Bharti Airtel (BHAAIR)

CMP: ₹2055 | Target ₹ 2400 (17%) | Target Period: 12 months | BUY

November 09, 2026

Sustaining the growth momentum!

About the stock: Bharti Airtel (Airtel) is India's second largest telecom operator with ~37.7 crore wireless customers in India and ~19.4 crore subscribers across 14 African countries. It enjoys industry leading ARPU in the wireless business in India.

Q2FY27 performance: Consolidated topline at ₹ 60878 crore, was up 4% QoQ and up 16.7% YoY. India wireless revenues were up 3.4% QoQ (up 10.1% YoY) at ₹ 30943 crore, driven by Average Revenues per User (ARPU), which was at ₹ 271, 2.7% QoQ and up ~5.9% YoY. **It witnessed healthy 4G+5G Net adds of 2.9 mn during the quarter, with 4G/5G data subbase at 304.6 mn. The post-paid subscriber base also saw robust addition of ~1.2 mn subscribers (highest ever in a quarter) at 31.2 mn.** Africa Revenues at ₹ 18817 crore, were up 7.1% QoQ (constant currency growth of 6.7%). Consolidated EBITDA came in at ₹ 34946 crore, with margins of 57.4%, up 51 bps QoQ and 71 bps YoY, with India wireless margins at 61%, up 23 bps QoQ, while Africa Margins at 50.5% was up 34 bps QoQ. Adjusted PAT was at ₹ 9015 crore, up 11.9% QoQ and 32.7% YoY.

Investment Rationale:

- **India Wireless business remains healthy:** The wireless business performance of Airtel continues to be healthy. **It continued to witness healthy key metrics in Q2 such industry leading ARPU growth of 2.7% QoQ, robust addition of 2.9 million 4G/5G customers and 1.2 million postpaid customers**, wireless margins at 61%, up 23 bps QoQ, along with **strong FCF of ₹ 12,067 crore**
- **Enterprise segment growth sustains: Airtel business (enterprise) revenues were** up 3.8% QoQ/11.4% YoY to ₹5,878 crore; with strong deal wins across core connectivity and digital services. The digital portfolio revenue grew 4% QoQ across cloud, cybersecurity, IoT, digital platforms and CPaaS
- **We bake ~10% ARPU CAGR over FY26-28:** Management stated that the Q2 prepaid pricing intervention had played out and future growth would rely on upgrades, postpaid, international roaming and top-ups. It reiterated that long-term ARPU growth requires a more rational pricing structure to monetise rising data consumption. **Going ahead, Airtel's ARPU is expected to witness ~10.4% CAGR over FY26-28E to ₹ 312, as we bake in ~10% tariff hike in H1FY28 alongwith mix led improvement. We also highlight that stepped-up tariff will also drive India margins improvement to 61.5% in FY28 vs. ~59.2%, currently.**

Rating and Target Price: Airtel continues to maintain its relative strength among peers in a consolidated industry with the industry leading ARPU, wireless margins and cash flows. **We maintain BUY rating, with target price of ₹2,400 on SoTP basis.**

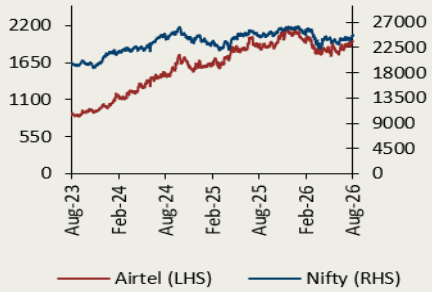
Particulars

Particulars	₹ crore
Market Cap	12,82,402
Total Debt (FY26)	1,95,412
Cash & Inv (FY26)	30,722
EV	14,47,092
52 week H/L	2175/ 1726
Equity capital	3,120
Face value (₹)	5.0

Shareholding pattern

	Dec-25	Mar-26	Jun-26	Sep-26
Promoters	48.9	48.9	50.1	50.1
FII	19.5	20.5	20.6	21.6
DIIs	28.8	27.8	26.5	25.4
Public	2.8	2.8	2.8	2.9

Price Chart



Key risks

- Market share losses in wireless business
- Delay in Tariff hike

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

₹ crore	FY24	FY25	FY26	5 yr CAGR (FY21-26)	FY27E	FY28E	2 yr CAGR (FY26-28E)
Net Sales	1,49,982	1,72,985	2,10,973	16.0	2,44,819	2,71,547	13.5
EBITDA	78,292	93,159	1,19,675	21.4	1,40,352	1,58,262	15.0
Adj. PAT	11,305	17,552	26,904	LP	37,780	49,259	35.3
EPS (₹)	13.0	57.9	43.8		60.2	78.9	
P/E (x)	157.5	35.4	46.8		34.0	26.0	
EV/EBITDA (x)	18.9	15.8	12.0		9.8	8.4	
RoCE (%)	11.9	12.7	17.1		21.4	24.0	
RoE (%)	13.8	15.4	18.0		22.3	24.8	

Source: Company, ICICI Direct Research

Performance highlights and outlook

- Overall, India Business highlights: Overall India revenue (ex-tower) at ₹42,594 crore, was up 2.7% QoQ and 9.3% YoY. Overall Indian margin (ex-tower) was up 9 bps QoQ, 69 bps YoY at 59.2%. EBITDAaL (EBITDA after lease payments) increased 4.3% QoQ/11.6% YoY to ₹23,778 crore; EBITDAaL margin improved to 55.8% from 54.9% in Q1FY27.
- India Wireless Business:
  a) India mobile **revenues grew 3.4% QoQ/10.1% YoY to ₹30,943 crore.** Subscriber addition at 0.7 mn during the quarter to 377.2 mn, was modest**. ARPU rose 2.7% QoQ/5.9% YoY to ₹271; the quarter included one additional day, while the prepaid base-plan price was raised from ₹299 to ₹349, which aided ARPU**. India mobile EBITDA was ₹18,874 crore, up 3.8% QoQ/11.3% YoY, with **margins at 61%, up 23 bps QoQ**
  b) Airtel added 2.9 million 4G customers and 1.2 million postpaid customers; postpaid base reached 3.12 crore, up 13.5% YoY. 4G/5G customer base reached 304.6 crore, with 5G base of over 200 mn, as per the management. Data usage per customer rose 6.2% QoQ to 36.5GB/month. Blended churn increased to 2.9% from 2.6% in Q1**.**
  c) Management stated that the Q2 prepaid pricing intervention had played out and future growth would rely on upgrades, postpaid, international roaming and top-ups. It reiterated that long-term ARPU growth requires a more rational pricing structure to monetise rising data consumption. **Going ahead, Airtel's ARPU is expected to witness ~10.4% CAGR over FY26-28E to ₹ 312, as we bake in ~10% tariff hike in H1FY28 alongwith mix led improvement**. We also highlight that stepped-up tariff will also drive India margins improvement to 62% in FY28.
- Non-wireless India business:
  a) **In the broadband business,** subscribers increased 4.6% QoQ/28.9% YoY to 1.54 crore, with net adds of 6.76 lakh. Revenue rose 2.1% QoQ/25.3% YoY to ₹2,336 crore; EBITDA grew 22.1% YoY to ₹1,140 crore. ARPU declined 2.6% QoQ to ₹509. **Management is prioritising fibre homepass expansion and quality customer cohorts in the top 1,000 cities. FWA expansion has been scaled back and will be used mainly as an interim option where fibre is not yet available, and unit economics are attractive.**
  b) DTH reported revenue was ₹771 crore, down 0.3% QoQ and up 2.4% YoY. DTH subscriber base declined 2.8% QoQ to 1.56 crore. Management noted loss of over 4 lakh digital TV customers in the quarter, led by DTH, while IPTV adoption remained strong.
  c) During the quarter, **Airtel business (enterprise) revenues were up** 3.8% QoQ/11.4% YoY to ₹5,878 crore; EBITDA was ₹2,526 crore, up 15.1% YoY with margins at 43%, was down 102 bps QoQ, up 138 bps YoY. Digital portfolio revenue increased ~4% QoQ. Deal wins spanned connectivity and digital services; traditional connectivity and commodity messaging remain slower-growth areas.
  d) Airtel **reiterated its ambition to scale Nxtra from 200-250 MW (12% market share) to 1 GW over the next few years**. The ₹2,900 crore land purchase in Q2 offers potential to develop 400–500MW**. Airtel has developed its AgentBridge platform and added GPU capacity across data centres. Management is evaluating GPU leasing, GPU-as-a-Service and a full AI stack for enterprises, but near-term focus remains colocation and internal AI workloads.**

- Africa Business highlights:
  a) Africa reported revenues were up 6.3% QoQ/25.7% YoY to US$1.97bn; EBITDAaL rose 5.1% QoQ/31.1% YoY to US$784mn. EBITDAaL margin was 39.8%, down 50 bps QoQ but up 160 bps YoY. In rupee terms, Africa Revenues at ₹ 18817 crore, were up 7.1% QoQ
  b) Data subs base was up 2.6% QoQ/11.6% YoY to 19.4 crore. Data subscribers reached 9.0 crore (+15.0% YoY), while data usage per subscriber increased 14.4% QoQ to 12.1GB/month.
  c) Airtel Money Africa was listed on the London Stock Exchange in October, at a valuation of ~US$ 7bn.
- Other Highlights:
  a) Capex: Capex for the quarter **was ₹ 12467 crore vs. ₹ 13396 crore in Q1. India Capex for the quarter was ₹ 9908 crore vs. ₹ 9698 crore in Q1.** The **The net debt (excl. lease liabilities) at ₹ 88,277 crore was up by ₹6425 crore QoQ, given the dividend payouts during the quarter.** The management indicated that radio/network rollout has been moderated within mobile business, and incremental spend is now toward fibre to strengthen transport, homes, sub-sea infrastructure and data centers.
  b) AgentBridge and GPU capacity are being used to accelerate AI deployment. Management cited network, customer-service and internal productivity use cases, while stressing customer safety, privacy and data sovereignty guardrails.

Bharti Airtel continues to maintain its relative strength among peers in a consolidated industry. With a formidable digital ecosystem offering and overall efforts through premiumisation and higher wallet share, the industry leading ARPU, wireless margins and cash flows are reflective of the same. We remain constructive on Airtel and maintain our BUY rating on the stock with SOTP based target price of ₹ 2400/share.

Exhibit 1: Quarter performance

	Q2FY27	Q2FY26	Q1FY27	YoY (%)	QoQ (%)	Comments
Revenue	60,878	52,145	58,539	16.7	4.0	
Employee Expenses	2,169	1,857	2,178	16.8	-0.4	
Marketing Expenses	6,626	5,463	6,488	21.3	2.1	
Access Charges	1,602	1,322	1,589	21.2	0.8	
Network Operating	11,214	10,118	10,810	10.8	3.7	
License Fee	4,320	3,825	4,172	13.0	3.6	
EBITDA	34,946	29,561	33,303	18.2	4.9	
EBITDA Margin (%)	57.4	56.7	56.9	71 bps	51 bps	
Depreciation	14,617	13,182	14,235	10.9	2.7	
Interest	5,707	4,866	5,956	17.3	-4.2	
Exceptional Items	180	0	353	NM	NM	
Total Tax	4,718	3,672	3,761	28.5	25.4	
PAT	8,887	6,791	8,167	30.9	8.8	
Adjusted PAT	9,015	6,791	8,057	32.7	11.9	
Subscribers (Mn)	377.2	364.2	376.5	3.6	0.2	
ARPU	270.8	255.7	264	5.9	2.7	

Source: Company, ICICI Direct Research

Exhibit 2: Segmental Projections

	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
India							
Wireless Subs (Mn)	326.0	335.4	352.3	361.6	373.2	381.8	389.5
ARPU	160	189	204	234	256	277	312
Total Minutes (Bn)	4,104	4,348	4,667	4,882	5,036	5,135	5,262
MOU (mins)	1,056	1,096	1,131	1,140	1,142	1,134	1,137
Africa							
Subscriber base	128.4	140.0	152.7	166.1	183.5	199.8	207.9
ARPU ($)	3.2	2.3	2.6	2.3	2.4	2.8	2.7
Total Minutes	378.7	439.1	504.4	570.2	600.7	646.2	700.7
MoU	256	273	287	298	286	281	287

Source: Company, ICICI Direct Research

Financial summary

Exhibit 3: Profit and loss statement ₹ crore

(Year-end March)	FY26	FY27E	FY28E
Total operating Income	**2,10,973**	**2,44,819**	**2,71,547**
Growth (%)	22.0	16.0	10.9
Employee Expenses	7,581	9,161	10,311
Marketing Expenses	23,053	26,777	29,016
Access Charges	5,542	6,392	6,668
Network Operating	39,750	44,636	47,569
License Fee	15,373	17,502	19,719
Total Operating Expenditure	91,298	1,04,468	1,13,284
EBITDA	**1,19,675**	**1,40,352**	**1,58,262**
Growth (%)	28.5	17.3	12.8
Depreciation	52,711	58,757	65,171
Interest	21,555	22,471	18,349
Other Income	2,817	3,184	3,000
Exceptional Items	3,418	534	0
PBT	44,808	61,774	77,742
MI / Profit from associates	6,763	5,829	5,160
Total Tax	11,350	18,374	23,323
PAT	**26,695**	**37,571**	**49,259**
Growth (%)	-20.4	40.7	31.1
EPS (₹)	**46.0**	**60.2**	**78.9**

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement ₹ crore

(Year-end March)	FY26	FY27E	FY28E
Profit after Tax	26,695	37,571	49,259
Add: Depreciation	52,711	58,757	65,171
Add: Interest Paid	21,555	22,471	18,349
(Inc)/dec in Current Assets	3,078	-7,402	-8,224
Inc/(dec) in CL and Prov	16,346	25,143	15,147
Others	0	0	0
CF from op activities	**1,20,386**	**1,36,540**	**1,39,702**
(Inc)/dec in Investments	-12,841	-25,000	-25,000
(Inc)/dec in Fixed Assets	-60,447	-46,000	-46,000
Others	-2,345	-1,641	-1,628
CF from inv activities	**-75,632**	**-72,641**	**-72,628**
Issue/(Buy back) of Equity	15,700	73	0
Inc/(dec) in loan funds	-18,230	-30,000	-25,000
Dividend paid	-14,625	-17,473	-19,969
Interest Paid	-21,555	-22,471	-18,349
Others	7,614	0	0
CF from fin activities	**-31,096**	**-69,870**	**-63,319**
Net Cash flow	13,657	-5,971	3,756
Opening Cash	16,720	30,377	24,406
Closing Cash	**30,377**	**24,406**	**28,162**

Source: Company, ICICI Direct Research

Exhibit 5: Balance sheet ₹ crore

(Year-end March)	FY26	FY27E	FY28E
Liabilities			
Equity Capital	3,047	3,120	3,120
Reserve and Surplus	1,46,010	1,66,108	1,95,398
Total Shareholders funds	1,49,057	1,69,228	1,98,518
Total Debt	1,95,412	1,65,412	1,40,412
Deferred Tax Liability	6,779	6,779	6,779
Others	57,226	55,585	53,957
Total Liabilities	**4,08,473**	**3,97,004**	**3,99,666**
Assets			
Net Block	2,82,326	2,69,570	2,50,398
CWIP	12,938	12,938	12,938
Goodwill	56,686	56,686	56,686
Right of Use	67,324	67,324	67,324
Investments	22,726	47,726	72,726
Debtors	7,978	9,257	12,647
Loans and Advances	13,230	15,352	17,029
Other Current Assets	24,930	28,930	32,088
Cash	30,377	24,406	28,162
Total Current Assets	76,515	77,945	89,926
Creditors	45,015	54,330	59,517
Other Current Liabilities	98,663	1,14,492	1,24,451
Total Current Liabilities	1,43,678	1,68,822	1,83,969
Net Current Assets	-67,164	-90,876	-94,043
Others Assets	33,636	33,636	33,636
Application of Funds	**4,08,473**	**3,97,004**	**3,99,666**

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios

(Year-end March)	FY26	FY27E	FY28E
Per share data (₹)			
EPS	43.8	60.2	78.9
Cash EPS	130.3	154.4	183.4
BV	244.6	271.2	318.1
Operating Ratios			
EBITDA Margin (%)	56.7	57.3	58.3
EBIT Margin (%)	31.7	33.3	34.3
PAT Margin (%)	12.8	15.4	18.1
Inventory days	0.0	0.0	0.0
Debtor days	13.8	13.8	17.0
Creditor days	77.9	81.0	80.0
Return Ratios (%)			
RoE	18.0	22.3	24.8
RoCE	17.1	21.4	24.0
Valuation Ratios (x)			
P/E	46.8	34.0	26.0
EV / EBITDA	12.0	9.8	8.4
EV / Net Sales	6.8	5.6	4.9
Market Cap / Sales	6.1	5.2	4.7
Price to Book Value	8.4	7.6	6.4
Solvency Ratios			
Debt/EBITDA	1.6	1.2	0.9
Debt / Equity	1.3	1.0	0.7
Current Ratio	0.3	0.3	0.3
Quick Ratio	0.3	0.3	0.3

Source: Company, ICICI Direct Research

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Buy: >15%

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Reduce: -15% to -5%;

Sell: <-15%

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