

### Strong and steady!

- **Bharti's Q2FY26 results were ahead led by Africa. India business was in-line and healthy. L2L India revenue (excl. Indus) grew by 16.4/2.2% YoY/QoQ and EBITDA rose 25.9/2.7% aided by tariff hikes.**
- **The company remains a well-positioned compounding story, backed by consistent execution and multiple catalysts such as 1) ARPU growth in India Wireless, led by tariff hike-led (assume another hike in Q4FY26) 2) 5G monetization 3) accelerated growth in Home BB & Enterprise 4) deleveraging benefits 5) weakening of VIL and 6) listing of Jio.**
- **We broadly maintain estimates for FY26/27E and remain constructive about Bharti's growth potential. However, following a sharp stock price rise (13/33% in the last 6/12m), we reiterate 'Reduce' rating with revised TP of Rs 2,125 @ 13x H1FY28E EV/E for India Wireless (vs. Rs 2,000 @ 13x FY27E earlier). Stake sale by Promoters (or Singtel) and delay in tariff hike are key risks.**

### Consolidated Performance (incl. Indus): Sturdy

Bharti's Q2FY26 Consol Rev grew by healthy +16/5.4% YoY/QoQ and EBITDA by +17.3/6.2%; margin 57.4%, +55/43bps. The robust performance in Africa boosted growth viz. +35/42% rev/EBITDA growth YoY.

### India Wireless: Healthy performance

India wireless revenue grew by +13/2.6% and EBITDA by +19.6/4.2% YoY/QoQ. The QoQ performance is partly boosted by an extra day in Q2. ARPU came in healthy at Rs 256, +10/2% YoY/QoQ. India wireless subscriber additions were soft at 1.4mn.

### India Other Segments: Mixed, Africa - strong

India Other segments, comprising of Home Broadband (BB) and Enterprises, were strong, whereas Digital was weak. Africa's revenues were robust at +35/13% and EBITDA +42/16% YoY/QoQ. Subscriber additions were healthy at 4.4mn.

### Robust FCF and steep net debt reduction: Key positive

**Consol. Capex** in Q2FY26 was higher at Rs 113bn and Rs 197bn in H1. FY25 / FY24 / FY23 capex stood at Rs 423 / 489 / 382bn (incl. Indus). **Operating FCF** (EBITDAL less capex) was robust at Rs 152bn in Q2 and in H1FY26 / FY25 / FY24 / FY23 it was Rs 319 / 510 / 293 / 285bn (incl. Indus). **Net debt (excl. LL)** increased by Rs 11bn QoQ to Rs 1.27tn due to dividend payment and currency depreciation. USD debt declined by ~\$400mn QoQ. Net debt has declined in 14 out of the 16 quarters.

#### Key Data

Nifty	25,598
Equity / FV	Rs 28,766mn / Rs 5
Market Cap	Rs 12,879bn
	USD 145.2bn
52-Week High/Low	Rs 2,136/ 1,511
Avg. Volume (no)	64,63,260
Bloom Code	BHARTI IN

	Current	Previous
Rating	Reduce	Reduce
Target Price	2,125	2,000

#### Change in Estimates

(Rs.bn)	Current		Chg (%)/bps	
	FY26E	FY27E	FY26E	FY27E
Revenue	2,101	2,401	2.5	2.3
EBITDA	1,190	1,373	1.9	1.1
EBITDA (%)	56.6	57.2	(31)	(69)
APAT	282	417	0.4	0.1
EPS (Rs)	46.3	68.5	0.4	0.1

#### Valuation (x)

	FY26E	FY27E	FY28E
P/E	45.7	30.9	25.6
EV/EBITDA	12.2	10.2	9.1
ROE (%)	23.1	28.8	28.3
RoACE (%)	14.1	16.8	17.7

#### Q2FY26 Result (Rs Mn)

Particulars	Q2FY26	YoY (%)	QoQ (%)
Revenue	5,21,454	25.7	5.4
Total Expense	2,25,840	15.1	4.4
EBITDA	2,95,614	35.3	6.2
Depreciation	1,31,821	19.8	5.8
EBIT	1,63,793	51.0	6.5
Other Income	6,467	(178.9)	51.8
Interest	48,657	(10.3)	(10.9)
EBT	1,21,603	224.3	17.6
Tax	36,715	110.5	19.1
RPAT	67,107	166.4	14.4
APAT	67,107	166.4	14.4
		(bps)	(bps)
Gross Margin	97.5	186	1
EBITDA (%)	56.7	402	41
NPM (%)	12.9	679	101
Tax Rate (%)	30.2	(1632)	38
EBIT (%)	31.4	526	33

**Himanshu Shah**

+91 22 4096 9737

[himanshu.shah@dolatcapital.com](mailto:himanshu.shah@dolatcapital.com)

**Mohit Rajani**

[mohitr@dolatcapital.com](mailto:mohitr@dolatcapital.com)

**Exhibit 1: Actual vs. Estimates**

Particulars (Rs Mn)	Actual	Estimate	Variance %	Remarks
Revenue	5,21,454	5,07,773	2.7	Beat led by Africa
EBITDA	2,95,614	2,88,302	2.5	
EBITDA Margin (%)	56.7	56.8	(9 bps)	
PBT	1,23,223	1,16,354	5.9	

Source: Company, Dolat Capital

**Exhibit 2: Change in Estimates**

Particulars (Rs mn)	FY26E			FY27E			Remarks
	Old	New	Chg %	Old	New	Chg %	
<b>India Wireless</b>							Broadly maintained estimates
Subscribers (Mn)	370	368	(0.6)	378	372	(1.6)	
ARPU (Rs)	259	261	0.7	295	294	(0.3)	
Revenue (Rs Bn)	1,137	1,141	0.4	1,327	1,308	(1.4)	
<b>Consolidated</b>							
Net Sales (Rs Bn)	2,051	2,101	2.5	2,346	2,401	2.3	
EBITDA (Rs Bn)	1,168	1,190	1.9	1,358	1,373	1.1	
EBITDA Margin (%)	57.0	56.6	(31 bps)	57.9	57.2	(69 bps)	
APAT (Rs Bn)	281	282	0.4	417	417	0.1	
AEPS (Rs)	48.8	49.0	0.4	72.5	72.6	0.1	

Source: Company, Dolat Capital

## Segmental Performance Overview

### Exhibit 3: Quarterly Operating Performance

Particulars	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Chg YoY (%)	Chg QoQ (%)
<b>India Wireless KPIs</b>							
Customers (Mn)	351.6	356.6	361.6	362.8	364.2	3.6	0.4
Net Adds (Mn)	(2.9)	4.9	5.0	1.2	1.4	(148.6)	16.1
Churn (%)	3.2	2.5	2.3	2.7	2.9	(36 bps)	(36 bps)
Reported ARPU (Rs)	233.0	245.3	245.0	250.3	255.7	9.8	2.2
Computed ARPU (Rs)	234.5	247.3	247.1	252.1	257.8	10.0	2.3
MOU/Subs	1,135	1,160	1,163	1,143	1,145	0.9	0.2
MOUs (Bn mins)	1,202	1,232	1,253	1,242	1,249	3.9	0.5
<b>Data KPIs</b>							
Data subs (Mn)	271.2	277.6	281.2	284.8	289.4	6.7	1.6
- MBB	263.6	270.2	276.8	280.7	285.8	8.4	1.8
As % of Total	77.1	77.8	77.8	78.5	79.5	236 bps	236 bps
Total MBs (Mn GBs)	19,311	20,174	21,078	22,840	24,446	26.6	7.0
GBs/month	23.9	24.5	25.1	26.9	28.3	18.6	5.3
<b>DTH</b>							
Customers (Mn)	17.5	17.5	17.6	17.4	17.1	(2.5)	(2.0)
Net Adds (000s)	(546)	29	76	(204)	(341)	(37.6)	67.6
Churn (%)	3.7	2.5	2.3	2.5	3.1	(62 bps)	(62 bps)
ARPU (Rs)	158	160	162	161	163	3.4	1.5
<b>Africa</b>							
Customers (Mn)	156.6	163.1	166.1	169.4	173.8	11.0	2.6
Net Adds (Mn)	1.2	6.5	2.9	3.3	4.4	261.1	32.7
Churn (%)	4.7	3.8	4.2	4.2	4.2	(50 bps)	(50 bps)
ARPU (USD)	2.3	2.4	2.4	2.4	2.5	6.4	4.1
MOU/Subs	300	310	299	294	291	(2.7)	(1.0)
MOUs (Bn mins)	139.8	148.4	147.9	148.3	149.6	7.1	0.9

Source: Company, Dolat Capital

### Exhibit 4: Segment-wise Revenue\*

Particulars (Rs bn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Chg YoY (%)	Chg QoQ (%)
Mobile	248.4	262.7	266.2	274.0	281.2	13.2	2.6
Home	14.3	15.1	16.0	17.2	18.6	30.2	8.5
Digital	7.6	7.6	7.6	7.6	7.5	(0.7)	(1.3)
Business	56.6	56.5	53.2	50.6	52.8	(6.7)	4.3
Tower	74.7	75.5	77.3	80.6	81.9	9.7	1.6
Intersegment	(51.6)	(53.3)	(52.9)	(54.1)	(55.1)	6.7	1.9
<b>India</b>	<b>349.8</b>	<b>364.0</b>	<b>367.3</b>	<b>375.8</b>	<b>386.9</b>	<b>10.6</b>	<b>2.9</b>
Africa	101.6	107.0	113.8	120.8	136.8	34.6	13.2
(-) Intersegment	(2.5)	(2.3)	(2.3)	(2.1)	(2.2)	(10.5)	9.2
<b>Consolidated Total</b>	<b>449.0</b>	<b>468.8</b>	<b>478.8</b>	<b>494.6</b>	<b>521.5</b>	<b>16.1</b>	<b>5.4</b>

Source: Company, Dolat Capital \* Segment-wise performance is L2L incl. Indus and thus wouldn't match with reported financials

### Exhibit 5: Segment-wise EBITDA\*

Particulars (Rs bn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Chg YoY (%)	Chg QoQ (%)
Mobile	141.7	154.6	157.5	162.7	169.5	19.6	4.2
Home	7.2	7.5	8.0	8.6	9.3	29.6	8.7
Digital	4.2	4.4	3.8	3.9	3.7	(13.7)	(5.6)
Business	20.2	19.8	22.4	21.5	21.9	8.6	1.9
Towers	50.2	70.8	44.9	44.7	47.0	(6.5)	5.1
(-) Intersegment	(15.7)	(16.8)	(16.3)	(17.9)	(19.4)	23.3	8.2
<b>India</b>	<b>207.9</b>	<b>240.3</b>	<b>220.2</b>	<b>223.5</b>	<b>232.0</b>	<b>11.6</b>	<b>3.8</b>
Africa	47.3	50.3	53.8	58.2	67.2	42.1	15.5
<b>Consolidated Total</b>	<b>255.1</b>	<b>290.6</b>	<b>274.0</b>	<b>281.7</b>	<b>299.2</b>	<b>17.3</b>	<b>6.2</b>

Source: Company, Dolat Capital \* Segment-wise performance is L2L incl. Indus and thus wouldn't match with reported financials

### Exhibit 6: Segment-wise Margin Analysis

Margin (%)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Chg YoY (bps)	Chg QoQ (bps)
Mobile	57.1	58.8	59.2	59.4	60.3	323	89
Home	50.3	49.5	49.9	50.0	50.1	(23)	7
Digital	55.9	58.2	50.4	50.9	48.6	(730)	(226)
Business	35.7	35.2	42.1	42.6	41.6	586	(99)
Towers	67.3	93.8	58.1	55.4	57.3	(992)	190
<b>India</b>	<b>59.4</b>	<b>66.0</b>	<b>60.0</b>	<b>59.5</b>	<b>60.0</b>	<b>56</b>	<b>50</b>
Africa	46.5	47.0	47.3	48.1	49.1	259	96
<b>Blended</b>	<b>56.8</b>	<b>62.0</b>	<b>57.2</b>	<b>56.9</b>	<b>57.4</b>	<b>55</b>	<b>43</b>

Source: Company, Dolat Capital \* Segment-wise performance is L2L incl. Indus and thus wouldn't match with reported financials

## Earnings Call KTAs

- **Growth trajectory:** The mobility business gained share in every circle. BB delivered steady growth, but the business needs to accelerate in the game. 5G shipments continue to grow. ~40% of total network traffic is now routed through 5G sites.
- **Home Broadband:** Connected homes are expected to grow to about 100mn over the medium-term vs. 50mn currently, driven by rising smart TV adoption and content consumption habits. Continually increasing fiber homes passes for broadband while also launching FWA services in more than 3,000 cities.
- **Tariff:** Industry needs further tariff repair, especially the pricing pyramid.
- **ESG:** Bharti is recognized for its ESG efforts at a much superior level, A- vs. Asia regional level average at C, and that of media and telecom companies at B-.
- **Mgmt. remains focused on 5 critical areas viz. (1) Portfolio mix of revenues** viz. Africa is 26%, India wireless is 54% and non-mobile comprising of DTH, Enterprise and Home BB are 13% and Indus at 7%. Bharti sees healthy growth potential in non-mobile segments, especially Home BB and enterprise **(2) Brutal focus on quality customers (a)** Key thrust areas: Homes, Postpaid, Rural and B2B. **(b)** Leveraging a fully integrated channel infrastructure, along with data analytics and digital tools, to accelerate acquisitions and better utilizing the assets. **(c)** In five circles, Bharti's market share is lower where it is trying to bridge the gap through aggressive network rollouts. These circles are Maharashtra, Gujarat, West Bengal, MPCH and Kerala. **(3) Obsession with customer experience** - Continued efforts to reduce customer touchpoints and elevate experience across four critical platforms - Buy, Bill, Pay, and Serve. **(4) Digital layer** – Aims to drive competitiveness, improve persuasion with customer context, lower costs, and differentiate the company by solving real customer problems. Bharti is building AI powered digital infrastructure, experience, services (CPAAS, Cloud, Airtel IQ) and partnership with Perplexity to democratize AI **(5) War on waste** – The company has seen significant results of cost control initiatives & this has now been integrated into the way of doing business. It has deployed an AI-ML-powered RAN energy saving tool to optimize operational cost and enhance energy efficiency.
- **Focus on subscriber additions:** Mgmt.'s focus on adding quality subscribers continues, with aggressive expansion in rural India and market share gain. The strategy is to provide multiple services to customers to increase stickiness and increase wallet share.
- **ARPU growth drivers:** Focus remains on 2G to 4G conversions, postpaid subs addition and daily/weekly data pack demand post exhausting daily allowance limits and international roaming. However, mgmt. reiterated that besides tariff hike, usage-based pricing pyramid is the need of the hour to drive the ARPU growth.
- **Factors driving postpaid subscriber growth:** The company sees a huge business opportunity in the postpaid segment with strategic focus on upgrading 90mn credit scored potential customers to postpaid services. Historically, postpaid ARPU's have been ~1.6-1.8x prepaid ARPU, which post 4G launch had increased to ~3.2-3.3x. However, with the last two rounds of price increases in prepaid, the premium is again back to ~1.6-1.8x. The subscriber base starts inching up when the premium normalizes, driving healthy additions in the last 4-5 quarters.

- **Enterprise business (B2B):** Mgmt. continues to remain optimistic about growth remaining healthy in the Enterprise segment on the back of 3 main pillars: (i) Core Connectivity that's accelerated by building a "gold standard" high-capacity and low latency fiber network, which includes strategic investments in submarine cables and OPGW (Optical Ground Wire) infrastructure; (ii) Strategic partnership of Nxtra with Google in Visakhapatnam aiming to scale capacity to over 1GW; and (iii) Signing multiple connectivity deals with Marquee Global customers and securing new deals in their cybersecurity and IoT businesses, including a multi-year contract from the Indian Railway Security Operations Center to deliver a comprehensive suite of security services.
- **Cloud business:** Mgmt. believes that the cloud business has huge growth potential, which co. wishes to participate in. The public cloud market is growing at 35%, and the private cloud market is growing at 16%. Enterprises are focused on delivering a competitive suite of features, a world-class service model, and enhanced sales capabilities, leveraging key partnerships like IBM to meet unique industry-specific needs.
- **Capex & FCF deployment:** Mgmt. reiterated that the capex peaked in FY24 and FY25 has seen moderation, while FY26 would be similar or lower than FY25. especially Wireless, which constitutes a significant proportion of overall capex. Most capex will be towards data centers because of the investment in Nxtra to grow Nxtra's capacity to over 1GW in the next few years, which is a four-fold increase from the current operating capacity.
- **Free Cash Flows and their deployment:** The company is focused on using the FCF to reduce some high-cost debt for deleveraging its balance sheet while also funding essential 5G rollout and maintenance capex. However, Mgmt. is confident of reducing the debt and expects paying out / increasing dividends.

## Valuation

### Exhibit 7: SOTP Valuation Summary on H1FY28E

Segments	H1FY28E EBITDA (Rs Bn)	H1FY28E EBITDA/ Share (Rs)	Multiple (X)	Enterprise/ Equity Value (Rs Bn)	Value Per Share (Rs)
India Wireless	838	139	13.0	10,890	1,801
Telemedia services	58	10	13.0	750	124
Enterprise	97	16	10.0	971	161
DTH	17	3	8.0	139	23
Others*	(9)	(2)	13.0	(123)	(20)
Ind AS-116 impact	(95)	(16)	13.0	(1,237)	(205)
Sub-total	<b>905</b>	<b>150</b>	<b>12.6</b>	<b>11,391</b>	<b>1,884</b>
(-) Net Debt excl. Ind AS-116 and Africa				(11)	(2)
Passive Infra**				538	89
India business value				<b>11,917</b>	<b>1,971</b>
Africa Plc**				939	155
Target Price Share (Rs)				<b>12,856</b>	<b>2,125</b>
CMP (Rs)					2,113
Upside/(Downside) %					<b>0.7%</b>

Source: Company, Dolat Capital \* Others are inter-segment eliminations \*\* Passive Infra is basis CMP of Indus for Bharti's effective stake of 50% and 25% holdco discount \*\* Africa Plc is as under

### Exhibit 8: Valuation Summary – Airtel Africa

Particulars	FY26E	FY27E	FY28E
Africa EBITDA (Rs Bn)	265	302	329
IndAS 116 impact (Rs Bn)	14.8	16.3	16.3
Africa EBITDA net of IndAS impact (Rs Bn)	251	285	312
<b>Target multiple (x)</b>	<b>7.5</b>	<b>7.5</b>	<b>7.5</b>
Africa EV (Rs Bn)	1,879	2,140	2,343
(-) Net debt (Rs Bn)	254	254	254
Equity Value (Rs Bn)	1,625	1,885	2,089
Bharti holding (%)	63.0	63.0	63.0
Equity Value for Bharti (Rs Bn)	1,024	1,188	1,316
Hold Co discount (%)	25%	25%	25%
Africa Equity Value for Bharti (Rs Bn)	768	891	987
<b>Value per share (Rs)</b>	<b>127</b>	<b>147</b>	<b>163</b>

Source: Company, Dolat Capital | Value per share for H1FY27 is average of FY26E & FY27E values



## Quarterly Performance & Key Assumptions

### Exhibit 9: Consolidated Quarterly Financials

Particulars (Rs bn)	Q2FY25	Q3FY25*	Q4FY25*	Q1FY26*	Q2FY26*	Chg YoY(%)	Chg QoQ(%)
<b>Revenues</b>	<b>414.7</b>	<b>451.3</b>	<b>478.8</b>	<b>494.6</b>	<b>521.5</b>	<b>25.7</b>	<b>5.4</b>
Access charges	18.2	19.6	14.8	12.6	13.2	(27.4)	5.1
<b>Net revenue</b>	<b>396.5</b>	<b>431.7</b>	<b>464.0</b>	<b>482.1</b>	<b>508.2</b>	<b>28.2</b>	<b>5.4</b>
License fees	34.7	35.7	36.4	37.2	38.2	10.4	2.8
Network costs	80.1	86.3	91.1	95.5	101.2	26.3	6.0
Employee Costs	15.0	16.1	18.3	17.4	18.6	24.1	6.9
SG&A	48.3	47.6	48.2	53.6	54.6	13.1	1.9
Total Opex	178.1	185.7	193.9	203.7	212.6	19.4	4.4
<b>EBITDA</b>	<b>218.5</b>	<b>246.0</b>	<b>270.1</b>	<b>278.4</b>	<b>295.6</b>	<b>35.3</b>	<b>6.2</b>
D&A	110.0	117.0	123.3	124.7	131.8	19.8	5.8
<b>EBIT</b>	<b>108.5</b>	<b>128.9</b>	<b>146.8</b>	<b>153.7</b>	<b>163.8</b>	<b>51.0</b>	<b>6.5</b>
Finance cost (net)	54.2	56.8	55.0	54.6	48.7	(10.3)	(10.9)
JV/Assc gain/(loss)	10.7	16.6	0.6	0.8	0.8	(92.5)	(2.2)
Other inc/(exp)	2.5	4.7	4.9	5.1	7.3	185.7	43.0
Profit before Tax	<b>67.5</b>	<b>93.5</b>	<b>97.2</b>	<b>105.0</b>	<b>123.2</b>	<b>82.5</b>	<b>17.3</b>
Tax expense	17.4	7.6	(28.9)	30.8	36.7	110.5	19.1
Extraordinary (gain)/loss	8.5	(75.5)	1.4	-	-	(100.0)	-
PAT (after Xo)	41.5	161.3	124.8	<b>74.2</b>	86.5	108.3	16.6
Minority Interests	5.6	13.5	14.5	14.7	18.6	231.9	26.1
<b>Net Income</b>	<b>35.9</b>	<b>147.8</b>	<b>110.2</b>	<b>59.5</b>	<b>67.9</b>	<b>89.0</b>	<b>14.2</b>

Source: Company, Dolat Capital; \* YoY/QoQ not comparable due to consolidation of Indus Tower from middle of Q3FY25

### Exhibit 10: Margin Progression Snapshot (Q2FY25–Q2FY26)

Margin Analysis	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Chg YoY (bps)	Chg QoQ (bps)
Access charges	4.4	4.4	3.1	2.5	2.5	(186)	(1)
License fees	8.4	7.9	7.6	7.5	7.3	(102)	(19)
Network costs	19.3	19.1	19.0	19.3	19.4	9	10
Employee costs	3.6	3.6	3.8	3.5	3.6	(5)	5
SG&A	11.7	10.6	10.1	10.8	10.5	(118)	(37)
Total Opex (ex-access)	42.9	41.1	40.5	41.2	40.8	(216)	(40)
<b>EBITDA</b>	<b>52.7</b>	<b>54.5</b>	<b>56.4</b>	<b>56.3</b>	<b>56.7</b>	<b>402</b>	<b>41</b>
D&A	26.5	25.9	25.7	25.2	25.3	(124)	8
<b>EBIT</b>	<b>26.2</b>	<b>28.6</b>	<b>30.7</b>	<b>31.1</b>	<b>31.4</b>	<b>526</b>	<b>33</b>
Finance costs	13.1	12.6	11.5	11.0	9.3	(375)	(171)
Profit before Tax	16.3	20.7	20.3	21.2	23.6	735	239
Net Income	10.0	35.8	26.1	15.0	16.6	658	158
Tax as % of PBT	25.8	8.1	(29.7)	29.3	29.8	396	45

Source: Company, Dolat Capital



### Exhibit 11: India – Operating Expense Trend

Particulars (Rs bn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Chg YoY (%)	Chg QoQ (%)
Access charges	15.2	16.5	11.5	9.2	9.2	(39.3)	0.3
License fees	29.2	30.1	30.4	31.1	31.8	8.8	2.2
Network costs	69.0	70.2	68.4	72.2	75.7	9.7	4.8
Cost of goods sold	6.0	5.0	7.1	8.2	8.5	43.1	4.3
Employee costs	10.6	10.6	11.9	10.6	11.0	3.5	3.0
SG&A expenses	15.1	(6.3)	21.5	23.8	21.4	41.5	(10.1)
<b>Total</b>	<b>145.0</b>	<b>126.1</b>	<b>150.8</b>	<b>155.1</b>	<b>157.5</b>	<b>8.6</b>	<b>1.6</b>

Source: Company, Dolat Capital

**Access charges:** The decline in Access charges YoY/QoQ reflects the exit from the low-margin wholesale voice/SMS business in Airtel Enterprise business segment.

**SG&A expenses:** Increase in SG&A costs is due to bad debt reversals (of VIL) in Indus Tower and consolidation impact of Indus from Q3FY25.

## Exhibit 12: Key Assumptions

Particulars	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>India Wireless</b>								
Subs (Mn)	321	326	335	352	362	368	372	380
Net Adds (Mn)	37.7	4.7	9.4	16.8	9.3	6.6	4.0	8.0
Implied ARPU (Rs)*	153	163	192	206	234	261	294	304
Like-to-Like Con. ARPU(Rs)	145	171	192	207	235	261	296	304
Revenue (Rs Bn)	556	632	761	850	1,003	1,141	1,308	1,372
Inc. Rev (Rs Bn)	96	76	129	90	152	139	167	64
EBITDA (Rs Bn)	243	314	402	468	579	689	816	859
Inc. EBITDA (Rs Bn)	73	71	88	66	112	110	127	43
EBITDA Margin (%)	43.7	49.6	52.8	55.0	57.8	60.4	62.4	62.6
<b>Africa</b>								
Subs (Mn)	118	128	140	153	166	181	195	207
Net Adds (Mn)	8	10	12	13	13	15	14	12
Implied ARPU (Rs)	210	237	262	234	219	260	272	277
Revenue (Rs Bn)	289	351	423	412	419	543	614	669
Incremental Rev (Bn)	46	62	72	(11)	7	124	71	55
EBITDA (Rs Bn)	133	172	207	201	195	265	302	329
Inc. EBITDA (Rs Bn)	26	39	35	(6)	(6)	70	36	27
EBITDA Margin (%)	46.1	49.1	49.0	48.8	46.6	48.9	49.1	49.1
<b>Revenue (Rs bn)</b>								
India Wireless	556	632	761	850	1,003	1,141	1,308	1,372
Home Broadband	23	30	40	50	59	76	101	130
Digital	31	32	29	30	31	32	34	36
Enterprise	144	161	186	208	221	207	223	240
Passive Infra	0	0	0	144	301	328	349	365
(-) Intersegment	0	0	0	(97)	(209)	(218)	(218)	(217)
<b>India</b>	<b>754</b>	<b>855</b>	<b>1,017</b>	<b>1,186</b>	<b>1,405</b>	<b>1,568</b>	<b>1,798</b>	<b>1,925</b>
Africa	289	351	423	412	419	0	0	0
<b>Gross revenues</b>	<b>1,047</b>	<b>1,209</b>	<b>1,442</b>	<b>1,600</b>	<b>1,824</b>	<b>543</b>	<b>614</b>	<b>669</b>
(-) Intersegment	(40)	(44)	(51)	(32)	(9)	2,110	2,412	2,595
<b>Net revenues</b>	<b>1,006</b>	<b>1,165</b>	<b>1,391</b>	<b>1,568</b>	<b>1,815</b>	<b>(9)</b>	<b>(11)</b>	<b>(11)</b>
<b>EBITDA (Rs bn)</b>								
India Wireless	243	314	402	468	579	689	816	859
Home Broadband	13	16	21	25	29	38	50	65
Digital	21	21	17	17	17	16	17	18
Enterprise	55	63	74	82	82	87	94	101
Passive Infra	0	0	0	79	212	179	184	193
(-) Intersegment	(4)	(4)	(3)	(29)	(64)	(77)	(89)	(95)
<b>India Business</b>	<b>328</b>	<b>410</b>	<b>511</b>	<b>642</b>	<b>855</b>	<b>932</b>	<b>1,072</b>	<b>1,141</b>
Africa	133	172	207	201	195	265	302	329
<b>Consol EBITDA</b>	<b>454</b>	<b>575</b>	<b>713</b>	<b>840</b>	<b>1,050</b>	<b>1,197</b>	<b>1,373</b>	<b>1,469</b>

Particulars	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>EBITDA Margin %</b>								
India Wireless	43.7	49.6	52.8	55.0	57.8	60.4	62.4	62.6
Home Broadband	57.6	53.1	50.9	50.1	49.9	50.0	50.0	50.0
Digital	68.0	66.6	58.9	56.3	55.3	49.8	49.8	49.8
Enterprise	38.2	39.1	39.8	39.4	37.2	42.1	42.0	42.0
Passive Infra	0.0	0.0	0.0	55.1	70.4	54.4	52.6	52.9
<b>India Business</b>	<b>43.6</b>	<b>47.9</b>	<b>50.2</b>	<b>54.2</b>	<b>60.9</b>	<b>59.4</b>	<b>59.6</b>	<b>59.3</b>
Wireless - Africa	46.1	49.1	49.0	48.8	46.6	48.9	49.1	49.1
<b>Net EBITDA</b>	<b>45.1</b>	<b>49.4</b>	<b>51.2</b>	<b>53.6</b>	<b>57.8</b>	<b>57.0</b>	<b>57.2</b>	<b>56.9</b>

Source: Company, Dolat Capital

## Financial Performance

### Profit and Loss Account

(Rs Mn)	FY25A	FY26E	FY27E	FY28E
<b>Revenue</b>	<b>17,29,852</b>	<b>21,01,312</b>	<b>24,01,409</b>	<b>25,83,263</b>
<b>Total Expense</b>	<b>7,98,260</b>	<b>9,11,050</b>	<b>10,28,200</b>	<b>11,13,980</b>
COGS	71,713	53,112	56,286	58,867
Employees Cost	63,089	78,087	87,910	92,965
Other expenses	6,63,458	7,79,851	8,84,003	9,62,148
<b>EBIDTA</b>	<b>9,31,592</b>	<b>11,90,263</b>	<b>13,73,209</b>	<b>14,69,283</b>
Depreciation	4,55,703	5,15,503	5,15,474	5,06,414
<b>EBIT</b>	<b>4,75,889</b>	<b>6,74,760</b>	<b>8,57,735</b>	<b>9,62,869</b>
Interest	2,17,539	2,02,419	1,85,461	1,73,108
Other Income	15,737	23,521	23,590	23,535
Exc. / E.O. items	72,868	0	0	0
<b>EBT</b>	<b>3,46,955</b>	<b>4,95,862</b>	<b>6,95,864</b>	<b>8,13,296</b>
Tax	9,172	1,48,801	1,99,266	2,24,586
Minority Interest	39,252	68,407	82,486	88,814
Profit/Loss share of associates	37,030	3,270	3,314	3,380
<b>RPAT</b>	<b>3,35,561</b>	<b>2,81,925</b>	<b>4,17,427</b>	<b>5,03,277</b>
Adjustments	(72,868)	0	0	0
<b>APAT</b>	<b>2,62,693</b>	<b>2,81,925</b>	<b>4,17,427</b>	<b>5,03,277</b>

### Balance Sheet

(Rs Mn)	FY25A	FY26E	FY27E	FY28E
<b>Sources of Funds</b>				
Equity Capital	28,766	28,766	28,766	28,766
Minority Interest	3,97,958	4,60,657	5,43,143	6,31,956
Reserves & Surplus	11,07,953	12,73,673	15,70,899	19,29,936
<b>Net Worth</b>	<b>11,36,719</b>	<b>13,02,439</b>	<b>15,99,665</b>	<b>19,58,702</b>
Total Debt	21,36,421	19,85,656	18,09,816	16,50,007
Net Deferred Tax Liability	1,99,186	1,94,478	2,06,411	2,19,078
<b>Total Capital Employed</b>	<b>38,70,284</b>	<b>39,43,230</b>	<b>41,59,035</b>	<b>44,59,742</b>

### Applications of Funds

Net Block	39,94,671	39,57,202	37,20,771	34,96,196
CWIP	0	0	0	0
Investments	4,73,045	4,66,673	5,10,230	5,58,670
<b>Current Assets, Loans &amp; Advances</b>	<b>6,75,888</b>	<b>8,60,620</b>	<b>12,23,361</b>	<b>16,59,257</b>
Current Investments	0	0	0	0
Inventories	0	0	0	0
Receivables	74,557	93,907	1,04,544	1,13,009
Cash and Bank Balances	1,83,731	3,48,958	6,88,313	10,99,854
Loans and Advances	0	0	0	0
Other Current Assets	4,17,600	4,17,754	4,30,504	4,46,394
<b>Less: Current Liabilities &amp; Provisions</b>	<b>12,73,320</b>	<b>13,41,265</b>	<b>12,95,327</b>	<b>12,54,382</b>
Payables	3,81,537	4,34,414	4,00,690	3,69,583
Other Current Liabilities	8,91,783	9,06,851	8,94,638	8,84,798
<i>sub total</i>				
Net Current Assets	(5,97,432)	(4,80,645)	(71,966)	4,04,875
<b>Total Assets</b>	<b>38,70,284</b>	<b>39,43,230</b>	<b>41,59,035</b>	<b>44,59,742</b>

E – Estimates

### Important Ratios

Particulars	FY25A	FY26E	FY27E	FY28E
<b>(A) Margins (%)</b>				
Gross Profit Margin	95.9	97.5	97.7	97.7
EBIDTA Margin	53.9	56.6	57.2	56.9
EBIT Margin	27.5	32.1	35.7	37.3
Tax rate	2.6	30.0	28.6	27.6
Net Profit Margin	19.4	13.4	17.4	19.5
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	4.1	2.5	2.3	2.3
Employee	3.6	3.7	3.7	3.6
Other	38.4	37.1	36.8	37.2
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	1.9	1.5	1.1	0.8
Interest Coverage	2.2	3.3	4.6	5.6
Inventory days	0	0	0	0
Debtors days	16	16	16	16
Average Cost of Debt	10.1	9.8	9.8	10.0
Payable days	81	75	61	52
Working Capital days	(126)	(83)	(11)	57
FA T/O	0.4	0.5	0.6	0.7
<b>(D) Measures of Investment</b>				
AEPS (Rs)	43.1	46.3	68.5	82.6
CEPS (Rs)	117.9	130.8	153.1	165.7
DPS (Rs)	0.0	0.0	0.0	0.0
Dividend Payout (%)	0.0	0.0	0.0	0.0
BVPS (Rs)	186.5	213.7	262.5	321.4
RoANW (%)	34.3	23.1	28.8	28.3
RoACE (%)	13.3	14.1	16.8	17.7
RoAIC (%)	13.8	18.5	24.3	28.2
<b>(E) Valuation Ratios</b>				
CMP (Rs)	2113	2113	2113	2113
Mcap (Rs Mn)	1,28,79,281	1,28,79,281	1,28,79,281	1,28,79,281
EV	1,48,31,971	1,45,15,979	1,40,00,783	1,34,29,433
MCap/ Sales	7.4	6.1	5.4	5.0
EV/Sales	8.6	6.9	5.8	5.2
P/E	49.0	45.7	30.9	25.6
EV/EBITDA	15.9	12.2	10.2	9.1
P/BV	11.3	9.9	8.1	6.6
Dividend Yield (%)	0.0	0.0	0.0	0.0
<b>(F) Growth Rate (%)</b>				
Revenue	15.3	21.5	14.3	7.6
EBITDA	18.9	27.8	15.4	7.0
EBIT	22.6	41.8	27.1	12.3
PBT	245.4	42.9	40.3	16.9
APAT	73.8	7.3	48.1	20.6
EPS	73.8	7.3	48.1	20.6

E – Estimates

## Cash Flow

Particulars	FY25A	FY26E	FY27E	FY28E
<b>Profit before tax</b>	<b>3,11,117</b>	<b>4,99,132</b>	<b>6,99,178</b>	<b>8,16,676</b>
Depreciation & w.o.	4,55,703	5,15,503	5,15,474	5,06,414
Net Interest Exp	2,17,539	2,02,419	1,85,461	1,73,108
Direct taxes paid	(9,172)	(1,48,801)	(1,99,266)	(2,24,586)
Change in Working Capital	1,18,176	48,441	(69,325)	(65,300)
Non Cash	72,868	0	0	0
<b>(A) CF from Operating Activities</b>	<b>11,66,231</b>	<b>11,16,694</b>	<b>11,31,522</b>	<b>12,06,311</b>
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(4,48,302)	(4,78,034)	(2,79,043)	(2,81,839)
<b>Free Cash Flow</b>	<b>7,17,929</b>	<b>6,38,660</b>	<b>8,52,479</b>	<b>9,24,472</b>
(Inc.)/ Dec. in Investments	(5,67,478)	1,663	(31,622)	(35,775)
Other	0	0	0	0
<b>(B) CF from Investing Activities</b>	<b>(10,15,780)</b>	<b>(4,76,370)</b>	<b>(3,10,666)</b>	<b>(3,17,614)</b>
Issue of Equity/ Preference	1,04,226	(91,863)	(90,150)	(1,08,180)
Inc./(Dec.) in Debt	(19,502)	(1,50,765)	(1,75,841)	(1,59,809)
Interest exp net	(2,17,539)	(2,02,419)	(1,85,461)	(1,73,108)
Dividend Paid (Incl. Tax)	0	(30,050)	(30,050)	(36,060)
Other	0	0	0	0
<b>(C) CF from Financing</b>	<b>(1,32,815)</b>	<b>(4,75,096)</b>	<b>(4,81,502)</b>	<b>(4,77,157)</b>
Net Change in Cash	17,636	1,65,227	3,39,355	4,11,541
<b>Opening Cash balances</b>	<b>1,66,094</b>	<b>1,83,731</b>	<b>3,48,958</b>	<b>6,88,313</b>
<b>Closing Cash balances</b>	<b>1,83,731</b>	<b>3,48,958</b>	<b>6,88,313</b>	<b>10,99,854</b>

E – Estimates

## Notes

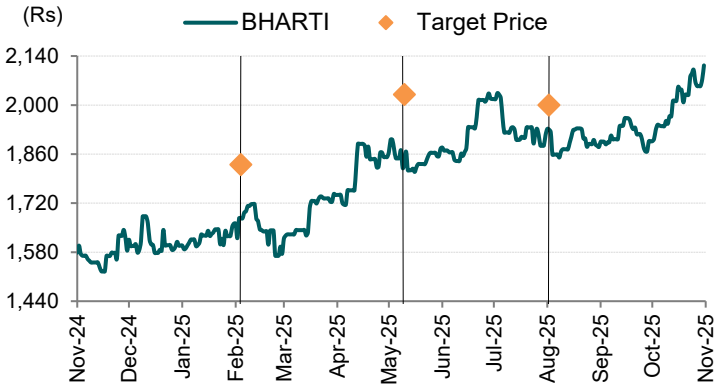
Stock Info and Rating History

Price Performance

Particulars	1M	3M	12M
Absolute (%)	11	9	34
Rel to NIFTY (%)	9	6	28

Shareholding Pattern

Particulars	Mar'25	Jun'25	Sep'25
Promoters	52.4	51.3	50.3
MF/Banks/FIs	19.4	19.2	19.5
FIIIs	25.4	26.7	27.4
Public / Others	2.8	2.8	2.8



Month	Rating	TP (Rs.)	Price (Rs.)
Feb-25	Accumulate	1,830	1,677
May-25	Accumulate	2,030	1,834
Aug-25	Reduce	2,000	1,930

\*Price as on recommendation date

Notes



### Dolat Rating Matrix

Total Return Expectation (12 Months)

<b>Buy</b>	<b>&gt; 20%</b>
<b>Accumulate</b>	<b>10 to 20%</b>
<b>Reduce</b>	<b>0 to 10%</b>
<b>Sell</b>	<b>&lt; 0%</b>

### Dolat Team

<b>Amit Khurana, CFA</b>	<b>Head of Equities</b>	<b>amit@dolatcapital.com</b>	<b>+9122 4096 9745</b>
--------------------------	-------------------------	------------------------------	------------------------

#### CONTACT DETAILS

<b>Equity Sales</b>	<b>Designation</b>	<b>E-mail</b>	<b>Direct Lines</b>
Dinesh Bajaj	Director - Equity Sales	dineshb@dolatcapital.com	+9122 4096 9709
Kapil Yadav	Director - Equity Sales & Corporate Access	kapil@dolatcapital.com	+9122 4096 9735
Jubbin Shah	Director - Equity Sales	jubbins@dolatcapital.com	+9122 4096 9779
Nikhil Thacker	Director - Equity Sales	nikhilt@dolatcapital.com	+9122 4096 9773
Pratik Shroff	AVP - Equity Sales	pratiks@dolatcapital.com	+9122 4096 9621
Rajeev Lala	AVP - Equity Sales	rajeevl@dolatcapital.com	+9122 4096 9767
<b>Equity Trading</b>	<b>Designation</b>	<b>E-mail</b>	
P. Sridhar	Director and Head of Sales Trading	sridhar@dolatcapital.com	+9122 4096 9728
Chandrakant Ware	Director - Sales Trading	chandrakant@dolatcapital.com	+9122 4096 9707
Shirish Thakkar	Director - Sales Trading	shirisht@dolatcapital.com	+9122 4096 9702
Kartik Mehta	Director - Sales Trading	kartikm@dolatcapital.com	+9122 4096 9715
Nishit Sariya	VP - Derivatives Sales Trading	nishits@dolatcapital.com	+9122 4096 9765
Monali Jobanputra	Co - Head Asia Derivatives	monalij@dolatcapital.com	+9122 6176 4841
Bhavin Mehta	Director Research - Derivatives Strategist	bhavinm@dolatcapital.com	+9122 4096 9705

#### **Analyst(s) Certification**

The research analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

#### **I. Analyst(s) and Associate (S) holding in the Stock(s): (Nil)**

#### **II. Disclaimer:**

This research report has been prepared by Dolat Capital Market Private Limited, to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies) solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of Dolat Capital Market Private Limited. This report has been prepared independent of the companies covered herein. Dolat Capital Market Private Limited, and its affiliated companies are part of a multi-service, integrated investment banking, brokerage and financing group. Dolat Capital Market Private Limited, and/or its affiliated company(ies) might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, financing or any other advisory services to the company(ies) covered herein. Dolat Capital Market Private Limited, and/or its affiliated company(ies) might have received or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services. Research analysts and sales persons of Dolat Capital Market Private Limited, may provide important inputs to its affiliated company(ies) associated with it. While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and Dolat Capital Market Private Limited, does not warrant its accuracy or completeness. Dolat Capital Market Private Limited, may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision. The investment discussed or views expressed herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and Dolat Capital Market Private Limited, reserves the right to make modifications and alterations to this statement as they may deem fit from time to time. Dolat Capital Market Private Limited, and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions. This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction. This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Dolat Capital Market Private Limited, and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

**For U.S. persons only:** This research report is a product of Dolat Capital Market Private Limited, under Marco Polo Securities 15a-6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

Research reports are intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Dolat Capital Market Private Limited has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be affected through Marco Polo or another U.S. registered broker dealer.



#### **Dolat Capital Market Private Limited.**

Corporate Identity Number: U65990GJ993PTC116741

Member: BSE Limited and National Stock Exchange of India Limited.

SEBI Registration No: BSE - INZ000274132, NSE - INZ000274132, Research: INH000014012

Regd. office: 1401-1409, Dalal Street Commercial, Block 53 (Bldg. No.53E) Zone-5, Road-5E, Gift City, Sector 9, Gandhinagar-382355 Gujarat, India.

Board: +9122 40969700 | Fax: +9122 22651278 | Email: [research@dolatcapital.com](mailto:research@dolatcapital.com) | [www.dolatresearch.com](http://www.dolatresearch.com)