

Bharti Hexacom

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	BHARTIHE IN
Equity Shares (m)	500
M.Cap.(INRb)/(USDb)	897.6 / 10.2
52-Week Range (INR)	2053 / 1058
1, 6, 12 Rel. Per (%)	-2/33/62
12M Avg Val (INR M)	747

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Net Sales	94.8	107.9	122.2
EBITDA	51.6	62.3	73.7
Adj. PAT	19.2	27.5	36.2
Adj. EPS (INR)	38.4	55.0	72.4
EPS Gr. (%)	49.9%	43.2%	31.6%
BV/Sh. (INR)	147.0	182.0	224.4

Ratios

RoE (%)	28.9	33.4	35.6
RoCE (%)	17.4	24.6	32.4

Valuations

P/E (x)	46.7	32.6	24.8
P/BV (x)	12.2	9.9	8.0
EV/EBITDA (x)	18.3	14.8	12.2
Div. Yield (%)	1.1	1.7	2.2

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	70.0	70.0	70.0
DII	9.8	10.0	9.2
FII	4.3	4.3	4.6
Others	15.9	15.7	16.3

FII Includes depository receipts

CMP: INR1,795 TP: INR2,010 (+12%) Neutral

Elevated opex drives miss; FCF generation robust

- Bharti Hexacom's (BHL) underlying wireless revenue growth at 3% QoQ was in line with peers in 1QFY26. However, its profitability (EBITDA flat QoQ) was impacted by elevated SG&A costs and network opex.
- Similar to Bharti, BHL's capex normalized in 1QFY26, while net debt (excl. leases) declined ~INR9b QoQ to INR28b (leverage modest at 0.65x), driven by robust FCF generation of ~INR9b (vs. ~INR6.6b QoQ).
- BHL provides a pure-play exposure to Bharti Airtel's fast-growing India wireless and home broadband segments with slightly better growth prospects and lower capital misallocation concerns.
- However, since its listing, the stock has re-rated significantly and now trades at ~17.5x one-year forward EV/EBITDA (~28% premium to Bharti's India business excl. Indus). We believe such a sharp premium is unjustified.
- Our FY26-28E EBITDA estimates are broadly unchanged. We model a CAGR of ~13%/21% in BHL's revenue/EBITDA over FY25-28E, driven by a potential ~15% tariff hike in Dec'25, ramp-up of FWA offerings and continued market share gains.
- We ascribe a DCF-based Sep'27E EV/EBITDA of **14.6x (~10% premium to our multiple for Bharti's India wireless business)** to BHL. Given its significant premium to Bharti for largely similar growth rates, we **reiterate our Neutral rating on BHL with a revised TP of INR2,010.**

Weaker 1Q due to elevated costs, FCF generation drives deleveraging

- BHL's overall 1Q revenue at INR22.6b (+18% YoY, 4% below) declined ~1% QoQ, due to lower roaming-related revenue and costs. However, customer revenue grew 3% QoQ to INR21.5b (in line).
- BHL's underlying wireless revenue growth at 3% was broadly similar to peers, while net adds in homes and office business remained elevated, driven by ramp-up of FWA offerings.
- Reported EBITDA at INR12.1b (+33% YoY, 4% miss) declined 1% QoQ due to higher network opex (+10% QoQ) and SG&A costs (+26% QoQ).
- Reported EBITDA margin expanded ~25bp QoQ to 51.3% (+545bp YoY, 15bp above our est.) due to favorable benefits from lower roaming.
- Adjusted for exceptional items in earlier quarters, PAT at INR3.9b declined 16% QoQ (but up 2x YoY) and was 5% below our estimate due to lower EBITDA.
- Similar to Bharti, BHL's overall capex declined QoQ to INR2.3b (-29% YoY).
- Consolidated free cash flow (after leases and interest payments) improved to INR8.9b (vs. INR6.6b QoQ), driven by better operational cash flows and favorable working capital changes.
- Net debt (ex-leases) declined ~INR8.8b QoQ to INR28.1b.

Wireless: Underlying revenue growth in line, EBITDA hurt by higher costs

- BHL's wireless ARPU grew 2% QoQ to INR246 (+20% YoY, our est. INR245), driven by subscriber mix improvements and one extra day QoQ.
- BHL reported modest 17k paying net adds (vs. 515k net adds QoQ and our est. 265k), with contribution to Bharti's 1QFY26 net adds at ~1% (vs. ~7.8% share of paying subs).
- Reported wireless revenue declined 1.5% QoQ due to lower roaming contribution. However, underlying revenue grew 3% QoQ (similar to peers).
- Wireless EBITDA at INR11.9b (+34% YoY, 3% below our estimates) was flat QoQ (+5.3%/+3.3% QoQ R-Jio, including FTTH/Airtel) due to a significant increase in network opex (+10% QoQ) and SG&A (+26% QoQ).
- Wireless EBITDA margin optically expanded by ~60bp QoQ to 54.4% (+640bp YoY), vs. 20bp QoQ improvement for Airtel (59.4%) due to lower roaming.
- Incremental wireless EBITDA margin, on a YoY basis, stood at ~90% for BHL (vs. ~63%/77% for R-Jio/Bharti), driven by a better flow-through of tariff hikes and continued market share gains.

Key highlights from the management commentary

- **Roaming charges:** The inter-circle roaming charges are impacted by seasonal variations. In 1Q, travel was curtailed due to certain geopolitical events. While lower roaming impacted reported revenue, impact on profitability was minimal.
- **Elevated costs:** There were certain year-end provisions in employee costs in 4QFY25, while other expenses were also lower in 4Q due to the reversal of certain USOF provisions. Management indicated that underlying growth in opex was ~2-3% (vs. ~7% reported in 1QFY26).
- **Capex:** Similar to Airtel, management expects BHL's capex to also taper down modestly in FY26 as there is no major rural rollout planned in BHL's circles.
- **Capital allocation:** The capital allocation policy would be similar to parent, Bharti Airtel. It will be a prudent mix of deleveraging, increase in dividend payments and growth capex (wider 5G coverage, ramp-up of home broadband).
- **Data usage:** The data usage in BHL circles is significantly higher than pan-India levels, due to lower availability of fixed broadband in these circles.
- **Lease-related costs:** The incremental EBITDAaL margins were impacted by accelerated network rollout during FY25 and, going ahead, rollouts are likely to be more gradual, which should lead to a lower gap in EBITDA and EBITDAaL margins.

Valuation and view

- BHL provides a pure-play exposure to Bharti Airtel's fast-growing India wireless and home broadband segments with slightly better growth prospects and lower capital misallocation concerns.
- However, since its listing, the stock has re-rated significantly and now trades at ~17.5x one-year forward EV/EBITDA (~28% premium to Bharti's India business excl. Indus).
- We find such a sharp premium to Bharti's more diversified business to be too steep and do not find the risk-reward attractive for BHL shareholders. We continue to prefer Bharti over BHL.

- Our FY26-28E EBITDA estimates are broadly unchanged. We model a CAGR of ~13%/21% in BHL's revenue/EBITDA over FY25-28E, driven by a potential ~15% tariff hike in Dec'25, ramp-up of FWA offerings and continued market share gains.
- We ascribe a DCF-based Sep'27E EV/EBITDA of 14.6x (~10% premium to our multiple for Bharti's India wireless business) to BHL. Given its significant premium to Bharti for largely similar growth rates, we **reiterate our Neutral rating on BHL with a revised TP of INR2,010**.

Consolidated - Quarterly earnings summary

Y/E March	FY25				FY26E				FY25	FY26	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	Var (%)
Revenue	19,106	20,976	22,507	22,890	22,630	23,082	23,906	25,198	85,479	94,816	23,441	-3.5
YoY Change (%)	13.6%	20.7%	25.0%	22.5%	18.4%	10.0%	6.2%	10.1%	20.6%	10.9%		
Total Expenditure	10,348	10,957	10,990	11,212	11,023	10,780	10,665	10,715	43,507	43,183	11,383	-3.2
EBITDA	8,758	10,019	11,517	11,678	11,607	12,302	13,241	14,483	41,972	51,634	12,058	-3.7
YoY Change (%)	5.5%	21.3%	39.2%	33.0%	32.5%	22.8%	15.0%	24.0%	49.1	54.5		
Depreciation	4,957	5,361	5,315	5,312	5,273	5,405	5,540	5,748	20,945	21,966	5,403	-2.4
Net Finance cost	1,615	1,754	1,802	1,712	1,541	1,510	1,480	1,475	6,883	6,006	1,626	-5.3
Other Income	399	491	450	478	475	500	500	525	1,818	2,000	500	-5.0
PBT before EO expense	2,585	3,395	4,850	5,132	5,268	5,887	6,721	7,785	15,962	25,661	5,529	-4.7
Extra-Ord expense	-3,183	0	1,057	0	0	0	0	0	-2,126	0	0	
PBT	5,768	3,395	3,793	5,132	5,268	5,887	6,721	7,785	18,088	25,661	5,529	-4.7
Tax	656.0	864.0	1,184.0	448.0	1,352.0	1,481.8	1,691.8	1,959.5	3,152.0	6,459.0	1,391.6	-2.8
Rate (%)	11.4%	25.4%	31.2%	8.7%	25.7%	25.2%	25.2%	25.2%	17.4%	25.2%		
Minority Interest & P/L of Asso. Cos.												
Reported PAT	5,112	2,531	2,609	4,684	3,916	4,405	5,030	5,825	14,936	19,202	4,137	-5.3
Adj PAT	1,929	2,531	3,666	3,802	3,916	4,405	5,030	5,825	12,810	19,202	4,137	-5.3
YoY Change (%)	-23.8%	112.8%	72.4%	70.8%	103.0%	74.1%	37.2%	53.2%	58.7%	49.9%		

E: MOFSL Estimates

Exhibit 1: We ascribe a TP of INR2,010 to BHL

	Valuation base (INR b)	Multiple (X)		Valuation	
	Sep'27 EBITDA	EBITDA	Other	(INR b)	(INR/sh)
BHL					
Mobility	67	14.6	DCF implied	982	1,963
Homes and offices	3	14.6		46	92
BHL EV	68	15.1		1,028	2,056
Net debt (including leases)				38	76
Dividends				15	30
BHL equity value				1,005	2,010

Exhibit 2: Estimate changes

	FY26E	FY27E	FY28E
Revenue consolidated (INRb)			
Old	98.6	112.1	127.1
New	94.8	107.9	122.2
Change (%)	-3.9	-3.7	-3.9
EBITDA consolidated (INRb)			
Old	51.7	62.4	73.6
New	51.6	62.3	73.7
Change (%)	-0.1	-0.2	0.1
EBITDA margin consolidated (%)			
Old	52.4	55.7	57.9
New	54.5	57.7	60.3
Change (bp)	204	204	238
Net Income consolidated (INRb)			
Old	19.1	27.7	36.5
New	19.2	27.5	36.2
Change (%)	0.3	-0.8	-0.7
Mobility			
EoP subs			
Old	28.8	29.5	30.2
New	28.5	29.3	30.0
Change (%)	-1.0	-0.8	-0.7
Consumer ARPU			
Old	254	283	310
New	255	284	311
Change (%)	0.1	0.3	0.1
Mobility Revenue			
Old	95.3	107.5	120.7
New	91.5	103.3	115.6
Change (%)	-3.9	-3.9	-4.2
Mobility EBITDA			
Old	52.2	62.1	71.8
New	52.3	62.2	71.9
Change (%)	0.3	0.1	0.1

Slightly weaker 1Q due to higher SG&A and network opex

- Overall 1QFY26 reported revenue at INR22.6b (+18% YoY, ~4% below our estimate) declined ~1% QoQ, likely due to lower roaming revenue (and corresponding lower costs). Customer revenue grew 3% QoQ to ~INR21.5b and was broadly in line with estimates.
- EBITDA at INR12.1b (+33% YoY, 4% miss) declined ~1% QoQ due to higher network opex (+10% QoQ) and SG&A costs (+26% QoQ).
- Reported EBITDA margin expanded ~25bp QoQ to 51.3% (+545bp YoY, 15bp below our estimate) and remained significantly below 58.1% (up 30bp QoQ) for Bharti's India operations (ex-Indus).
- Depreciation and amortization remained flat QoQ at INR5.3b (+6% QoQ), while net finance cost declined ~13% QoQ (-12% YoY) to INR1.1b.
- Reported PAT came in at INR3.9b. Adjusted for exceptional items in earlier quarters, PAT at INR3.9b declined 16% QoQ (but up 2x YoY) and came in 5% below our estimate, due to a miss on EBITDA.

Capex normalized; net debt declines ~INR9b driven by robust FCF generation

- Similar to Bharti, overall capex fell ~47% QoQ to INR2.3b (-29% YoY).

- BHL's overall net debt (ex-leases) declined further ~INR8.8b QoQ to INR28.1b (vs. INR36.9b QoQ). Including the impact of leases, BHL's consolidated net debt declined by ~INR9.5b to INR63.1b (vs. INR72.6b QoQ).
- Net debt (ex-leases) to EBITDAaL declined further to 0.65x (vs. 0.87x QoQ, vs. 1.35x for Bharti's India SA business).
- BHL's consolidated free cash flow (after leases and interest payments) improved to INR8.9b (vs. INR6.6b QoQ), driven by better operational cash flows and favorable working capital changes.

Wireless: Underlying revenue growth in line with estimates, EBITDA impacted by higher SG&A and network opex

- BHL's wireless ARPU grew 2% QoQ (similar to Airtel) to INR246 (20% YoY, vs. our est. of INR245), driven by subscriber mix improvements and one extra day QoQ.
- BHL reported modest 17k paying net adds (vs. 515k net adds QoQ and our est. 265k net adds) and contributed just ~1% of Bharti's 1QFY26 subscriber net adds (vs. ~7.8% share in Airtel's paying subs base).
- The subscriber mix continued to improve as BHL added 283k smartphone net adds QoQ. BHL's share of Bharti's 4G/5G net adds was robust at ~7.2% (though lower vs. 10% QoQ and ~7.8% share of Airtel's 4G subscriber base).
- The share of data subs in BHL's mix improved further ~95bp QoQ to 77.6%, but remained below Airtel's 78.5% (+70bp QoQ).
- BHL's reported wireless revenue declined ~1.5% QoQ (vs. +2.9% QoQ for R-Jio, including FTTH and Airtel's India wireless) to INR21.9b (+18% YoY, ~3.5% miss) due to lower contribution from in-roamers.
- BHL's customer revenue grew ~3% QoQ (similar to QoQ growth rates for R-Jio, including FTTH and Airtel's India wireless) to INR20.8b (+23% YoY, in line).
- Wireless EBITDA at INR11.9b (+34% YoY, 3% below our estimate) was flat QoQ (vs. +5.3%/+3.3% QoQ R-Jio, including FTTH/Airtel) due to a significant increase in network opex (+10% QoQ) and SG&A (+26% QoQ).
- Wireless EBITDA margins improved ~60bp QoQ to 54.4% (+640bp YoY, vs. +125bp QoQ to 54% for RJio), better than 20bp QoQ improvement for Airtel (59.4%).
- Incremental margins on YoY basis were robust at 90% (vs. 63%/77% for RJio/Bharti), driven by better flow-through of tariff hikes and continued market share gains.
- Similar to normalization in capex for Bharti's India wireless segment, BHL's wireless capex also declined ~66% QoQ to INR1.2b (-56% YoY).

Homes and Offices: Net subscriber additions remain elevated; margins contract (vs. expansion for Bharti)

- BHL's Homes BB subs base reached ~0.5m (+56% YoY) as net adds remained elevated at ~54k (vs. 53k QoQ). BHL accounted for ~5.7% of Airtel's Homes BB net adds (vs. ~4.6% share in Airtel's Homes BB subscriber base).
- However, similar to Airtel, reported Homes ARPU decline continued, with a further ~1% QoQ dip to INR485/month (-6% YoY, vs. ~1% QoQ dip for Airtel to INR537/month).
- Homes and Offices revenue was up ~11% QoQ at INR0.8b (+38% YoY, in line) and was better than ~8% QoQ growth for Airtel.

- Homes and Offices EBITDA at INR0.25b (15% below) was up ~7% QoQ (+38% YoY, vs. 8% QoQ growth for Airtel), as margins contracted ~110bp QoQ to 31.8% (-150bp YoY). Comparatively, Airtel's Home BB margins expanded ~15bp QoQ to 50%.
- Capex in Homes Business surged ~74% QoQ to INR1b (up ~3x YoY).

Other highlights: Data engagement remains ahead of Airtel's India wireless business

- Data volume for BHL surged 8% QoQ (vs. 6% QoQ in 4QFY25, +12%/8% QoQ R-Jio including FTTH and Airtel India), driven by boost from IPL.
- Data usage per sub improved to 29.4GB/month (vs. 27.7GB QoQ, 37GB reported by R-Jio including FTTH and higher than 26.9GB for Airtel on pan-India basis).
- Voice usage on network declined ~2% QoQ (+1% QoQ in 4QFY25, flat/-1% QoQ for R-Jio and Airtel), with minute of usage (MoU) per subscriber moderating slightly to 1,107mins/month (vs. 1,139 mins QoQ, ~1,007 mins for R-Jio, and slightly lower vs. 1,143 mins for Airtel on pan-India basis).
- BHL's tower count reduced by seven QoQ (vs. 162 additions in 4QFY25) to 26.5k towers. Revenue per site declined ~2% QoQ to INR275k/month (+15% YoY, vs. +2% QoQ to INR267k for Airtel).

Exhibit 3: Consolidated results summary

	1QFY25	4QFY25	1QFY26	YoY	QoQ	1QFY26E	1QFY25
Bharti Hexacom							
Revenues	19,106	22,890	22,630	18.4	(1.1)	23,441	19,106
Access charges	2,209	2,468	1,630	(26.2)	(34.0)	2,414	2,209
License and spectrum fee	1,734	2,093	2,114	21.9	1.0	2,157	1,734
Network operating costs	4,674	4,756	5,219	11.7	9.7	4,875	4,674
Employee costs	297	431	210	(29.3)	(51.3)	371	297
SG&A expenses	1,434	1,464	1,850	29.0	26.4	1,566	1,434
Total costs	10,348	11,212	11,023	6.5	(1.7)	11,383	10,348
EBITDA	8,758	11,678	11,607	32.5	(0.6)	12,058	8,758
EBITDA margin (%)	45.8	51.0	51.3	545 bps	27 bps	51.4	45.8
Depreciation and amortization	4,957	5,312	5,273	6.4	(0.7)	5,403	4,957
EBIT	3,801	6,366	6,334	66.6	(0.5)	6,655	3,801
EBIT margin (%)	19.9	27.8	28.0	810 bps	18 bps	28.4	19.9
Net finance cost	1,216	1,234	1,066	(12.3)	(13.6)	1,126	1,216
PBT	2,585	5,132	5,268	103.8	2.7	5,529	2,585
Tax provision	656	448	1,352	106.1	201.8	1,392	656
Extraordinary items	(3,183)	-	-			-	(3,183)
Reported net income	5,112	4,684	3,916	(23.4)	(16.4)	4,137	5,112
Adjusted net income	1,929	4,684	3,916	103.0	(16.4)	4,137	1,929
Reported EPS (INR)	10.2	7.6	7.8	(23.4)	3.0	8.3	10.2
Adjusted EPS (INR)	3.9	7.6	7.8	103.1	3.0	8.3	3.9
Costs as % of revenue							
Access charges	(11.6)	(10.8)	(7.2)	436 bps	358 bps	(10.3)	(11.6)
License and spectrum fee	(9.1)	(9.1)	(9.3)	(27)bps	(20)bps	(9.2)	(9.1)
Network operating costs	(24.5)	(20.8)	(23.1)	140 bps	(228)bps	(20.8)	(24.5)
Employee costs	(1.6)	(1.9)	(0.9)	63 bps	95 bps	(1.6)	(1.6)
SG&A expenses	(7.5)	(6.4)	(8.2)	(67)bps	(178)bps	(6.7)	(7.5)
Total costs	(54.2)	(49.0)	(48.7)	545 bps	27 bps	(48.6)	(54.2)

Exhibit 4: Segmental performance summary

	1QFY25	4QFY25	1QFY26	YoY	QoQ	1QFY26E	vs est
Segmental revenue (INR m)							
Wireless	18,604	22,249	21,916	17.8	(1.5)	22,721	(3.5)
Homes	568	709	784	38.0	10.6	789	(0.7)
Overall	19,106	22,890	22,630	18.4	(1.1)	23,441	(3.5)
Eliminations	(66)	(68)	(70)			(69)	
Segmental EBITDA (INR m)							
Wireless	8,928	11,969	11,923	33.5	(0.4)	12,265	(2.8)
Homes	189	233	249	31.7	6.9	294	(15.2)
Overall	8,758	11,678	11,607	32.5	(0.6)	12,058	(3.7)
Eliminations	(359)	(524)	(565)			(500)	
Segmental EBITDA margin (%)							
Wireless	48.0	53.8	54.4	641 bps	61 bps	54.0	(42)bps
Homes	33.3	32.9	31.8	(150)bps	(110)bps	37.2	545 bps
Overall	45.8	51.0	51.3	545 bps	27 bps	51.4	15 bps
Segmental Capex (INR m)							
Wireless	2,842	3,664	1,246	(56)	(66)	3,067	(59)
Homes	337	590	1,024	204	74	900	14
Overall	3,179	4254	2270	(28.6)	(46.6)	3967	(42.8)

Source: Company, MOFSL

Exhibit 5: Key operational metrics

Operating metrics	1QFY25	4QFY25	1QFY26	YoY	QoQ	1QFY26E	vs. est
Wireless							
Wireless ARPU	205	242	246	20.3	2.0	245	0.6
EoP reported subs (m)	27.6	28.1	28.1	2.0	0.1	28.4	(0.9)
Net adds ('000)	255	515	17			265	(93.5)
EoP data subs (m)	20.5	21.6	21.8	6.8	1.3	22.0	(0.7)
Data net adds ('000)	687	530	278			423	(34)
Data subs proportion (%)	74.1	76.7	77.6	346 bps	94 bps	77.4	17 bps
EoP 4G subs (m)	20.2	21.5	21.8	7.9	1.3	21.9	(0.7)
4G net adds (m)	703	710	283			434	(35)
Data volume (m GBs)	1,582	1,808	1,958	23.8	8.3	1,929	1.5
Data usage per data sub (GB/month)	25.7	27.7	29.4	14.5	6.0	28.8	2.0
Average data realization (INR/GB)	12.0	12.6	11.4	(4.8)	(9.2)	-	
Voice usage on network (b mins)	89.4	95.3	93.4	4.5	(2.0)	95.3	(2.0)
Minute of usage per sub (min/month)	1,086	1,139	1,107	2.0	(2.8)	1,124	(1.5)
Network towers ('000)	25,972	26,497	26,490	2.0	(0.0)	26,686	(0.7)
MBB sites ('000)	80,500	81,840	81,874	1.7	0.0	82,308	(0.5)
Revenue per tower (INR/month)	2,39,298	2,80,408	2,75,054	14.9	(1.9)	-	
Homes and offices							
Cities covered (#)	97	114	115	18.6	0.9	-	
Reported ARPU (INR/month)	514	490	485	(5.6)	(1.1)	488	(0.6)
Calculated ARPU (INR/month)	605	560	550	(9.0)	(1.8)	550	(0.0)
EoP reported subs (k)	321	448	502	56.3	12.0	508	(1.2)
Net adds ('000)	16	53	54			60	
Implied other revenue (INR m)	85	89	93	8.8	4.6	89	3.6

Source: Company, MOFSL

Exhibit 6: Bharti Hexacom generated FCF of ~INR89b (post interest and leases) in 1QFY26

FCF, post lease and interest payment	1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25	2Q FY25	3Q FY25	4Q FY25	1Q FY26	FY 2024	FY 2025
CF before WC changes	8,676	8,369	8,770	8,949	8,610	8,569	10,207	9,577	10,963	34,764	36,963
WC changes	305	2,537	646	(2,791)	4,475	1,826	631	1,932	2,474	697	8,864
Cashflow from operations	8,981	10,906	9,416	6,158	13,085	10,395	10,838	11,509	13,437	35,461	45,827
Lease payments	(666)	(826)	(736)	(702)	(755)	(750)	(1,004)	(953)	(914)	(2,930)	(3,462)
Capex in tangible assets	(4,999)	(5,593)	(5,334)	(4,902)	(4,728)	(5,252)	(4,025)	(11,167)	(2,956)	(20,829)	(25,172)
Capex in intangible assets	-	(352)	1	(0)	(0)	(1,465)	(56)	(9,094)	(45)	(352)	(10,615)
Paid finance cost	(1,771)	(1,531)	(739)	(1,315)	(1,728)	(1,661)	(671)	(1,335)	(625)	(5,356)	(5,395)
FCF, post lease and interest payment	1,545	2,603	2,608	(762)	5,873	1,266	5,082	(11,039)	8,896	5,994	1,183
Spectrum prepayments			-	-				8,576		-	8,576
Adjusted FCF post leases and interest	1,545	2,603	2,608	(762)	5,873	1,266	5,082	(2,463)	8,896	5,994	9,759

Exhibit 7: Bharti Hexacom's net debt (excl. leases to EBITDAaL) moderated sharply to ~0.65x (vs. 1.3x YoY)

Debt and cash trends (INR m)	Mar-23	Sep-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Reported gross debt	62,693	62,353	48,347	40,032	48,901	43,033	37,800	29,155
LT debt	19,999							
ST debt (inc. current maturities)	15,001	35,013	20,001	11,686	11,907	6,040	8,746	9
Deferred payment liabilities	27,693	27,340	28,346	28,346	36,994	36,993	29,054	29,147
Cash and Cash Equivalents	11,015	15,775	2,774	211	340	187	910	1,091
Cash and Cash Equivalents	555	463	398	153	334	169	171	351
Investments & Receivables	10,460	15,312	2,376	58	6	18	739	740
Net Debt excluding Lease Obligations	51,678	46,578	45,573	39,820	48,561	42,846	36,890	28,064
Lease Obligation	29,343	30,968	32,700	35,600	36,229	36,054	35,729	35,096
Net Debt including Lease Obligations	81,021	77,546	78,273	75,420	84,790	78,900	72,619	63,160
Net debt (including leases) to EBITDA	2.63	2.35	2.23	2.15	2.12	1.71	1.55	1.36
Net debt (excluding leases) to EBITDAaL			1.46	1.29	1.35	1.03	0.87	0.65

Source: Company, MOFSL

Exhibit 8: BHL's reported financials were impacted by lower roaming contribution, but overall impact negligible

Bharti Hexacom (INR m)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Reported wireless revenue	16,473	17,029	17,477	18,232	18,604	20,433	21,931	22,249	21,916
Revenue based on reported ARPU	15,155	15,506	16,025	16,562	16,881	18,707	19,820	20,194	20,794
Revenue from in-roamers	1,318	1,523	1,453	1,671	1,723	1,726	2,112	2,055	1,122
Implied ARPU (INR/month)	209	213	219	224	225	248	267	266	259
Reported ARPU (INR/month)	194	196	200	204	205	228	241	242	246
ARPU from in-roamers (INR/month)	15	17	18	20	20	21	25	24	13
Access charges	1,641	1,856	1,897	2,067	2,209	2,238	2,304	2,468	1,630
Access charges per wireless sub (INR/month)	21	23	24	25	27	27	28	30	19
Net impact from ICR/IUC (INR/month)	(6)	(6)	(5)	(6)	(7)	(7)	(3)	(5)	(7)

Source: Company, MOFSL

Exhibit 9: For every INR10 change in ARPU, BHL's FY27E EBITDA changes by ~INR2.3b (or ~3.6%)

TP (INR/share)		FY27E wireless ARPU (INR)				
		264	274	284	294	304
FY27E Paying wireless subs (m)	28.3	56.8	59.0	61.2	63.4	65.6
	28.8	57.3	59.5	61.8	64.0	66.2
	29.3	57.8	60.1	62.3	64.6	66.8
	29.8	58.3	60.6	62.9	65.1	67.4
	30.3	58.8	61.1	63.4	65.7	68.0

Source: Company, MOFSL

Exhibit 10: Key assumptions for Bharti Hexacom

	2022	2023	2024	2025	2026E	2027E	2028E
Mobility business							
Paying subscriber base ('000s)	24,767	25,827	27,341	28,129	28,516	29,301	30,017
Net monthly additions ('000s)	(18)	88	126	66	32	65	60
Data subscribers ('000s)	15,382	17,333	19,773	21,565	22,905	24,064	25,367
Net monthly additions ('000s)	125	163	203	149	112	97	109
Wireless ARPU (INR/sub/month)	155	186	198	227	255	284	311
Change (%)	14.7	20.0	6.7	14.6	12.1	11.5	9.5
Data volumes (b MB)	3,582	4,354	5,272	6,698	8,176	9,865	11,732
Change (%)	42.5	21.6	21.1	27.0	22.1	20.7	18.9
Data consumption (MB/sub/month)	20,396	22,182	23,681	27,006	30,641	35,006	39,558
Change (%)	18.6	8.8	6.8	14.0	13.5	14.2	13.0
Voice traffic (b mins)	297	322	352	369	383	398	412
Change (%)	14.5	8.3	9.3	5.0	3.7	3.9	3.5
MOU (min/sub/month)	995	1,060	1,102	1,109	1,126	1,146	1,156
Change (%)	15.0	6.5	4.0	0.6	1.5	1.8	0.9
Homes and offices							
EoP subscriber base ('000s)	131	219	305	448	682	922	1,162
Net monthly additions ('000s)	5.1	7.3	7.2	11.9	19.5	20.0	20.0
Implied ARPU (INR/month)	683	599	542	482	477	471	521
Change (%)	(11.8)	(12.4)	(9.5)	(11.1)	(0.8)	(1.4)	10.6
Capex (INR m)							
Mobility (ex-spectrum)	8,320	14,563	18,970	22,745	10,551	12,028	13,008
as % of revenues	15.7	22.7	27.4	27.3	11.5	11.6	11.3
Overall (ex-spectrum)	8,745	15,162	20,235	24,889	14,275	15,628	16,608
as % of revenues	16.2	23.0	28.5	29.1	15.1	14.5	13.6
Overall (with spectrum)	8,745	29,939	20,235	37,968	14,275	15,628	16,608
as % of revenues	16.2	45.5	28.5	44.4	15.1	14.5	13.6

Source: Company, MOFSL

Exhibit 11: Segment-wise revenue, EBITDA, margin and capex trends and forecasts

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Segmental revenue (INR b)							
Mobility	53	65	69	83	92	103	116
Homes and offices	1	2	2	3	4	5	7
Bharti Hexacom	54	66	71	85	95	108	122
Eliminations	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Segmental EBITDA (INR b)							
Mobility	19	28	34	43	52	62	72
Homes and offices	0	0	1	1	1	2	4
Bharti Hexacom	18	28	34	42	52	62	74
Eliminations	(1)	(1)	(1)	(2)	(2)	(2)	(2)
Segmental EBITDA margin (%)							
Mobility	35.0	44.0	49.4	51.6	57.2	60.2	62.2
Homes and offices	32.4	28.7	34.0	32.0	39.2	47.6	57.6
Bharti Hexacom	33.6	42.3	47.4	49.1	54.5	57.7	60.3
Segmental Capex (INR b)							
Mobility	8	15	19	23	11	12	13
Homes and offices	0	1	1	2	4	4	4
Bharti Hexacom	9	15	20	25	14	16	17
Capex to sales (%)							
Mobility	15.6	22.5	27.4	27.3	11.5	11.6	11.3
Homes and offices	39.5	38.8	61.4	85.0	103.2	73.1	52.0
Bharti Hexacom	16.2	23.0	28.5	29.1	15.1	14.5	13.6

Source: Company, MOFSL

Exhibit 12: BHL's risk-reward analysis

	Base	Bear	Bull
BHL (INR/sh)			
Mobility	1,963	1,450	2,198
Homes and offices	92	68	103
BHL EV	2,056	1,518	2,301
Net debt (including leases)	76	79	80
Dividends	30	26	39
BHL equity value	2,010	1,465	2,260
<i>Upside/downside to CMP (%)</i>	<i>12</i>	<i>(18)</i>	<i>26</i>

Exhibit 13: Near-term growth likely to remain robust driven by ~15% tariff hike in Dec'25

FY25-28E	Bear	Base	Bull
Paying subs	1.4%	2.2%	1.4%
Wireless ARPU	9.3%	11.0%	13.9%
Wireless revenue	8.6%	11.6%	15.2%
Wireless EBITDA	12.5%	19.0%	20.0%

Exhibit 14: We model ~7.4% LT EBITDA growth driven largely by ~6% ARPU CAGR

FY28-35E	Bear	Base	Bull
Paying subs	1.0%	1.1%	1.0%
Wireless ARPU	5.0%	6.0%	7.0%
Wireless revenue	6.1%	7.4%	7.7%
Wireless EBITDA	6.6%	7.4%	8.9%

Exhibit 15: Summary of BHL wireless business valuations and upside/downside skew, FY2025-35E

	Base	Bear	Bull
BHL- wireless			
10-year subscriber CAGR	1.4%	1.1%	1.1%
10-year ARPU CAGR	7.5%	6.3%	9.1%
INR 300 ARPU achieved by	FY2028	FY2029	FY2027
10-yr revenue CAGR	8.6%	6.9%	9.9%
10-yr EBITDA CAGR	10.7%	8.3%	12.1%
Enterprise value (INR b)	982	725	1,099
<i>Implied Sep'27E EBITDA</i>	<i>14.6</i>	<i>12.5</i>	<i>15.9</i>
BHL wireless Enterprise value (INR/share)	1,963	1,450	2,198
BHL SoTP based Fair value (INR/share)	2,010	1,465	2,260
<i>Upside / downside to CMP</i>	<i>12%</i>	<i>-18%</i>	<i>26%</i>

Exhibit 16: We ascribe INR982b (or INR1,963/share) valuation to BHL's mobility business (14.6x Sept'27 EBITDA)

	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E
Assumptions													
Paying subscriber base (m)	28.1	28.5	29.3	30.0	30.5	31.0	31.4	31.7	32.0	32.3	32.5		
Net adds	0.8	0.4	0.8	0.7	0.5	0.5	0.4	0.4	0.3	0.3	0.2		
ARPU (INR/month)	227	255	284	311	337	363	389	412	433	450	467		
YoY	14.6	12.1	11.5	9.5	8.5	7.8	7.0	6.0	5.0	4.0	3.8		
DCF model													
EBITDA	43	53	63	72	80	88	95	102	108	114	119		
Adjusted tax expense	-3	-6	-9	-12	-14	-16	-18	-20	-21	-23	-24		
Change in working capital	1	1	1	1	1	1	1	1	1	1	1		
Operating cash flow	41	47	54	61	67	73	78	83	88	92	96		
Capital expenditure	-13	-11	-12	-13	-18	-19	-21	-21	-22	-22	-22		
Free cash flow	28	36	42	48	49	54	58	62	66	70	73	77	81
Discounted cash flow-now		34	36	37	35	34	33	32	31	30	28		
Discounted cash flow-1 year forward			40	41	38	38	37	36	35	33	31	30	
Discounted cash flow-2 year forward				46	42	42	41	40	38	36	35	33	31

	Now	Y+1	Y+2
WACC (%)	10.5%	10.5%	10.5%
Total PV of free cash flow	332	359	384
Terminal value assumption			
Terminal growth rate (%)	5.0%	5.0%	5.0%
FCF in terminal year	73	77	81
Exit FCF multiple (X)	19.1	19.1	19.1
Exit EV/EBITDA multiple (X)	11.8	12.4	13.0
Terminal value	1,401	1,471	1,544
PV of terminal value	542	569	598
EV of mobility business (INR b)	875	928	982
Implied EV/EBITDA	18.3	16.1	14.6
Shares outstanding (m)	500	500	500
EV/share for BHL's mobility (INR/share)	1,749	1,857	1,963

Exhibit 17: For every INR10 change in ARPU, BHL's TP changes by ~INR59/share (~3%)

		FY27E wireless ARPU (INR)				
		264	274	284	294	304
FY27E Paying wireless subs (m)	28.3	1,865	1,923	1,981	2,039	2,097
	28.8	1,878	1,937	1,995	2,054	2,112
	29.3	1,892	1,951	2,010	2,069	2,128
	29.8	1,905	1,965	2,024	2,084	2,143
	30.3	1,918	1,979	2,039	2,099	2,159

Exhibit 18: BHL currently trades at ~17.4x rolling one-year forward EV/EBITDA

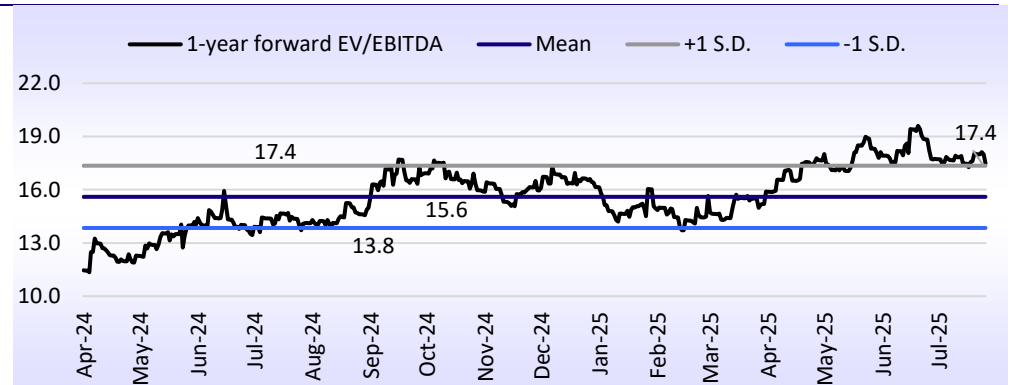
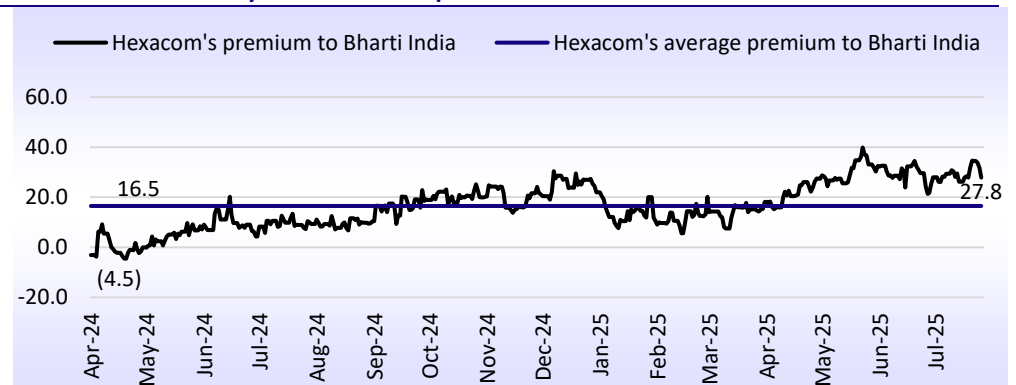


Exhibit 19: BHL currently trades at ~28% premium to Bharti's India business



Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Income from Operations	46,023	54,052	65,790	70,888	85,479	94,816	1,07,926	1,22,179
Change (%)		17.4	21.7	7.7	20.6	10.9	13.8	13.2
Access Charges	13,454	11,331	9,833	7,461	9,219	6,437	6,377	6,584
License Fee	4,379	5,718	6,329	6,520	7,824	8,676	9,875	11,179
Network Operating	14,279	14,862	15,863	16,849	19,047	19,790	20,371	20,985
Personnel	763	764	903	1,054	1,342	1,686	1,919	2,172
SG&A	1,410	1,993	3,067	3,692	4,073	4,247	4,476	4,735
Other Expenses	1,214	1,244	1,938	1,700	2,002	2,347	2,590	2,871
Total Expenditure	35,499	35,912	37,933	37,276	43,507	43,183	45,609	48,526
% of Sales	77.1	66.4	57.7	52.6	50.9	45.5	42.3	39.7
EBITDA	10,524	18,140	27,857	33,612	41,972	51,634	62,317	73,652
Margin (%)	22.9	33.6	42.3	47.4	49.1	54.5	57.7	60.3
Depreciation	12,852	14,410	15,533	17,392	20,945	21,966	22,750	23,559
EBIT	-2,328	3,730	12,324	16,220	21,027	29,667	39,567	50,093
Int. and Finance Charges	5,166	5,718	6,388	6,444	6,883	6,006	5,017	4,224
Other Income	1,020	888	1,402	2,487	1,818	2,000	2,200	2,500
PBT bef. EO Exp.	-6,474	-1,100	7,338	12,263	15,962	25,661	36,750	48,369
EO Items	3,417	-19,511	0	3,030	-2,126	0	0	0
PBT after EO Exp.	-9,891	18,411	7,338	9,233	18,088	25,661	36,750	48,369
Total Tax	448	1,665	1,846	4,189	3,152	6,459	9,250	12,175
Tax Rate (%)	-4.5	9.0	25.2	45.4	17.4	25.2	25.2	25.2
Reported PAT	-10,339	16,746	5,492	5,044	14,936	19,202	27,500	36,195
Adjusted PAT	-6,922	-2,765	5,492	8,074	12,810	19,202	27,500	36,195
Change (%)	NA	-60.1	-298.6	47.0	58.7	49.9	43.2	31.6
Margin (%)	-15.0	-5.1	8.3	11.4	15.0	20.3	25.5	29.6

Consolidated - Balance Sheet

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Total Reserves	17,360	34,105	39,595	43,887	56,821	71,023	88,524	1,09,718
Net Worth	19,860	36,605	42,095	46,387	59,321	73,523	91,024	1,12,218
Total Loans	59,752	71,983	62,693	48,346	37,799	22,799	12,799	2,799
Lease liabilities	17,983	18,701	29,343	32,700	35,729	35,296	35,235	34,835
Capital Employed	97,595	1,27,289	1,34,131	1,27,433	1,32,849	1,31,619	1,39,058	1,49,853
Net Fixed Assets	39,054	38,400	40,708	53,444	54,165	55,711	57,609	59,457
Intangibles	49,222	47,612	44,643	54,110	62,521	57,527	52,533	47,587
Capital WIP	707	641	19,360	4,445	2,973	2,973	2,973	2,973
Right of use assets	14,761	16,324	26,390	28,596	30,643	29,169	28,264	27,170
Total Investments	0	490	10,460	2,376	739	739	739	739
Other Non-Current Asset	11,984	11,017	11,574	9,764	8,563	7,766	7,128	6,617
Curr. Assets, Loans & Adv.	20,195	39,733	18,516	21,596	18,444	25,040	37,120	52,616
Account Receivables	1,429	20,958	1,489	4,446	1,083	866	866	866
Cash and Bank Balance	592	1,209	887	743	370	8,367	20,446	35,943
Other Current Asset	18,174	17,566	16,140	16,407	16,991	15,807	15,807	15,807
Curr. Liability & Prov.	43,830	30,542	37,620	45,779	45,564	47,672	47,672	47,672
Account Payables	22,240	14,952	14,406	14,848	15,860	17,446	17,446	17,446
Provisions	9,793	10,474	11,266	12,196	14,134	14,828	14,828	14,828
Other Current Liability	11,797	5,116	11,948	18,735	15,570	15,398	15,398	15,398
Net Current Assets	-23,635	9,191	-19,104	-24,183	-27,120	-22,631	-10,552	4,945
Deferred Tax assets	14,112	12,526	10,878	10,843	14,462	14,462	14,462	14,462
Deferred Revenue	-8,610	-8,912	-10,778	-11,962	-14,097	-14,097	-14,097	-14,097
Appl. of Funds	97,595	1,27,289	1,34,131	1,27,433	1,32,850	1,31,619	1,39,058	1,49,853

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
EPS	-13.8	-5.5	11.0	16.1	25.6	38.4	55.0	72.4
Cash EPS	11.9	23.3	42.1	50.9	67.5	82.3	100.5	119.5
BV/Share	39.7	73.2	84.2	92.8	118.6	147.0	182.0	224.4
DPS	0.0	0.0	1.5	4.0	10.0	20.0	30.0	40.0
Payout (%)	0.0	0.0	13.7	39.7	33.5	52.1	54.5	55.3
Valuation (x)								
P/E	-129.7	-324.6	163.4	111.2	70.1	46.7	32.6	24.8
Cash P/E	151.3	77.1	42.7	35.2	26.6	21.8	17.9	15.0
P/BV	45.2	24.5	21.3	19.3	15.1	12.2	9.9	8.0
EV/Sales	21.2	18.3	15.0	13.8	11.4	10.0	8.6	7.4
EV/EBITDA	92.6	54.4	35.5	29.1	23.1	18.3	14.8	12.2
Dividend Yield (%)	0.0	0.0	0.1	0.2	0.6	1.1	1.7	2.2
Return Ratios (%)								
RoE	-34.9	-9.8	14.0	18.3	24.2	28.9	33.4	35.6
RoCE	NA	3.0	7.3	7.1	13.4	17.4	24.6	32.4
RoIC	NA	2.5	8.1	10.9	12.7	17.9	25.3	33.3
Working Capital Ratios								
Asset Turnover (x)	0.5	0.4	0.5	0.6	0.6	0.7	0.8	0.8
Debtor (Days)	11	142	8	23	5	3	3	3
Leverage Ratio (x)								
Net Debt/Equity	3.9	2.4	1.9	1.7	1.2	0.7	0.3	0.0

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	-9,891	18,411	7,338	9,233	18,088	25,661	36,750	48,369
Depreciation	12,852	14,410	15,533	17,392	20,945	21,966	22,750	23,559
Interest & Finance Charges	5,060	5,689	6,289	5,668	6,828	4,006	2,817	1,724
Direct Taxes Paid	-335	-148	-197	-174	-6,747	-6,459	-9,250	-12,175
(Inc)/Dec in WC	3,992	-25,988	21,980	697	8,863	4,306	638	510
CF from Operations	11,678	12,374	50,943	32,816	47,977	49,480	53,705	61,988
Others	-2,385	-6,078	-6,545	-5,641	-11,008	-9,209	-8,198	-7,384
CF from Operating incl EO	9,293	6,296	44,398	27,175	36,969	40,271	45,507	54,604
(Inc)/Dec in FA	-14,532	-13,338	-9,391	-20,477	-14,783	-14,275	-15,628	-16,608
Free Cash Flow	-5,239	-7,042	35,007	6,698	22,186	25,997	29,879	37,996
(Pur)/Sale of Investments	6,485	-471	-9,680	8,505	1,736	0	0	0
Others	-778	-16	-1,238	421	-10,359	2,000	2,200	2,500
CF from Investments	-8,825	-13,825	-20,309	-11,551	-23,406	-12,275	-13,428	-14,108
Issue of Shares								
Inc/(Dec) in Debt	-163	8,115	-24,428	-15,000	-11,790	-15,000	-10,000	-10,000
Interest Paid	-3,409	-2,823	-3,855	-5,356	-5,395	-6,006	-5,017	-4,224
Dividend Paid	0	0	0	-750	-2,000	-5,000	-10,000	-15,000
Others (Lease)	-2,470	-3,461	-2,831	-2,930	-3,462	-3,203	-3,181	-3,160
CF from Fin. Activity	-163	8,115	-24,428	-15,750	-13,790	-20,000	-20,000	-25,000
Inc/Dec of Cash	305	586	-339	-126	-227	7,997	12,079	15,496
Opening Balance	-28	277	863	524	398	171	8,168	20,247
Closing Balance	277	863	524	398	171	8,168	20,247	35,744
Less :- Bank overdraft	0	-22	-31	0	0	0	0	0
Net Closing Balance	277	885	555	398	171	8,168	20,247	35,744

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