

### Strong and steady, priced-in!

- **Bharti's Q1FY26 results were in-line and healthy.** L2L India revenue (excl. Indus) grew by 16.4/2.2% YoY/QoQ and EBITDA by 25.9/2.7% aided by tariff hikes. *Note: Reported performance is not comparable due to consolidation of Indus.*
- **The company's solid growth trajectory driven by superior execution,** positions it as a healthy compounding story with multiple triggers including 1) tariff hike-led ARPU growth in India Wireless (assume another hike in Q3FY26) 2) 5G monetization 3) accelerated growth in Home BB & Enterprise 4) deleveraging benefits 5) weakening of VIL and 6) listing of Jio.
- **We broadly maintain estimates for FY26/27E and remain constructive about Bharti's growth potential.** However, following a sharp stock price rise (19/33% in the last 6/12m), we downgrade to 'Reduce' rating from 'Accumulate' with TP of Rs 2,000 @ 13x FY27E EV/E for India Wireless (vs. Rs 2,030 @ 13x FY27E earlier). Stake sale by Promoters (or Singtel) and delay in tariff hike are key risks.

### Consolidated Performance (incl. Indus): Sturdy

Bharti's Q1FY26 Consol Rev/EBITDA grew by healthy +18/3% YoY/QoQ and EBITDA by +22/3%; margin 56.9%, +194/-294bps. The QoQ performance is distorted by the provision write-back in Indus.

### India Wireless: Healthy performance

India wireless revenue grew by +22/3% and EBITDA by +30/3% YoY/QoQ. The QoQ performance is partly boosted by an extra day in Q1. ARPU came in healthy at Rs 250, +19/2% YoY/QoQ, and its growth is driven by ~13-14% tariff hike in early Q2. India wireless subscriber additions were soft at 1.2mn.

### India Other Segments: Mixed, Africa - strong

India Other segments, comprising of Home Broadband (BB), were strong, whereas Digital and Enterprise were weak. Africa's revenues were robust at +26/6% and EBITDA +30/3% YoY/QoQ as steep currency devaluation in its largest market of Nigeria in Jun'23 and Jan'24 formed part of the base. Subscriber additions were healthy at 3.3mn.

### Robust FCF and steep net debt reduction: Key positive

**Consol. Capex** in Q1FY26 was soft at Rs 83bn. FY25 / FY24 / FY23 capex stood at Rs 423 / 489 / 382bn (incl. Indus). **Operating FCF** (EBITDAL less capex) was robust at Rs 167bn in Q1 and in FY25 / FY24 / FY23 was Rs 285 / 293 / 510bn (incl. Indus). **Net debt (excl. LL)** declines sharply QoQ by Rs 130bn to Rs 1.25tn, a significant positive. Net debt has declined in 13 out of the trailing 15 quarters.

Key Data	
Nifty	24,650
Equity / FV	Rs 28,766mn / Rs 5
Market Cap	Rs 11,773bn
	USD 134.2bn
52-Week High/Low	Rs 2,046/ 1,423
Avg. Volume (no)	73,64,670
Bloom Code	BHARTI IN

	Current	Previous
Rating	Reduce	Accumulate
Target Price	2,000	2,030

### Change in Estimates

(Rs.bn)	Current	Chg (%)	Current	Chg (%)
	FY26E	FY27E	FY26E	FY27E
Revenue	2,051	2,346	(1.5)	(2.3)
EBITDA	1,168	1,358	1.2	1.2
EBITDA (%)	57.0	57.9	151	198
APAT	281	417	(0.7)	0.4
EPS (Rs)	46.1	68.4	(0.9)	0.2

### Valuation (x)

	FY25A	FY26E	FY27E
P/E	35.1	41.9	28.2
EV/EBITDA	14.7	11.4	9.5
ROE (%)	34.3	22.8	28.6
RoACE (%)	13.3	14.0	16.8

### Q1FY26 Result (Rs Mn)

Particulars	Q1FY26	YoY (%)	QoQ (%)
Revenue	4,94,626	28.5	3.3
Total Expense	2,16,239	15.0	3.6
EBITDA	2,78,387	41.3	3.1
Depreciation	1,24,651	18.3	1.1
EBIT	1,53,736	67.7	4.7
Other Income	4,260	(177.7)	(0.5)
Interest	54,608	6.0	(0.8)
EBT	1,03,388	146.0	9.2
Tax	30,826	135.7	(206.6)
RPAT	58,651	80.6	(46.5)
APAT	58,651	80.6	(46.5)
		(bps)	(bps)
Gross Margin	97.5	241	55
EBITDA (%)	56.3	510	(13)
NPM (%)	11.9	342	(1104)
Tax Rate (%)	29.8	(131)	6036
EBIT (%)	31.1	727	41

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**Exhibit 1: Actual vs. Estimates**

Particulars (Rs Mn)	Actual	Estimate	Variance %	Remarks
Revenue	4,94,626	5,00,603	(1.2)	EBITDA ahead led by Indus and Africa. PBT lower due to higher finance costs.
EBITDA	2,78,387	2,77,860	0.2	
EBITDA Margin (%)	56.3	55.5	78 bps	
PBT	1,05,044	1,07,920	(2.7)	

Source: Company, Dolat Capital

**Exhibit 2: Change in Estimates**

Particulars (Rs mn)	FY26E			FY27E			Remarks
	Old	New	Chg %	Old	New	Chg %	
<b>India Wireless</b>							Modest change in estimates
Subscribers (Mn)	372	370	(0.3)	380	378	(0.3)	
ARPU (Rs)	260	259	(0.3)	299	295	(1.1)	
Revenue (Rs Bn)	1,143	1,137	(0.5)	1,347	1,327	(1.5)	
<b>Consolidated</b>							
Net Sales (Rs Bn)	2,082	2,051	(1.5)	2,401	2,346	(2.3)	
EBITDA (Rs Bn)	1,154	1,168	1.2	1,342	1,358	1.2	
EBITDA Margin (%)	55.4	57.0	151 bps	55.9	57.9	198 bps	
APAT (Rs Bn)	283	281	(0.7)	415	417	0.4	
AEPS (Rs)	49.1	48.8	(0.7)	72.2	72.5	0.4	

Source: Company, Dolat Capital

**Exhibit 3: Consolidated Quarterly Financials**

Particulars (Rs bn)	Q1FY25	Q2FY25	Q3FY25*	Q4FY25*	Q1FY26*	Chg YoY(%)	Chg QoQ(%)
<b>Revenues</b>	<b>385.1</b>	<b>414.7</b>	<b>451.3</b>	<b>478.8</b>	<b>494.6</b>	<b>28.5</b>	<b>3.3</b>
Access charges	19.1	18.2	19.6	14.8	12.6	(34.1)	(15.0)
<b>Net revenue</b>	<b>366.0</b>	<b>396.5</b>	<b>431.7</b>	<b>464.0</b>	<b>482.1</b>	<b>31.7</b>	<b>3.9</b>
License fees	31.6	34.7	35.7	36.4	37.2	17.9	2.3
Network costs	77.6	80.1	86.3	91.1	95.5	23.0	4.8
Employee Costs	13.7	15.0	16.1	18.3	17.4	26.6	(5.1)
SG&A	46.0	48.3	47.6	48.2	53.6	16.6	11.4
Total Opex	168.9	178.1	185.7	193.9	203.7	20.6	5.0
<b>EBITDA</b>	<b>197.1</b>	<b>218.5</b>	<b>246.0</b>	<b>270.1</b>	<b>278.4</b>	<b>41.3</b>	<b>3.1</b>
D&A	105.4	110.0	117.0	123.3	124.7	18.3	1.1
EBIT	91.7	108.5	128.9	146.8	153.7	67.7	4.7
Finance cost (net)	51.5	54.2	56.8	55.0	54.6	6.0	(0.8)
JV/Assc gain/(loss)	9.1	10.7	16.6	0.6	0.8	(90.9)	43.5
Other inc/(exp)	3.6	2.5	4.7	4.9	5.1	40.0	4.7
Profit before Tax	52.9	67.5	93.5	97.2	105.0	98.6	8.0
Tax expense	13.1	17.4	7.6	(28.9)	30.8	135.7	(206.6)
Extraordinary (gain)/loss	(7.4)	8.5	(75.5)	1.4	-	(100.0)	(100.0)
PAT (after Xo)	47.2	41.5	161.3	124.8	74.2	57.3	(40.5)
Minority Interests	5.6	5.6	13.5	14.5	14.7	164.3	1.4
<b>Net Income</b>	<b>41.6</b>	<b>35.9</b>	<b>147.8</b>	<b>110.2</b>	<b>59.5</b>	<b>43.0</b>	<b>(46.0)</b>

Source: Company, Dolat Capital; \* YoY/QoQ not comparable due to consolidation of Indus Tower from middle of Q3FY25

### Earning call KTAs

- Mobility gained share in every circle. BB growth was good, but Co needs to accelerate in the game.
- 5G is 85% of device shipments.
- Structural changes to the DTH business by eliminating subsidies. IPTV to enhance the experience manifold.
- Airtel Business declined on account of moving out from the underlying low-margin business.
- Connected TV HH at ~47-48mn and potential to grow to 80-85mn HH.
- Rural rollout is completed and thus shall decline from here.
- FY26 capex to be lower than FY25
- Industry needs further tariff repair, especially the pricing pyramid.
- Bharti is recognized for its ESG efforts at a much superior level A- vs. Asia regional level average at C, and that of media and telecom companies at B-.
- **Mgmt. continues to focus on five critical areas viz. (1) Portfolio mix of revenues** viz. Africa is 25%, India wireless 59% and non-mobile comprising of DTH, Enterprise and Home BB are 16%. Bharti sees healthy growth potential in non-mobile segments, especially Home BB and enterprise **(2) Brutal focus on quality customers (a)** Within these key focus areas are Homes, Postpaid, Rural and B2B. Management gave detailed insight into the call on the opportunity in each segment and their GTM / execution strategy to tap the same. **(c)** With focus on channels/distribution as the third focus area, the company is opening small stores with low capex and leveraging installation teams to be in closer proximity to the customers. **(d)** In five circles, Bharti's market share is lower where it is trying to bridge the gap through aggressive network rollouts. These circles are Maharashtra, Gujarat, West Bengal, MPCH and Kerala. **(3) Obsession with customer experience** – Focus continues to drive down interactions and improve customer experience. There are four critical platforms – buy, bill, pay, and serve. **(4) Digital layer** – Digital infrastructure, experience, services (CPAAS, Cloud, Airtel IQ) **(5) War on waste** – Co. has seen significant results of cost control initiatives & this has now been integrated into the way of doing business. It focuses on three main areas viz. reducing network costs by relocating high-cost sites, reducing energy & rentals, trimming inefficient sales channels and such other initiatives.
- **Focus on subscriber additions:** Mgmt.'s focus on adding quality subscribers continues, with aggressive expansion in rural India and market share gain. The strategy is to provide multiple services to customers to increase stickiness and increase wallet share.
- **ARPU growth drivers:** Mgmt. strategy remains focused on 2G to 4G conversions, postpaid subs addition and daily/weekly data pack demand post exhausting daily allowance limits and international roaming have been the key factors driving the ARPU growth. However, mgmt. reiterated that tariff hikes are the key ARPU driver.
- **Factors driving postpaid subscriber growth:** The company sees a huge business opportunity in the postpaid segment. Historically, postpaid ARPU's have been ~1.6-1.8x prepaid ARPU, which post 4G launch had increased to ~3.2-3.3x. However, with the last two rounds of price increases in prepaid, the premium is again back to ~1.6-1.8x. The subscriber base starts inching up when the premium normalizes, driving healthy additions in the last 4-5 quarters.

- **Enterprise business (B2B):** Mgmt. continues to remain optimistic about growth remaining healthy in the Enterprise segment on the back of 3 main pillars: (i) Upskilling and revitalizing the sales capabilities of the sales workforce through training programs; (ii) Fixing network infrastructure and removing redundancies; (iii) Going full throttle with deeper and wider accounts mining & building digital products, along with building strategic alliance with MNCs to widen its offerings. The company is also scouting for acquisition opportunities in the B2B business to strengthen its offerings.
- **Cloud business:** Mgmt. believes that the cloud business has huge growth potential, which co. wishes to participate in. The public cloud market is growing at 35%, and the private cloud market is growing at 16%. Enterprises are moving towards a hybrid cloud approach. Mgmt. has guided that it will make substantial investments in this business arm to drive growth.
- **Capex & FCF deployment:** Mgmt. reiterated that the capex peaked in FY24 and FY25 has seen moderation, and FY26 would be lower than FY25. especially Wireless, which constitutes a significant proportion of overall capex. Most capex will be towards improving the transport infrastructure, enterprise business, data centers & home business, apart from some maintenance capex
- **Free Cash Flows and their deployment:** The company has begun generating healthy FCF. The company is focused on using the FCF to reduce some high-cost debt for deleveraging its balance sheet and towards the necessary 5G and maintenance capex. However, Mgmt. is confident of reducing the debt and paying out / increasing dividends.

#### Exhibit 4: Margin Analysis

Margin Analysis	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Chg YoY (bps)	Chg QoQ (bps)
Access charges	5.0	4.4	4.4	3.1	2.5	(241)	(55)
License fees	8.2	8.4	7.9	7.6	7.5	(68)	(8)
Network costs	20.2	19.3	19.1	19.0	19.3	(86)	28
Employee costs	3.6	3.6	3.6	3.8	3.5	(5)	(31)
SG&A	11.9	11.7	10.6	10.1	10.8	(110)	78
Total Opex (ex-access)	43.9	42.9	41.1	40.5	41.2	(269)	68
<b>EBITDA</b>	<b>51.2</b>	<b>52.7</b>	<b>54.5</b>	<b>56.4</b>	<b>56.3</b>	<b>510</b>	<b>(13)</b>
D&A	27.4	26.5	25.9	25.7	25.2	(217)	(54)
<b>EBIT</b>	<b>23.8</b>	<b>26.2</b>	<b>28.6</b>	<b>30.7</b>	<b>31.1</b>	<b>727</b>	<b>41</b>
Finance costs	13.4	13.1	12.6	11.5	11.0	(234)	(45)
Profit before Tax	13.7	16.3	20.7	20.3	21.2	750	93
Net Income	12.3	10.0	35.8	26.1	15.0	275	(1,105)
Tax as % of PBT	24.7	25.8	8.1	(29.7)	29.3	463	5,909

Source: Company, Dolat Capital

### Exhibit 5: India – Operating Expense Trend

Particulars (Rs bn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Chg YoY (%)	Chg QoQ (%)
Access charges	16.0	15.2	16.5	11.5	9.2	(42.6)	(20.3)
License fees	26.2	29.2	30.1	30.4	31.1	18.4	2.2
Network costs	66.0	69.0	70.2	68.4	72.2	9.5	5.6
Cost of goods sold	3.8	6.0	5.0	7.1	8.2	115.3	14.2
Employee costs	9.7	10.6	10.6	11.9	10.6	9.4	(10.4)
SG&A expenses	18.2	15.1	(6.3)	21.5	23.8	31.0	10.8
<b>Total</b>	<b>139.9</b>	<b>145.0</b>	<b>126.1</b>	<b>150.8</b>	<b>155.1</b>	<b>10.9</b>	<b>2.8</b>

Source: Company, Dolat Capital

The decline in Access charges YoY/QoQ is due to exit from low-margin wholesale voice/SMS business in Airtel Enterprise business segment

Increase in SG&A costs is due to bad debt reversals (of VIL) in Indus Tower in and consolidation impact of Indus from Q3FY25

### Exhibit 6: Segment-wise Revenue\*

Particulars (Rs bn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Chg YoY (%)	Chg QoQ (%)
Mobile	225.3	248.4	262.7	266.2	274.0	21.6	2.9
Home	13.7	14.3	15.1	16.0	17.2	25.7	7.6
Digital	7.8	7.6	7.6	7.6	7.6	(1.8)	(0.2)
Business	54.8	56.6	56.5	53.2	50.6	(7.7)	(4.9)
Tower	73.8	74.7	75.5	77.3	80.6	9.1	4.3
Intersegment	(51.3)	(51.6)	(53.3)	(52.9)	(54.1)	5.4	2.3
<b>India</b>	<b>324.0</b>	<b>349.8</b>	<b>364.0</b>	<b>367.3</b>	<b>375.8</b>	<b>16.0</b>	<b>2.3</b>
Africa	96.4	101.6	107.0	113.8	120.8	25.4	6.2
(-) Intersegment	(1.8)	(2.5)	(2.3)	(2.3)	(2.1)	16.3	(12.4)
<b>Consolidated Total</b>	<b>418.6</b>	<b>449.0</b>	<b>468.8</b>	<b>478.8</b>	<b>494.6</b>	<b>18.2</b>	<b>3.3</b>

Source: Company, Dolat Capital \* Segment-wise performance is L2L incl. Indus and thus wouldn't match with reported financials

### Exhibit 7: Segment-wise EBITDA\*

Particulars (Rs bn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Chg YoY (%)	Chg QoQ (%)
Mobile	125.3	141.7	154.6	157.5	162.7	29.9	3.3
Home	6.9	7.2	7.5	8.0	8.6	25.1	7.9
Digital	4.4	4.2	4.4	3.8	3.9	(11.8)	0.9
Business	19.9	20.2	19.8	22.4	21.5	8.5	(3.7)
Towers	46.0	50.2	70.8	44.9	44.7	(2.9)	(0.5)
(-) Intersegment	(15.6)	(15.7)	(16.8)	(16.3)	(17.9)	14.7	9.6
<b>India</b>	<b>186.8</b>	<b>207.9</b>	<b>240.3</b>	<b>220.2</b>	<b>223.5</b>	<b>19.6</b>	<b>1.5</b>
Africa	43.6	47.3	50.3	53.8	58.2	33.3	8.1
<b>Consolidated Total</b>	<b>230.3</b>	<b>255.1</b>	<b>290.6</b>	<b>274.0</b>	<b>281.7</b>	<b>22.3</b>	<b>2.8</b>

Source: Company, Dolat Capital \* Segment-wise performance is L2L incl. Indus and thus wouldn't match with reported financials



### Exhibit 8: Segment-wise Margin Analysis

Margin (%)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Chg YoY (bps)	Chg QoQ (bps)
Mobile	55.6	57.1	58.8	59.2	59.4	379	22
Home	50.2	50.3	49.5	49.9	50.0	(24)	14
Digital	56.6	55.9	58.2	50.4	50.9	(576)	54
Business	36.3	35.7	35.2	42.1	42.6	633	52
Towers	62.3	67.3	93.8	58.1	55.4	(689)	(263)
<b>India</b>	<b>57.7</b>	<b>59.4</b>	<b>66.0</b>	<b>60.0</b>	<b>59.5</b>	<b>181</b>	<b>(48)</b>
Africa	45.3	46.5	47.0	47.3	48.1	287	83
<b>Blended</b>	<b>55.0</b>	<b>56.8</b>	<b>62.0</b>	<b>57.2</b>	<b>56.9</b>	<b>194</b>	<b>(29)</b>

Source: Company, Dolat Capital \* Segment-wise performance is L2L incl. Indus and thus wouldn't match with reported financials

### Exhibit 9: Quarterly Operating Performance

Particulars	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Chg YoY (%)	Chg QoQ (%)
<b>India Wireless KPIs</b>							
Customers (Mn)	354.5	351.6	356.6	361.6	362.8	2.3	0.3
Net Adds (Mn)	2.3	(2.9)	4.9	5.0	1.2	(46.8)	(76.0)
Churn (%)	2.8	3.2	2.5	2.3	2.7	(14 bps)	(14 bps)
Reported ARPU (Rs)	210.6	233.0	245.3	245.0	250.3	18.8	2.1
Computed ARPU (Rs)	212.5	234.5	247.3	247.1	252.1	18.7	2.0
MOU/Subs	1,128	1,135	1,160	1,163	1,143	1.4	(1.7)
MOUs (Bn mins)	1,196	1,202	1,232	1,253	1,242	3.9	(0.8)
<b>Data KPIs</b>							
Data subs (Mn)	267.1	271.2	277.6	281.2	284.8	6.6	1.3
- MBB	259.4	263.6	270.2	276.8	280.7	8.2	1.4
As % of Total	75.4	77.1	77.8	77.8	78.5	314 bps	314 bps
Total MBs (Mn GBs)	18,789	19,311	20,174	21,078	22,840	21.6	8.4
GBs/month	23.7	23.9	24.5	25.1	26.9	13.4	7.2
<b>DTH</b>							
Customers (Mn)	18.1	17.5	17.5	17.6	17.4	(3.6)	(1.2)
Net Adds (000s)	194	(546)	29	76	(204)	(204.8)	(369.2)
Churn (%)	2.0	3.7	2.5	2.3	2.5	48 bps	48 bps
ARPU (Rs)	159	158	160	162	161	1.0	(0.5)
<b>Africa</b>							
Customers (Mn)	155.4	156.6	163.1	166.1	169.4	9.0	2.0
Net Adds (Mn)	2.7	1.2	6.5	2.9	3.3	23.7	13.2
Churn (%)	4.0	4.7	3.8	4.2	4.2	14 bps	14 bps
ARPU (USD)	2.2	2.3	2.4	2.4	2.4	8.6	(0.8)
MOU/Subs	290	300	310	299	294	1.4	(1.4)
MOUs (Bn mins)	134.2	139.8	148.4	147.9	148.3	10.5	0.3

Source: Company, Dolat Capital

## Exhibit 10: Key Assumptions

Particulars	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>India Wireless</b>								
Subs (Mn)	284	321	326	335	352	362	370	378
Net Adds (Mn)	5.3	37.7	4.7	9.4	16.8	9.3	8.7	8.0
Implied ARPU (Rs)*	136	153	163	192	206	234	259	295
Like-to-Like Con. ARPU(Rs)	122	145	171	192	207	235	259	295
Revenue (Rs Bn)	460	556	632	761	850	1,003	1,137	1,327
Inc. Rev (Rs Bn)	44	96	76	129	90	152	134	190
EBITDA (Rs Bn)	170	243	314	402	468	579	679	817
Inc. EBITDA (Rs Bn)	75	73	71	88	66	112	100	138
EBITDA Margin (%)	36.9	43.7	49.6	52.8	55.0	57.8	59.7	61.6
<b>Africa</b>								
Subs (Mn)	111	118	128	140	153	166	178	189
Net Adds (Mn)	12	8	10	12	13	13	12	11
Implied ARPU (Rs)	193	210	237	262	234	219	242	247
Revenue (Rs Bn)	242	289	351	423	412	419	500	544
Incremental Rev (Bn)	19	46	62	72	(11)	7	82	43
EBITDA (Rs Bn)	107	133	172	207	201	195	245	272
Inc. EBITDA (Rs Bn)	24	26	39	35	(6)	(6)	50	27
EBITDA Margin (%)	44.3	46.1	49.1	49.0	48.8	46.6	48.9	49.9
<b>Revenue (Rs bn)</b>								
India Wireless	460	556	632	761	850	1,003	1,137	1,327
Home Broadband	22	23	30	40	50	59	76	101
Digital	29	31	32	29	30	31	31	32
Enterprise	132	144	161	186	208	221	203	218
Passive Infra	34	0	0	0	144	301	328	351
(-) Intersegment	0	0	0	0	(97)	(209)	-215	-214
<b>India</b>	<b>678</b>	<b>754</b>	<b>855</b>	<b>1,017</b>	<b>1,186</b>	<b>1,405</b>	<b>1,560</b>	<b>1,814</b>
Africa	242	289	351	423	412	419	500	544
<b>Gross revenues</b>	<b>924</b>	<b>1,047</b>	<b>1,209</b>	<b>1,442</b>	<b>1,600</b>	<b>1,824</b>	<b>2,060</b>	<b>2,357</b>
(-) Intersegment	(62)	(40)	(44)	(51)	(32)	(9)	(9)	(11)
<b>Net revenues</b>	<b>862</b>	<b>1,006</b>	<b>1,165</b>	<b>1,391</b>	<b>1,568</b>	<b>1,815</b>	<b>2,051</b>	<b>2,346</b>
<b>EBITDA (Rs bn)</b>								
India Wireless	170	243	314	402	468	579	679	817
Home Broadband	11	13	16	21	25	29	38	50
Digital	20	21	21	17	17	17	16	16
Enterprise	43	55	63	74	82	82	84	90
Passive Infra	19	0	0	0	79	212	173	185
(-) Intersegment	(10)	(4)	(4)	(3)	(29)	(64)	(73)	(86)
<b>India Business</b>	<b>252</b>	<b>328</b>	<b>410</b>	<b>511</b>	<b>642</b>	<b>855</b>	<b>916</b>	<b>1,072</b>
Africa	107	133	172	207	201	195	245	272
<b>Consol EBITDA</b>	<b>355</b>	<b>454</b>	<b>575</b>	<b>713</b>	<b>840</b>	<b>1,050</b>	<b>1,161</b>	<b>1,344</b>

Particulars	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>EBITDA Margin %</b>								
India Wireless	36.9	43.7	49.6	52.8	55.0	57.8	59.7	61.6
Home Broadband	50.4	57.6	53.1	50.9	50.1	49.9	49.9	49.9
Digital	68.3	68.0	66.6	58.9	56.3	55.3	50.9	50.9
Enterprise	32.2	38.2	39.1	39.8	39.4	37.2	41.3	41.1
Passive Infra	56.9	0.0	0.0	0.0	55.1	70.4	52.8	52.8
<b>India Business</b>	<b>37.2</b>	<b>43.6</b>	<b>47.9</b>	<b>50.2</b>	<b>54.2</b>	<b>60.9</b>	<b>58.7</b>	<b>59.1</b>
Wireless - Africa	44.3	46.1	49.1	49.0	48.8	46.6	48.9	49.9
<b>Net EBITDA</b>	<b>41.1</b>	<b>45.1</b>	<b>49.4</b>	<b>51.2</b>	<b>53.6</b>	<b>57.8</b>	<b>56.6</b>	<b>57.3</b>

Source: Company, Dolat Capital

#### Exhibit 11: SOTP Valuation Summary on FY27E

Segments	FY27E EBITDA (Rs Bn)	FY27E EBITDA/ Share (Rs)	Multiple (X)	Enterprise/ Equity Value (Rs Bn)	Value Per Share (Rs)
India Wireless	817	135	13.0	10,622	1,756
Telemidia services	50	8	10.0	502	83
Enterprise	90	15	10.0	897	148
DTH	16	3	8.0	129	21
Others*	(6)	(1)	13.0	(77)	(13)
Ind AS-116 impact	(66)	(11)	13.0	(853)	(141)
Sub-total	<b>901</b>	<b>149</b>	<b>12.4</b>	<b>11,219</b>	<b>1,855</b>
(-) Net Debt excl. Ind AS-116 and Africa				(361)	(60)
Passive Infra**				454	75
India business value				<b>11,312</b>	<b>1,871</b>
Africa Plc**				784	130
Target Price Share (Rs)				<b>12,096</b>	<b>2,000</b>
CMP (Rs)					1,940
Upside/(Downside) %					<b>3.1%</b>

Source: Company, Dolat Capital \* Others are inter-segment eliminations \*\* Passive Infra is basis CMP of Indus for Bharti's effective stake of 50% and 25% holdco discount \*\* Africa Plc is as under

#### Exhibit 12: Valuation Summary – Airtel Africa

Particulars	FY26E	FY27E
Africa EBITDA (Rs Bn)	245	272
IndAS 116 impact (Rs Bn)	14.8	16.3
Africa EBITDA net of IndAS impact (Rs Bn)	230	255
<b>Target multiple (x)</b>	<b>7.5</b>	<b>7.5</b>
Africa EV (Rs Bn)	<b>1,724</b>	<b>1,914</b>
(-) Net debt (Rs Bn)	254	254
Equity Value (Rs Bn)	1,469	1,660
Bharti holding (%)	63.0	63.0
Equity Value for Bharti (Rs Bn)	926	1,046
Hold Co discount (%)	25%	25%
Africa Equity Value for Bharti (Rs Bn)	694	784
<b>Value per share (Rs)</b>	<b>115</b>	<b>130</b>

Source: Company, Dolat Capital | Value per share for H1FY27 is average of FY26E & FY27E values



## Financial Performance

### Profit and Loss Account

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
<b>Revenue</b>	<b>14,99,824</b>	<b>17,29,852</b>	<b>20,50,909</b>	<b>23,46,441</b>
<b>Total Expense</b>	<b>7,16,154</b>	<b>7,98,260</b>	<b>8,82,765</b>	<b>9,88,508</b>
COGS	75,185	71,713	51,557	54,110
Employees Cost	53,231	63,089	77,357	83,829
Other expenses	5,87,738	6,63,458	7,53,850	8,50,568
<b>EBIDTA</b>	<b>7,83,670</b>	<b>9,31,592</b>	<b>11,68,144</b>	<b>13,57,933</b>
Depreciation	3,95,376	4,55,703	4,93,917	4,89,945
<b>EBIT</b>	<b>3,88,294</b>	<b>4,75,889</b>	<b>6,74,227</b>	<b>8,67,988</b>
Interest	2,26,477	2,17,539	2,08,307	1,89,339
Other Income	14,354	15,737	18,865	18,742
Exc. / E.O. items	(75,723)	72,868	0	0
<b>EBT</b>	<b>1,00,448</b>	<b>3,46,955</b>	<b>4,84,785</b>	<b>6,97,391</b>
Tax	41,210	9,172	1,45,749	2,10,239
Minority Interest	10,910	39,252	61,666	73,584
Profit/Loss share of associates	27,094	37,030	3,337	3,404
<b>RPAT</b>	<b>75,422</b>	<b>3,35,561</b>	<b>2,80,707</b>	<b>4,16,973</b>
Adjustments	75,723	0	0	0
<b>APAT</b>	<b>1,51,145</b>	<b>3,35,561</b>	<b>2,80,707</b>	<b>4,16,973</b>

### Balance Sheet

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
<b>Sources of Funds</b>				
Equity Capital	28,766	28,766	28,766	28,766
Minority Interest	2,35,450	3,97,958	4,57,173	5,30,757
Reserves & Surplus	7,91,422	11,07,953	12,93,537	15,60,260
<b>Net Worth</b>	<b>8,20,188</b>	<b>11,36,719</b>	<b>13,22,303</b>	<b>15,89,026</b>
Total Debt	21,55,923	21,36,421	18,96,280	17,27,969
Net Deferred Tax Liability	1,54,096	1,99,186	2,62,600	2,78,714
<b>Total Capital Employed</b>	<b>33,65,657</b>	<b>38,70,284</b>	<b>39,38,357</b>	<b>41,26,467</b>

### Applications of Funds

Net Block	<b>32,02,072</b>	<b>39,94,671</b>	<b>38,67,202</b>	<b>36,57,139</b>
CWIP	0	0	0	0
Investments	6,60,477	4,73,045	4,89,224	5,36,035
<b>Current Assets, Loans &amp; Advances</b>	<b>5,82,760</b>	<b>6,75,888</b>	<b>8,07,997</b>	<b>11,20,566</b>
Current Investments	0	0	0	0
Inventories	0	0	0	0
Receivables	47,276	74,557	86,554	97,336
Cash and Bank Balances	1,66,094	1,83,731	3,04,998	5,94,122
Loans and Advances	0	0	0	0
Other Current Assets	3,69,390	4,17,600	4,16,446	4,29,108
<b>Less: Current Liabilities &amp; Provisions</b>	<b>10,79,653</b>	<b>12,73,320</b>	<b>12,26,065</b>	<b>11,87,274</b>
Payables	3,51,325	3,81,537	4,09,198	3,77,431
Other Current Liabilities	7,28,328	8,91,783	8,16,867	8,09,843
<i>sub total</i>				
Net Current Assets	(4,96,893)	(5,97,432)	(4,18,068)	(66,708)
<b>Total Assets</b>	<b>33,65,657</b>	<b>38,70,284</b>	<b>39,38,357</b>	<b>41,26,467</b>

E – Estimates

### Important Ratios

Particulars	FY24A	FY25A	FY26E	FY27E
<b>(A) Margins (%)</b>				
Gross Profit Margin	95.0	95.9	97.5	97.7
EBIDTA Margin	52.3	53.9	57.0	57.9
EBIT Margin	25.9	27.5	32.9	37.0
Tax rate	41.0	2.6	30.1	30.1
Net Profit Margin	5.0	19.4	13.7	17.8
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	5.0	4.1	2.5	2.3
Employee	3.5	3.6	3.8	3.6
Other	39.2	38.4	36.8	36.2
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	2.6	1.9	1.4	1.1
Interest Coverage	1.7	2.2	3.2	4.6
Inventory days	0	0	0	0
Debtors days	12	16	15	15
Average Cost of Debt	10.3	10.1	10.3	10.4
Payable days	85	81	73	59
Working Capital days	(121)	(126)	(74)	(10)
FA T/O	0.5	0.4	0.5	0.6
<b>(D) Measures of Investment</b>				
AEPS (Rs)	24.8	55.1	46.1	68.4
CEPS (Rs)	89.7	129.8	127.1	148.8
DPS (Rs)	0.0	0.0	0.0	0.0
Dividend Payout (%)	0.0	0.0	0.0	0.0
BVPS (Rs)	134.6	186.5	217.0	260.7
RoANW (%)	9.5	34.3	22.8	28.6
RoACE (%)	10.6	13.3	14.0	16.8
RoAIC (%)	11.9	13.8	18.4	24.2
<b>(E) Valuation Ratios</b>				
CMP (Rs)	1932	1932	1932	1932
Mcap (Rs Mn)	1,17,73,148	1,17,73,148	1,17,73,148	1,17,73,148
EV	1,37,62,977	1,37,25,839	1,33,64,431	1,29,06,995
MCap/ Sales	7.8	6.8	5.7	5.0
EV/Sales	9.2	7.9	6.5	5.5
P/E	77.9	35.1	41.9	28.2
EV/EBITDA	17.6	14.7	11.4	9.5
P/BV	14.4	10.4	8.9	7.4
Dividend Yield (%)	0.0	0.0	0.0	0.0
<b>(F) Growth Rate (%)</b>				
Revenue	7.8	15.3	18.6	14.4
EBITDA	10.0	18.9	25.4	16.2
EBIT	11.4	22.6	41.7	28.7
PBT	(36.5)	245.4	39.7	43.9
APAT	67.6	122.0	(16.3)	48.5
EPS	67.6	122.0	(16.3)	48.5

E – Estimates

## Cash Flow

Particulars	FY24A	FY25A	FY26E	FY27E
<b>Profit before tax</b>	<b>2,03,265</b>	<b>3,11,117</b>	<b>4,88,122</b>	<b>7,00,795</b>
Depreciation & w.o.	3,95,376	4,55,703	4,93,917	4,89,945
Net Interest Exp	2,26,477	2,17,539	2,08,307	1,89,339
Direct taxes paid	(41,210)	(9,172)	(1,45,749)	(2,10,239)
Change in Working Capital	73,353	1,18,176	(58,097)	(62,236)
Non Cash	(75,723)	72,868	0	0
<b>(A) CF from Operating Activities</b>	<b>7,81,538</b>	<b>11,66,231</b>	<b>9,86,499</b>	<b>11,07,604</b>
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(3,29,256)	(4,48,302)	(3,66,448)	(2,79,882)
<b>Free Cash Flow</b>	<b>4,52,282</b>	<b>7,17,929</b>	<b>6,20,052</b>	<b>8,27,722</b>
(Inc.)/ Dec. in Investments	(41,524)	(5,67,478)	47,236	(30,698)
Other	0	0	0	0
<b>(B) CF from Investing Activities</b>	<b>(3,70,780)</b>	<b>(10,15,780)</b>	<b>(3,19,212)</b>	<b>(3,10,580)</b>
Issue of Equity/ Preference	(95,138)	1,04,226	(1,413)	0
Inc./(Dec.) in Debt	(1,04,280)	(19,502)	(2,40,141)	(1,68,311)
Interest exp net	(2,26,477)	(2,17,539)	(2,08,307)	(1,89,339)
Dividend Paid (Incl. Tax)	0	0	(96,160)	(1,50,250)
Other	0	0	0	0
<b>(C) CF from Financing</b>	<b>(4,25,895)</b>	<b>(1,32,815)</b>	<b>(5,46,021)</b>	<b>(5,07,900)</b>
Net Change in Cash	(15,137)	17,636	1,21,267	2,89,124
<b>Opening Cash balances</b>	<b>1,81,232</b>	<b>1,66,094</b>	<b>1,83,731</b>	<b>3,04,997</b>
<b>Closing Cash balances</b>	<b>1,66,094</b>	<b>1,83,731</b>	<b>3,04,997</b>	<b>5,94,122</b>

E – Estimates

## Notes

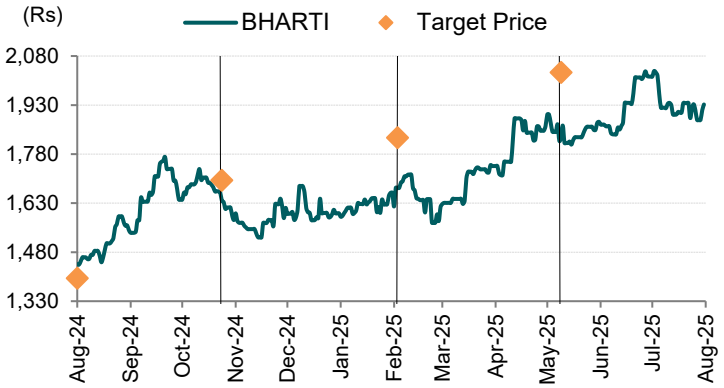
Stock Info and Rating History

Price Performance

Particulars	1M	3M	12M
Absolute (%)	(4)	2	34
Rel to NIFTY (%)	(1)	1	31

Shareholding Pattern

Particulars	Dec'24	Mar'25	Jun'25
Promoters	53.1	52.4	51.3
MF/Banks/FIs	19.6	19.4	19.2
FIIIs	24.3	25.4	26.7
Public / Others	2.9	2.8	2.8



Month	Rating	TP (Rs.)	Price (Rs.)
Aug-24	Reduce	1,400	1,444
Oct-24	Reduce	1,700	1,637
Feb-25	Accumulate	1,830	1,677
May-25	Accumulate	2,030	1,834

*\*Price as on recommendation date*

Notes

### Dolat Rating Matrix

Total Return Expectation (12 Months)

<b>Buy</b>	<b>&gt; 20%</b>
<b>Accumulate</b>	<b>10 to 20%</b>
<b>Reduce</b>	<b>0 to 10%</b>
<b>Sell</b>	<b>&lt; 0%</b>

### Dolat Team

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