	25.9	26.2	27.7	29.4	6.1%	14.4%
ARPU (INR/month)	205	228	241	242	246	1.7%	20.0%
Total subscriber Churn	2.5%	3.2%	1.9%	1.8%	2.4%		
Implied Gross subscriber addition (mn)	2.3	2.2	2.1	2.0	2.0		
Mobile service population coverage	96.4	96.4	96.4	95.8	96.5		
Netw ork tow ers (#)	25,972	26,172	26,335	26,497	26,490	0.0%	2.0%
Total Mobile Broadband Base stations (#)	80,500	80,907	81,340	81,840	81,874	0.0%	1.7%
<b>Home Broadband &amp; Wireline</b>							
Revenue (INR mn)	568	599	645	709	784	10.6%	38.0%
EBITDA (INR mn)	189	188	197	233	249	6.9%	31.7%
EBITDA margin (%)	33.3	31.4	30.5	32.9	31.8	-110bps	-151bps
Subscribers (mn)	0.32	0.35	0.40	0.45	0.50	12.1%	56.4%
Net subscriber addition (mn)	0.02	0.03	0.04	0.05	0.05		
ARPU (INR/month)	514	509	499	490	485	-1.0%	-5.6%

Source: Company, JM Financial.

## Exhibit 3. Net debt (including lease liability) declined by INR 9.5bn to INR 63.2bn in 1QFY26

Particulars (INR bn)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
Long term debt, net of current portion	0.0	0.0	0.0	0.0	0.0	NM	NM
Short-term borrow ings and current portion of long-term debt	11.7	11.9	6.0	8.7	0.0	-99.9%	-99.9%
Deferred payment liability	28.3	37.0	37.0	29.1	29.1	0.3%	2.8%
<b>Gross debt excluding Lease Obligations</b>	<b>40.0</b>	<b>48.9</b>	<b>43.0</b>	<b>37.8</b>	<b>29.2</b>	<b>-22.9%</b>	<b>-27.2%</b>
Less: Cash and Cash Equivalents	0.2	0.3	0.2	0.2	0.4	105.3%	129.4%
Less: Investments & Receivables	0.1	0.0	0.0	0.7	0.7	0.1%	1175.9%
<b>Net Debt excluding Lease Obligations</b>	<b>39.8</b>	<b>48.6</b>	<b>42.8</b>	<b>36.9</b>	<b>28.1</b>	<b>-23.9%</b>	<b>-29.5%</b>
Lease Obligation	35.6	36.2	36.1	35.7	35.1	-1.8%	-1.4%
<b>Net Debt including Lease Obligations</b>	<b>75.4</b>	<b>84.8</b>	<b>78.9</b>	<b>72.6</b>	<b>63.2</b>	<b>-13.0%</b>	<b>-16.3%</b>
<b>Net Debt (incl Lease liability) to EBITDA (x)</b>	<b>2.1</b>	<b>2.0</b>	<b>1.6</b>	<b>1.5</b>	<b>1.3</b>		

Source: Company, JM Financial.

## Exhibit 4. Capex fell QoQ to INR 2.3mn while operating FCF rose QoQ to INR 9.8mn in 1QFY26

Particulars (INR bn)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
Wireless capex	2.8	3.8	2.2	3.7	1.2	-66.0%	-56.2%
Home Broadband & Wireline capex	0.3	0.6	0.6	0.6	1.0	73.6%	203.9%
<b>Total Capex</b>	<b>3.2</b>	<b>4.5</b>	<b>2.8</b>	<b>4.3</b>	<b>2.3</b>	<b>-46.6%</b>	<b>-28.6%</b>
<b>Operating FCF (EBITDA - Capex)</b>	<b>6.0</b>	<b>6.0</b>	<b>9.1</b>	<b>7.9</b>	<b>9.8</b>	<b>24.2%</b>	<b>64.1%</b>

Source: Company, JM Financial.

## Assumptions and Estimates

### Exhibit 5. BHL – Key operational assumptions

Particulars	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	FY25-28 CAGR (%)	FY25-30 CAGR (%)
<b>Wireless</b>												
Average ARPU (INR)	135	145	170	195	223	254	282	310	337	368	11.6%	10.5%
YoY Growth (%)	13.4%	7.4%	17.2%	14.4%	14.7%	13.8%	11.2%	9.7%	9.0%	9.0%		
EqP subscribers (mn)	25	25	26	27	28	29	30	31	31	32	2.8%	2.6%
YoY Growth (%)	-5.8%	-0.8%	4.3%	5.9%	2.9%	2.8%	2.8%	2.7%	2.5%	2.3%		
EqP 4G/5G subscribers (mn)	13	15	17	19	21	23	24	25	27	28	5.8%	5.2%
4G/5G subs as % of total subs	53%	61%	66%	71%	76%	79%	81%	83%	85%	86%		
Data usage per sub (GB)	16.8	20.0	21.8	23.5	26.4	26.9	27.4	28.0	28.5	28.8	2.0%	1.8%
<b>Home Broadband &amp; Wireline</b>												
EqP subscribers (mn)	0.07	0.13	0.22	0.31	0.45	0.64	0.83	1.00	1.17	1.34	30.9%	24.5%
YoY Growth (%)	84.2%	87.1%	67.2%	39.3%	46.9%	43.1%	28.9%	21.5%	17.0%	14.0%		
Average ARPU (INR)	774	683	598	539	503	511	521	531	542	553	1.8%	1.9%
YoY Growth (%)		-11.8%	-12.4%	-9.8%	-1.0%	1.5%	2.0%	2.0%	2.0%	2.0%		
<b>Revenues (INR mn)</b>												
Wireless	45,300	52,976	64,247	68,829	83,217	96,133	108,829	121,690	135,165	149,930	13.5%	12.5%
Home Broadband & Wireline	723	1,076	1,543	2,059	2,521	3,336	4,585	5,834	7,084	8,336	32.3%	27.0%
<b>Total</b>	<b>46,023</b>	<b>54,052</b>	<b>65,790</b>	<b>70,888</b>	<b>85,738</b>	<b>99,469</b>	<b>113,414</b>	<b>127,524</b>	<b>142,249</b>	<b>158,266</b>	<b>14.1%</b>	<b>13.0%</b>
<b>Revenue proportion (%)</b>												
Wireless	98.4%	98.0%	97.7%	97.1%	97.1%	96.6%	96.0%	95.4%	95.0%	94.7%		
Home Broadband & Wireline	1.6%	2.0%	2.3%	2.9%	2.9%	3.4%	4.0%	4.6%	5.0%	5.3%		
<b>Revenue growth (%)</b>												
Wireless	18.5%	16.9%	21.3%	7.1%	20.9%	15.5%	13.2%	11.8%	11.1%	10.9%		
Home Broadband & Wireline	40.1%	48.8%	43.4%	33.4%	22.4%	32.3%	37.4%	27.2%	21.4%	17.7%		
<b>Overall</b>	<b>18.8%</b>	<b>17.4%</b>	<b>21.7%</b>	<b>7.7%</b>	<b>20.6%</b>	<b>16.4%</b>	<b>14.0%</b>	<b>12.4%</b>	<b>11.5%</b>	<b>11.3%</b>		
<b>EBITDA</b>												
EBITDA (INR mn)	11,373	18,985	28,884	34,905	43,721	52,567	62,295	72,702	82,168	92,651	18.5%	16.2%
EBITDA YoY Growth (%)	114.7%	66.9%	52.1%	20.8%	25.3%	20.2%	18.5%	16.7%	13.0%	12.8%		
<b>EBITDA Margin (%)</b>	<b>24.7%</b>	<b>35.1%</b>	<b>43.9%</b>	<b>49.2%</b>	<b>51.1%</b>	<b>52.8%</b>	<b>54.9%</b>	<b>57.0%</b>	<b>57.8%</b>	<b>58.5%</b>		
<b>Capex (INR mn)</b>												
Wireless	15,471	8,320	14,563	18,970	12,586	15,381	17,326	19,276	21,304	23,513		
Home Broadband & Wireline	296	425	599	1,265	2,144	1,501	1,376	1,663	1,918	2,144		
<b>Total</b>	<b>15,767</b>	<b>8,745</b>	<b>15,162</b>	<b>20,235</b>	<b>14,730</b>	<b>16,883</b>	<b>18,701</b>	<b>20,939</b>	<b>23,222</b>	<b>25,657</b>		
<b>Capex intensity (Capex/Revenue)</b>												
Wireless	34.2%	15.7%	22.7%	27.6%	15.1%	16.0%	15.9%	15.8%	15.8%	15.7%		
Home Broadband & Wireline	40.9%	39.5%	38.8%	61.4%	85.0%	45.0%	30.0%	28.5%	27.1%	25.7%		
<b>Overall</b>	<b>34.3%</b>	<b>16.2%</b>	<b>23.0%</b>	<b>28.5%</b>	<b>17.2%</b>	<b>17.0%</b>	<b>16.5%</b>	<b>16.4%</b>	<b>16.3%</b>	<b>16.2%</b>		
<b>Capex proportion (%)</b>												
Wireless	98.1%	95.1%	96.0%	93.7%	85.4%	91.1%	92.6%	92.1%	91.7%	91.6%		
Home Broadband & Wireline	1.9%	4.9%	4.0%	6.3%	14.6%	8.9%	7.4%	7.9%	8.3%	8.4%		

Source: Company, JM Financial.

### Exhibit 6. Change in estimates

	New	Old	Divergence
<b>TP (INR)</b>	2,000	2,000	0.0%
<b>Rating</b>	BUY	BUY	
<b>Revenue (INR bn)</b>			
FY26	99.5	99.5	0.0%
FY27	113.4	113.4	0.0%
FY28	127.5	127.6	0.0%
<b>EBITDA (INR bn)</b>			
FY26	52.6	52.6	0.0%
FY27	62.3	62.3	0.0%
FY28	72.7	72.7	0.0%
<b>PAT (INR bn)</b>			
FY26	19.8	19.8	0.0%
FY27	26.7	26.7	0.0%
FY28	33.5	33.5	0.0%
<b>EPS (INR)</b>			
FY26	39.7	39.7	0.0%
FY27	53.5	53.4	0.0%
FY28	67.0	67.1	0.0%

Source: JM Financial

## Valuation

### Exhibit 7. BHL – 1-year target price of INR 2,000/share

Particulars	
<b>EV/EBITDA multiple (x)</b>	<b>15.0</b>
Sep'27 EBITDA (INR mn)	67,538
Enterprise Value (INR mn)	1,013,072
Less: Net debt (INR mn)	12,158
Equity value (INR mn)	1,000,922
Number of shares outstanding (mn)	500
<b>1-year TP (INR/share)</b>	<b>2,000</b>

Source: Company, JM Financial

### Exhibit 8. BHL – 3-year target price of INR 2,720/share

Particulars	
<b>EV/EBITDA multiple (x)</b>	<b>15.0</b>
Sep'29 EBITDA (INR mn)	87,410
Enterprise Value (INR mn)	1,311,143
Less: Net debt (INR mn)	-48,565
Equity value (INR mn)	1,359,708
Number of shares outstanding (mn)	500
<b>3-year TP (INR/share)</b>	<b>2,720</b>

Source: Company, JM Financial

## BHL's EBITDA and valuation sensitivity to ARPU

Every increase/decrease in ARPU by INR 10 results in increase/decrease in BHL's FY27 EBITDA by ~3.3% and valuation by INR 71/share or ~3.6%.

Similarly, every increase/decrease in subscribers by 1mn results in increase/decrease in BHL's FY27 EBITDA by ~3.2% and valuation by INR 66/share or ~3.3%.

### Exhibit 9. BHL - Sensitivity of FY27 consolidated EBITDA (INR 62.3bn in base case) & Valuation (INR 2,000/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)								
		26.7	27.7	28.7	29.7	30.7	31.7	32.7			26.7	27.7	28.7	29.7	30.7	31.7	32.7
ARPU (INR)	252	50.8	52.6	54.3	56.1	57.8	59.6	61.3	ARPU (INR)	252	1,610	1,669	1,728	1,786	1,845	1,904	1,963
	262	52.7	54.5	56.3	58.1	60.0	61.8	63.6 <th>262</th> <td>1,674</td> <td>1,735</td> <td>1,796</td> <td>1,858</td> <td>1,919</td> <td>1,980</td> <td>2,041</td>		262	1,674	1,735	1,796	1,858	1,919	1,980	2,041
	272	54.5	56.4	58.3	60.2	62.1	64.0	65.9 <th>272</th> <td>1,738</td> <td>1,802</td> <td>1,865</td> <td>1,929</td> <td>1,992</td> <td>2,056</td> <td>2,119</td>		272	1,738	1,802	1,865	1,929	1,992	2,056	2,119
	282	56.4	58.4	60.3	62.3	64.3	66.2	68.2 <th>282</th> <td>1,802</td> <td>1,868</td> <td>1,934</td> <td>2,000</td> <td>2,066</td> <td>2,132</td> <td>2,197</td>		282	1,802	1,868	1,934	2,000	2,066	2,132	2,197
	292	58.3	60.3	62.3	64.4	66.4	68.4	70.5 <th>292</th> <td>1,866</td> <td>1,934</td> <td>2,003</td> <td>2,071</td> <td>2,139</td> <td>2,207</td> <td>2,276</td>		292	1,866	1,934	2,003	2,071	2,139	2,207	2,276
	302	60.1	62.2	64.3	66.4	68.5	70.7	72.8 <th>302</th> <td>1,930</td> <td>2,001</td> <td>2,071</td> <td>2,142</td> <td>2,213</td> <td>2,283</td> <td>2,354</td>		302	1,930	2,001	2,071	2,142	2,213	2,283	2,354
	312	62.0	64.2	66.3	68.5	70.7	72.9	75.0 <th>312</th> <td>1,994</td> <td>2,067</td> <td>2,140</td> <td>2,213</td> <td>2,286</td> <td>2,359</td> <td>2,432</td>		312	1,994	2,067	2,140	2,213	2,286	2,359	2,432

Source: JM Financial

### Exhibit 10. 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
Indian telcos average	16.7	14.8	12.2	39.7	37.3	26.3	8.6	8.2	6.7	49.5	51.1	52.6	24.3	22.3	26.6
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
US telcos average	7.9	8.3	7.6	13.6	16.2	13.2	2.5	2.6	2.6	39.8	37.4	38.1	15.5	15.6	18.5
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
Europe telcos average	5.7	6.4	6.2	21.8	14.3	12.6	1.4	1.7	1.7	35.5	35.7	36.6	9.0	10.1	12.0
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
China telcos average	2.8	4.4	3.5	11.4	11.9	11.9	0.9	1.2	1.0	28.1	28.1	28.1	7.8	10.8	8.2
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
Korea telcos average	3.6	3.4	3.6	14.8	11.4	9.3	0.7	0.8	0.8	24.2	25.2	25.1	6.0	7.9	8.7
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
Malaysia telcos average	8.1	8.0	7.8	21.8	20.0	18.5	2.6	2.6	2.5	41.0	42.3	42.6	14.7	13.6	14.1
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
Other regional telcos average	7.7	8.1	7.8	25.1	17.2	15.9	2.9	2.8	2.7	43.4	43.7	44.1	17.1	16.8	17.3
Global telcos average	7.8	7.9	7.3	22.5	17.8	15.2	2.7	2.8	2.5	38.9	39.1	39.6	14.0	14.1	15.3

Source: Bloomberg, JM Financial



## Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	70,888	85,479	99,469	1,13,414	1,27,524
Sales Growth	7.7%	20.6%	16.4%	14.0%	12.4%
Other Operating Income	2,487	1,818	2,000	2,200	2,420
<b>Total Revenue</b>	<b>73,375</b>	<b>87,297</b>	<b>1,01,469</b>	<b>1,15,614</b>	<b>1,29,944</b>
Cost of Goods Sold/Op. Exp	30,830	36,090	40,868	45,293	49,493
Personnel Cost	1,054	1,342	1,462	1,554	1,620
Other Expenses	5,392	6,075	6,572	6,473	6,130
<b>EBITDA</b>	<b>36,099</b>	<b>43,790</b>	<b>52,567</b>	<b>62,295</b>	<b>72,702</b>
EBITDA Margin	49.2%	50.2%	52.8%	54.9%	57.0%
EBITDA Growth	23.4%	21.3%	20.0%	18.5%	16.7%
Depn. & Amort.	17,392	20,945	20,945	21,992	23,092
EBIT	18,707	22,845	31,622	40,302	49,610
Other Income	0	0	0	0	0
Finance Cost	6,444	6,883	5,205	4,943	4,805
PBT before Excep. & Forex	12,263	15,962	26,418	35,359	44,805
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	12,263	15,962	26,418	35,359	44,805
Taxes	4,189	3,152	6,578	8,628	11,291
Extraordinary Inc./Loss(-)	-3,030	2,126	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	5,044	14,936	19,840	26,732	33,514
<b>Adjusted Net Profit</b>	<b>8,074</b>	<b>12,810</b>	<b>19,840</b>	<b>26,732</b>	<b>33,514</b>
Net Margin	11.0%	14.7%	19.9%	23.6%	26.3%
Diluted Share Cap. (mn)	500.0	500.0	500.0	500.0	500.0
<b>Diluted EPS (INR)</b>	<b>16.1</b>	<b>25.6</b>	<b>39.7</b>	<b>53.5</b>	<b>67.0</b>
Diluted EPS Growth	47.0%	58.7%	54.9%	34.7%	25.4%
Total Dividend + Tax	2,000	5,000	6,642	8,949	11,219
Dividend Per Share (INR)	4.0	10.0	13.3	17.9	22.4

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	9,233	18,088	26,418	35,359	44,805
Depn. & Amort.	17,392	20,945	20,945	21,992	23,092
Net Interest Exp. / Inc. (-)	6,444	6,883	5,205	4,943	4,805
Inc (-) / Dec in WCap.	697	8,863	2,633	2,624	2,656
Others	1,869	-2,206	-2,000	-2,200	-2,420
Taxes Paid	-174	-6,747	-6,578	-8,628	-11,291
<b>Operating Cash Flow</b>	<b>35,461</b>	<b>45,826</b>	<b>46,623</b>	<b>54,091</b>	<b>61,646</b>
Capex	-20,829	-25,171	-13,757	-18,701	-20,939
Free Cash Flow	14,632	20,655	32,866	35,390	40,708
Inc (-) / Dec in Investments	8,505	1,736	-5,000	-5,000	-5,000
Others	773	29	2,000	2,200	2,420
<b>Investing Cash Flow</b>	<b>-11,551</b>	<b>-23,406</b>	<b>-16,757</b>	<b>-21,501</b>	<b>-23,519</b>
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-6,106	-7,395	-11,846	-13,892	-16,024
Inc / Dec (-) in Loans	-15,031	-11,790	-7,560	-6,048	-4,838
Others	-2,930	-3,462	3,069	3,376	3,713
<b>Financing Cash Flow</b>	<b>-24,067</b>	<b>-22,647</b>	<b>-16,337</b>	<b>-16,564</b>	<b>-17,149</b>
<b>Inc / Dec (-) in Cash</b>	<b>-157</b>	<b>-227</b>	<b>13,529</b>	<b>16,027</b>	<b>20,979</b>
Opening Cash Balance	555	398	171	13,700	29,726
Closing Cash Balance	398	171	13,700	29,726	50,705

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	46,387	59,321	72,519	90,302	1,12,597
Share Capital	2,500	2,500	2,500	2,500	2,500
Reserves & Surplus	43,887	56,821	70,019	87,802	1,10,097
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	81,046	73,543	69,052	66,380	65,255
Def. Tax Liab. / Assets (-)	0	0	0	0	0
<b>Total - Equity &amp; Liab.</b>	<b>1,27,433</b>	<b>1,32,864</b>	<b>1,41,571</b>	<b>1,56,682</b>	<b>1,77,852</b>
Net Fixed Assets	1,40,595	1,50,302	1,43,114	1,39,822	1,37,669
Gross Fixed Assets	84,009	87,781	83,719	80,427	78,274
Intangible Assets	54,110	62,521	59,395	59,395	59,395
Less: Depn. & Amort.	0	0	0	0	0
Capital WIP	2,476	0	0	0	0
Investments	2,721	944	5,944	10,944	15,944
Current Assets	41,858	41,264	55,939	73,108	95,243
Inventories	0	0	0	0	0
Sundry Debtors	4,446	1,083	1,260	1,437	1,616
Cash & Bank Balances	398	171	13,700	29,726	50,705
Loans & Advances	0	0	0	0	0
Other Current Assets	37,014	40,010	40,979	41,945	42,922
Current Liab. & Prov.	57,741	59,646	63,425	67,192	71,004
Current Liabilities	21,893	23,424	26,063	28,693	31,355
Provisions & Others	35,848	36,222	37,362	38,499	39,649
Net Current Assets	-15,883	-18,382	-7,486	5,916	24,239
<b>Total - Assets</b>	<b>1,27,433</b>	<b>1,32,864</b>	<b>1,41,571</b>	<b>1,56,682</b>	<b>1,77,852</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	11.4%	15.0%	19.9%	23.6%	26.3%
Asset Turnover (x)	0.5	0.6	0.7	0.7	0.7
Leverage Factor (x)	3.1	2.6	2.2	1.9	1.7
RoE	18.3%	24.2%	30.1%	32.8%	33.0%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	92.8	118.6	145.0	180.6	225.2
ROIC	10.0%	14.3%	18.7%	25.6%	32.7%
ROE	18.3%	24.2%	30.1%	32.8%	33.0%
Net Debt/Equity (x)	1.7	1.2	0.7	0.3	0.0
P/E (x)	111.2	70.1	45.2	33.6	26.8
P/B (x)	19.3	15.1	12.4	9.9	8.0
EV/EBITDA (x)	27.0	22.1	18.0	14.8	12.3
EV/Sales (x)	13.3	11.1	9.3	8.0	6.9
Debtor days	23	5	5	5	5
Inventory days	0	0	0	0	0
Creditor days	145	133	138	144	151

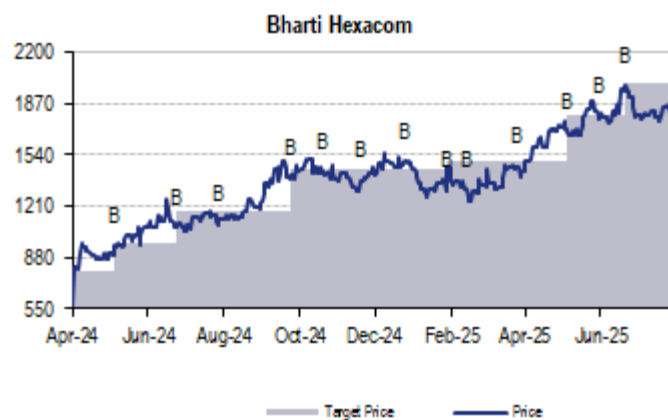
Source: Company, JM Financial



## History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
10-Apr-24	Buy	790	
15-May-24	Buy	970	22.7
4-Jul-24	Buy	1,175	21.1
6-Aug-24	Buy	1,175	0.0
3-Oct-24	Buy	1,445	23.0
29-Oct-24	Buy	1,445	0.0
29-Nov-24	Buy	1,445	0.0
3-Jan-25	Buy	1,445	0.0
6-Feb-25	Buy	1,500	3.9
23-Feb-25	Buy	1,500	0.0
4-Apr-25	Buy	1,500	0.0
15-May-25	Buy	1,795	19.7
9-Jun-25	Buy	1,795	0.0
1-Jul-25	Buy	2,000	11.4

## 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, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: [jmfinancial.research@jmfl.com](mailto:jmfinancial.research@jmfl.com) | [www.jmfl.com](http://www.jmfl.com)Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: [sahil.salastekar@jmfl.com](mailto:sahil.salastekar@jmfl.com)Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: [instcompliance@jmfl.com](mailto:instcompliance@jmfl.com)

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.

**Research Analyst(s) Certification**

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

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