Bharti Airtel Ltd (3rd July 2026)

Company Overview

- Bharti Airtel is one of the world's leading telecommunications companies, operating across India and Africa with a diversified portfolio spanning mobile services, home broadband, digital TV, enterprise solutions, data centers, cloud and financial services. Its revenue mix is distributed across India Mobile (52%), Africa (29%), India Non-Mobile (13%) and Indus Towers (6%).
- Bharti Airtel delivered a strong FY26 performance, with record consolidated revenue of ₹2.11 lakh crore and EBITDAaL of ₹1.08 lakh crore (51.2% margin). The company maintained a healthy balance sheet with net debt/EBITDAaL at 1.1x. In Q4FY26, Airtel reported ARPU of ₹257, added 4.7 million mobile subscribers and 1.1 million home broadband customers, with a 17% YoY increase in order book, reflecting strong momentum across key business segments.

Sector Outlook

- The telecom sector is poised for sustained growth, supported by a consolidated market structure, rising data consumption, increasing smartphone penetration and expanding 5G adoption. Industry growth is expected to be driven by ARPU expansion through premiumization and potential tariff hikes, while the underpenetrated home broadband market offers a significant long-term opportunity
- Beyond traditional connectivity, telecom operators are increasingly benefiting from growth in cloud computing, cybersecurity, IoT and data center services as enterprises accelerate digital transformation. In Africa, improving telecom penetration and smartphone adoption provide an additional long-term growth runway

Company Outlook

- Airtel expects FY27 capex to remain broadly in line with FY26, with lower radio network investments offset by higher spending on transport and fiber infrastructure. The company has deployed over 1,43,000 km of fiber in the last three years and plans to build 56 world-class edge data centers over the next 18–24 months. Management remains committed to a fiber-first strategy and sees a medium-term opportunity of nearly 100 million connected homes, with over 45 million home passes already established.
- The company is aggressively scaling three strategic growth adjacencies sucas Data Centers, Airtel Cloud and

Bharti Airtel Ltd

24% Target Return	**12 months** Duration
₹2300 Target Price	**₹1863** Current price

BUY

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue (Rs. Cr)	1,72,985	2,10,973	2,44,307	2,78,509	3,17,501
Revenue Growth %		*22.0%*	*15.8%*	*14.0%*	*14.0%*
EBITDA (Rs. Cr)	85,060	1,19,675	1,36,812	1,57,079	1,80,975
EBITDA Growth %		*40.7%*	*14.3%*	*14.8%*	*15.2%*
EBITDA Margin %	49.2%	56.7%	56.0%	56.4%	57.0%
PAT (Rs. Cr)	33,556	26,695	31,760	44,562	56,198
ROE %	29.5%	17.9%	18.8%	22.4%	24.5%
P/E x	29.5	40.7	35.9	25.6	20.3

Financial Services. Through Nxtra, the company aims to build 1 GW of data center capacity, supported by its newly approved NBFC platform, enabling small-ticket lending to its existing customer base by leveraging deep customer insights, data analytics capabilities and lower customer acquisition costs , while Airtel Cloud has secured 24+ enterprise deals and is strengthening its sovereign cloud offerings.

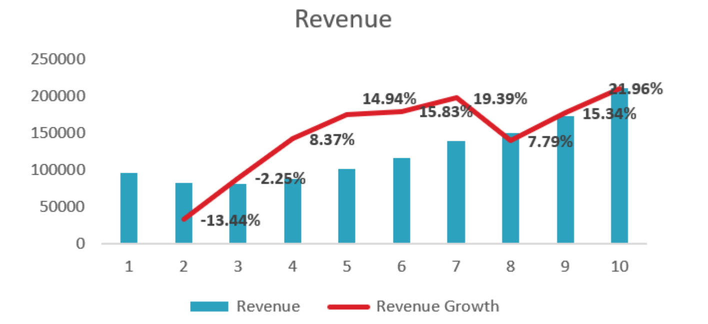
- The company remains focused on accelerating ARPU growth through postpaid conversion, smartphone upgrades, higher data consumption, international roaming and portfolio premiumization, while continuing to advocate for a more rational telecom pricing structure. In parallel, Airtel is strengthening its digital infrastructure capabilities through a partnership with Google to develop a large AI-focused data center in Visakhapatnam using a colocation model
- Airtel announced a share-swap transaction to acquire an additional 16.3% stake in Airtel Africa, strengthening its exposure to high-growth African markets. The company is targeting an 800 million customer ecosystem across India and Africa (500 million in India and 300 million in Africa), reflecting its ambitious long-term expansion strategy across telecom, broadband, digital and financial services.

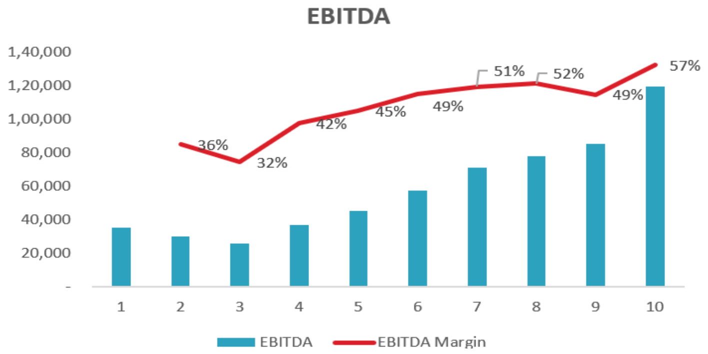
Rating

- We initiate coverage on Bharti Airtel with a BUY rating and a SOTP-based 12-month target price of ₹2300, underpinned by its significant ARPU expansion potential through premiumization and tariff rationalization, a large underpenetrated home broadband market, rapidly scaling digital businesses across data centers, cloud and financial services, and increasing exposure to high-growth African markets through the consolidation of its stake in Airtel Africa. These growth drivers, coupled with robust cash flow generation and disciplined capital allocation, position Airtel favorably for sustained earnings growth and long-term value creation.

Key Risks

- Airtel faces risks from intense competition, regulatory and policy changes, geopolitical instability in certain African markets, slower-than-expected ARPU expansion, and execution challenges.





Source : Company Presentations

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