FundsIndia

Equity Research Desk

ALPHA

airtel

The Safe Network

Founded: 1995
HQ: New Delhi

Presence: 17+ countries across India & Africa | Over 600M customers

Rank: Among the world's top 3 mobile network operators

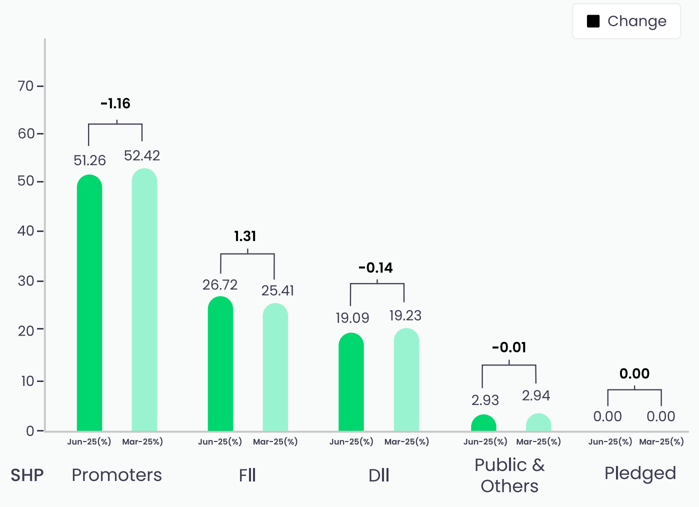
Infrastructure Reach: Covers 2+ billion people globally

Leadership: India's largest integrated communications provider | 2nd largest operator in Africa

Market Data

CMP	₹1897
Date	03-Oct-25
Target Price	₹2252
Upside Potential	19%
52 Week High/Low	2046/1511
NSE Code	BHARTIARTL
Market Cap	Large
Sector	Telecom
Rating	BUY

Shareholding Pattern



Subsidiaries

Subsidiaries: 145 Subsidiaries | 5 Joint Ventures | 7 Associate Companies (as of FY25)

Ratios - FY25

ROE	35%
ROCE	17%
Div. Yield	0.87%
PE Ratio (x)	29.2
Face Value	5.00
EPS	58.85

Growth Strategies

Strategic Alliances & Digital Expansion

- Exclusive tie-ups with **Apple TV, Apple Music & Google One** → Premium content + 100GB cloud for customers
- Industry-first **OTT Super Pack** → 25+ platforms for prepaid users → Stronger customer retention
- Partnership with **SpaceX (Starlink)** → High-speed satellite internet for rural & remote India
- Global infra boost → New **SEA-ME-WE 6 & 2 Africa Pearls** subsea cables
- AI-led collaboration with **Perplexity** → 5M+ users; Innovation-driven engagement
- **Airtel-Skylark Precise Positioning Service** (with Swift Navigation) → 100x GNSS accuracy for enterprise clients

Operational Performance & Growth Momentum

- Industry-leading growth in **Mobile & Broadband** segments; strong **FWA** expansion
- Added **1.2M mobile & 3.9M smartphone** users; postpaid +0.7M (57% of total adds)
- **ARPU ₹250** – stable, backed by upgrades & monetization
- **5G users:** 152M | **Broadband:** Record +939K net adds
- **1,830 new sites** & **8,300 km fiber** laid in Q1FY26
- Africa business: **+6.7%** constant currency revenue growth

→ Robust execution and digital innovation driving sustainable performance

Industry Outlook

Market Size & Growth: India is the 2nd-largest telecom market with 1.2B+ subscribers and 85.04% tele-density (Mar 2025); strong digital adoption supports growth.

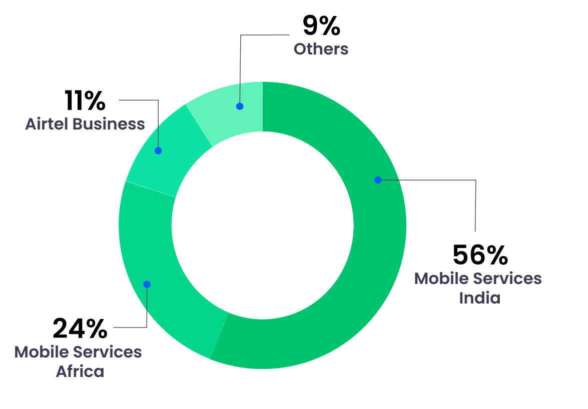
5G & Digital Expansion: 5G subscriber base expected to grow 2.65× to 770M by 2028; digital economy projected to contribute 20% to national income by FY30.

Key Drivers: Liberal policies, affordable services, IT, telecom, electronics manufacturing, early 6G investments, and proactive regulation.

Outlook: India poised to strengthen its position as a global digital leader.

Revenue Breakup (FY25)

Total Revenue (FY25) - ₹1,72,985 crore



Growth Drivers

Government Allocation: ₹81,005.24 Cr (US$ 9.27B) allocated to the Department of Telecommunications & IT in Union Budget FY26

100%
Policy Support: 100% FDI under automatic route, PLI for telecom & networking equipment, reduced license fees, spectrum liberalization

Tech Advancements: Rapid 5G rollout driving strong sector growth

Competitive Advantage

Competitors: Vodafone Idea Ltd, Tata Communications Ltd, etc.

Performance Edge: Consistent growth in capital employed, supported by steady revenue expansion, outperforming peers.

Financial Highlights

Q1FY26

- **Revenue:** ₹49,463 Cr (↑ 28% YoY)
- **Operating Profit:** ₹27,839 Cr (↑ 41% YoY)
- **Net Profit:** ₹7,422 Cr (↑ 57% YoY)
- **Operating Free Cash Flow:** ~₹12,000 Cr

Strong quarterly performance driven by revenue growth, margin expansion, and robust cash generation.

FY25

- **Revenue:** ₹1,72,985 Cr (↑ 15% YoY)
- **Operating Profit:** ₹1,04,999 Cr (↑ 18% YoY)
- **Net Profit (before exceptional items):** ₹26,457 Cr (↑ 72% YoY)

Performance: Strong growth across the business during FY25, reflecting robust demand and operational efficiency.

3 Year Financial Performance

- **3-Year CAGR (FY23–25):** Revenue ↑ 14% | Net Profit ↑ 83%
- **Avg. 3-Year ROE & ROCE (FY21–24):** ~17% | ~13%
- **Debt-to-Equity Ratio:** 1.88

Performance Insight: Higher leverage with robust profit growth over the period.

Peer Analysis

Company	CMP	Mcap	ROCE	ROE	3Yr Sales CAGR	P/E	EPS
Bharti Airtel	1897	1136386	12.00%	23.00%	14.00%	31	62.02
Vodafone	9	95667	-1.93%	-	4.20%	-	-3.59
Tata Comm	1614	46103	15.00%	55.00%	11.00%	27	59.42

Outlook

Growth Focus: Strategic fibre deployment and accelerated rollouts to support future growth; capex expected to moderate in FY26

Portfolio Strategy: Deleveraging initiatives and exit from low-margin B2B segments; focus on portfolio premiumization and diversification

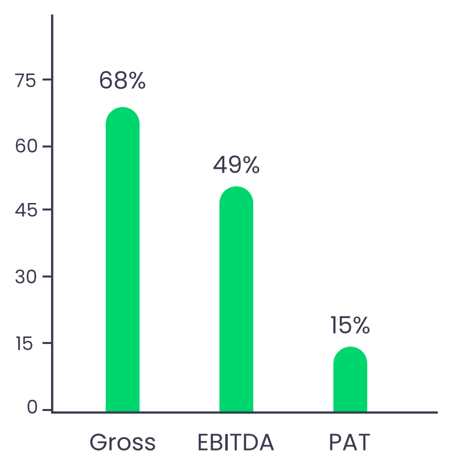
Broadband Potential: Significant opportunity in the home segment; quarterly home pass run rate targeted to increase from 1.6M → 2.5M

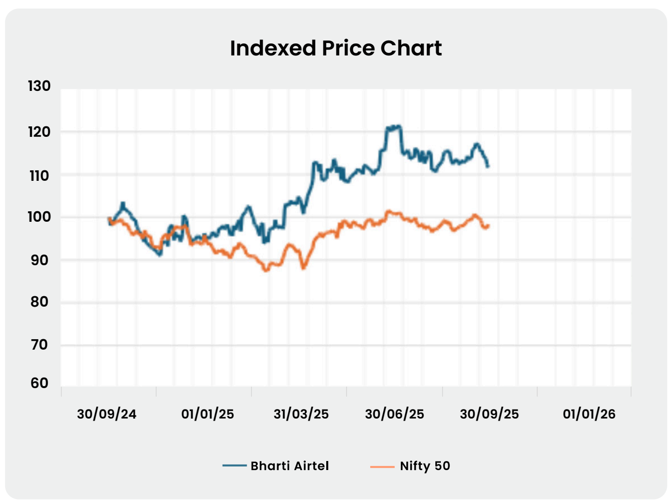
Financial Target: Aiming for 3× growth in revenue and EBITDA over the next 2–3 years

Recommendation: BUY | Target Price ₹2,252 (34x FY27E EPS)

We also encourage maintaining a stop-loss at 20% from the entry price to manage potential downside risk effectively.

Margins-FY25





SWOT Analysis

Strengths

- **Strong Market Position:** Leading presence across multiple geographies
- **Extensive Customer Base:** Serves over 600M subscribers
- **Technological Advancements:** Ongoing investments enhance service quality and innovation

Weaknesses

- **High Debt Levels:** Elevated due to spectrum acquisitions and infrastructure expansion
- **Revenue Concentration:** Heavy reliance on India exposes business to local market fluctuations

Opportunities

- **Balance Sheet Improvements:** Deleveraging enables better capital raising
- **Rural & International Expansion:** Growth potential in underserved rural areas in India and Africa
- **Financial Strength:** Strong position supports long-term strategic investments

Threats

- **Competitive Pressure:** Intensifying competition may limit margins and ARPU growth
- **Regulatory Uncertainty:** Policy changes in spectrum pricing and telecom regulations could impact stability and profitability

Product Portfolio

Mobile Services – Prepaid, postpaid, roaming, high-speed data & value-added services

Home Services – Fixed-line voice & high-speed broadband connectivity

Digital TV (Airtel Xstream) – DTH services with HD channels & digital entertainment

Airtel Business – Enterprise-grade ICT, data connectivity, cloud & conferencing solutions

Passive Infrastructure – Telecom tower & network support via **Indus Towers Ltd.**