

# Equity Research Desk

# ALPHA



## The Secure Network

**Founded: 1995**  
HQ: Rajasthan & Northeast India

**Business Model:** Telecom services under the Airtel brand

**Coverage:** Rajasthan + Northeast telecom circles

**Services:** Mobile, broadband, fixed-line, IPTV & Airtel Black

**Homes Segment:** Fast-growing broadband & fiber business across 120 cities

**Scale:** 29.6 Mn customers | 26,700+ towers | 96.5% population coverage

**Edge:** Premium subscriber mix + strong ARPU + rapid deleveraging

### Subsidiaries

As of FY25, the company does not have any subsidiary, joint venture or associate company.

### Growth Strategies

- Premiumisation & ARPU Growth**
  - Industry-leading ARPU of ₹252
  - Focus on premium subscribers & postpaid mix
  - Airtel Black driving customer stickiness
- Homes Segment Scaling Up**
  - Homes revenue grew 51% YoY in FY26
  - Customer base expanded 88% YoY
  - Broadband & FWA rollout across 120 cities
- 5G & Data Consumption Tailwinds**
  - Rising 5G adoption across operating circles
  - Strong growth in data usage trends
  - Beneficiary of future tariff hikes
- Margin Expansion & Deleveraging**
  - EBITDA margin expanded to 54%
  - Net debt reduced sharply YoY
  - Improving ROE & ROCE profile

### Revenue Breakup - FY26

Total Revenue (FY26) - ₹ 9,354 crore



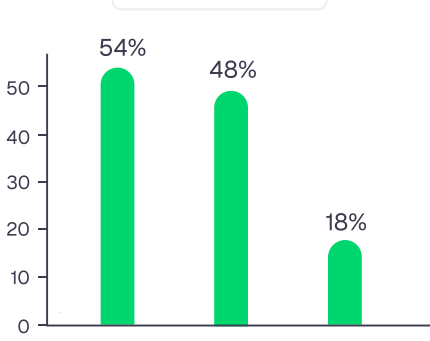
### Product Portfolio

- Mobile Services**
  - Prepaid & postpaid mobile services
  - High-speed internet & roaming services
  - Strong premiumisation strategy
- Homes & Broadband**
  - Fiber broadband & fixed wireless access
  - IPTV & voice connectivity services
  - Airtel Black converged plans
- Enterprise Connectivity**
  - Fixed-line solutions for offices
  - Broadband & voice infrastructure
- Edge**
  - Strong Airtel ecosystem + expanding broadband footprint

### Financial Highlights

- Q4FY26**
  - Revenue: ₹2,414 Cr (↑ 5.4% YoY)
  - EBITDA: ₹1,314 Cr (↑ 7.7% YoY)
  - EBITDA Margin: 54.4%
  - Net Profit: ₹466 Cr (↑ 23% YoY)
- FY26**
  - Revenue: ₹9,354 Cr (↑ 9.4% YoY)
  - EBITDA: ₹5,069 Cr (↑ 16% YoY)
  - Net Profit: ₹1,710 Cr (↑ 44% YoY)
  - Highlight: Strong profitability with improving balance sheet
- Financial Performance (3 Years)**
  - Revenue CAGR: ~12%
  - Net Profit CAGR: ~47%
  - Debt-to-Equity: ~0.86x
  - Avg. ROE: ~23%
  - Avg. ROCE: ~18%
  - Highlight: Improving capital efficiency & earnings quality

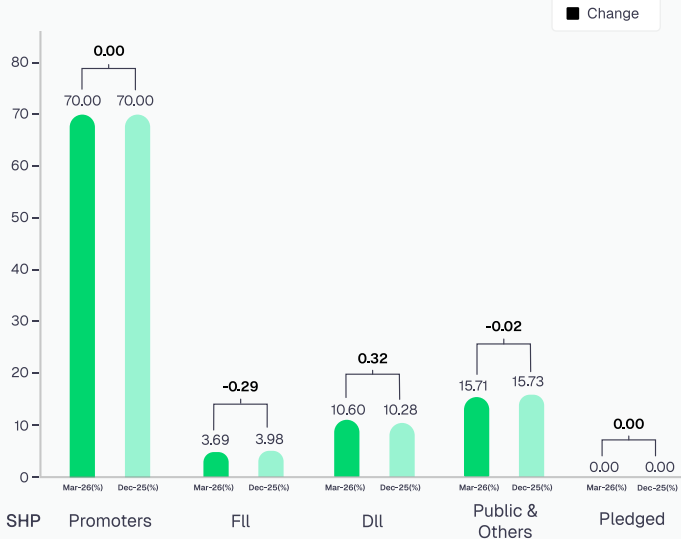
### Margins-FY26



### Market Data

CMP	₹1,542
Date	22-May-26
Target Price	₹1,826
Upside Potential	18%
52 Week High/Low	2053/1439
NSE Code	BHARTIHEXA
Market Cap	Mid
Sector	Telecom
Rating	BUY

### Shareholding Pattern



### Ratios - FY26

ROE	25%
ROCE	24%
Div. Yield	0.65%
PE Ratio (x)	43.5
Face Value	5.00
EPS (₹)	34.66

### Industry Outlook

- India is the world's second-largest telecom market
- 5G adoption & data usage continue to rise rapidly
- Broadband penetration remains underpenetrated
- Government push supporting digital connectivity expansion

### Growth Drivers

- 5G & Data Consumption Growth**
  - Rising smartphone penetration
  - Increasing data usage per user
- Broadband Expansion**
  - Growing demand for home connectivity
  - Fiber & fixed wireless access rollout
- Rural & Northeast Opportunity**
  - Low teledensity provides growth runway
  - Government-supported network expansion
- Potential Tariff Hikes**
  - Industry-wide tariff hikes may support ARPU growth

### Competitive Advantage

- Peers:** Vodafone Idea, Tata Communications
- Industry-leading ARPU among listed telecom peers
- Strong balance sheet improvement
- High ROCE with premium customer strategy
- Strong Airtel brand support

### Peer Analysis

Company	CMP	Mcap.	ROCE	ROE	3Yr Sales CAGR	P/E	EPS
Bharti Hexacom	1542	77523	23.00%	27.00%	12.00%	-4	34.66
Vodafone Idea	14	148863	-1.60%	-	2.00%	-	3.19
Tata Comm	1964	56044	15.00%	34.00%	12.00%	56	35.14

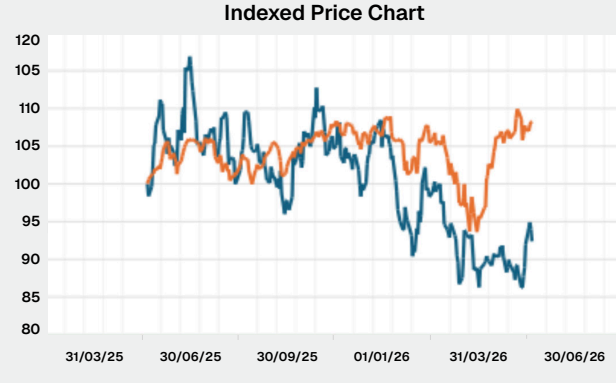
### Outlook

- Strong earnings visibility supported by premiumisation
- Homes segment emerging as second growth engine
- Potential tariff hikes may support ARPU growth
- Improving margins & deleveraging strengthening profitability
- Recommendation: BUY | Target Price: ₹1,826  
We recommend maintaining a 20% stop-loss from entry price

### SWOT Analysis

- Strengths**
  - Strong Airtel brand & network support
  - Industry-leading ARPU
  - Improving margins & balance sheet
- Weaknesses**
  - Operations concentrated in two telecom circles
  - ARPU growth dependent on tariff hikes
- Opportunities**
  - 5G adoption & broadband expansion
  - Low teledensity in operating regions
- Threats**
  - Intense telecom competition
  - Regulatory & spectrum pricing risks

### Indexed Price Chart



Note: To read the Disclaimer and Disclosure, [click here](#)

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