

Bharti Airtel (BHARTI) - BUY

Company Update

Current Market Price (CMP) Rs.1,782	Fair Value (FV) Rs.2250
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Rationale:

- Multiple growth levers lined up; upgrade to BUY.
- Bharti's wireless business performance remains resilient with gradual market share gains & a likely ARPU hike in the near term.
- We expect three key focus areas-homes, enterprise, and data centers (DC)-to witness accelerated capex spends and growth in the coming years.
- Lower capex over FY26-28E (21-22% of revenue versus ~30% historically) would drive deleveraging and increase shareholder payouts.
- We believe the concerns around capital allocation in the NBFC are overdone.
- Stock price correction makes risk-reward attractive.
- Upgrade to BUY (from ADD) with an unchanged FV of Rs2,250.

👍 Positives:

- India wireless-robust performance, ample growth headroom.
- Increasing focus on homes, enterprises, and DC with maturing wireless business.
- ARPU has increased at a steady pace in recent years.
- Data volumes have grown multifold for the company over the past decade.

👎 Negatives:

- The proportion of non-data subscribers is on a downtrend.

(EV: Enterprise Value. EBITDA: Earnings Before Interest, Tax, Depreciation, and Amortization. FCF: Free Cash Flow. NBFC: Non-Banking Finance Company)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
- SELL** – We expect the stock to deliver < -5% returns over the next 12 months
- NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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