

BHARTI AIRTEL

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	1,930
12 month price target (INR)	2,200
52 Week High/Low	2,046/1,422
Market cap (INR bn/USD bn)	11,576/132.0
Free float (%)	46.4
Avg. daily value traded (INR mn)	14,321.3

SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	51.26%	52.42%	53.12%
FII	26.72%	25.41%	24.27%
DII	19.09%	19.23%	19.52%
Pledge	0.00%	0.00%	0.00%

FINANCIALS

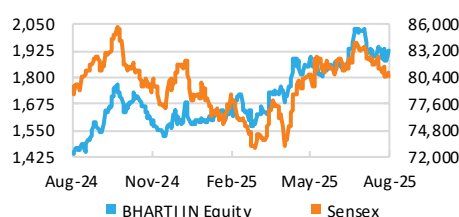
(INR bn)

Year to March	FY24A	FY25A	FY26E	FY27E
Revenue	1,514	1,746	2,112	2,395
EBITDA	797	947	1,209	1,405
Adjusted profit	113	176	330	477
Diluted EPS (INR)	19.4	29.4	55.2	79.7
EPS growth (%)	36.3	51.6	87.8	44.5
RoAE (%)	9.4	34.3	26.4	30.9
P/E (x)	99.2	65.4	34.8	24.1
EV/EBITDA (x)	16.9	14.2	10.8	8.8
Dividend yield (%)	0.4	0.8	0.9	1.0

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	2,112	2,395	0%	2%
EBITDA	1,209	1,405	0%	3%
Adjusted profit	330	477	-7%	4%
Diluted EPS (INR)	55.2	79.7	-7%	4%

PRICE PERFORMANCE



Steady numbers; strong FCF

Bharti Airtel reported another quarter of consistently improving financials with Q1FY26 revenue at INR499.7bn (+3.3% QoQ) driven by ARPU of INR250 (+2.1% QoQ) and 1.2mn QoQ subscriber addition. EBITDA margin remained flat QoQ at 56.7%. Capex decreased to INR83bn (INR144bn in Q4FY25), leading to a sharp improvement in FCF to INR199bn (INR130bn in Q4FY25).

Bharti's industry-leading ARPU, steady subscriber additions and robust FCF generation continue to bolster its balance sheet, supporting enhanced shareholder returns. We continue to see Bharti as the best way to play the Indian telecom sector, and are revising FY26E/27E EPS by -7%/+4%. Retain 'BUY' with a TP of INR2,200 (earlier INR2,130).

ARPU growth healthy while subscriber additions moderate

Revenue grew +3.3% QoQ to INR499.7bn, in line with our expectation of INR496bn, driven by underlying momentum in India and a rebound in Africa business on a reported currency basis. India mobility inched up +2.9% QoQ to INR273.9bn led by healthy ARPU growth to INR250 (+2.1% QoQ) while subscriber addition moderated to +1.2mn sub adds (+5.0mn in Q4FY25). The 4G subscriber additions came in at 3.9mn (6.6mn in Q4FY25) to 280.7mn subs. India business growth came on the back of improved realisation in the mobile segment and strong traction in the homes business, whereas B2B segment faced a revenue dip due to portfolio transformation, aligning with management objective to discontinue low-margin business. EBITDA margin decreased 12bp QoQ to 56.7%. Reported PAT came in at INR59.5bn (-46% QoQ) while adjusted PAT was INR59.5bn, above Street's estimate of INR56.6bn.

Capex moderation leads to sharp improvement in FCF

Q1FY26 capex reduced significantly to INR83bn (INR144bn in Q4FY25) driven by moderation in radio capex cycle intensity. As a result, FCF improved sharply to INR199bn (INR130bn in Q4FY25). Management highlighted while capex is expected to follow a non-linear trajectory, overall capex is expected to trend lower, with peak radio capex behind. Management remains focused on strengthening the balance sheet through ongoing deleveraging initiatives while also evaluating steps to unlock value and enhance shareholder returns.

Bharti is in an enviable position today generating over ~INR100bn of quarterly FCF, which should further improve with peak 5G capex behind, leading to better shareholder returns. We continue to value the stock on Mar-27E using SotP: India mobility business at 14x (earlier 13.5x), other businesses at 7x EV/EBITDA and Tower/Africa business at a 20% discount to current market cap; retain 'BUY/SO'.

Financials

Year to March	Q1FY26	Q1FY25	% Change	Q4FY25	% Change
Net Revenue	4,99,714	3,88,699	28.6	4,83,620	3.3
EBITDA	2,83,475	2,00,711	41.2	2,74,946	3.1
Adjusted Profit	59,480	29,251	103.3	52,230	13.9
Diluted EPS (INR)	9.9	4.9	101.7	8.7	13.7

Financial Statements

Income Statement (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Total operating income	15,14,178	17,45,589	21,11,548	23,95,111
Gross profit	10,18,447	12,00,543	15,02,117	17,22,071
Employee costs	53,231	63,089	72,444	80,147
Other expenses	1,67,944	1,90,125	2,20,798	2,36,687
EBITDA	7,97,272	9,47,329	12,08,875	14,05,237
Depreciation	3,95,376	4,55,703	5,03,085	5,16,719
Less: Interest expense	2,26,477	2,17,539	2,00,936	1,75,855
Add: Other income	0	0	0	0
Profit before tax	99,696	3,46,955	5,04,853	7,12,663
Prov for tax	41,210	9,172	1,19,626	1,71,999
Less: Other adj	27,094	37,030	3,828	4,000
Reported profit	74,670	3,35,561	3,30,099	4,76,865
Less: Excp.item (net)	38,382	(1,59,831)	1	0
Adjusted profit	1,13,052	1,75,730	3,30,100	4,76,865
Diluted shares o/s	5,836	5,985	5,985	5,985
Adjusted diluted EPS	19.4	29.4	55.2	79.7
DPS (INR)	8.0	16.0	18.0	20.0
Tax rate (%)	41.3	2.6	23.7	24.1

Important Ratios (%)

Year to March	FY24A	FY25A	FY26E	FY27E
Network exp as % of rev	19.8	19.2	18.8	18.0
Spect.&access exp/rev	12.9	12.0	10.1	10.1
Staff cost as % of rev	3.5	3.6	3.4	3.3
EBITDA margin (%)	52.7	54.3	57.3	58.7
Net profit margin (%)	7.5	10.1	15.6	19.9
Revenue growth (% YoY)	7.8	15.3	21.1	13.5
EBITDA growth (% YoY)	10.4	18.8	27.6	16.2
Adj. profit growth (%)	38.6	55.4	87.8	44.5

Assumptions (%)

Year to March	FY24A	FY25A	FY26E	FY27E
GDP (YoY %)	6.7	6.0	6.2	6.2
Repo rate (%)	6.5	6.0	5.0	5.0
USD/INR (average)	83.0	84.4	86.5	86.5
India-Subs Base (mn)	352.3	361.6	368.8	370.8
India-ARPU (INR)	206.1	234.1	266.6	315.3
Africa-Subs Base (mn)	152.7	166.1	175.4	182.5
Debtor days	10.7	13.1	14.7	14.4
Tax Rate (%)	41.3	2.6	23.7	24.1
Capex (INR mn)	(5,20,833.3)	(6,06,904.3)	(4,15,790.3)	(3,86,289.8)

Valuation Metrics

Year to March	FY24A	FY25A	FY26E	FY27E
Diluted P/E (x)	99.2	65.4	34.8	24.1
Price/BV (x)	13.7	10.1	8.4	6.7
EV/EBITDA (x)	16.9	14.2	10.8	8.8
Dividend yield (%)	0.4	0.8	0.9	1.0

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Share capital	28,766	29,001	29,001	29,001
Reserves	7,91,422	11,07,718	13,34,506	16,95,427
Shareholders funds	8,20,188	11,36,719	13,63,507	17,24,428
Minority interest	2,35,451	3,97,958	4,54,463	5,22,263
Borrowings	21,55,923	21,36,421	18,68,545	16,48,545
Trade payables	3,51,325	3,81,537	4,78,462	5,14,004
Other liabs & prov	5,46,882	7,11,243	6,57,181	6,57,181
Total liabilities	42,38,747	48,69,515	49,80,121	52,24,384
Net block	16,25,488	20,35,139	20,44,127	20,07,492
Intangible assets	14,87,507	18,53,570	17,68,828	16,75,033
Capital WIP	89,077	1,05,962	1,05,962	1,05,962
Total fixed assets	32,02,072	39,94,671	39,18,916	37,88,487
Non current inv	3,13,328	41,851	36,133	36,133
Cash/cash equivalent	1,66,094	1,83,731	3,67,444	7,38,904
Sundry debtors	49,082	76,688	93,172	96,404
Loans & advances	0	865	865	865
Other assets	5,08,171	5,71,709	5,63,591	5,63,591
Total assets	42,38,747	48,69,515	49,80,121	52,24,384

Free Cash Flow (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Reported profit	74,670	3,35,561	3,30,099	4,76,865
Add: Depreciation	3,95,376	4,55,703	5,03,085	5,16,719
Interest (net of tax)	1,58,534	1,52,277	1,40,655	1,23,098
Others	1,36,265	(44,032)	1,32,341	1,20,556
Less: Changes in WC	24,138	83,813	73,584	32,310
Operating cash flow	7,88,983	9,83,322	11,79,765	12,69,547
Less: Capex	(5,20,833)	(6,06,904)	(4,15,790)	(3,86,290)
Free cash flow	2,68,150	3,76,418	7,63,975	8,83,258

Key Ratios

Year to March	FY24A	FY25A	FY26E	FY27E
RoE (%)	9.4	34.3	26.4	30.9
RoCE (%)	12.3	14.3	19.2	23.4
Inventory days	nm	nm	nm	nm
Receivable days	11	13	15	14
Payable days	nm	nm	nm	nm
Working cap (% sales)	(34.8)	(36.1)	(30.8)	(28.5)
Gross debt/equity (x)	2.0	1.4	1.0	0.7
Net debt/equity (x)	1.9	1.3	0.8	0.4
Interest coverage (x)	1.8	2.3	3.5	5.1

Valuation Drivers

Year to March	FY24A	FY25A	FY26E	FY27E
EPS growth (%)	36.3	51.6	87.8	44.5
RoE (%)	9.4	34.3	26.4	30.9
EBITDA growth (%)	10.4	18.8	27.6	16.2
Payout ratio (%)	61.5	27.6	31.6	24.3

Q1FY26 earnings call highlights

- Revenue growth was impacted by a decline in the B2B segment, in line with management guidance to peel off low-margin contracts.
- Strategy of portfolio premiumisation and sharp execution is driving an overall uptick in growth across segments.
- Post-paid net-adds remained steady at 0.7mn, accounting for 57% of total net additions. Post-paid subscriber base stood at 7% of overall customer base.
- Overall 5G customer base came in at 152mn in Q1FY26 (135mn in Q4FY25). 5G devices now represent 86% of total smartphone shipments.
- 5G sites cater to ~36% of the total network traffic, enabling some traffic offload from the existing 4G sites.
- In the broadband business, reported highest-ever quarterly net-adds of ~939k. Seeing strong momentum in FWA net-adds of ~0.5mn.
- Want to take the quarterly net-adds to 2.5mn of home connects from ~1.6mn current quarterly run-rate.
- ~8.3k fkm deployed during the quarter, taking overall fibre deployment to ~130k fkm in last three years. The focus remains on expanding home connects.
- Digital TV business witnessed subscriber loss of ~0.2mn; this decline was due to structural changes initiated to eliminate subsidies on the set-top box.
- Africa accounts for 24% of revenue, India mobile at 55%, India non-mobile at 13% and Indus Tower at 8% of overall revenue.
- Won multiple deals in IoT and security business. Continue to strengthen digital portfolio across cloud, cybersecurity, financial services, IoT and CPaaS.
- Seeing large opportunities in home connects. The focus remains on deepening network and increasing market footprint.
- The focus is on driving ARPU improvement by sustained post-paid upgrades, smartphone upgrades, and penetration of international roaming.
- Have made substantial investments in OPGW capacities connecting all metros and major cities. The company's infrastructure comprises low-latency fiber, submarine cables, OPGW fiber, and advanced data centres.
- Continue to deleverage balance sheet. During the quarter, redeemed senior notes worth USD1bn.
- Working towards leveraging AI capabilities by placing it at the centre of all the digital-portfolio services. More details to be shared over coming quarters.
- Management is comfortable to repay the AGR dues as and when it arises. On the balance sheet side, expect deleveraging initiatives to continue.
- No new radio capex cycle expected in the near future and, hence, overall capex should trend downwards. Management is also looking into stepping up dividends.

Exhibit 1: Quarterly financial snapshot (INR mn)

Year to March	Q1FY26	Q4FY25	QoQ	Q1FY25	YoY	FY24	FY25	FY26E	FY27E
Revenues (net)	4,99,714	4,83,620	3.3	3,88,699	28.6	15,14,178	17,45,589	21,11,548	23,95,111
Access charges	12,571	14,782	(15.0)	19,084	(34.1)	75,185	71,713	51,998	56,895
Licence fees, revenue share & spectrum charges	37,200	36,370	2.3	31,564	17.9	1,20,358	1,38,290	1,60,939	1,84,824
Network operations costs	95,456	91,055	4.8	77,606	23.0	3,00,188	3,35,043	3,96,494	4,31,321
Total N/W, interconnect & LC costs	1,45,227	1,42,207	2.1	1,28,254	13.2	4,95,731	5,45,046	6,09,431	6,73,040
Employee costs	17,380	18,313	(5.1)	13,728	26.6	53,231	63,089	72,444	80,147
Selling, general and administration expense	29,659	29,359	1.0	27,157	9.2	81,326	1,14,601	1,23,621	1,30,825
Other Expenses	23,973	18,795	27.5	18,849	27.2	86,618	75,524	97,177	1,05,862
Other operating costs	71,012	66,467	6.8	59,734	18.9	2,21,175	2,53,214	2,93,242	3,16,834
Total expenditure	2,16,239	2,08,674	3.6	1,87,988	15.0	7,16,906	7,98,260	9,02,673	9,89,875
EBITDA	2,83,475	2,74,946	3.1	2,00,711	41.2	7,97,272	9,47,329	12,08,875	14,05,237
Depreciation	1,24,651	1,23,260	1.1	1,05,401	18.3	3,95,376	4,55,703	5,03,085	5,16,719
EBIT	1,58,824	1,51,686	4.7	95,310	66.6	4,01,896	4,91,626	7,05,790	8,88,518
Net finance cost	54,608	55,023	(0.8)	51,524	6.0	2,26,477	2,17,539	2,00,936	1,75,855
PBT	1,05,044	97,240	8.0	60,253	74.3	1,26,790	3,83,985	5,08,681	7,16,663
Tax	30,826	-28,919	NM	13,078	135.7	41,210	9,172	1,19,626	1,71,999
Minority interest	14,739	14,540	1.4	5,576	164.3	10,910	39,252	58,956	67,799
Share of profits from associates	-828	-577	NM	-9,117	NM	-27,094	-37,030	-3,828	-4,000
Reported profit	59,479	1,10,218	(46.0)	41,599	43.0	74,670	3,35,561	3,30,099	4,76,865
Adjusted profit	59,480	52,230	13.9	29,251	103.3	1,13,052	1,75,730	3,30,100	4,76,865
Adjusted Diluted EPS (INR)	10.2	9.0	13.4	5.1	100.4	19.4	29.4	55.2	79.7
As % of sales									
N/W, interconnect & LC costs	19.1	18.8		20.0		19.8	19.2	18.8	18.0
Employee costs	3.5	3.8		3.5		3.5	3.6	3.4	3.3
Other operating costs	14.2	13.7		15.4		14.6	14.5	13.9	13.2
EBITDA	56.7	56.9		51.6		52.7	54.3	57.3	58.7
Net profit after tax	11.9	22.8		10.7		4.9	19.2	15.6	19.9

Source: Company, Nuvama Research

Exhibit 2: Bharti SotP valuation

Rs mn	FY27 EBITDA	Ownership	Target EV/EBITDA	Target EV	Per Share
Mobile Business	8,39,420	100%	14.0	1,17,51,877	1,967
Homes Business	43,016	100%	7.0	3,01,109	50
Digital TV Services Business	18,088	100%	7.0	1,26,618	21
Enterprise Business	1,06,079	100%	7.0	7,42,552	124
Total India Business				1,29,22,156	2,163
India Business Net Debt				6,03,053	101
Equity Value	Market Cap	Ownership	Discount	Target Equity	
India Business				1,23,19,103	2,062
Africa Business (Marketcap)	9,15,486	56.0%	20%	4,10,138	69
Indus Towers (Marketcap)	9,16,300	50.1%	20%	3,66,887	61
Consolidated Equity Value				1,30,96,127	2,200

Source: Company, Nuvama Research

Exhibit 3: Bharti financials' trend by geography (INR mn)

Revenue	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
India	2,63,747	2,69,947	2,78,107	2,85,128	2,90,461	3,15,607	3,64,024	3,67,345	3,75,846
Africa	1,13,168	1,02,768	1,02,972	92,933	96,369	1,01,631	1,07,032	1,13,763	1,20,834
Revenue QoQ Growth									
India	4.5	2.4	3.0	2.5	1.9	8.7	15.3	0.9	2.3
Africa	2.6	-9.2	0.2	-9.8	3.7	5.5	5.3	6.3	6.2
EBITDA									
India	1,41,542	1,45,612	1,50,003	1,52,934	1,55,991	1,72,950	2,40,271	2,20,237	2,23,515
Africa	56,031	51,158	50,590	43,237	43,617	47,259	50,295	53,807	58,157
EBITDA Margin (%)									
India	53.7	53.9	53.9	53.6	53.7	54.8	66.0	60.0	59.5
Africa	49.5	49.8	49.1	46.5	45.3	46.5	47.0	47.3	48.1

Source: Company, Nuvama Research

Exhibit 4: Bharti India business (INR mn)

India Business Revenue	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Mobile Services India	2,03,924	2,09,521	2,16,386	2,20,657	2,25,274	2,48,371	2,62,687	2,66,168	2,73,966
Homes Services	11,621	12,207	12,718	13,155	13,670	14,321	15,092	15,961	17,179
Digital TV Services	7,403	7,515	7,837	7,693	7,771	7,586	7,607	7,644	7,628
Airtel Business	50,545	51,100	51,948	54,616	54,765	56,555	56,460	53,155	50,571
Tower Infrastructure services	-	-	-	-	-	-	75,475	77,271	80,576
Others	-	-	-	-	-	-	-	-	-
Total	2,73,494	2,80,343	2,88,889	2,96,121	3,01,480	3,26,833	4,17,320	4,20,199	4,29,920
Less: Inter Segment Eliminations	9,747	10,396	10,782	10,993	11,019	11,226	53,296	52,854	54,074
Total (Reported)	2,63,747	2,69,947	2,78,107	2,85,128	2,90,461	3,15,607	3,64,024	3,67,345	3,75,846
India Business Revenue QoQ Growth									
Mobile Services India	4.3	2.7	3.3	2.0	2.1	10.3	5.8	1.3	2.9
Homes Services	6.0	5.0	4.2	3.4	3.9	4.8	5.4	5.8	7.6
Digital TV Services	1.5	1.5	4.3	-1.8	1.0	-2.4	0.3	0.5	-0.2
Airtel Business	5.6	1.1	1.7	5.1	0.3	3.3	-0.2	-5.9	-4.9
Tower Infrastructure services	-	-	-	-	-	-	-	2.4	4.3
EBITDA India Business									
Mobile Services India	1,11,665	1,15,039	1,19,240	1,21,607	1,25,274	1,41,710	1,54,568	1,57,535	1,62,743
Homes Services	5,860	6,073	6,384	6,566	6,867	7,203	7,465	7,957	8,589
Digital TV Services	4,264	4,212	4,285	4,391	4,402	4,243	4,425	3,849	3,882
Airtel Business	19,979	20,578	20,625	20,830	19,855	20,208	19,846	22,359	21,535
Tower Infrastructure services	-	-	-	-	-	-	70,811	44,876	44,673
EBITDA Margin (%)									
Mobile Services India	54.8	54.9	55.1	55.1	55.6	57.1	58.8	59.2	59.4
Homes Services	50.4	49.8	50.2	49.9	50.2	50.3	49.5	49.9	50.0
Digital TV Services	57.6	56.1	54.7	57.1	56.6	55.9	58.2	50.4	50.9
Airtel Business	39.5	40.3	39.7	38.1	36.3	35.7	35.2	42.1	42.6
Tower Infrastructure services	-	-	-	-	-	-	93.8	58.1	55.4

Source: Company, Nuvama Research

Exhibit 5: Bharti KPI trend

KPIs	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Mobile Services									
Total Customers Base (mn)	338.6	342.3	345.6	352.3	354.5	351.6	356.6	361.6	362.8
Net additions (mn)	3.2	3.7	3.3	6.7	2.3	-2.9	4.9	5.0	1.2
Pre-Paid (as % of total Customer Base)	93.9	93.7	93.5	93.4	NA	NA	NA	NA	NA
Monthly Churn (%)	2.8	2.9	2.9	2.4	2.8	3.2	2.5	2.3	2.7
ARPU (INR)	199.8	202.8	207.9	208.9	210.6	233.0	245.3	245.0	250.3
Network towers	2,84,221	2,95,318	3,07,663	3,18,171	3,24,498	3,29,543	3,34,757	3,38,029	3,39,860
Voice									
Minutes on the network (bn)	1,148.8	1,147.7	1,160.8	1,209.6	1,195.1	1,199.8	1,233.3	1,253.7	1,241.8
Voice Usage per customer (min)	1,137.8	1,123.1	1,126.7	1,157.9	1,127.8	1,135.0	1,160.1	1,162.7	1,143.4
Data									
Data Customer Base (mn)	238.2	245.9	253.2	260.8	267.1	271.2	277.6	281.2	284.8
Of which 4G/Mobile Broadband customers (mn)	229.7	237.5	244.9	252.7	259.4	263.6	270.2	276.8	280.7
4G broadband customers % of customer base	70.4	71.8	73.3	74.1	75.4	77.1	77.8	77.8	78.5
Total MBs on the network (bn MBs)	14,915	15,749	16,377	17,391	18,789	19,311	20,174	21,078	22,840
Data Usage per customer (GB)	21.1	21.7	22.0	22.6	23.7	23.9	24.5	25.1	26.9
Homes Services									
Homes Customers (mn)	6.5	6.9	7.3	7.6	8.0	8.6	9.2	10.0	11.0
Net additions (mn)	0.4	0.5	0.4	0.3	0.3	0.6	0.7	0.8	0.9
ARPU (INR)	608.3	595.0	583.2	577.5	572.1	566.2	554.4	543.3	537.3
Cities covered	1,225	1,239	1,267	1,290	1,317	1,345	1,427	1,476	1,512
Digital Services									
Digital TV Customers (mn)	15.9	15.7	16.1	16.1	16.3	15.8	15.8	15.9	15.7
Net additions (mn)	0.0	-0.2	0.4	0.0	0.2	-0.5	0.0	0.1	-0.2
ARPU (INR)	153.8	159.0	163.0	160.1	159.2	157.8	159.6	161.6	160.7
Monthly Churn (%)	2.2	2.7	1.8	2.3	2.0	3.7	2.5	2.3	2.5

Source: Company, Nuvama Research

Exhibit 6: Telecom operators' financial trends

Revenue	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
RJio	2,40,420	2,47,500	2,53,680	2,59,590	2,64,780	2,83,380	2,93,070	3,00,180	3,08,820
Bharti	2,03,924	2,09,521	2,16,386	2,20,657	2,25,274	2,48,371	2,62,687	2,66,168	2,73,966
VI*	1,06,555	1,07,163	1,06,731	1,06,068	1,05,083	1,09,322	1,11,173	1,10,135	NA
Revenue QoQ Growth									
RJio	2.8	2.9	2.5	2.3	2.0	7.0	3.4	2.4	2.9
Bharti	4.3	2.7	3.3	2.0	2.1	10.3	5.8	1.3	2.9
VI*	1.2	0.6	-0.4	-0.6	-0.9	4.0	1.7	-0.9	NA
EBITDA									
RJio	1,25,780	1,29,530	1,32,770	1,36,120	1,39,200	1,50,360	1,54,780	1,58,520	1,66,900
Bharti	1,11,665	1,15,039	1,19,240	1,21,607	1,25,274	1,41,710	1,54,568	1,57,535	1,62,743
VI*	41,570	42,828	43,504	43,358	42,047	45,498	47,124	46,597	NA
EBITDA Margin (%)									
RJio	52.3	52.3	52.3	52.4	52.6	53.1	52.8	52.8	54.0
Bharti	54.8	54.9	55.1	55.1	55.6	57.1	58.8	59.2	59.4
VI*	39.0	40.0	40.8	40.9	40.0	41.6	42.4	42.3	NA

Source: Company, Nuvama Research (*yet to declare Q1FY26 results)

Exhibit 7: Telecom operators' subscribers and ARPU trends

Subscriber Trends	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Bharti Airtel	338.6	342.3	345.6	352.3	354.5	351.6	356.6	361.6	362.8
VI	221.4	219.8	215.2	212.6	210.1	205	199.8	198.2	NA
RJio	448.5	459.7	470.9	481.8	489.7	478.8	482.1	488.2	498.1
Subscribers QoQ Addition									
Bharti Airtel	3.2	3.7	3.3	6.7	2.3	-2.9	4.9	5.0	1.2
VI*	-4.5	-1.6	-4.6	-2.6	-2.5	-5.1	-5.2	-1.6	NA
RJio	9.2	11.2	11.2	10.9	7.9	-10.9	3.3	6.1	9.9
ARPU Trends									
Bharti Airtel	199.8	202.8	207.9	208.9	210.6	233.0	245.3	245.0	250.3
VI*	139.0	142.0	145.0	146.0	146.0	156.0	163.0	164.0	NA
RJio	180.5	181.7	181.7	181.7	181.7	195.1	203.3	206.2	208.8
ARPU QoQ Growth									
Bharti Airtel	3.3	1.5	2.5	0.5	0.8	10.6	5.3	-0.1	2.1
VI*	3.0	2.2	2.1	0.7	0.0	6.8	4.5	0.6	NA
RJio	1.0	0.7	0.0	0.0	0.0	7.4	4.2	1.4	1.3

Source: Company, Nuvama Research (*yet to declare Q1FY26 results)

Company Description

Bharti is leading provider of telecommunication services with a presence in 17 countries representing India, Sri Lanka, 14 countries in Africa and joint ventures in Bangladesh. The company provides telecom services under wireless and fixed line technology, national and international long distance connectivity and digital TV; and complete integrated telecom solutions to its enterprise customers. The enterprise services division, along with voice, data and video services provides network integration, data centres, managed services, enterprise mobility applications and digital media solutions. The company has a pan-India mobility network spanning all 22 telecom circles and a wireless subscriber base of 361mn as on March 2025.

Investment Theme

The industry has consolidated into three players, thereby reducing the overall competitive intensity. With a wireless subscriber base of 361mn, Bharti is the second-largest telecom operator in India. It has been able to improve its leverage position over the last three years with user upgrades, subscriber gain and tariff hikes; leading to better balance sheet strength. Bharti bought pan India spectrum worth INR431bn in the 2022 spectrum auction and is front loading capex for an accelerated 5G rollout. Network investments in 5G would further enhance Bharti's offerings and can lead to further subscriber gain from the weak operator. While Bharti and RJio are adopting vastly different approaches for 5G, evolution of their respective ecosystems will chart the course of their market share. Bharti's enterprise business could also provide the next leg of growth. With high operating and financial leverage, we also expect a boost in profitability.

Key Risks

- Increased competition may affect pricing power, which may lead to lower revenue growth and sub-optimal margins.
- Accelerated ecosystem development of the 5G standalone (SA) mode against the non-standalone (NSA) mode.
- High capex and absence of meaningful tariff hikes could strain the balance sheet
- Early maturity of 5G ecosystem also poses risk in the medium term.
- Further depreciation in African currencies would be another source of risk.

Additional Data

Management

Executive Director - MD	Gopal Vittal
CFO	Soumen Ray
Chairman	Sunil Bharti Mittal
Non-Executive - Independent Director	Nisaba Godrej
Auditor	Deloitte Haskins & Sells LLP

Holdings – Top 10*

	% Holding		% Holding
Bharti Telecom	40.73	Capital Group	2.20
Pastel Ltd	7.93	Vanguard Group	2.00
LIC	4.05	BlackRock Inc	1.86
SBI Funds Manag	2.38	ICICI Pru AMC	1.60
Indian Continen	2.21	Republic of Sin	1.43

*Latest public data

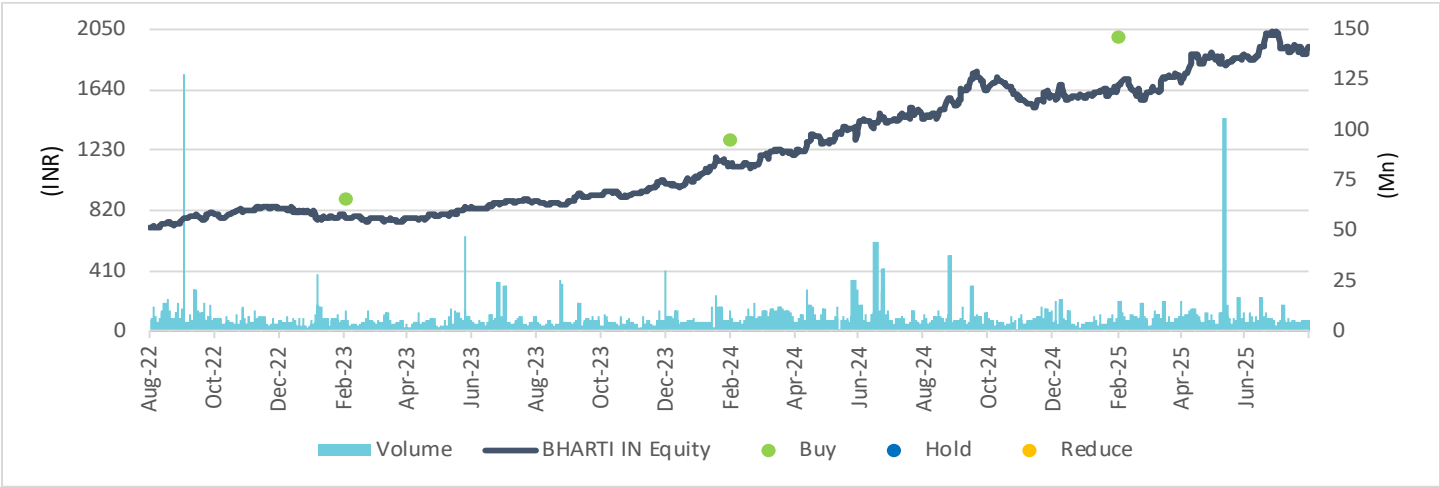
Recent Company Research

Date	Title	Price	Reco
14-May-25	Solid base; steady climb; <i>Result Update</i>	1,834	Buy
07-Feb-25	Continuously improving fundamentals; <i>Result Update</i>	1,677	Buy
29-Oct-24	Tariff hike lifts ARPU, margins and FCF; <i>Result Update</i>	1,637	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
25-Jul-25	Sterlite Tech.	Green shoots emerge in America; <i>Result Update</i>
18-Jul-25	TATA COMM	Digital continues to report solid growth; <i>Result Update</i>
18-Jul-25	Route Mobile	Growth impacted by top client exit; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	202
Hold	<15% and >-5%	66
Reduce	<-5%	36

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Abneesh Roy

Head of Research Committee

Abneesh.Roy@nuvama.com
