

BHARTI AIRTEL

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	2,113
12 month price target (INR)	2,500
52 Week High/Low	2,136/1,511
Market cap (INR bn/USD bn)	12,677/142.9
Free float (%)	43.7
Avg. daily value traded (INR mn)	12,707.3

SHAREHOLDING PATTERN

	Sep-25	Jun-25	Mar-25
Promoter	50.27%	51.26%	52.42%
FII	27.42%	26.72%	25.41%
DII	19.40%	19.09%	19.23%
Pledge	0.00%	0.00%	0.00%

FINANCIALS

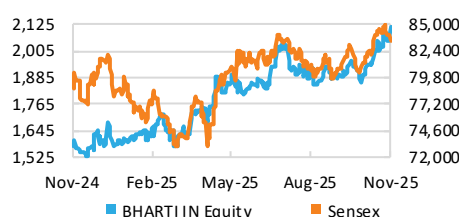
(INR bn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	1,746	2,153	2,463	2,643
EBITDA	947	1,239	1,456	1,566
Adjusted profit	176	326	474	540
Diluted EPS (INR)	29.4	54.5	79.2	90.3
EPS growth (%)	51.6	85.7	45.3	14.0
RoAE (%)	34.3	27.1	32.7	29.6
P/E (x)	72.1	38.8	26.7	23.5
EV/EBITDA (x)	15.5	11.6	9.4	8.3
Dividend yield (%)	0.8	0.9	0.9	1.2

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	2,153	2,463	2.0%	2.8%
EBITDA	1,239	1,456	2.5%	3.6%
Adjusted profit	326	474	-1.1%	-0.6%
Diluted EPS (INR)	54.5	79.2	-1.1%	-0.6%

PRICE PERFORMANCE



Solid performance, continuously improving

Bharti Airtel posted better-than-expected Q2FY26 performance with revenue coming in at INR528.7bn (+5.8% QoQ), supported by ARPU improvement to INR256 (+2.2% QoQ) and 1.4mn QoQ net subscriber addition. EBITDA margin improved 56bp QoQ to 57.3%. Despite higher capex of INR114bn (INR83bn in Q1FY26), FCF remained solid at INR186bn (INR199bn in Q4FY25).

Bharti's industry-leading ARPU, steady subscriber additions and robust FCF continue to bolster its balance sheet. We continue to see Bharti as the best way to play the Indian telecom sector. We are tweaking FY26E/27E EBITDA by +2.5%/+3.6% and rolling forward the valuation to Sep-27E. Retain 'BUY' with TP of INR2,500 (earlier INR2,200).

Growth and margin beat expectations

Revenue grew +5.8% QoQ to INR528.7bn, above our expectation of INR506.3bn, with growth across India and Africa business. India mobility grew +2.6% QoQ to INR281.2bn driven by healthy ARPU growth to INR256 (+2.2% QoQ) while subscriber addition inched up to +1.4mn (+1.2mn in Q1FY26). 4G subscriber addition came in healthy at +5.1mn (+3.9mn in Q1FY26) to 285.8mn subs. India business growth was on the back of continued premiumisation in the mobile segment, sustained momentum in the homes segment and improved performance in B2B. EBITDA margin improved 56bp QoQ to 57.3%. Reported PAT came in at INR67.9bn (+14.2% QoQ) while adjusted PAT was INR67.9bn, in line with Street estimate of INR67.4bn.

Capex targeted towards home and data centre business

Q2FY26 capex increased to INR114bn (INR83bn in Q1FY26) driven by targeted investments in home and data centre business. Despite higher capex, FCF generation remained healthy at INR186bn (INR199bn in Q1FY26). Management highlighted capex would follow a non-linear trajectory (while maintaining peak capex is behind), and is optimistic about investments in data centre infrastructure opportunity. It remains focused on strengthening balance sheet through ongoing deleveraging initiatives. Post-SC order for reconciliation of AGR dues in VIL case, Bharti is also planning to discuss its AGR dues with the government. Management also finds Indus Towers undervalued, and announced increasing its stake by 5%.

Bharti is in an enviable position today generating ~INR150bn of quarterly FCF, which should further improve with peak 5G capex behind, leading to better shareholder returns. We value the stock using SoTP, and roll forward to Sep-27E, valuing India mobility business at 15x (earlier 14x), 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	Q2FY26	Q2FY25	% Change	Q1FY26	% Change
Net Revenue	5,28,731	4,17,280	26.7	4,99,714	5.8
EBITDA	3,02,891	2,21,009	37.0	2,83,475	6.8
Adjusted Profit	67,920	39,115	73.6	59,480	14.2
Diluted EPS (INR)	11.3	6.5	73.0	9.9	14.1

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	17,45,589	21,52,918	24,62,721	26,43,120
Gross profit	12,00,543	15,34,166	17,76,017	19,07,092
Employee costs	63,089	74,441	82,842	91,490
Other expenses	1,90,125	2,20,482	2,36,910	2,49,777
EBITDA	9,47,329	12,39,242	14,56,265	15,65,824
Depreciation	4,55,703	5,19,922	5,37,897	5,70,915
Less: Interest expense	2,17,539	1,99,457	1,86,010	1,64,010
Add: Other income	0	0	0	0
Profit before tax	3,46,955	5,19,863	7,32,359	8,30,900
Prov for tax	9,172	1,26,588	1,76,726	2,00,376
Less: Other adj	37,030	3,638	4,000	4,000
Reported profit	3,35,561	3,26,401	4,74,114	5,40,453
Less: Excp.item (net)	(1,59,831)	4	0	0
Adjusted profit	1,75,730	3,26,405	4,74,114	5,40,453
Diluted shares o/s	5,985	5,985	5,985	5,985
Adjusted diluted EPS	29.4	54.5	79.2	90.3
DPS (INR)	16.0	18.0	20.0	25.0
Tax rate (%)	2.6	24.4	24.1	24.1

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Network exp as % of rev	19.2	18.8	17.9	17.8
Spect.&access exp/rev	12.0	9.9	9.9	10.0
Staff cost as % of rev	3.6	3.5	3.4	3.5
EBITDA margin (%)	54.3	57.6	59.1	59.2
Net profit margin (%)	10.1	15.2	19.3	20.4
Revenue growth (% YoY)	15.3	23.2	14.6	7.4
EBITDA growth (% YoY)	18.8	30.8	17.5	7.5
Adj. profit growth (%)	55.4	85.7	45.3	14.0

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.0	6.2	6.2	6.2
Repo rate (%)	6.0	5.0	5.0	5.0
USD/INR (average)	84.4	86.5	86.5	86.5
India-Subs Base (mn)	361.6	368.2	370.2	372.2
India-ARPU (INR)	234.1	266.0	314.5	340.5
Africa-Subs Base (mn)	166.1	177.8	185.0	192.5
Debtor days	13.1	15.0	15.1	14.8
Tax Rate (%)	2.6	24.4	24.1	24.1
Capex (INR mn)	(6,06,904)	(4,34,867)	(3,93,339)	(4,24,352)

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	72.1	38.8	26.7	23.5
Price/BV (x)	11.2	10.0	7.8	6.3
EV/EBITDA (x)	15.5	11.6	9.4	8.3
Dividend yield (%)	0.8	0.9	0.9	1.2

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	29,001	29,001	29,001	29,001
Reserves	11,07,718	12,43,655	16,01,869	19,97,448
Shareholders funds	11,36,719	12,72,656	16,30,870	20,26,449
Minority interest	3,97,958	4,62,762	5,48,281	6,42,351
Borrowings	21,36,421	19,70,097	17,50,097	15,30,097
Trade payables	3,81,537	4,86,273	5,22,530	5,41,676
Other liabs & prov	7,11,243	7,64,565	7,64,565	7,64,565
Total liabilities	48,69,515	50,50,172	53,10,162	55,98,957
Net block	20,35,139	21,05,745	20,58,487	20,09,882
Intangible assets	18,53,570	17,88,998	16,91,699	15,93,742
Capital WIP	1,05,962	1,02,192	1,02,192	1,02,192
Total fixed assets	39,94,671	39,96,935	38,52,378	37,05,816
Non current inv	41,851	46,843	46,843	46,843
Cash/cash equivalent	1,83,731	3,40,609	7,41,690	11,69,666
Sundry debtors	76,688	1,00,126	1,03,592	1,10,973
Loans & advances	865	0	0	0
Other assets	5,71,709	5,65,659	5,65,659	5,65,659
Total assets	48,69,515	50,50,172	53,10,162	55,98,957

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	3,35,561	3,26,401	4,74,114	5,40,453
Add: Depreciation	4,55,703	5,19,922	5,37,897	5,70,915
Interest (net of tax)	1,52,277	1,39,620	1,30,207	1,14,807
Others	(44,032)	1,59,215	1,41,322	1,43,273
Less: Changes in WC	83,813	84,868	32,790	11,765
Operating cash flow	9,83,322	12,30,026	13,16,329	13,81,213
Less: Capex	(6,06,904)	(4,34,867)	(3,93,340)	(4,24,353)
Free cash flow	3,76,418	7,95,158	9,22,990	9,56,860

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	34.3	27.1	32.7	29.6
RoCE (%)	14.3	19.5	24.1	24.5
Inventory days	nm	nm	nm	nm
Receivable days	13	15	15	15
Payable days	nm	nm	nm	nm
Working cap (% sales)	(36.1)	(34.5)	(31.4)	(29.7)
Gross debt/equity (x)	1.4	1.1	0.8	0.6
Net debt/equity (x)	1.3	0.9	0.5	0.1
Interest coverage (x)	2.3	3.6	4.9	6.1

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	51.6	85.7	45.3	14.0
RoE (%)	34.3	27.1	32.7	29.6
EBITDA growth (%)	18.8	30.8	17.5	7.5
Payout ratio (%)	27.6	32.0	24.4	26.8

Q2FY26 earnings call highlights

- The Mobile segment continues to deliver industry-leading growth while the Broadband segment showed signs of growth sustainability.
- Post-paid net addition stood at ~1mn, accounting for 68% of total net-adds.
- Feature phone to smartphone upgrades, prepaid to postpaid upgrades, data monetization and international roaming remain key drivers of our ARPU growth.
- 5G users at end of Q2FY26 stood at ~167mn. 5G sites now handle over 40% of the total network traffic.
- Strong traction witnessed in FWA with customer base crossing 2.3mn mark. In digital TV business, lost 340k customers led by industry-wide impact of pronounced seasonality.
- In B2B segment, domestic business remains steady, while international segment is witnessing signs of demand traction with order book and deal funnel remaining healthy.
- Africa business revenue grew +7.1% cc QoQ and with favourable currency tailwind, reported growth came in at 10.7% QoQ.
- Africa accounts for 26% of total revenue, India mobile at 54%, India non-mobile at 13% and Indus Tower at 7%.
- In B2B focus remains on building high-capacity low-latency fiber network, data centre infrastructure and scaling of digital portfolio: IoT, cloud and security.
- Airtel is building data centre infrastructure for Google in Vishakhapatnam. Will help in building combination of connectivity, cable landing stations, and data centre buildup. This deal is in partnership with one more partner.
- Airtel operated at 10–12% market share in data centre business but this is expected to improve moving forward as capex intensity increases.
- Due to increased rollout of home passes and increased 5G investments, home business capex is expected to remain elevated in the near future as well. Cost per home pass is operation USD28 to USD32 and this has not changed substantially.
- Management sees Indus as undervalued asset, with strong dividend paying company and hence increasing stake.
- AGR judgement of 2019 was disappointing, as errors of calculation were not taken into consideration. Recently SC passed the order to government for reassessment and reconciliation of the AGR rules.
- This order has been made in the petition of Vodafone Idea. Even Bharti is planning to take matter with the government.

Exhibit 1: Quarterly financial snapshot (INR mn)

Year to March	Q2FY26	Q1FY26	QoQ	Q2FY25	YoY	FY25	FY26E	FY27E	FY28E
Revenues (net)	5,28,731	4,99,714	5.8	4,17,280	26.7	17,45,589	21,52,918	24,62,721	26,43,120
Access charges	13,215	12,571	5.1	18,211	(27.4)	71,713	52,798	57,692	63,075
Licence fees, revenue share & spectrum charges	38,249	37,200	2.8	34,658	10.4	1,38,290	1,60,791	1,87,336	2,01,866
Network operations costs	1,01,178	95,456	6.0	80,115	26.3	3,35,043	4,05,163	4,41,677	4,71,087
Total N/W, interconnect & LC costs	1,52,642	1,45,227	5.1	1,32,984	14.8	5,45,046	6,18,752	6,86,704	7,36,028
Employee costs	18,571	17,380	6.9	14,966	24.1	63,089	74,441	82,842	91,490
Selling, general and administration expense	31,824	29,659	7.3	28,824	10.4	1,14,601	1,24,429	1,30,844	1,36,998
Other Expenses	22,803	23,973	(4.9)	19,497	17.0	75,524	96,054	1,06,065	1,12,779
Other operating costs	73,198	71,012	3.1	63,287	15.7	2,53,214	2,94,923	3,19,752	3,41,268
Total expenditure	2,25,840	2,16,239	4.4	1,96,271	15.1	7,98,260	9,13,675	10,06,456	10,77,296
EBITDA	3,02,891	2,83,475	6.8	2,21,009	37.0	9,47,329	12,39,242	14,56,265	15,65,824
Depreciation	1,31,821	1,24,651	5.8	1,10,000	19.8	4,55,703	5,19,922	5,37,897	5,70,915
EBIT	1,71,070	1,58,824	7.7	1,11,009	54.1	4,91,626	7,19,320	9,18,368	9,94,909
Net finance cost	48,657	54,608	(10.9)	54,237	(10.3)	2,17,539	1,99,457	1,86,010	1,64,010
PBT	1,23,223	1,05,044	17.3	58,974	108.9	3,83,985	5,23,501	7,36,359	8,34,900
Tax	36,715	30,826	19.1	17,440	110.5	9,172	1,26,588	1,76,726	2,00,376
Minority interest	18,591	14,739	26.1	5,602	231.9	39,252	70,512	85,519	94,070
Share of profits from associates	-810	-828	NM	-10,739	NM	-37,030	-3,638	-4,000	-4,000
Reported profit	67,917	59,479	14.2	35,932	89.0	3,35,561	3,26,401	4,74,114	5,40,453
Adjusted profit	67,920	59,480	14.2	39,115	73.6	1,75,730	3,26,405	4,74,114	5,40,453
Adjusted Diluted EPS (INR)	11.7	10.3	13.7	6.8	71.1	29.4	54.5	79.2	90.3
As % of sales									
N/W, interconnect & LC costs	19.1	19.1		19.2		19.2	18.8	17.9	17.8
Employee costs	3.5	3.5		3.6		3.6	3.5	3.4	3.5
Other operating costs	13.8	14.2		15.2		14.5	13.7	13.0	12.9
EBITDA	57.3	56.7		53.0		54.3	57.6	59.1	59.2
Net profit after tax	12.8	11.9		8.6		19.2	15.2	19.3	20.4

Source: Company, Nuvama Research

Exhibit 2: Bharti SoTP Valuation

INR mn	Avg FY27-28 EBITDA	Ownership	Target EV/EBITDA	Target EV	Per Share
Mobile Business	8,73,971	100%	15.0	1,31,09,560	2,195
Homes Business	47,129	100%	7.0	3,29,903	55
Digital TV Services Business	17,481	100%	7.0	1,22,368	20
Enterprise Business	1,08,528	100%	7.0	7,59,697	127
Total India Business				1,43,21,528	2,397
India Business Net Debt				3,74,307	63
Equity Value	Market Cap	Ownership	Discount	Target Equity	
India Business				1,39,47,221	2,335
Africa Business (Marketcap)	12,72,961	56.0%	20%	5,70,287	95
Indus Towers (Marketcap)	10,32,185	50.1%	20%	4,13,287	69
Consolidated Equity Value				1,49,30,794	2,500

Source: Company, Nuvama Research

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

Revenue	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
India	2,69,947	2,78,107	2,85,128	2,90,461	3,15,607	3,64,024	3,67,345	3,75,846	3,86,901
Africa	1,02,768	1,02,972	92,933	96,369	1,01,631	1,07,032	1,13,763	1,20,834	1,36,795
Revenue QoQ Growth									
India	2.4	3.0	2.5	1.9	8.7	15.3	0.9	2.3	2.9
Africa	-9.2	0.2	-9.8	3.7	5.5	5.3	6.3	6.2	13.2
EBITDA									
India	1,45,612	1,50,003	1,52,934	1,55,991	1,72,950	2,40,271	2,20,237	2,23,515	2,32,039
Africa	51,158	50,590	43,237	43,617	47,259	50,295	53,807	58,157	67,150
EBITDA Margin (%)									
India	53.9	53.9	53.6	53.7	54.8	66.0	60.0	59.5	60.0
Africa	49.8	49.1	46.5	45.3	46.5	47.0	47.3	48.1	49.1

Source: Company, Nuvama Research

Exhibit 4: Bharti India business (INR mn)

India Business Revenue	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Mobile Services India	2,09,521	2,16,386	2,20,657	2,25,274	2,48,371	2,62,687	2,66,168	2,73,966	2,81,167
Homes Services	12,207	12,718	13,155	13,670	14,321	15,092	15,961	17,179	18,646
Digital TV Services	7,515	7,837	7,693	7,771	7,586	7,607	7,644	7,628	7,532
Airtel Business	51,100	51,948	54,616	54,765	56,555	56,460	53,155	50,571	52,760
Tower Infrastructure services	-	-	-	-	-	75,475	77,271	80,576	81,883
Others	-	-	-	-	-	-	-	-	-
Total	2,80,343	2,88,889	2,96,121	3,01,480	3,26,833	4,17,320	4,20,199	4,29,920	4,41,988
Less: Inter Segment Eliminations	10,396	10,782	10,993	11,019	11,226	53,296	52,854	54,074	55,087
Total (Reported)	2,69,947	2,78,107	2,85,128	2,90,461	3,15,607	3,64,024	3,67,345	3,75,846	3,86,901
India Business Revenue QoQ Growth									
Mobile Services India	2.7	3.3	2.0	2.1	10.3	5.8	1.3	2.9	2.6
Homes Services	5.0	4.2	3.4	3.9	4.8	5.4	5.8	7.6	8.5
Digital TV Services	1.5	4.3	-1.8	1.0	-2.4	0.3	0.5	-0.2	-1.3
Airtel Business	1.1	1.7	5.1	0.3	3.3	-0.2	-5.9	-4.9	4.3
Tower Infrastructure services	-	-	-	-	-	-	2.4	4.3	1.6
EBITDA India Business									
Mobile Services India	1,15,039	1,19,240	1,21,607	1,25,274	1,41,710	1,54,568	1,57,535	1,62,743	1,69,515
Homes Services	6,073	6,384	6,566	6,867	7,203	7,465	7,957	8,589	9,335
Digital TV Services	4,212	4,285	4,391	4,402	4,243	4,425	3,849	3,882	3,663
Airtel Business	20,578	20,625	20,830	19,855	20,208	19,846	22,359	21,535	21,943
Tower Infrastructure services						70,811	44,876	44,673	46,952
EBITDA Margin (%)									
Mobile Services India	54.9	55.1	55.1	55.6	57.1	58.8	59.2	59.4	60.3
Homes Services	49.8	50.2	49.9	50.2	50.3	49.5	49.9	50.0	50.1
Digital TV Services	56.1	54.7	57.1	56.6	55.9	58.2	50.4	50.9	48.6
Airtel Business	40.3	39.7	38.1	36.3	35.7	35.2	42.1	42.6	41.6
Tower Infrastructure services						93.8	58.1	55.4	57.3

Source: Company, Nuvama Research

Exhibit 5: Bharti KPI trend

KPIs	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Mobile Services									
Total Customers Base (mn)	342.3	345.6	352.3	354.5	351.6	356.6	361.6	362.8	364.2
Net additions (mn)	3.7	3.3	6.7	2.3	-2.9	4.9	5.0	1.2	1.4
Pre-Paid (as % of total Customer Base)	93.7	93.5	93.4	NA	NA	NA	NA	NA	NA
Monthly Churn (%)	2.9	2.9	2.4	2.8	3.2	2.5	2.3	2.7	2.9
ARPU (INR)	202.8	207.9	208.9	210.6	233.0	245.3	245.0	250.3	255.7
Network towers	2,95,318	3,07,663	3,18,171	3,24,498	3,29,543	3,34,757	3,38,029	3,39,860	3,42,339
Voice									
Minutes on the network (bn)	1,147.7	1,160.8	1,209.6	1,195.1	1,199.8	1,233.3	1,253.7	1,241.8	1,248.8
Voice Usage per customer (min)	1,123.1	1,126.7	1,157.9	1,127.8	1,135.0	1,160.1	1,162.7	1,143.4	1,145.2
Data									
Data Customer Base (mn)	245.9	253.2	260.8	267.1	271.2	277.6	281.2	284.8	289.4
Of which 4G/Mobile Broadband customers (mn)	237.5	244.9	252.7	259.4	263.6	270.2	276.8	280.7	285.8
4G broadband customers % of customer base	71.8	73.3	74.1	75.4	77.1	77.8	77.8	78.5	79.5
Total MBs on the network (bn MBs)	15,749	16,377	17,391	18,789	19,311	20,174	21,078	22,840	24,446
Data Usage per customer (GB)	21.7	22.0	22.6	23.7	23.9	24.5	25.1	26.9	28.3
Homes Services									
Homes Customers (mn)	6.9	7.3	7.6	8.0	8.6	9.2	10.0	11.0	11.9
Net additions (mn)	0.5	0.4	0.3	0.3	0.6	0.7	0.8	0.9	1.0
ARPU (INR)	595.0	583.2	577.5	572.1	566.2	554.4	543.3	537.3	533.9
Cities covered	1,239	1,267	1,290	1,317	1,345	1,427	1,476	1,512	1,551
Digital Services									
Digital TV Customers (mn)	15.7	16.1	16.1	16.3	15.8	15.8	15.9	15.7	15.4
Net additions (mn)	-0.2	0.4	0.0	0.2	-0.5	0.0	0.1	-0.2	-0.3
ARPU (INR)	159.0	163.0	160.1	159.2	157.8	159.6	161.6	160.7	163.2
Monthly Churn (%)	2.7	1.8	2.3	2.0	3.7	2.5	2.3	2.5	3.1

Source: Company, Nuvama Research

Exhibit 6: Telecom operators' financial trends

Revenue	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
RJio	2,47,500	2,53,680	2,59,590	2,64,780	2,83,380	2,93,070	3,00,180	3,08,820	3,18,570
Bharti	2,09,521	2,16,386	2,20,657	2,25,274	2,48,371	2,62,687	2,66,168	2,73,966	2,81,167
VI*	1,07,163	1,06,731	1,06,068	1,05,083	1,09,322	1,11,173	1,10,135	1,10,225	NA
Revenue QoQ Growth									
RJio	2.9	2.5	2.3	2.0	7.0	3.4	2.4	2.9	3.2
Bharti	2.7	3.3	2.0	2.1	10.3	5.8	1.3	2.9	2.6
VI*	0.6	-0.4	-0.6	-0.9	4.0	1.7	-0.9	0.1	NA
EBITDA									
RJio	1,29,530	1,32,770	1,36,120	1,39,200	1,50,360	1,54,780	1,58,520	1,66,900	1,72,750
Bharti	1,15,039	1,19,240	1,21,607	1,25,274	1,41,710	1,54,568	1,57,535	1,62,743	1,69,515
VI*	42,828	43,504	43,358	42,047	45,498	47,124	46,597	46,121	NA
EBITDA Margin (%)									
RJio	52.3	52.3	52.4	52.6	53.1	52.8	52.8	54.0	54.2
Bharti	54.9	55.1	55.1	55.6	57.1	58.8	59.2	59.4	60.3
VI*	40.0	40.8	40.9	40.0	41.6	42.4	42.3	41.8	NA

Source: Company, Nuvama Research (*yet to declare Q2FY26 results)

Exhibit 7: Telecom operators' subscribers and ARPU trends

Subscriber Trends	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Bharti Airtel	342.3	345.6	352.3	354.5	351.6	356.6	361.6	362.8	364.2
VI	219.8	215.2	212.6	210.1	205	199.8	198.2	197.7	NA
RJio	459.7	470.9	481.8	489.7	478.8	482.1	488.2	498.1	506.4
Subscribers QoQ Addition									
Bharti Airtel	3.7	3.3	6.7	2.3	-2.9	4.9	5.0	1.2	1.4
VI*	-1.6	-4.6	-2.6	-2.5	-5.1	-5.2	-1.6	-0.5	NA
RJio	11.2	11.2	10.9	7.9	-10.9	3.3	6.1	9.9	8.3
ARPU Trends									
Bharti Airtel	202.8	207.9	208.9	210.6	233.0	245.3	245.0	250.3	255.7
VI*	142.0	145.0	146.0	146.0	156.0	163.0	164.0	165.0	NA
RJio	181.7	181.7	181.7	181.7	195.1	203.3	206.2	208.8	211.4
ARPU QoQ Growth									
Bharti Airtel	1.5	2.5	0.5	0.8	10.6	5.3	-0.1	2.1	2.2
VI*	2.2	2.1	0.7	0.0	6.8	4.5	0.6	0.6	NA
RJio	0.7	0.0	0.0	0.0	7.4	4.2	1.4	1.3	1.2

Source: Company, Nuvama Research (*yet to declare Q2FY26 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	Vanguard Group	2.06
Pastel Ltd	7.93	BlackRock Inc	1.85
LIC	3.85	ICICI Pru AMC	1.81
SBI Funds Manag	2.40	NPS Trust UTI	1.48
Capital Group	2.18	HDFC AMC	1.34

*Latest public data

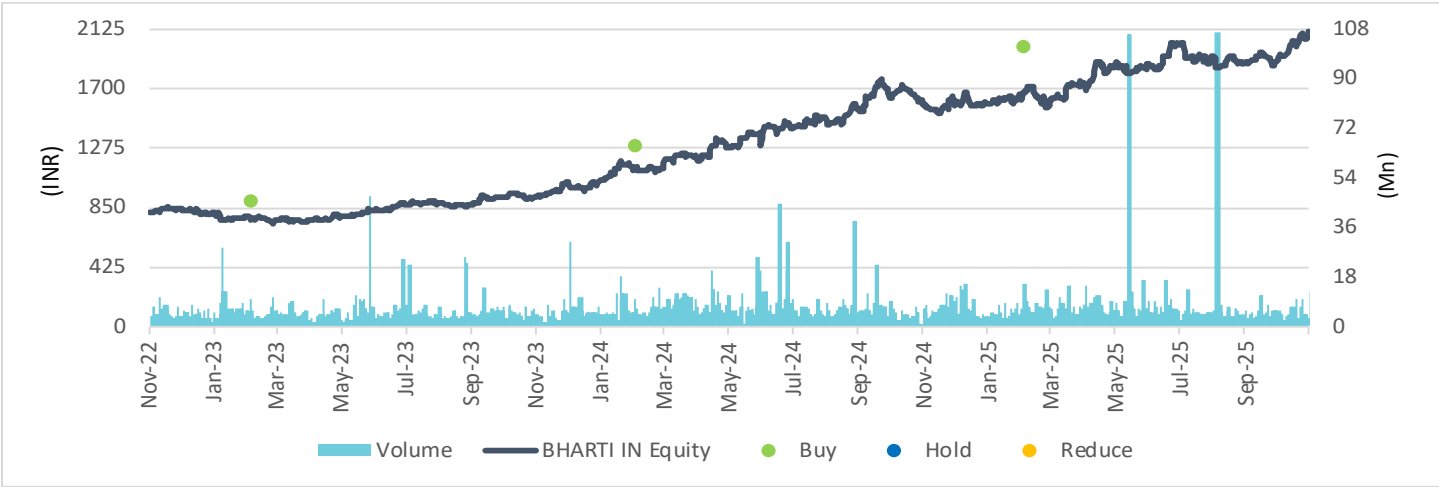
Recent Company Research

Date	Title	Price	Reco
06-Aug-25	Steady numbers; strong FCF ; <i>Result Update</i>	1,930	Buy
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

Recent Sector Research

Date	Name of Co./Sector	Title
15-Oct-25	TATA COMM	Modest results, marred by exceptionals; <i>Result Update</i>
18-Aug-25	Vodafone Idea	Subs losses moderate; debt-raise still k; <i>Result Update</i>
25-Jul-25	Sterlite Tech.	Green shoots emerge in America; <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%	205
Hold	<15% and >-5%	68
Reduce	<-5%	37

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