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Bharti Airtel | BUY

Deep dive into key investor concerns

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Based on our understanding and interactions with investors, we believe key investor concerns driving the recent weakness in Bharti Airtel's share price are: a) capital misallocation given huge consolidated FCF generation of INR 600bn-700bn p.a. going forward; these concerns are getting triggered by the recent INR 200bn equity infusion into the NBFC business; b) continued promoter stake sale overhang as ~8.5% stake remains to be sold in the next few years despite ~7.05% stake sale in the last 3.5 years and c) risk of wireless tariff hike being pushed to CY27 versus Street's expectation of around Jul-Aug'26 (2 years after the last tariff hike in Jul'24). Though capital mis-allocation concerns on the back of the recent foray into the NBFC business are fair, we believe the share price correction is overdone as: a) the company has been successfully running Airtel Money business in Africa, Airtel Payments Bank and Airtel Money for the last few years; b) it is a natural adjacency leveraging its large +370mn customer base, data science, and customer understanding; and c) equity investment is limited to INR 200bn over a long period, with the expectation of reaching self-sufficiency in future. Promoter stake sale overhang is likely to continue; the only respite could be if this ~8.5% stake sale happens more gradually over the next 3-4 years (~0.5% every 6 months or so instead of accelerated stake sales of ~4.4% in the last 1 year). However, we believe a tariff hike is highly likely in the next 6 months as it aligns with: a) Jio's interest to ensure new investors also make money post its IPO targeted by end-1HCY26 (assuming SEBI norms for large IPO are notified in the next few weeks); and b) government's objective to ensure a '3+1' player market. However, in the worst case scenario of the tariff hike getting pushed to CY27, there is a limited downside risk of 3-4% to our FY27-FY28 consolidated EBITDA and 6-7% to FY27-FY28 consolidated PAT estimate. We reiterate BUY (unchanged TP of INR 2,455) as we expect it to be a 14-15% EBITDA-compounding story over the next 2-3 years driven by 10-11% ARPU CAGR. At CMP, Bharti's India business is trading at 10.0x FY28 EV/EBITDA (while our TP implies ~12.3x FY28 EV/EBITDA) and implying FY28 FCF yield of 5.5%.

- **Capital misallocation concerns fair, but share price correction overdone:** Though capital mis-allocation concerns on the back of the recent foray into the NBFC business are fair, we believe share price correction is overdone as: **a)** the company has experience in this business; it has been successfully running Airtel Money business in Africa (generates ~USD 1.5bn in revenue and ~USD 700mn in EBITDA), Airtel Payments Bank (70mn-80mn MAUs and INR 50bn ARR) and Airtel Money (cumulatively disbursed ~INR 90bn in loans) over the last few years; **b)** it is a natural adjacency leveraging its large +370mn customer base, data science, and customer understanding; and **c)** equity investment is limited to INR 200bn over a long period with first-year investment likely to be modest at INR 15bn-20bn and expectation of reaching self-sufficiency in the future; this is small in relation to the potential consolidated FCF of INR 600bn-700bn p.a. and current market cap of ~INR 11.2tn – **exhibit 1**. Bharti Airtel promoter and chairman, during a recent call with investors, said the company understands lending is a responsible business and key is collections, and hopes to replicate a Bajaj Finance within the Airtel ecosystem 5-7 years down the road. He added that Bharti Airtel won't be making financial investments in British Telecom (BT); Bharti Airtel needs to have controlling stake at the right valuation for any international telco acquisition. He noted Airtel Africa had turned into a USD 20bn EV, though he agreed that the company had rushed and overpaid at the time of its acquisition in 2010. He added that the company will follow a progressive dividend policy; India business annual capex is likely around INR 300bn to invest in Mobility, Home Broadband and Data centre while Africa capex is likely to be another USD 1bn.

Recommendation and Price Target	
Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,455
Upside/(Downside)	30.7%
Previous Price Target	2,455
Change	0.0%

Key Data – BHARTI IN	
Current Market Price	INR1,879
Market cap (bn)	INR11,495.5/US$126.4
Free Float (%)	45.3
Shares in issue (mn)	5,702.1
Diluted share (mn)	5,702.1
3-mon avg daily val (mn)	INR12,291.6/US$135.1
52-week range	INR2,175/1,560
Sensex/Nifty	81,287/25,179
INR/US$	91.0

Price Performance

%	1M	6M	12M
Absolute	-4.5	-0.5	19.7
Relative*	-4.1	-1.9	7.8

*To the NSE Nifty 50

Financial Summary (INR mn)

Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,514,178	1,745,589	2,130,890	2,418,256	2,717,078
Sales Growth (%)	8.1	15.3	22.1	13.5	12.4
EBITDA	797,272	947,329	1,219,690	1,326,978	1,490,543
EBITDA Margin (%)	52.7	54.3	57.2	54.9	54.9
Adjusted Net Profit	137,551	145,531	275,416	360,398	597,913
Diluted EPS (INR)	24.0	25.1	47.5	62.2	103.2
Diluted EPS Growth (%)	56.0	4.8	89.2	30.9	65.9
ROIC (%)	9.2	8.6	14.9	17.1	21.5
ROE (%)	17.2	14.9	22.2	24.3	33.4
P/E (x)	186.9	50.4	43.9	32.7	19.1
P/B (x)	13.1	9.6	8.1	6.7	5.5
EV/EBITDA (x)	17.3	14.7	11.2	10.0	8.6
Dividend Yield (x)	-0.4	-0.6	-0.8	-1.1	-1.4

Source: Company data, JM Financial. Note: Valuations as of February 27, 2026

- **Promoter stake sale overhang is likely to continue; the only respite could be if the ~8.5% stake sale happens gradually over next 3-4 years:** Promoter stake sale has been a recurring feature since the last 3 years after the 25th Aug'22 announcement, whereby both promoters had planned to: **a)** equalise Bharti group and Singtel's stake in Bharti Airtel over a period of time given Singtel's strategy to reduce debt, fund 5G capex and growth initiatives and also help grow its dividends sustainably; and **b)** consolidate both promoters' shareholding in Bharti Airtel via Bharti Telecom Ltd (BTL). This has led to overall promoter stake in Bharti Airtel declining by ~7.1% over the last 3.5 years (from 55.9% at end-Jun'22 to ~48.9% currently) via: **a)** 4.3% effective stake sale by Singtel; and **b)** 2.8% effective stake sale by the Mittal family. Hence, promoter stake sale overhang is likely to continue; the only respite could be if this ~8.5% stake sale happens more gradually over the next 3-4 years (~0.5% every 6 months or so instead of accelerated stake sales of ~4.4% in the last 1 year) – **exhibit 2**. However, the chairman said a large part of the promoter stake sale was driven by promoters taking over certain activities that should have been done by Bharti Airtel but didn't due to investor concerns. For example, promoter group owns ~16.3% stake in Airtel Africa (valued at ~INR 250bn at CMP) as it repurchased the stake from pre-IPO investors, which ideally should have been done through Bharti Airtel. Management believes that, at some point, Bharti Airtel should acquire promoters' ~16.3% stake in Airtel Africa as it is likely to remain in hyper growth (18-20%) phase over the medium term.

- **Tariff hike highly likely in next 6 months as it aligns with Jio's interest as well as government intent to ensure '3+1' player market:** We believe a tariff hike is highly likely in the next 6 months as it aligns with Jio's interest to ensure: **a)** new investors also make money post its IPO targeted by end-1HCY26 (assuming SEBI norms for large IPOs are notified in the next few weeks); and **b)** higher ARPU requirement to justify its significant INR 2,000bn 5G capex amidst limited 5G monetisation opportunities. Further, this aligns with the government's objective to ensure a '3+1' player market as sharp multiple tariff hikes are critical for VIL's long-term sustainability (to get to its target of tripling cash EBITDA to ~INR 300bn by FY29). ARPU in India is still one of the lowest in the world at ~USD 2.4/month versus the global average of USD 8-10/month (USD 7.1/month in China); India's ARPU to GDP per capita is low at ~1.0% in FY25 versus +1.5% before FY15 — **exhibit 3-7**. Our calculation suggests the industry requires ARPU to grow at ~12% CAGR to INR 295-325 by FY28 to earn pre-tax RoCE of 12-15% (versus current RoCE of below 10%) to justify the huge investment needs. However, in the worst-case scenario of the tariff hike getting pushed to CY27, there is a limited downside risk of 3-4% to our FY27-FY28 consolidated EBITDA and 6-7% to FY27-FY28 consolidated PAT estimate.

- **Reiterate BUY as we expect it to be 14-15% EBITDA-compounding story:** We reiterate BUY (unchanged TP of INR 2,455) as we expect the company to be 14-15% EBITDA-compounding story over the next 2-3 years driven by 10-11% ARPU CAGR. We believe the industry's wireless ARPU is likely to grow at ~12% CAGR over FY25-28, driven by: **a)** regular tariff hike, **b)** multiple premiumisation strategies and **c)** repair of industry pricing structure from the current one-size-fits-all tariff structure (wherein tariff remains the same despite a large range of data usage) to 'pay as you use' tariff structure. Further, the potential 5G monetisation (with Bharti/Jio 5G subs penetration already risen to 45-50%) and FWA rollout provides significant upside risk over the long term. At CMP, Bharti's India business is trading at 10.0x FY28 EV/EBITDA (while our TP implies ~12.3x FY28 EV/EBITDA for it) and implying FY28 FCF yield of 5.5%.

Capital misallocation concerns fair, but share price correction overdone

Though capital mis-allocation concerns on the back of the recent foray into the NBFC business are fair, we believe the share price correction is overdone as:

a) The company has experience in the financial services business; it has been successfully running the Airtel Money business in Africa (generates ~USD 1.5bn in revenue and ~USD 700mn in EBITDA), Airtel Payments Bank (70mn-80mn MAUs and INR 50bn ARR) and Airtel Money (cumulatively disbursed ~INR 90bn in loans in partnership with other NBFCs like Bajaj Finance, etc. for personal and specialised retail loan) over the last few years.

b) Bharti Airtel now plans to move from just being a marketplace (LSP) to a direct lender using its own proprietary data analytics engine to lend to its subscribers via its Airtel Thanks app. Bharti's management believes this is a natural adjacency that will leverage its large +370mn customer base, data science, and customer understanding to build the next growth engine for the company.

c) Equity investment is limited to INR 200bn over a long period (Bharti Airtel will have to contribute equity of INR 140bn over the next few years given its 70% stake while the balance INR 60bn must be infused by Bharti Enterprise Ltd) with first-year investment likely to be modest at INR 15bn-20bn and expectation of reaching self-sufficiency in future. This is small in relation to potential consolidated FCF of INR 600bn-700bn p.a. and current market cap of ~INR 11.2tn.

As per the current planned INR 200bn capital investment, Airtel Money would be able to lend ~INR 1,000bn as RBI is usually not comfortable for leverage beyond 5x. Currently, total lending by NBFCs is around INR 60tn, led by Bajaj Finance which has an lending book of about INR 4,800bn, LIC Housing ~INR 3,100bn, SHFL ~INR 2,900bn, Tata Capital ~INR 2,600bn, and CIFC ~INR 2,100bn. AAA rated NBFCs usually trade at 2-6x trailing PB depending on their primary lending sectors and quality of lending. Assuming Bharti has a diversified play, peers can be considered as Piramal Finance, Poonawalla, LTF, and HDB Finance, trading ~3x book value. Further, Bharti Airtel promoter and chairman said that the company understands lending is a responsible business and the key is collections, and the company hopes to replicate a Bajaj Finance within the Airtel ecosystem 5-7 years down the road.

Bharti Airtel won't be making financial investments in BT; Bharti Airtel need to have controlling stake at right valuation for any international telco acquisition: Bharti Airtel promoter and chairman highlighted that the promoter group acquired 24.5% stake in British Telecom (BT) in a personal capacity as it believed in the UK's telecom story. Management noted that Bharti Airtel won't be making financial investments in BT (unlike Singtel, which owns stake in several regional telcos). Management believes it is important for Bharti Airtel to have controlling stake at the right valuation to go in for any international telco acquisition, wherein Airtel can leverage its learnings over the years in India. Hence, any potential overseas acquisition in future by Bharti Airtel will be thought through, discussed with investors and done at the right valuation.

Airtel Africa has turned into a USD 20bn EV, but promoter agrees Bharti rushed and overpaid at the time of acquisition in 2010: The chairman highlighted that while Bharti may have rushed and overpaid for Airtel Africa at the time of acquisition in 2010, Airtel Africa has turned into a USD 20bn EV (potentially 3x if not for sharper-than-anticipated currency devaluation) and was a saviour during the challenging phase (2016-19) in India.

He also highlighted that Bharti has showed capital discipline over last 30 years; though some of the bets were not in line with investors' expectations, by and large successes have outweighed failures. He also said non-telco forays (retail, insurance, realty, etc.) were done at promoter level and the listed company focused on pure-play telecom business. He added that promoter group has in the past taken certain bets (submarine cable, satcom) outside Bharti as the returns at the time of investments were not certain.

Will follow progressive dividend policy; India business annual capex likely around INR 300bn to invest in Mobility, Home Broadband and Data centre while Africa capex likely to be another USD 1bn: Management reiterated that it will follow a progressive dividend policy and dividend payments will go up but wants investors to invest in Airtel for growth potential and not just for a 1% or so higher dividend yield. It said Bharti Airtel will spend around INR 300bn p.a. in the India business, and around USD 1bn in Africa with potential for step-up in investments. However, it said Bharti will continue to invest in its core business as there is still potential to connect around 200mn people for Mobility business in the next 5 years and ~50mn incremental households for Home Broadband (versus ~60mn right now). Enterprise business remains a massive opportunity and the company will step up investments in Data centre (DC; initial target to reach 1GW capacity and then expand further with increased bandwidth requirements for AI) and recently launched sovereign cloud (onboarded marquee customers and based on the response received a much larger platform will be rolled out). Higher AI usage will require more bandwidth and higher quality networks; thus, management is considering serious investments in data centres. It said it won't commit billions of dollars in GPUs as a service and instead focus on longer-term bets such as more submarine cables, interstate fibre, and procuring land parcels in key areas for DC rollouts. The company is using AI internally to optimise costs and improve customer experience.

Exhibit 1: Bharti Airtel – Free cash flow computation

(INR mn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
Bharti India Business (excluding Indus)													
Reported EBITDA	237,973	179,238	263,333	337,088	405,112	506,623	610,610	707,766	837,002	965,789	1,112,597	1,241,955	1,381,348
Cash Flow from Operations	222,197	200,207	261,161	326,769	424,719	486,970	564,371	618,759	675,455	750,964	838,663	917,408	1,005,958
Cash Capex (as per Cash Flow Statement)	-479,200	-242,025	-206,722	-195,647	-205,064	-280,568	-333,527	-315,390	-293,321	-360,168	-409,250	-393,497	-417,254
Free Cash Flows (FCFF)	-257,003	-41,818	54,439	131,122	219,655	206,402	230,844	303,369	382,134	390,796	429,413	523,912	588,704
Bharti Consoildated													
Reported EBITDA	344,251	299,709	377,200	471,973	580,682	722,101	797,272	947,329	1,230,332	1,341,244	1,508,651	1,660,006	1,821,729
Cash Flow from Operations	314,577	200,702	181,287	482,051	550,165	653,247	788,983	983,322	1,034,769	1,146,471	1,246,388	1,353,590	1,469,955
Cash Capex (as per Cash Flow Statement)	-268,175	-259,746	-190,585	-246,706	-250,616	-259,681	-380,687	-375,695	-434,021	-481,604	-537,046	-530,480	-566,513
Free Cash Flows (FCFF)	46,402	-59,044	-9,298	235,345	299,549	393,566	408,296	607,627	600,748	664,867	709,342	823,110	903,442
FCFF yield (%)	0.4%	-0.5%	-0.1%	1.8%	2.3%	3.0%	3.2%	4.7%	4.7%	5.2%	5.5%	6.4%	7.0%
Net Debt/(Cash) including lease liability	971,882	1,101,205	1,188,817	1,482,810	1,604,473	2,114,547	2,055,646	2,018,366	1,713,301	1,336,021	921,737	393,577	-234,023

Source: Company, JM Financial.

Promoter stake sale overhang may persist; the only respite could be if ~8.5% stake sale happens gradually over next 3-4 years

Promoter stake sale has been a recurring feature since the last 3 years after the 25th Aug'22 announcement, whereby both promoters (Singtel and Mittal Family) had planned to: **a)** equalise Bharti group and Singtel's stake in Bharti Airtel over a period of time given Singtel's strategy to reduce debt, fund 5G capex and growth initiatives and also help grow its dividends sustainably; and **b)** consolidate both promoters' shareholding in Bharti Airtel via Bharti Telecom Ltd (BTL). This has led to overall promoter stake in Bharti Airtel declining by ~7.1% over the last 3.5 years (from 55.9% at end-Jun'22 to ~48.9% currently) via the following stake sale: **a)** 4.3% effective stake sale by Singtel; and **b)** 2.8% effective stake sale by the Mittal family. Hence, **promoter stake sale overhang is likely to continue; the only respite could be if this ~8.5% stake sale happens more gradually over the next 3-4 years** (~0.5% every 6 months or so instead of accelerated stake sales of ~4.4% in the last 1 year).

However, Bharti Airtel promoter and chairman said that promoters would be comfortable with ~40% stake (versus current ~48.9% stake), but the wish is to get back to 50% stake through Bharti Telecom in future (via dividends and buybacks). He also highlighted that a **large part of the promoter stake sale was driven by promoters taking over certain activities, which Bharti Airtel should have done** but refrained due to investor concerns. For example, promoter group owns ~16.3% stake in Airtel Africa (valued at ~INR 250bn at CMP) as it repurchased the stake from pre-IPO investors, which ideally should have been done through Bharti Airtel. Management believes that, at some point, **Bharti Airtel should acquire promoters' ~16.3% stake in Airtel Africa as it is likely to remain in hyper growth (18-20%) phase over the medium term** and would become a nearly USD 10bn revenue and USD 5bn EBITDA generating company in the next 5-7 years provided currency depreciation is secular unlike that seen in the last few years.

Exhibit 2: Bharti Airtel – Promoter's stake sale

Promoter/Promoter Group	Shareholding (at end-Jun'22) pre- Aug'2022 announcement	Current shareholding in Bharti Airtel (at end-Dec'25)
Break-up of Promoter Group's Stake in Bharti Airtel		
Bharti Telecom Ltd.	35.9	40.5
Indian Continent Investment Ltd (ICIL)	6.0	0.9
Pastel Ltd.	13.8	7.5
Viridian Ltd.	0.2	0.0
Total Promoter holding	**55.93**	**48.88**
a) Break-up of Singtel's Stake in Bharti Airtel		
Through Bharti Telecom Ltd. (49.44%)	17.7	20.0
Pastel Ltd. (100%)	13.8	7.5
Viridian Ltd. (100%)	0.2	0.0
Total Singtel's Stake in Bharti Airtel	**31.76**	**27.50**
b) Break-up of Bharti Group's Stake in Bharti Airtel		
Through Bharti Telecom Ltd. (50.56%)	18.1	20.5
Indian Continent Investment Ltd. (100%)	6.0	0.9
Total Bharti Group's Stake in Bharti Airtel	**24.17**	**21.38**

Source: Company, JM Financial.

Please find below the list of multiple promoter stake sales to outside investors including inter-promoter stake sale in the last 3.5 years since the Aug'22 announcement.

a) On 26th Nov'25, Mittal Family sold 0.56% (or ~34mn shares) stake in Bharti Airtel to outside investors at INR 2,097/share, raising ~INR 72bn.

b) On 7th Nov'25, Singtel sold 0.8% (or ~51mn shares) stake in Bharti Airtel to outside investors at INR 2,030/share, raising ~INR 104bn via private placement.

c) On 8th Aug'25, Mittal Family sold 0.98% (or 60mn shares) stake in Bharti Airtel to outside investors at INR 1,871/share, raising ~INR 112bn.

d) On 16th May'25, Singtel sold ~1.2% stake in Bharti Airtel (or 71mn share) to outside investors at INR 1,814/share, raising ~INR 129bn or ~USD 1.5bn via private placement.

e) On 18th Feb'25, ICIL (Mittal family entity) sold ~51.1mn shares or ~0.84% stake in Bharti Airtel through a market transaction at INR 1,660/share, raising ~INR 85bn, of which Bharti Telecom Ltd acquired ~12mn shares (~24% of 0.84% stake) at INR 1,660/share for ~INR 20bn.

f) On 6th Nov'24 there was inter-promoter transfer of ~1.2% stake for ~INR 112bn from Indian Continent Investment Ltd (ICIL) to Bharti Telecom Ltd (BTL) to consolidate promoter's shareholding in Bharti Airtel via Bharti Telecom Ltd.

g) In Mar'24 Singtel sold 0.8% stake in Bharti Airtel to GQQ for ~INR 59bn.

h) On 1st Dec'23 there was inter-promoter transfer of ~1.35% stake (~81.1mn shares) from Indian Continent Investment Ltd (ICIL) to Bharti Telecom Ltd (BTL) at INR 1,023/share, raising ~INR 83bn to consolidate promoter's shareholding in Bharti Airtel via Bharti Telecom Ltd.

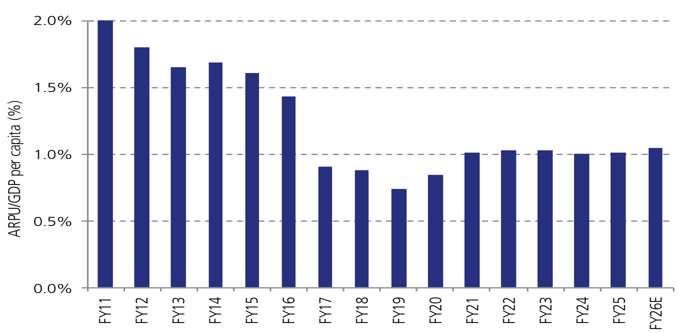
i) In Aug'22 Singtel sold 3.33% stake in Bharti Airtel to Bharti Telecom Ltd (BTL) for ~INR 129bn over a 90-day period.

Tariff hike highly likely in next 6 months; aligns with Jio's interest as well as government intent to ensure '3+1' player market

We believe a tariff hike is highly likely in the next 6 months as it aligns with Jio's interest to ensure: **a)** new investors also make money post its IPO targeted by end-1HCY26 (assuming SEBI norms for large IPO are notified in the next few weeks); and **b)** higher ARPU requirement to justify its significant INR 2,000bn 5G capex amidst limited 5G monetisation opportunities. It also aligns with the government objective to ensure a '3+1' player market as sharp, multiple tariff hikes are critical for VIL's long-term sustainability (to get to its target of tripling cash EBITDA to ~INR 300bn by FY29). However, in the worst case scenario of the tariff hike getting pushed to CY27, there is limited downside risk of 3-4% to our FY27-FY28 consolidated EBITDA and 6-7% to FY27-FY28 consolidated PAT estimate.

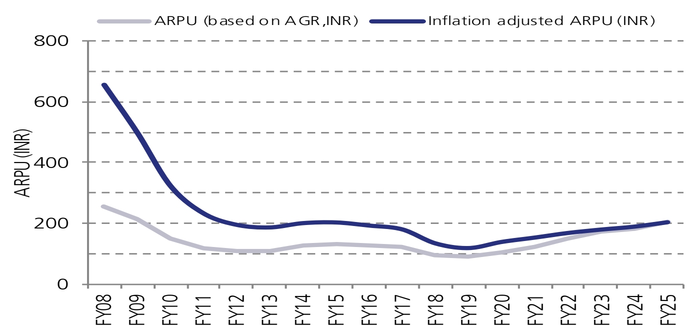
ARPU in India is still one of the lowest in the world at ~USD 2.4/month versus the global average of USD 8-10/month (USD 7.1/month in China); India's ARPU to GDP per capita is low at ~1.0% in FY25 versus +1.5% before FY15.

Exhibit 3: India's ARPU to GDP per capita is still low at ~1% vs. +1.5% before Jio's entry despite the recent increase



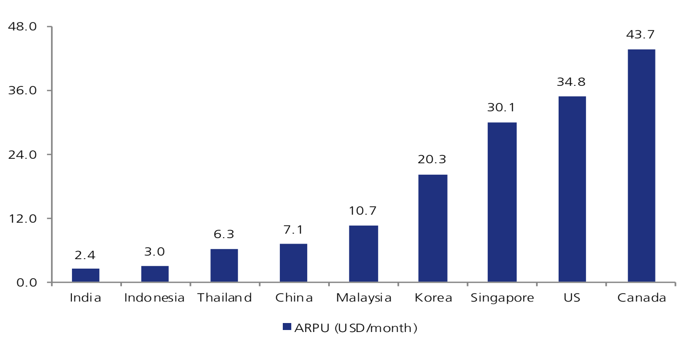
Source: TRAI, JM Financial.

Exhibit 4: Both nominal- and inflation-adjusted ARPUs still lower than historical ARPUs despite the recent increase



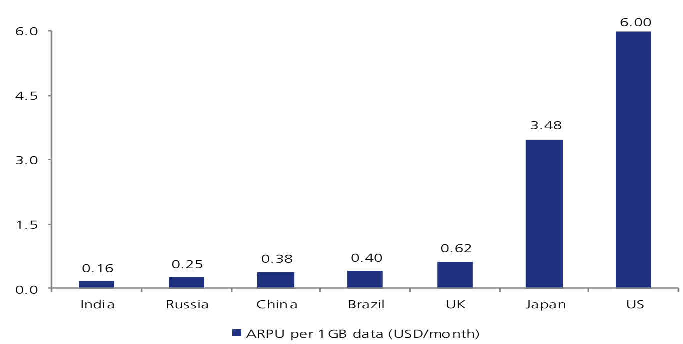
Source: TRAI, JM Financial.

Exhibit 5: At USD 2.4/month, India's ARPU one of the lowest in the world



Source: Company, Bloomberg, JM Financial.

Exhibit 6: Data rates in India one of the lowest in the world at USD 0.16/GB



Source: Worldwide mobile data pricing database (Cable.co.uk)

Our calculation suggests that the industry needs to achieve an ARPU of INR 295-325 by FY28 for a pre-tax RoCE of 12-15% considering the significant capex incurred on 5G rollout and future investment needs (taking the total investments to ~INR 11,200bn cumulative till end-FY28E).

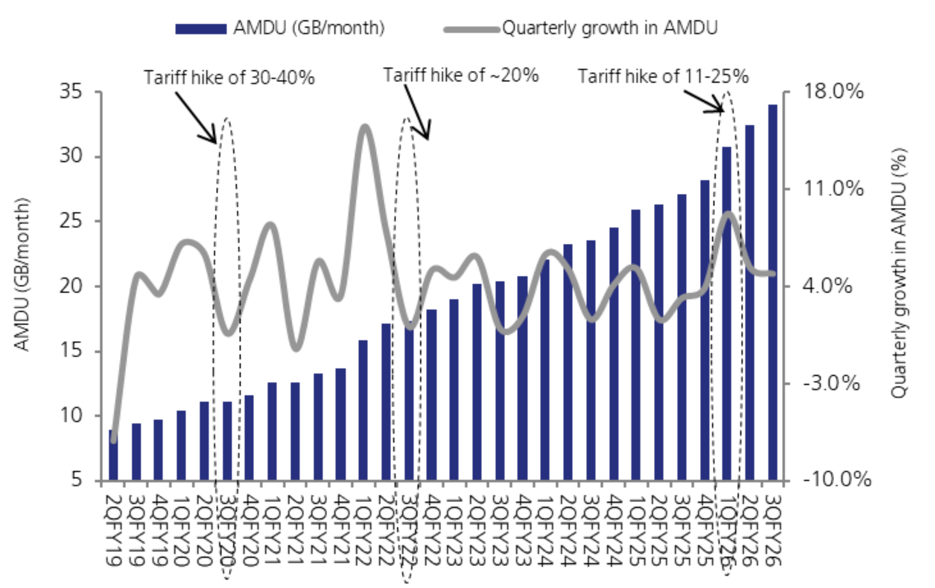
Exhibit 7: Estimated ARPU of INR 295-325 for a pre-tax RoCE of 12% and 15% based on huge investments already made in the business and future investment needs

	For 12% ROCE	For 15% ROCE	Comments
Required return	12%	15%	
Total invested capital (INR bn)	11,239	11,239	Book value of net invested capital at the end of FY25 + estimated capex over FY26-28E
Required EBIT (INR bn)	1,349	1,686	
Actual non-statutory opex (INR bn)	2,017	2,017	2QFY26 annualized opex ex-License Fees and Spectrum Usage Charges [SUC]
License Fee + SUC (%)	10%	10%	License Fee taken at 8% and SUC at ~2%
Required revenue (INR bn)	3,739	4,114	
Number of subscribers (mn)	1,050	1,050	
ARPU (INR)	294	323	

Source: Company, JM Financial. *Pre-IND AS numbers used

However, despite having the lowest ARPU, India's AMDU (average monthly data usage per data subs) is the highest globally, and continues to rise despite tariff hikes — it has risen from 11GB/month in 2QFY20 (before the start of tariff hikes) to ~34GB/month in 3QFY26 (**Exhibit 8**). AMDU growth trajectory is likely to continue over the next 2-4 years with gradual pick-up in 5G penetration as new use cases are developed and 5G smartphones become even more affordable.

Exhibit 8: Despite tariff hikes, India's telecom industry AMDU has gone up from ~11GB/month in 2QFY20 (before start of tariff hikes) to ~34GB/month in 3QFY26



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 45/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 35/share.

Exhibit 9: Bharti - Sensitivity of FY27 consolidated EBITDA (INR 1,327bn in base case) & Valuation (INR 2,455/share in base case) to FY27E ARPU and subscriber base (mn)

FY27 consolidated EBITDA (INR Bn) sensitivity

		Subscriber base (mn)						
		347	357	367	377	387	397	407
ARPU (INR)	256	1,215	1,235	1,255	1,276	1,296	1,316	1,336
	266	1,230	1,251	1,272	1,293	1,314	1,334	1,355
	276	1,246	1,267	1,288	1,310	1,331	1,353	1,374
	286	1,261	1,283	1,305	1,327	1,349	1,371	1,393
	296	1,276	1,299	1,321	1,344	1,367	1,389	1,412
	306	1,292	1,315	1,338	1,361	1,384	1,408	1,431
	316	1,307	1,331	1,354	1,378	1,402	1,426	1,450

Valuation per share (INR/share) sensitivity

		Subscriber base (mn)						
		347	357	367	377	387	397	407
ARPU (INR)	256	2,217	2,251	2,285	2,319	2,352	2,386	2,420
	266	2,260	2,294	2,329	2,364	2,399	2,433	2,468
	276	2,302	2,338	2,374	2,409	2,445	2,481	2,516
	286	2,345	2,382	2,418	2,455	2,491	2,528	2,564
	296	2,388	2,425	2,463	2,500	2,537	2,575	2,612
	306	2,431	2,469	2,507	2,545	2,584	2,622	2,660
	316	2,473	2,513	2,552	2,591	2,630	2,669	2,708

Source: JM Financial

Assumptions and Estimates

Exhibit 10: Bharti Airtel – Key operational assumptions

Particulars	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
India wireless										
India ARPU (INR)	154	160	189	204	232	256	286	320	350	382
YoY Growth (%)	13.8%	3.7%	18.4%	8.0%	13.7%	10.3%	11.8%	11.8%	9.1%	9.1%
India subs EoP (mn)	321	326	335	352	362	372	377	383	389	395
YoY Growth (%)	13.3%	1.5%	2.9%	5.0%	2.7%	2.8%	1.5%	1.5%	1.5%	1.5%
India data subs (mn)	189	208	233	261	281	297	311	325	334	343
Data subs as % of total subs	59%	64%	69%	74%	78%	80%	82%	85%	86%	87%
Data usage per sub (GB)	16.1	19.0	20.5	22.3	25.0	25.6	26.3	27.0	27.5	28.1
Minutes of usage per sub (MoU)	992	1,056	1,096	1,131	1,140	1,145	1,157	1,169	1,180	1,192
India Home Services/Broadband										
Fixed line subscribers (mn)	3.1	4.5	6.1	7.7	10.2	14.4	18.6	22.8	24.9	27.0
Fixed line ARPU (INR)	740	661	621	586	537	532	526	521	521	526
India DTH										
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
Airtel Africa										
Africa ARPU (INR)	210	237	262	235	219	279	305	336	366	399
Africa subs (mn)	118	128	140	153	166	175	178	182	185	188

Source: Company, JM Financial.

Exhibit 11: Revenue breakdown for Bharti Airtel consolidated

Particulars	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
Revenues (INR mn)										
India wireless	555,676	630,405	759,246	850,488	1,002,500	1,134,730	1,294,896	1,468,395	1,625,027	1,798,364
Home services/Broadband	23,342	30,391	40,473	49,701	59,044	78,657	104,401	129,621	149,320	164,077
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	212,098	235,428	266,034	287,317	310,302
Tower	0	0	0	0	0	327,772	348,626	368,618	384,114	397,034
Others										
Africa	288,632	350,613	422,665	411,841	418,795	570,112	645,920	725,265	805,689	893,659
South Asia	4,247	3,869	2,945	3,773	941					
Eliminations	-53,037	-36,707	-39,896	-40,282	12,766	-222,968	-241,682	-271,611	-294,713	-315,970
Total	**1,027,513**	**1,170,812**	**1,400,814**	**1,514,178**	**1,745,589**	**2,130,890**	**2,418,256**	**2,717,078**	**2,987,554**	**3,278,289**
Revenue proportion (%)										
India wireless	54.1%	53.8%	54.2%	56.2%	57.4%	53.3%	53.5%	54.0%	54.4%	54.9%
Home services/Broadband	2.3%	2.6%	2.9%	3.3%	3.4%	3.7%	4.3%	4.8%	5.0%	5.0%
DTH	3.0%	2.7%	2.1%	2.0%	1.8%	1.4%	1.3%	1.1%	1.0%	0.9%
Airtel Business	14.0%	13.7%	13.3%	13.8%	12.7%	10.0%	9.7%	9.8%	9.6%	9.5%
Tower	0.0%	0.0%	0.0%	0.0%	0.0%	15.4%	14.4%	13.6%	12.9%	12.1%
Others										
Africa	28.1%	29.9%	30.2%	27.2%	24.0%	26.8%	26.7%	26.7%	27.0%	27.3%
South Asia	0.4%	0.3%	0.2%	0.2%	0.1%					
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Revenue growth (%)										
India wireless	20.9%	13.4%	20.4%	12.0%	17.9%	13.2%	14.1%	13.4%	10.7%	10.7%
Home services/Broadband	4.0%	30.2%	33.2%	22.8%	18.8%	33.2%	32.7%	24.2%	15.2%	9.9%
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%	-4.0%	11.0%	13.0%	8.0%	8.0%
Tower	-100.0%						6.4%	5.7%	4.2%	3.4%
Others										
Africa	19.2%	21.5%	20.6%	-2.6%	1.7%	36.1%	13.3%	12.3%	11.1%	10.9%
South Asia	-6.7%	-8.9%	-23.9%	28.1%	-75.1%					
Total	**16%**	**14%**	**20%**	**8%**	**15%**	**22%**	**13%**	**12%**	**10%**	**10%**

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 12: EBITDA breakdown for Bharti Airtel consolidated

Particulars	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
EBITDA (INR mn)										
India wireless	242,642	312,666	400,751	467,551	579,087	683,350	783,059	897,472	1,002,072	1,119,100
Home services/Broadband	13,434	16,030	20,494	24,883	29,492	39,521	53,595	67,645	78,958	87,768
DTH	20,788	21,006	17,344	17,152	16,919	14,604	14,682	14,721	14,740	14,750
Airtel Business	54,973	62,639	73,821	82,012	82,268	89,041	99,939	114,222	124,422	135,472
Tower	0	0	0	0	0	178,676	185,860	196,887	205,548	212,263
Others										
Africa	132,995	172,092	207,244	200,860	195,012	281,110	318,231	357,333	397,271	441,135
South Asia	131	-621	-518	-648	-166					
Eliminations/Adjustment	7,010	-3,130	2,965	5,462	44,717	-66,613	-128,387	-157,737	-184,127	-212,186
Total	**471,973**	**580,682**	**722,101**	**797,272**	**947,329**	**1,219,690**	**1,326,978**	**1,490,543**	**1,638,883**	**1,798,303**
EBITDA proportion (%)										
India wireless	51.4%	53.8%	55.5%	58.6%	61.1%	56.0%	59.0%	60.2%	61.1%	62.2%
Home services/Broadband	2.8%	2.8%	2.8%	3.1%	3.1%	3.2%	4.0%	4.5%	4.8%	4.9%
DTH	4.4%	3.6%	2.4%	2.2%	1.8%	1.2%	1.1%	1.0%	0.9%	0.8%
Airtel Business	11.6%	10.8%	10.2%	10.3%	8.7%	7.3%	7.5%	7.7%	7.6%	7.5%
Tower	0.0%	0.0%	0.0%	0.0%	0.0%	14.6%	14.0%	13.2%	12.5%	11.8%
Others										
Africa	28.2%	29.6%	28.7%	25.2%	20.6%	23.0%	24.0%	24.0%	24.2%	24.5%
South Asia	0.0%	-0.1%	-0.1%	-0.1%	0.0%					
EBITDA margins										
India wireless	43.7%	49.6%	52.8%	55.0%	57.8%	60.2%	60.5%	61.1%	61.7%	62.2%
Home services/Broadband	57.6%	52.7%	50.6%	50.1%	49.9%	50.2%	51.3%	52.2%	52.9%	53.5%
DTH	68.0%	66.6%	58.9%	56.3%	55.3%	47.9%	47.9%	47.9%	47.9%	47.9%
Airtel Business	38.2%	39.0%	39.7%	39.4%	37.2%	42.0%	42.4%	42.9%	43.3%	43.7%
Tower						54.5%	53.3%	53.4%	53.5%	53.5%
Others										
Africa	46.1%	49.1%	49.0%	48.8%	46.6%	49.3%	49.3%	49.3%	49.3%	49.4%
South Asia	3.1%	-16.1%	-17.6%	-17.2%	-17.6%					
Total	**45.9%**	**49.6%**	**51.5%**	**52.7%**	**54.3%**	**57.2%**	**54.9%**	**54.9%**	**54.9%**	**54.9%**

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 13: Capex breakdown for Bharti Airtel consolidated

Particulars	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
Capex (INR mn)										
India wireless (ex-spectrum)	146,763	145,262	204,802	252,727	192,263	164,536	233,081	264,311	251,879	269,755
Home services/Broadband	11,010	16,654	21,992	28,538	43,104	67,645	57,420	64,811	70,180	72,194
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	31,815	42,377	50,546	40,224	43,442
Tower	0	0	0	0	0	60,884	37,466	33,511	32,244	33,084
Africa	45,429	67,062	60,391	60,988	56,731	79,816	83,970	94,284	104,740	116,176
South Asia	3,686	3,292	978	268	4					
Total (ex-spectrum)	**428,675**	**275,418**	**341,936**	**394,783**	**359,877**	**416,891**	**466,581**	**519,766**	**511,588**	**546,979**
Capex intensity (Capex/Revenue)										
India wireless	26.4%	23.0%	27.0%	29.7%	19.2%	14.5%	18.0%	18.0%	15.5%	15.0%
Home services/Broadband	47.2%	54.8%	54.3%	57.4%	73.0%	86.0%	55.0%	50.0%	47.0%	44.0%
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%	18.0%	19.0%	14.0%	14.0%
Tower										
Africa	15.7%	19.1%	14.3%	14.8%	13.5%	14.0%	13.0%	13.0%	13.0%	13.0%
South Asia	86.8%	85.1%	33.2%	7.1%	0.4%					
Total	**41.7%**	**23.5%**	**24.4%**	**26.1%**	**20.6%**	**19.6%**	**19.3%**	**19.1%**	**17.1%**	**16.7%**
Capex proportion (%)										
India wireless	34.2%	52.7%	59.9%	64.0%	53.4%	39.5%	50.0%	50.9%	49.2%	49.3%
Home services/Broadband	2.6%	6.0%	6.4%	7.2%	12.0%	16.2%	12.3%	12.5%	13.7%	13.2%
DTH	3.0%	4.7%	4.0%	3.6%	4.6%	2.9%	2.6%	2.4%	2.4%	2.3%
Airtel Business	5.1%	10.9%	11.7%	9.6%	14.2%	7.6%	9.1%	9.7%	7.9%	7.9%
Tower	0.0%	0.0%	0.0%	0.0%	0.0%	14.6%	8.0%	6.4%	6.3%	6.0%
Africa	10.6%	24.3%	17.7%	15.4%	15.8%	19.1%	18.0%	18.1%	20.5%	21.2%
South Asia	0.9%	1.2%	0.3%	0.1%	0.0%					
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

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

Reiterate BUY as it is a 14-15% EBITDA-compounding story

We reiterate BUY on Bharti (unchanged TP of INR 2,455) as we expect it to be a 14-15% EBITDA-compounding story over the next 2-3 years driven by 10-11% ARPU CAGR. We believe the industry's wireless ARPU is likely to grow at ~12% CAGR over FY25-28, driven by: **a)** regular tariff hike, **b)** multiple premiumisation strategies and **c)** repair of industry pricing structure from the current one-size-fits-all tariff structure (wherein tariff remains the same despite a large range of data usage) to 'pay as you use' tariff structure. Further, the potential 5G monetisation (with Bharti/Jio 5G subs penetration already risen to 45-50%) and FWA rollout provides significant upside risk over the long term. At CMP, Bharti's India business is trading at 10.0x FY28 EV/EBITDA (while our TP implies ~12.3x FY28 EV/EBITDA for it) and implying FY28 FCF yield of 5.5%.

Exhibit 14: Bharti Airtel – 1-year SoTP DCF valuation of INR 2,455/share

Particulars, Enterprise Values unless mentioned	Valuation (INR bn)	Valuation (INR / share)	Implied FY28 EV/EBITDA	Implied FY28 PE
India business				
Wireless	11,755	2029	13.1	
Enterprise	1,080	186	9.5	
DTH	-12	-2	-0.8	
Broadband	613	106	9.1	
Total India business EV	**13,436**	**2,319**	**12.3**	
India net debt	-408	-70		
Total India subsidiary Equity value	**13,028**	**2,248**		
Indus Towers Equity value (50% share of Bharti, at CMP less 20% holdco discount)	481	83		
Total India business Equity value including Indus Towers	**13,509**	**2,331**		36.7
Africa business (for Airtel's 62.33% share)				
Africa Equity value (At CMP of Africa less 20% holding discount)	716	124	4.6	
Total Equity value for Bharti Airtel	**14,224**	**2,455**	**10.1**	**32.4**

Source: Company, JM Financial.

Exhibit 15: Bharti Airtel – 3-year SoTP DCF valuation of INR 3,120/share, implying 14% IRR

Particulars, Enterprise Values unless mentioned	Valuation (INR bn)	Valuation (INR / share)	Implied FY30 EV/EBITDA	Implied FY30 PE
India business				
Wireless	14,043	2,423	14.0	
Enterprise	1,230	212	9.9	
DTH	-12	-2	-0.8	
Broadband	777	134	9.8	
Total India business EV	**16,037**	**2,768**	**11.8**	
India net debt	841	144		
Total India subsidiary Equity value	**16,878**	**2,910**		
Indus Towers Equity value (50% share of Bharti)	**481**	**83**		
Total India business Equity value including Indus Towers	**17,359**	**2,993**		
Africa business (for Airtel's 62.33% share)				
Africa Equity value (At CMP of Africa less 20% holding discount)	**716**	**126**		
Total Equity value for Bharti Airtel	**18,075**	**3,120**	**9.2**	**31.4**

Source: Company, JM Financial.

Exhibit 16: Bharti Airtel – one-year forward EV/EBITDA

Source: Bloomberg, JM Financial

Exhibit 17: Global telecom companies' valuation snapshot

Company	EV/EBITDA (x)			P/E (x)			P/B (x)			EBITDA Margins (%)			ROE (%)		
	CY26/FY25	CY27/FY26	CY28/FY27	CY26/FY25	CY27/FY26	CY28/FY27	CY26/FY25	CY27/FY26	CY28/FY27	CY26/FY25	CY27/FY26	CY28/FY27	CY26/FY25	CY27/FY26	CY28/FY27
Bharti Airtel	11.5	10.0	8.9	40.5	27.9	22.0	8.3	6.9	5.8	56.9	57.5	57.9	21.7	27.0	29.3
Bharti Hexacom	17.4	14.4	12.5	43.9	30.4	23.9	11.8	9.9	8.1	52.3	55.0	56.9	28.4	34.9	36.5
Jio (JMFe)	18.6	15.8	13.3	42.7	31.9	24.3	4.5	3.9	3.4	54.9	55.3	55.8	11.1	13.1	15.0
Vodafone Idea	18.0	15.0	12.7	NM	NM	NM	NM	NM	NM	42.1	45.1	47.4	NM	NM	NM
Indian telcos average	**16.3**	**13.8**	**11.9**	**42.4**	**30.0**	**23.4**	**8.2**	**6.9**	**5.8**	**51.6**	**53.2**	**54.5**	**20.4**	**25.0**	**26.9**
AT&T	7.1	6.8	6.6	13.4	12.0	10.8	1.6	1.6	1.5	37.0	37.4	38.0	13.9	13.6	14.4
T-Mobile	9.5	8.6	8.0	21.5	19.8	15.7	4.1	4.1	4.0	38.5	39.4	40.7	19.4	21.1	27.1
Verizon	7.1	6.5	6.3	13.4	9.9	9.4	1.6	1.9	1.8	36.4	36.9	37.5	13.9	19.0	19.3
US telcos average	**7.9**	**7.3**	**7.0**	**16.1**	**13.9**	**12.0**	**2.4**	**2.5**	**2.4**	**37.3**	**37.9**	**38.7**	**15.8**	**17.9**	**20.3**
Deutsche Telekom	7.4	7.0	6.6	16.7	15.4	13.6	2.6	2.5	2.4	37.2	38.0	38.9	13.9	14.9	15.9
Orange	6.9	6.2	6.0	24.5	15.8	14.7	1.5	1.5	1.5	30.9	32.7	33.4	5.7	8.9	10.2
Telefonica	5.6	5.3	5.2	13.0	10.5	9.8	1.2	1.2	1.2	32.3	33.9	34.3	1.2	10.5	10.8
Telenor	9.3	9.3	9.0	20.5	18.3	17.2	3.7	3.4	3.5	44.6	45.6	46.2	16.2	20.0	20.7
Vodafone Plc	6.2	5.7	5.5	14.0	12.3	10.5	0.6	0.6	0.6	28.4	29.4	29.7	3.4	4.0	4.5
BT Group	5.2	5.2	5.2	11.2	12.2	12.0	1.6	1.6	1.6	40.4	41.4	41.9	13.2	12.0	11.7
Europe telcos average	**6.7**	**6.4**	**6.3**	**16.6**	**14.1**	**13.0**	**1.9**	**1.8**	**1.8**	**35.6**	**36.8**	**37.4**	**8.9**	**11.7**	**12.3**
China Mobile	6.9	3.8	3.8	10.4	10.2	9.8	2.0	1.0	1.0	32.6	32.2	31.9	18.4	10.2	10.2
China Telecom	3.2	3.1	3.0	11.5	11.3	10.5	0.9	0.8	0.8	27.2	27.2	27.5	7.5	7.5	7.9
China Unicom	1.8	1.8	1.8	9.5	9.5	8.8	0.5	0.5	0.5	25.4	24.8	24.5	5.8	5.9	5.9
China telcos average	**4.0**	**2.9**	**2.9**	**10.5**	**10.3**	**9.7**	**1.1**	**0.8**	**0.8**	**28.4**	**28.1**	**28.0**	**10.6**	**7.8**	**8.0**
KT Corp	1.8	4.1	4.0	9.5	10.4	9.6	0.5	0.9	0.8	22.3	21.3	21.0	5.8	8.5	8.7
LG Uplus	3.8	3.3	3.3	9.2	9.7	9.0	0.9	0.8	0.7	23.3	24.1	23.9	10.2	8.1	8.3
SK Telecom	5.6	4.9	4.9	45.0	14.9	13.7	1.5	1.4	1.3	27.3	30.0	29.5	3.5	9.5	9.8
Korea telcos average	**3.8**	**4.1**	**4.1**	**21.2**	**11.6**	**10.8**	**1.0**	**1.0**	**1.0**	**24.3**	**25.1**	**24.8**	**6.5**	**8.7**	**9.0**
Celcom Digi	8.7	8.5	8.3	23.1	21.1	19.3	2.3	2.3	2.3	44.9	44.8	45.2	10.5	11.5	12.5
Telekom Malaysia	6.4	6.4	6.2	16.2	16.3	15.7	2.7	2.5	2.4	38.5	37.7	37.9	16.6	15.6	15.5
Malaysia telcos average	**7.6**	**7.5**	**7.3**	**19.7**	**18.7**	**17.5**	**2.5**	**2.4**	**2.4**	**41.7**	**41.3**	**41.5**	**13.5**	**13.6**	**14.0**
Advanced Info	10.7	10.2	9.8	25.4	22.1	20.8	10.9	15.5	14.7	53.8	54.7	54.9	44.9	58.3	78.7
Chungwa Telecom	11.7	11.3	10.9	27.1	25.9	24.5	2.7	2.8	2.7	37.7	37.7	37.8	10.1	10.6	11.1
Converge ICT	4.5	4.1	3.8	8.7	7.8	7.2	1.6	1.4	1.2	59.0	59.0	58.9	20.1	19.5	18.1
Globe Telecom	6.9	6.7	6.5	12.5	11.3	10.5	1.4	1.4	1.3	48.4	48.3	48.3	12.9	13.6	14.0
Indosat	4.8	4.5	4.2	15.6	12.5	11.1	2.1	1.9	1.8	47.3	47.7	48.1	13.4	15.4	16.4
MTN Group	5.3	4.6	3.9	16.0	13.9	11.1	2.4	2.0	1.7	44.8	45.7	47.9	NM	NM	NM
Singtel	23.1	21.2	20.2	27.5	24.5	20.9	3.1	3.1	3.1	27.6	29.0	29.6	12.6	12.2	13.8
Taiwan Mobile	11.4	11.5	11.5	22.6	22.0	21.1	3.8	3.7	3.7	21.4	22.0	22.0	17.2	17.2	18.0
Telecom Indonesia	5.6	5.4	5.2	15.9	14.7	13.9	2.5	2.4	2.4	49.7	50.4	50.5	14.8	15.6	16.0
XL Axiata	6.3	5.5	5.1	NM	NM	19.8	1.7	1.8	1.7	43.8	45.6	47.7	(7.6)	-3.7	8.3
Other regional telcos average	**9.0**	**8.5**	**8.1**	**19.0**	**17.2**	**16.1**	**3.2**	**3.6**	**3.4**	**43.3**	**44.0**	**44.6**	**15.4**	**17.6**	**21.6**
Global telcos average	**8.4**	**7.7**	**7.2**	**20.4**	**16.5**	**14.8**	**2.9**	**2.9**	**2.7**	**38.9**	**39.6**	**40.1**	**13.1**	**15.1**	**17.0**

Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E Mar	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Net Sales	1,514,178	1,745,589	2,130,890	2,418,256	2,717,078
Sales Growth (%)	8.1	15.3	22.1	13.5	12.4
Other Operating Income	-	-	-	-	-
Total Revenue	**1,514,178**	**1,745,589**	**2,130,890**	**2,418,256**	**2,717,078**
Cost of Goods Sold/Op. Exp	495,731	545,046	615,373	712,695	803,220
Personnel Cost	53,231	63,089	76,756	86,580	96,713
Other Expenses	167,944	190,125	219,071	292,003	326,602
EBITDA	**797,272**	**947,329**	**1,219,690**	**1,326,978**	**1,490,543**
EBITDA Margin (%)	52.7	54.3	57.2	54.9	54.9
EBITDA Growth (%)	10.4	18.8	28.8	8.8	12.3
Depn. & Amort.	395,376	455,703	500,096	516,026	553,569
EBIT	401,896	491,626	719,595	810,952	936,975
Other Income	-	-	-	-	-
Finance Cost	188,270	207,488	210,145	180,807	22,264
PBT before Excep. & Forex	224,555	292,167	517,213	643,159	927,725
Excep. & Forex Inc./Loss(-)	-10,484	-8,620	-	-	-
PBT	214,071	283,547	517,213	643,159	927,725
Taxes	64,896	111,256	145,950	186,994	228,657
Extraordinary Inc./Loss(-)	-79,845	70,414	-27,538	-27,538	-27,538
Assoc. Profit/Min. Int.(-)	65,812	100,820	95,847	95,768	101,155
Reported Net Profit	57,706	215,945	247,878	332,860	570,375
Adjusted Net Profit	**137,551**	**145,531**	**275,416**	**360,398**	**597,913**
Net Margin (%)	9.1	8.3	12.9	14.9	22.0
Diluted Share Cap. (mn)	5,739	5,795	5,795	5,795	5,795
Diluted EPS (INR)	**24.0**	**25.1**	**47.5**	**62.2**	**103.2**
Diluted EPS Growth (%)	56.0	4.8	89.2	30.9	65.9
Total Dividend + Tax	-50,364	-83,467	-109,389	-140,074	-177,439
Dividend Per Share (INR)	-7.3	-12.0	-15.7	-20.1	-25.4

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E Mar	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Shareholders Fund	1,055,639	1,534,677	1,756,264	2,037,259	2,396,081
Share Capital	57,385	57,948	57,948	57,948	57,948
Reserves & Surplus	762,803	1,078,771	1,290,839	1,562,394	1,906,388
Preference Share Capital	-	-	-	-	-
Minority Interest	235,451	397,958	407,477	416,917	431,744
Total Loans	2,155,923	2,136,421	1,887,347	1,503,597	1,082,795
Def. Tax Liab. / Assets (-)	-	-	-	-	-
Other non-current liabilities / Lease Liabilities	154,096	199,186	199,186	199,186	199,186
Total - Equity & Liab.	**3,365,658**	**3,870,284**	**3,842,797**	**3,740,042**	**3,678,062**
Net Fixed Assets	3,202,072	3,994,671	3,911,467	3,862,022	3,828,220
Gross Fixed Assets	1,714,565	2,141,101	2,164,694	2,223,848	2,300,488
Intangible Assets	1,487,507	1,853,570	1,746,773	1,638,174	1,527,732
Less: Depn. & Amort.	-	-	-	-	-
Capital WIP	-	-	-	-	-
Investments	344,450	98,850	98,850	98,850	98,850
Current Assets	898,788	1,050,083	1,179,863	1,216,593	1,256,043
Inventories	-	-	-	-	-
Sundry Debtors	165,955	219,165	282,463	319,193	358,643
Cash & Bank Balances	69,155	61,056	127,538	127,538	127,538
Loans & Advances	-	-	-	-	-
Other Current Assets	663,678	769,862	769,862	769,862	769,862
Current Liab. & Prov.	1,079,652	1,273,320	1,347,383	1,437,422	1,505,051
Current Liabilities	670,047	772,264	846,327	936,366	1,003,995
Provisions & Others	409,605	501,056	501,056	501,056	501,056
Net Current Assets	-499,586	-613,964	-558,247	-611,556	-639,735
Other Non Current Assets/ROU Assets	318,722	390,727	390,727	390,727	390,727
Total - Assets	**3,365,658**	**3,870,284**	**3,842,797**	**3,740,042**	**3,678,062**

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E Mar	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Profit before Tax	202,513	311,117	517,213	643,159	793,694
Depn. & Amort.	395,376	455,703	500,096	516,026	553,569
Net Interest Exp. / Inc. (-)	-79,845	70,414	-27,538	-27,538	-27,538
Inc (-) / Dec in WCap.	85,849	92,442	10,765	53,309	28,179
Others	-	-	-	-	-
Taxes Paid	-64,896	-111,256	-145,950	-186,994	-228,657
Operating Cash Flow	**538,997**	**818,420**	**854,586**	**997,963**	**1,119,247**
Capex	-329,256	-1,248,302	-416,891	-466,581	-519,766
Free Cash Flow	209,741	-429,882	437,695	531,382	599,481
Inc (-) / Dec in Investments	-32,444	259,437	-	-	-
Others	-9,080	-26,915	-	-	-
Investing Cash Flow	**-370,780**	**-1,015,780**	**-416,891**	**-466,581**	**-519,766**
Inc / Dec (-) in Capital	-	-	-	-	-
Dividend + Tax thereon	-13,147	100,586	-35,810	-61,305	-226,380
Inc / Dec (-) in Loans	-104,280	-19,502	-249,074	-383,750	-420,802
Others	-92,081	98,717	-86,328	-86,328	-86,328
Financing Cash Flow	**-209,508**	**179,801**	**-371,213**	**-531,382**	**-733,511**
Inc / Dec (-) in Cash	**-41,291**	**-17,559**	**66,482**	**-**	**-134,030**
Opening Cash Balance	110,446	69,155	61,056	127,538	127,538
Closing Cash Balance	69,155	61,056	127,538	127,538	127,538

Source: Company, JM Financial

Dupont Analysis					
Y/E Mar	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Net Margin (%)	9.1	8.3	12.9	14.9	22.0
Asset Turnover (x)	0.4	0.5	0.6	0.6	0.7
Leverage Factor (x)	4.3	3.7	3.1	2.6	2.1
RoE (%)	17.2	14.9	22.2	24.3	33.4

Source: Company, JM Financial

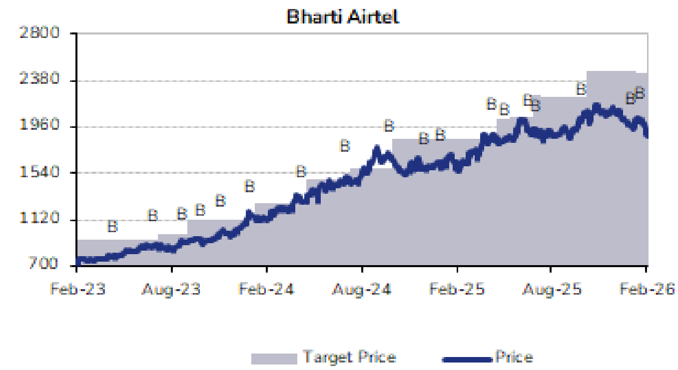
Key Ratios					
Y/E Mar	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
BV/Share (INR)	142.9	196.2	232.8	279.6	339.0
ROIC (%)	9.2	8.6	14.9	17.1	21.5
ROE (%)	17.2	14.9	22.2	24.3	33.4
Net Debt/Equity (x)	2.0	1.3	1.0	0.7	0.4
P/E (x)	186.9	50.4	43.9	32.7	19.1
P/B (x)	13.1	9.6	8.1	6.7	5.5
EV/EBITDA (x)	17.3	14.7	11.2	10.0	8.6
EV/Sales (x)	9.1	8.0	6.4	5.5	4.7
Debtor days	40	46	48	48	48
Inventory days	-	-	-	-	-
Creditor days	179	174	183	183	183

Source: Company, JM Financial

Recommendation History Table

Date	Recommendation	Target Price	% Chg.
23-Feb-26	Buy	2,455	0.0
6-Feb-26	Buy	2,455	-0.2
4-Nov-25	Buy	2,460	9.8
6-Aug-25	Buy	2,240	-0.4
24-Jul-25	Buy	2,250	9.7
9-Jun-25	Buy	2,050	0.8
15-May-25	Buy	2,035	10.0
6-Feb-25	Buy	1,850	0.0
3-Jan-25	Buy	1,850	0.0
29-Oct-24	Buy	1,850	17.1
6-Aug-24	Buy	1,580	6.7
15-May-24	Buy	1,480	17.0
6-Feb-24	Buy	1,265	12.5
12-Dec-23	Buy	1,125	0.0
1-Nov-23	Buy	1,125	0.0
29-Sep-23	Buy	1,125	14.1
4-Aug-23	Buy	985	4.9
17-May-23	Buy	940	0.0
8-Feb-23	Buy	940	0.0
18-Jan-23	Buy	940	

Recommendation History Chart



APPENDIX I

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