AXIS DIRECT

Result Update
06th August, 2026

Bharti Airtel Ltd.
Telecom

BUY
Target Price
2,530

Strong QoQ Growth; Key Initiatives to Sustain Momentum

Est. Vs. Actual for Q1FY27: Revenue – INLINE; EBIT Margin – BEAT; PAT – BEAT

Change in Estimates YoY post Q1FY27

FY27E/FY28E: Revenue: 2.8%/2.1%; **EBIT**: 1.1%/0.9%, **PAT:** 7.7%/5.1%

Recommendation Rationale

- **Focus on Network Expansion & B2B Strategy:** Bharti Airtel continues to focus on transport network by expanding cable capacity, connecting data centers, and expanding its existing 139,000 km optical fiber backbone. Moreover, the company's capital expenditure allocation is actively redirecting to fiber transport, homes, and data centers as its Radio Capex moderates while standalone 5G Capex remains modest and software-led. Airtel Business is capturing high-margin connectivity, B2B, and IoT demand while navigating lower margins in expanding cloud and CPaaS operations.
- **AI Deployment Enhances Cost Efficiencies**: The company is integrating agentic AI platforms to enhance speed, safety, privacy, and cost-efficiency. During the period, it executed 7.7 Bn Next Best Actions across channels, blocked over 93 Mn spam calls and 4 Bn spam messages, prevented access to 1.4 Mn throttling links, and handled 309 Mn call center interactions via VoiceBot. A patented Small Language Model was deployed on the endpoint handsets of 30,000 field engineers to standardise workmanship and repairs, eliminating cloud inferencing costs of Rs 300–450 Mn.
- **Financial Services, Data Centers & Cloud Verticals to Strengthen Profitability:** Airtel Money went live with its lending services in just 9 months from applying for the license. Airtel Payments Bank ended Q1 with ~120 Mn monthly transacting users, an annualised revenue run rate over Rs 3.4 Bn, and deposits under Rs 4.4 Bn. Furthermore, Airtel Finance disbursed over Rs 7.5 Bn monthly in loans. Nxtra raised $1 Bn externally during the quarter to support this capital-heavy expansion, aiming to build 1 GW Data center capacity over the next few years. Key deals included land acquisitions in Mumbai and hyperscaler deals with Google. Airtel Cloud added 11 new customers (bringing the total to 33) with all critical services live. The platform is fully certified by MeitY, which strengthens its go-to-market position for public sector and enterprise deals.

Sector Outlook: Positive

Company Outlook & Guidance: The company has a strong focus on quality customers with increasing ARPU and revenue. Management is confident of gaining industry-leading growth, backed by robust rural penetration and a superior services portfolio.

Current Valuation: SOTP-based

Current TP: Rs 2,530/share (Unchanged)

Recommendation: From a long-term perspective, we believe Bharti Airtel is well-positioned to continue gaining market share, backed by the highest penetration and minimal Capex requirements. Given its stronger digital portfolio supported by rising per-user data and growing business verticals, we remain positive about the company's future growth. **We maintain our BUY recommendation on the stock.**

Financial Performance

In Q1FY27, reported revenue stood at Rs 58,539 Cr, up 18.4% YoY and 5.7% QoQ, led by strong performance in India and Africa business. EBITDA grew 61 bps YoY and remained flat QoQ to Rs 33,303 Cr. EBIT grew 24% YoY and 6.8% QoQ to Rs 19,068 Cr. EBIT margin stood at 32.6% (+149bps YoY, +35bps QoQ). The company made a provision of Rs 354 Cr as a dispute settlement in a group subsidiary in Africa during the quarter. Thus, PAT stood at Rs 10,012 Cr, up by 34.9% YoY and 8.3% QoQ, led by higher other income. ARPU for the quarter stood at Rs 264 (+5.6% YoY, +2.7% QoQ). Capex for the quarter stood at Rs 13.3 Bn.

Key Financials (Consolidated)

(Rs Cr)	Q1FY27	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	58,539	5.7	18.4	56,934	2.8
EBIT	19,068	6.8	24.0	17,954	6.2
EBIT Margin	32.6	35bps	149bps	31.5	104bps
Reported PAT	10,012	8.3	34.9	9,389	6.6
EPS (Rs)	16.0	8.3	31.6	15.0	6.6

Source: Company, Axis Securities Research

(CMP as of 05th August, 2026)

CMP (Rs)	1,978
Upside /Downside (%)	28%
High/Low (Rs)	2,175/1,740
Market cap (Cr)	12,34,280
Avg. daily vol. (6m)Shrs.	91,50,950
No. of shares (Cr)	609

Shareholding (%)

	Dec-25	Mar-26	Jun-26
Promoter	48.9	48.9	48.9
FIIs	28.8	27.8	27.1
MFs/UTI	11.4	12.0	12.1
Banks/FIs	0.0	0.0	0.1
Others	11.0	11.3	11.8

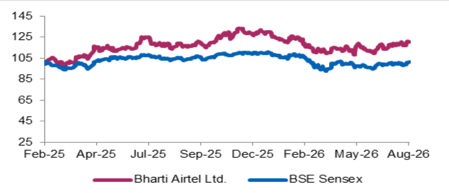
Financial & Valuations

Y/E Mar (Rs Cr)	FY26	FY27E	FY28E
Net Sales	2,10,973	2,46,739	2,81,058
EBIT	66,964	82,957	98,811
Net Profit	33,823	44,924	55,756
EPS (Rs)	55	74	91
PER (x)	36	27	22
P/BV (x)	8.1	6.7	5.4
EV/EBITDA (x)	10.7	8.6	7.1
ROE (%)	26%	27%	28%

Change in Estimates (%)

Y/E Mar	FY27E	FY28E
Sales	2.8%	2.1%
EBIT	1.1%	0.9%
PAT	7.7%	5.1%

Relative Performance



Source: AceEquity, Axis Securities Research

Results Gallery

Q4FY26
Q3FY26
Q2FY26
Q1FY26

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Outlook

From a long-term perspective, Bharti Airtel remains well-positioned for sustainable growth, backed by its strong digital services portfolio, disciplined capital management, and focus on high-value customer segments. The company expects gradual ARPU improvement, 4G/5G expansion, and B2B growth to drive long-term profitability. We remain optimistic about the company's future growth.

Valuation & Recommendation

The company anticipates steady revenue growth across its core segments, supported by rising 4G and 5G adoption, broadband penetration, and increased demand for enterprise solutions. Operating margins are expected to remain robust, aided by operational efficiencies, market penetration, network optimisation, and monetisation of digital services. Management continues to prioritise financial discipline, targeting sustained free cash flow generation and progressive debt reduction. Hence, we maintain our **BUY recommendation on the stock.** Based on the SOTP valuation, we arrive at a TP of Rs 2,530/share, implying an upside of 28% from the CMP.

SOTP Valuation

Segments	FY28E EBITDA (Rs Bn)	Multiple (X)	Enterprise Value (Rs Bn)	Value Per Share (Rs)
Mobile Services/ India wireless	1,008	10	10,238	1,680
Home service	63	9	582	96
DTV	17	8	138	23
Africa	385	8	2,887	474
Enterprise	94	7	693	114
Passive infra	214	7	1,540	253
Intersegment	-80			
Sub-total	1,594	**10**	**16,079**	**2,638**
Enterprise Value			**16,079**	**2,638**
(-) Net Debt			662	109
Target Price (Rs)			**15,417**	**2,530**

Source: Company, Axis Securities Research

Key highlights

- **Strong Subscriber Gains & ARPU Momentum:** The Indian mobile business delivered strong growth during the quarter driven by solid customer additions and plan upgrades. The company added 3.3 Mn revenue-earning users along with 5 Mn smartphone data users. Moreover, postpaid performance hit a major milestone with 1 Mn new additions, one of the highest quarterly increases ever, taking postpaid users to over 8% of the total customer base. Average Revenue Per User (ARPU) reached Rs 264, supported by 5G adoption, higher data usage, customer premiumization and an extra day in the calendar quarter. Management highlighted that long-term ARPU growth depends on repairing the industry's tariff structure mainly by moving toward charging directly for higher data consumption instead of offering unlimited data at low price points.
- **Prioritising Fiber Network in Home Segment to Optimise Operating Expense:** Home net additions moderated to 4,73,000 during the quarter as Airtel refined its customer acquisition strategy and management acknowledged that aggressive pricing for Fixed Wireless Access (FWA) attracted customers but also resulted in higher churn and weaker customer quality. In addition, rising global memory and chipset prices have put pressure on FWA economics. Also, going forward, the company will focus on expanding its fiber broadband network, which offers better customer retention and stronger long-term economics while deploying FWA selectively in areas where fiber connectivity is not feasible.
- **Expansion of Enterprise Business:** Airtel Business continued to deliver healthy growth during the quarter with revenue rising close to 12% YoY to Rs 5,670 Cr, supported by large global connectivity deal wins and strong demand for digital services such as cloud, cybersecurity, IoT and CPaaS. Management expects this momentum to continue as digital services become a larger part of the enterprise portfolio.
- **Nxtra Data Center Scaling Up Strategy:** Nxtra is accelerating its data center expansion from the current 120–130 MW capacity towards its long-term target of 1 GW. Management stated that the expansion is supported by existing hyperscaler contracts, including Google's upcoming capacity additions and planned land acquisitions in Mumbai. The company believes these initiatives provide strong visibility for achieving its long-term capacity target over the next few years.
- **Airtel Cloud Platform Gaining Traction**: Airtel Cloud continued to gain traction during the quarter, with its enterprise customer base increasing to 33. Growth was driven by rising demand for sovereign cloud, disaster recovery, backup and storage solutions, particularly from regulated industries and public sector enterprises. Management remains confident that continued investments in cloud infrastructure, talent and platform capabilities will support the long-term growth of its enterprise cloud business.
- **Africa Business to Become a Key Growth Driver:** During Q1FY27, Africa continued to deliver strong growth, with 5.7% sequential constant currency revenue growth while Bharti Airtel increased its stake in the business to over 79% through a share swap transaction. Management believes Africa offers a significant long-term opportunity due to its low telecom, smartphone and broadband penetration, similar to India's growth phase a decade ago. Airtel is also expanding its growth platforms through Airtel Money, which recorded over $400 Mn in quarterly revenue and is preparing for a London listing, while Indus Towers is bringing its low-cost tower and energy management model to three African markets.

Key Risks to our Estimates and TP

- Cut-throat competition may reduce the market share, leading to a reduction in the revenue growth momentum.
- Delay in industry-wide tariff hikes could limit ARPU growth trajectory.
- Rising competition in home broadband and enterprise connectivity.
- Regulatory changes and execution risk in large-scale Nxtra investments and digital platform scaling.

Change in Estimates

(Rs Cr)

	New		Old		% Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Sales	2,46,739	2,81,058	2,39,973	2,75,375	2.8%	2.1%
EBIT	82,957	98,811	82,054	97,932	1.1%	0.9%
PAT	44,924	55,756	41,716	53,031	7.7%	5.1%

Source: Company, Axis Securities Research

Results Review

(Rs Cr)

Y/E March	Q1FY27	Q4FY26	QoQ (%)	Q1FY26	YoY (%)
Net sales	**58,539**	**55,383**	**5.7**	**49,463**	**18.4**
Access charges	1,589	1,494	6.3	1,257	26.4
License fees	4,172	3,982	4.8	3,720	12.2
Network costs	10,810	10,208	5.9	9,546	13.2
Employee costs	2,178	2,028	7.4	1,738	25.3
Sales & marketing	3,693	3,532	4.6	2,966	24.5
Other expenses	2,795	2,648	5.6	2,397	16.6
Total Opex	25,236	23,892	5.6	21,624	16.7
EBITDA	**33,303**	**31,492**	**5.8**	**27,839**	**19.6**
EBITDA margin	**56.9%**	**56.9%**	***3bps***	**56.3%**	***61bps***
Depreciation	14,235	13,644	4.3	12,465	14.2
EBIT	**19,068**	**17,848**	**6.8**	**15,374**	**24.0**
Finance cost (net)	5,956	5,606	6.3	5,461	9.1
Other income	907	879	3.2	509	78.2
Share of JV	-108	-84	28.2	-83	30.7
PBT	**14,126**	**13,205**	**7.0**	**10,504**	**34.5**
Tax expenses	3,761	797	371.7	3,083	22.0
Exceptional/Extraordinary items	(353)	(3,161)	(88.8)	NA	NA
Reported PAT	**10,012**	**9,247**	**8.3**	7,422	34.9
EPS	**16.0**	**15.2**	**5.7**	**12**	**31.7**
Minority interest	1,999	1,922	**4.0**	**1,474**	**35.6**
PAT attributed to shareholders	**8,012**	**7,325**	**9.4**	**5,948**	**34.7**
EPS	**12.8**	**12.0**	**6.8**	**9.76**	**31.6**
Adjusted PAT	**7,659**	**6,087**	**25.8**	**5,948**	**28.8**
Adjusted EPS	**12.3**	**10.0**	**22.9**	**9.8**	**25.8**

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Net sales	**1,49,982**	**1,72,985**	**2,10,973**	**2,46,739**	**2,81,058**
Change (YoY, %)	7.8	15	22	17	14
Operating expenses	**71,691**	**79,826**	**91,298**	**1,06,472**	**1,21,698**
EBITDA	**78,292**	**93,159**	**1,19,675**	**1,40,267**	**1,59,360**
Change (YoY, %)	*9.8*	*19.0*	*28.5*	*17.2*	*13.6*
Margin (%)	52.2	53.9	56.7	56.8	56.7
Depreciation	39,538	45,570	52,711	57,310	60,548
EBIT	**38,754**	**47,589**	**66,964**	**82,957**	**98,811**
Interest paid	22,648	21,754	21,555	22,334	22,961
Other income	1,435	1,574	2,817	3,353	3,654
PBT	**9,970**	**34,696**	**44,808**	**63,623**	**79,504**
Tax	4,121	917	11,350	18,263	23,212
Effective tax rate (%)	41%	3%	25%	29%	29%
Share of JV/Associate	2,709	3,703	(365)	(435)	(536)
Exceptional items	(7,572)	7,287	3,418	353	-
Net profit	**8,558**	**37,481**	**33,823**	**44,924**	**55,756**
Reported EPS	**14**	**62**	**55**	**74**	**91**
Adjusted net profit	**16,130**	**44,768**	**37,240**	**44,571**	**55,756**
Change (YoY, %)	0	2	(17)	20	25
Adj EPS	**27**	**50**	**49**	**73**	**91**
Dividend per share	8	16	24	24	24
Dividend Payout (%)	57	26	26	26	26

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Share capital	2,877	2,900	3,047	3,047	3,047
Reserves & surplus	79,142	1,10,772	1,46,010	1,76,828	2,18,680
Shareholders' funds	82,019	1,13,672	1,49,057	1,79,875	2,21,727
Total Debt	1,38,747	1,48,312	1,21,671	1,01,671	89,671
Other liabilities	50,094	75,589	81,598	81,598	81,598
Current Liabilities & provisions	**1,38,668**	**1,80,440**	**1,74,506**	**2,04,340**	**2,22,373**
Current liabilities	99,252	1,00,837	1,17,136	1,34,636	1,47,678
Provisions	31,631	36,155	35,783	51,404	58,554
Total liabilities	3,19,724	3,60,893	3,56,188	3,69,309	3,77,501
Total equity & liabilities	**4,25,288**	**5,14,360**	**5,52,152**	**6,00,781**	**6,54,953**
Net fixed assets	3,03,303	1,43,272	1,57,066	1,42,756	1,28,207
Investments	31,333	544	1,139	1,139	1,139
Other non-current assets	32,376	3,03,376	3,03,732	3,03,732	3,03,732
Current assets	**58,276**	**67,589**	**90,216**	**1,53,155**	**2,21,875**
Inventories	364	452	601	601	601
Sundry Debtors	4,728	7,456	7,978	9,330	10,628
Cash & Liquid	16,340	16,720	30,377	84,536	1,49,098
Other Current Assets	36,845	16,195	26,834	34,262	37,122
Total assets	**4,25,288**	**5,14,781**	**5,52,152**	**6,00,781**	**6,54,953**

Source: Company, Axis Securities Research

Cash Flow

(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Pre tax	**12,679**	**38,399**	**45,173**	**63,187**	**78,968**
Depreciation	39,538	45,570	52,711	57,310	60,548
Change in working capital	18,851	32,840	(14,904)	21,054	13,875
Other operating activities	28,785	12,893	15,321	18,628	19,307
Cash flow from operations (a)	**95,731**	**1,28,785**	**86,950**	**1,41,916**	**1,49,486**
Capital expenditure	(48,971)	1,14,460	(66,504)	(43,000)	(46,000)
Chg in investments	(3,444)	3,142	5,064	-	-
Other investing activities	33,957	(2,41,359)	(3,617)	3,353	3,654
Cash flow from investing (b)	**(18,458)**	**(1,23,756)**	**(65,058)**	**(39,647)**	**(42,346)**
Equity raised/(repaid)	40	24	147	-	-
Debt raised/(repaid)	(18,217)	(604)	1,230	(16,714)	(9,840)
Dividend (incl. tax)	(4,838)	(9,751)	(14,627)	(14,977)	(14,977)
Chg in minorities	(5,336)	16,251	7,111	4,691	4,128
Other financing activities	(46,001)	(10,568)	(2,096)	(21,110)	(21,888)
Cash flow from financing (c)	**(74,352)**	**(4,649)**	**(8,235)**	**(48,111)**	**(42,578)**
Net change in cash (a+b+c)	2,921	380	13,657	54,159	64,563
Opening cash balance	13,419	16,340	16,720	30,377	84,536
Closing cash balance	16,340	16,720	30,377	84,536	1,49,098

Source: Company, Axis Securities Research

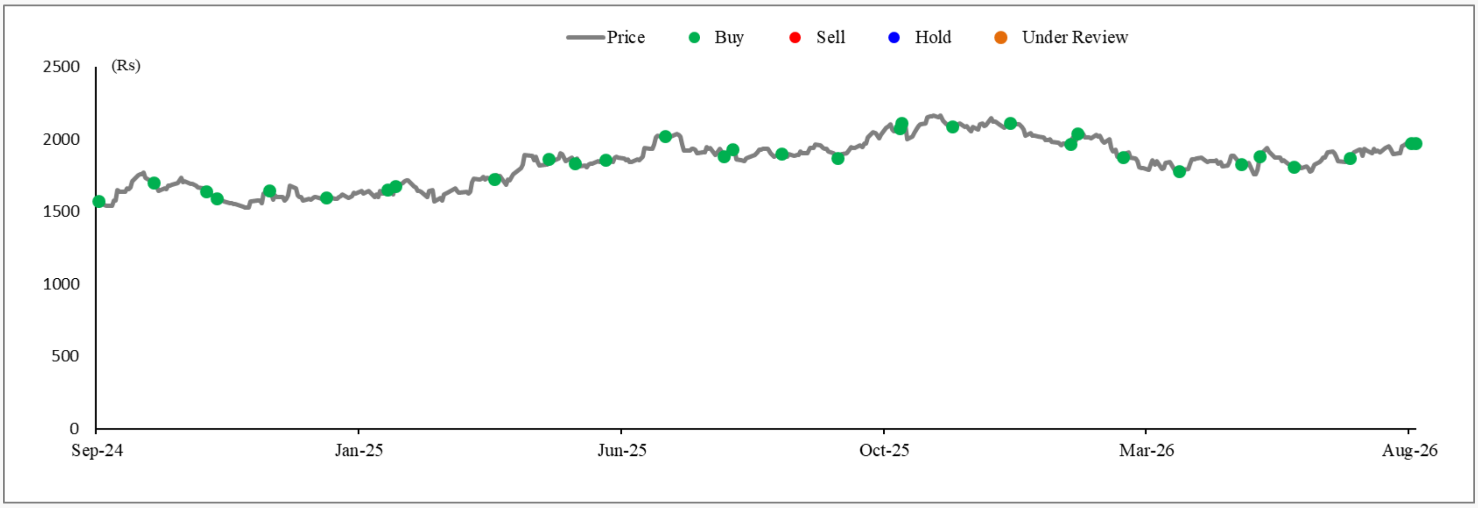
Ratio Analysis

(%)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Book Value (Rs)	136	187	245	295	364
Adj EPS (Rs)	27	50	49	73	91
Adj EPS growth (%)	23	86	-2	50	25
EBITDA margin (%)	52	54	57	57	57
Pre-tax margin (%)	7	20	21	26	28
Debt/Equity (x)	1.6	0.9	0.7	0.5	0.3
ROCE (%)	6	18	14	16	18
ROE (%)	11	38	26	27	28
Financial leverage ratios					
Debt / Equity (x)	1.6	0.9	0.7	0.5	0.3
Interest Coverage (x)	3.5	4.3	5.6	6.3	6.9
Interest / Debt (%)	16	18	21	24	29
Working Capital & Liquidity Ratio					
Inventory days	0	0	0	0	53
Receivable days	11	16	14	14	37
Payable days	84	79	77	77	61
Valuation ratio					
PER (x)	140	32	36	27	22
Adjusted PER (x)	74	40	41	27	22
P/BV (x)	14.6	10.6	8.1	6.7	5.4
EV/EBITDA (x)	16.7	13.9	10.7	8.6	7.1
Market Cap. / Sales (x)	8.0	7.0	5.7	4.9	4.3

Source: Company, Axis Securities Research

Bharti Airtel Ltd Price Chart and Recommendation History



Date	Reco	TP	Research		Date	Reco	TP	Research
01-Oct-24	BUY	1,900	Top Picks		06-Nov-25	BUY	2,530	Result Update
30-Oct-24	BUY	1,880	Result Update		01-Dec-25	BUY	2,530	Top Picks
04-Nov-24	BUY	1,880	Top Picks		01-Jan-26	BUY	2,530	Top Picks
02-Dec-24	BUY	1,880	Top Picks		02-Feb-26	BUY	2,530	Top Picks
01-Jan-25	BUY	1,880	Top Picks		09-Feb-26	BUY	2,530	Result Update
03-Feb-25	BUY	1,880	Top Picks		02-Mar-26	BUY	2,530	Top Picks
10-Feb-25	BUY	1,900	Result Update		01-Apr-26	BUY	2,530	Top Picks
01-Mar-25	BUY	1,900	Top Picks		04-May-26	BUY	2,530	Top Picks
01-Apr-25	BUY	1,900	Top Picks		15-May-26	BUY	2,530	Result Update
02-May-25	BUY	2,200	Top Picks		01-Jun-26	BUY	2,530	Top Picks
15-May-25	BUY	2,200	Result Update		01-Jul-26	BUY	2,530	Top Picks
01-Jun-25	BUY	2,200	Top Picks		03-Aug-26	BUY	2,530	Top picks
01-Jul-25	BUY	2,330	Top Picks		06-Aug-26	BUY	2,530	Result Update
01-Aug-25	BUY	2,330	Top Picks					
07-Aug-25	BUY	2,300	Result Update					
01-Sep-25	BUY	2,300	Top Picks					
01-Oct-25	BUY	2,300	Top Picks					
03-Nov-25	BUY	2,300	Top Picks					

Source: Axis Securities Research

AXIS DIRECT

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In case of any grievances, please call us at 022-40508080 or write to us at helpdesk@axisdirect.in.

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