

Bharti Hexacom

Estimate change 

TP change 

Rating change 

CMP: INR1,510 TP: INR1,860 (+23%)

Buy

Muted 4Q in mobility; growth accelerates in Homes

Bloomberg	BHARTIHE IN
Equity Shares (m)	500
M.Cap.(INRb)/(USDb)	754.8 / 7.9
52-Week Range (INR)	2053 / 1439
1, 6, 12 Rel. Per (%)	0/-6/-7
12M Avg Val (INR M)	443

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Net Sales	93.5	106.5	120.8
EBITDA	48.9	58.8	69.7
Adj. PAT	17.1	24.5	32.2
Adj. EPS (INR)	34.2	48.9	64.4
EPS Gr. (%)	43.8%	43.1%	31.6%
BV/Sh. (INR)	143.3	174.2	208.7

Ratios

RoE (%)	26.1	30.8	33.6
RoCE (%)	15.8	21.2	27.2

Valuations

P/E (x)	44.1	30.9	23.4
P/BV (x)	10.5	8.7	7.2
EV/EBITDA (x)	16.7	13.6	11.2
Div. Yield (%)	1.2	1.8	2.4

Shareholding pattern (%)

As of	Mar-26	Dec-25	Mar-25
Promoter	70.0	70.0	70.0
DII	10.6	10.3	10.0
FII	3.7	4.0	4.3
Others	15.7	15.7	15.7

FII includes depository receipts

- Bharti Hexacom (BHL) reported a steady 4Q, with ~1% QoQ growth in customer wireless revenue (vs. 0.6% QoQ for Bharti-India wireless) and ~2% QoQ wireless EBITDA growth due to two fewer days QoQ.
- Growth accelerated in Homes and offices with ~21%/21%/28% QoQ growth in subscriber base/revenue/EBITDA driven by ramp-up in home broadband (HBB) and launch of IPTV.
- Similar to Bharti, capex surged ~72% QoQ to INR5.9b, leading to a modest ~3% YoY growth in FY26 capex to INR15.2b.
- FCF generation was modest in 4QFY26 due to seasonally higher working capital requirements and AGR payouts. However, FY26 FCF remained robust at INR21.3b (vs. INR20.3b YoY), which led to ~INR16.5b YoY reduction in net debt (excl. leases) to INR20.3b (leverage down to 0.46x).
- BHL announced a dividend of INR18/share (vs. INR10/share YoY), and in the absence of investments in adjacencies (compared to Bharti), we expect dividend payouts to take precedence.
- BHL provides a pure-play exposure to BHARTI's fast-growing wireless and HBB segments in circles with lower data and HBB penetration.
- Further, there are lower capital misallocation concerns with BHL (vs. BHARTI), which, along with a better return ratio, drives BHL to trade at an implied premium (~17% currently) to BHARTI's India business, in our view.
- We ascribe a DCF-based FY28E EV/EBITDA of 13.5x to BHL (which is at ~15% premium to our multiple for Bharti's India wireless business). **We reiterate our BUY rating with a revised TP of INR 1,860 (vs. INR1,910).**

Reported capex surges; FCF moderates QoQ due to seasonal working capital build-up

- Overall 4Q revenue at INR24.1b (+5% YoY) grew 2.3% QoQ, with customer revenue rising ~1.8% QoQ to INR22.8b.
- The growth in wireless business remained muted due to two fewer days QoQ, with ARPU moderating to INR252 (+4% YoY, in line).
- The launch of IPTV and acceleration in HBB net adds (+21% QoQ) drove robust ~21%/~28% QoQ growth in Homes & Offices revenue/EBITDA.
- Reported EBITDA grew ~1% QoQ to INR12.7b (+9.5% YoY, in line), while reported EBITDAaL grew 2.7% QoQ to INR11.6b, with pre-IND AS EBITDA margin rising ~25bp QoQ to 47.9%. Incremental pre-IND AS EBITDA margin stood at ~58% (vs. ~62% in 3Q).
- PAT at INR4.7b declined 3% QoQ (down 1% YoY) due primarily to a lower tax rate in the base quarter.
- Overall, 4Q capex surged 72% QoQ to INR5.9b (up 38% YoY), with FY26 capex broadly stable YoY at INR15.2b.
- Free cash flow (after leases and interest payments) moderated QoQ to INR1.5b (vs. INR6.6b QoQ), driven by seasonal working capital build-up (INR5.1b change QoQ) and higher interest payments (~INR1.3b higher QoQ) likely due to AGR dues repayment.

- FY26 FCF, however, remained robust at INR21.3b (vs. INR20.3b YoY).
- Net debt (ex-leases) declined ~INR1.3b QoQ (sharp INR16.5b YoY), with leverage declining further to 0.46x (vs. 0.98x YoY).

Wireless: Muted quarter in the absence of tariff hikes

- Wireless ARPU moderated 0.4% QoQ (vs. -0.6% QoQ for Airtel) to INR252 (+4% YoY, in line) due to two fewer days QoQ.
- The paying subscriber base was stable QoQ at ~370k (vs. our est. of +345k).
- Reported wireless revenue grew 1.6% QoQ to INR23.1b (+4% YoY, vs. our est. INR22.9b). Underlying customer revenue inched up ~1% QoQ (+7% YoY, vs. ~3/0.6% QoQ for Rjio/Bharti).
- Wireless EBITDA at INR12.7b (+6% YoY, 1% above) was up ~1.8% QoQ (vs. ~3% QoQ R-Jio, including FTTH/Airtel), but better than 0.9% QoQ growth for Airtel's India wireless business.
- Wireless EBITDA margin improved ~5bp QoQ to 55% (+115bp YoY), but was weaker than the ~15p QoQ uptick for Airtel's India wireless business (60.6%).
- Incremental wireless EBITDA margins stood at ~59% for BHL (vs. ~59%/84% for Rjio/Bharti).

Key takeaways from the management interaction

- **Weaker growth in FY26 vs. Airtel:** The under-penetration in BHL's circles has played out well, with the ARPU gap closing (vs. Airtel). However, management noted limited postpaid and international roaming penetration in these circles as a structural disadvantage (vs. pan-India telcos). However, the performance of BHL has been competitive vs. its peers in its operational circles.
- **Macro headwinds:** The increase in entry-level smartphone prices could delay the 2G to 4G upgrades in BHL circles, while the unlimited data at very low tariffs also leads to lower ARPU translation as 5G adoption picks up.
- **HBB strategy:** While Bharti has pivoted its focus to fiber first (over FWA), laying a fiber network in BHL's circles is challenging, and the cost per connection is also higher given the difficult terrains. The company would continue to utilize FWA in BHL circles to accelerate the pace of HBB net adds.

Valuation and view

- BHL provides a pure-play exposure to BHARTI's fast-growing wireless and HBB segments in circles with lower data and HBB penetration.
- Further, there are lower capital misallocation concerns with BHL (vs. BHARTI), which, along with a better return ratio, drives BHL to trade at an implied premium (~17% on our estimates) to BHARTI's India business, in our view.
- Our FY27E EBITDA and EPS are broadly unchanged, while we raise our FY28E estimates by 5% each, driven by acceleration in Home broadband subscriber additions. We model a ~14%/19% CAGR in BHL's overall revenue/EBITDA over FY26-28E, driven by ~15% tariff hike in 2QFY27, ramp-up of FWA offerings, and continued market share gains.
- We ascribe a DCF-based FY28E EV/EBITDA of 13x to BHL (which is at ~10% premium to our multiple for Bharti's India wireless business). We reiterate our Buy rating on BHL, **with a revised TP of INR1,860** (earlier INR1,910). The LT risk-reward remains favorable (bull case: INR2,325; bear case: INR1,420).

Consolidated - Quarterly earnings summary

(INR m)

Y/E March	FY25				FY26				FY25	FY26	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue	19,106	20,976	22,507	22,890	22,630	23,173	23,598	24,137	85,479	93,538	23,922	0.9
YoY Change (%)	13.6%	20.7%	25.0%	22.5%	18.4%	10.5%	4.8%	5.4%	20.6%	9.4%		
Total Expenditure	10,348	10,957	10,990	11,212	11,023	11,092	11,054	11,465	43,507	44,634	11,216	2.2
EBITDA	8,758	10,019	11,517	11,678	11,607	12,081	12,544	12,672	41,972	48,904	12,707	-0.3
YoY Change (%)	5.5%	21.3%	39.2%	33.0%	32.5%	20.6%	8.9%	8.5%	49.1	52.3		
Depreciation	4,957	5,361	5,315	5,312	5,273	5,543	5,668	5,648	20,945	22,132	5,663	-0.3
Net Finance cost	1,615	1,754	1,802	1,712	1,541	1,509	1,470	1,492	6,883	6,012	1,428	4.5
Other Income	399	491	450	478	475	612	375	776	1,818	2,238	388	
PBT before EO expense	2,585	3,395	4,850	5,132	5,268	5,641	5,781	6,308	15,962	22,998	6,003	5.1
Extra-Ord expense	-3,183	0	1,057	0	0	0	91	246	-2,126	337	0	
PBT	5,768	3,395	3,793	5,132	5,268	5,641	5,690	6,062	18,088	22,661	6,003	1.0
Tax	656.0	864.0	1,184.0	448.0	1,352.0	1,429.0	953.0	1,595.0	3,152.0	5,329.0	1,464.5	8.9
Rate (%)	11.4%	25.4%	31.2%	8.7%	25.7%	25.3%	16.7%	26.3%	17.4%	23.5%		
Reported PAT	5,112	2,531	2,609	4,684	3,916	4,212	4,737	4,467	14,936	17,332	4,539	-1.6
Adj PAT	1,929	2,531	3,666	3,802	3,916	4,212	4,805	4,658	11,896	17,104	4,539	2.6
YoY Change (%)	-23.8%	112.8%	72.4%	70.8%	103.0%	66.4%	31.1%	22.5%	30.5%	43.8%		

E: MOFSL Estimates

Exhibit 1: We ascribe a TP of INR1,860 to BHL

	Valuation base (INR b)		Multiple (X)		Valuation	
	Mar'28E EBITDA		EBITDA	Other	(INR b)	(INR/sh)
BHL						
Mobility	66		13.0	DCF implied	863	1,726
Homes and offices	6		13.0		81	161
BHL EV	70		13.5		944	1,887
Net debt (including leases)					36	72
Dividends					23	45
BHL equity value					930	1,860

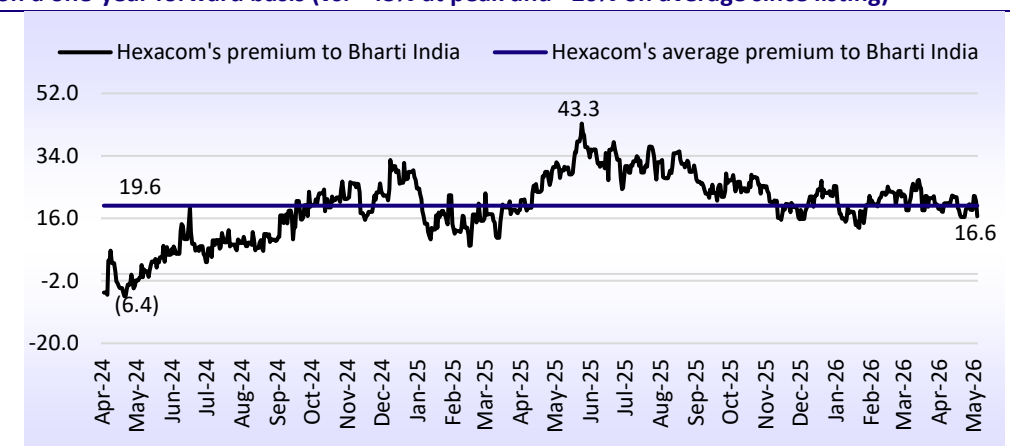
Exhibit 2: BHL currently trades at ~17% premium to Bharti's India business (excluding Indus) on a one-year forward basis (vs. ~43% at peak and ~20% on average since listing)


Exhibit 3: BHL currently trades at ~13.4x one-year forward EV/EBITDA (~17% below mean)

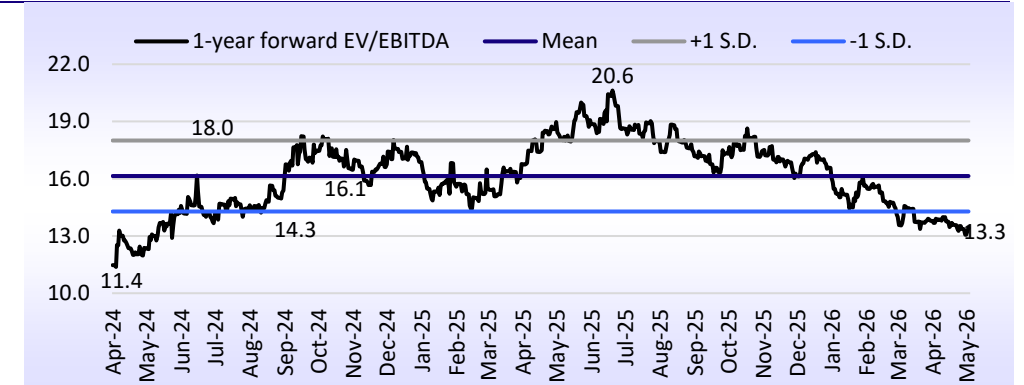


Exhibit 4: Our estimate changes

	FY26	FY27E	FY28E
Revenue consolidated (INRb)			
Old		104.9	115.6
New/Actuals	93.5	106.5	120.8
Change (%)		1.6	4.5
EBITDA consolidated (INRb)			
Old		58.1	66.3
New/Actuals	48.9	58.8	69.7
Change (%)		1.2	5.0
EBITDA margin consolidated (%)			
Old		55.4	57.4
New/Actuals	52.3	55.2	57.7
Change (bp)		-19	32
Net Income consolidated (INRb)			
Old		24.3	30.6
New/Actuals	17.1	24.5	32.2
Change (%)		0.8	5.1
Mobility			
EoP subs			
Old		28.7	29.2
New/Actuals	28.8	29.3	29.9
Change (%)		2.1	2.5
Consumer ARPU			
Old		274.5	296.8
New/Actuals	248.9	272.4	296.4
Change (%)		-0.8	-0.1
Mobility Revenue			
Old		99.9	108.6
New/Actuals	90.1	100.4	111.0
Change (%)		0.5	2.3
Mobility EBITDA			
Old		57.3	64.7
New/Actuals	49.4	57.5	65.7
Change (%)		0.3	1.5

Detailed review: 4QFY26

Muted 4Q; FY26 FCF generation at INR21b leading to ~INR16.6b reduction in net debt

- Overall, 4Q reported revenue at INR24.1b (+5% YoY, vs. our est. INR23.9b), grew 2.3% QoQ. Excluding ICR revenue from in-roamers, customer revenue grew 1.8% QoQ to ~INR22.8b.
- Overall, 3Q EBITDA grew ~1% QoQ to INR12.7b (+9.5% YoY, in line).
- Reported EBITDA margin contracted ~65bp QoQ to 52.5% (+150bp YoY, 60bp below our estimate), and remains significantly below 58.9% (up 20bp QoQ) for Bharti's India operations (ex-Indus).
- Reported EBITDAaL grew 2.7% QoQ to INR11.6b, with pre-IND AS EBITDA margin rising ~25bp QoQ to 47.9%. Incremental pre-IND AS EBITDA margin stood at ~58% (vs. ~62% in 3Q).
- Depreciation and amortization were flat QoQ at INR5.7b, while net finance cost declined ~35% QoQ (-42% YoY) to INR0.7b (31% below our est), resulting in ~5% beat on PBT of INR6.3b (+9% QoQ, +23% YoY).
- Adjusted PAT declined ~3% QoQ to INR4.66b (-1% YoY, vs. our est. of INR4.54b) due to the lower tax rate in the base quarter.
- BHL announced a dividend of INR18/share (vs. INR10/share YoY).
- For FY26, BHL generated FCF of INR21b, which led to a reduction in net debt (excl. leases) by ~INR16.6b

Reported capex surges; FCF moderates QoQ due to seasonal working capital build-up

- Similar to Bharti, BHL's 4Q reported capex surged 72% QoQ to INR5.86b (up 38% YoY, 43% above estimate), though cash capex moderated QoQ.
- Overall net debt (ex-leases) declined ~INR1.3b QoQ at INR20.3b (vs. INR36.9b YoY). Including the impact of leases, BHL's consolidated net debt stood at INR54.7b (vs. INR56b QoQ, INR72.6b YoY)
- Net debt (ex-leases) to EBITDAaL declined further to 0.44x (vs. 0.48x QoQ, versus 0.88x for Bharti's India SA business).
- Free cash flow (after leases and interest payments) moderated to INR1.5b (vs. INR6.6b QoQ), driven by seasonal working capital build-up (INR5.1b change QoQ) and higher interest payments (~INR1.3b higher QoQ likely due to AGR dues repayment).

Wireless: Muted 4Q with marginal ARPU decline due to two fewer days QoQ

- Wireless ARPU moderated 0.4% QoQ (vs. -0.6% QoQ for Airtel) to INR252 (+4% YoY, in line), due to two fewer days QoQ.
- Paying subscriber base inched up by ~370k (vs. 368k net adds QoQ and our est. ~345k net adds). BHL accounted for ~7.9% of Bharti's paying net adds (vs. ~7.7% share in Bharti's paying subs base).
- However, the subscriber mix continues to improve with 477k smartphone net adds QoQ. BHL's share of Bharti's 4G/5G net adds slightly improved to ~8.3% (vs. 5.5% QoQ and ~7.7% share of Airtel's 4G/5G subscriber base).

- The share of data subs in BHL's mix improved ~65bp QoQ to 79.2%, but remains below Airtel's at 80.1% (+35bp QoQ).
- Reported wireless revenue grew 1.6% QoQ to INR23.1b (+4% YoY, vs. our est. INR22.9b).
- Customer revenue grew ~1% QoQ (vs. ~3%/0.6% QoQ for R-Jio, including FTTH and Airtel's India wireless) to INR21.6b (+7% YoY).
- Wireless EBITDA at INR12.7b (+6% YoY, vs. our est. INR12.6b) was up 1.8% QoQ (vs. ~3% QoQ R-Jio, including FTTH/Airtel), but better than 0.9% QoQ growth for Airtel's India wireless business.
- Wireless EBITDA margins improved ~5bp QoQ to 55% (+115bp YoY, vs. -10bp QoQ to 54.3% for R-Jio), but were weaker than ~15bp QoQ improvement for Airtel's India wireless business to 60.6%.
- Incremental margins stood at ~59% (vs. 59%/84% for R-Jio and Bharti). On a YoY basis, incremental margin stood at ~86%
- Wireless capex almost doubled QoQ to INR4.3b (+18% YoY)

Homes and Offices: Robust growth driven by acceleration in subscriber base

- Homes BB subs base reached ~0.84m (+88% YoY) as net adds accelerated to 148k (vs. 134k QoQ and our est. of 75k). BHL accounted for ~13% of Airtel's Homes BB net adds (vs. ~5.9% share in Airtel's Homes BB subscriber base).
- Reported Homes ARPU was stable QoQ at INR482/month (-2% YoY, vs. ~1% QoQ dip for Airtel to INR527/month).
- Homes and Offices revenue was up ~21% QoQ to INR1.18b (+65% YoY, 9% above) and was better than ~9.5% QoQ growth for Airtel.
- Homes and Offices EBITDA at INR0.45b (8% above) rose ~28% QoQ (+92% YoY, vs. 10% QoQ growth for Airtel), as margins expanded ~225bp QoQ to 38.1% (+525bp YoY). Comparatively, Airtel's Home BB margins were largely stable QoQ at 50.2%.
- Capex in Homes Business surged ~28% QoQ to INR1.5b (up ~2.6x YoY).

Other highlights: Data engagement remains ahead of Airtel's India wireless business

- Data volume grew 9% QoQ (vs. 5% QoQ in 3QFY26, +6% QoQ R-Jio including FTTH and Airtel India).
- Data usage per sub improved to 34.2GB/month (vs. 32GB QoQ, 42.3GB reported by R-Jio, including FTTH and higher than 31.4GB for Airtel on a pan-India basis).
- Voice usage on the network grew ~1% QoQ (+2% QoQ in 3QFY26, +1% QoQ for R-Jio and Airtel), with minutes of usage (MoU) per subscriber moderating to 1,129 mins/month (vs. 1,135 mins QoQ, ~987 mins for R-Jio) though slightly lower vs. 1,150 mins for Airtel on a pan-India basis.
- Tower count increased by 170 QoQ (vs. an increase of 43 QoQ in 3QFY26) for 26.7k towers. Revenue per site grew ~1% QoQ to INR287.7k/month (+3% YoY, vs. flat QoQ at INR276.6k for Airtel).

Exhibit 5: Consolidated results summary

	4QFY25	3QFY26	4QFY26	YoY	QoQ	4QFY26E	vs est.
BHL							
Revenues	22,890	23,598	24,137	5.4	2.3	23,922	0.9
Access charges	2,468	1,770	1,861	(24.6)	5.1	1,750	6.3
License and spectrum fee	2,093	2,173	2,217	5.9	2.0	2,207	0.4
Network operating costs	4,756	5,216	5,173	8.8	(0.8)	5,334	(3.0)
Employee costs	431	306	333	(22.7)	8.8	354	(5.9)
SG&A expenses	1,464	1,589	1,881	28.5	18.4	1,570	19.8
Total costs	11,212	11,054	11,465	2.3	3.7	11,216	2.2
EBITDA	11,678	12,544	12,672	8.5	1.0	12,707	(0.3)
EBITDA margin (%)	51.0	53.2	52.5	148 bps	(66)bps	53.1	(62)bps
Depreciation and amortization	5,312	5,668	5,648	6.3	(0.4)	5,663	(0.3)
EBIT	6,366	6,876	7,024	10.3	2.2	7,043	(0.3)
EBIT margin (%)	27.8	29.1	29.1	129 bps	(4)bps	29.4	(34)bps
Net finance cost	1,234	1,095	716	(42.0)	(34.6)	1,040	(31.1)
PBT	5,132	5,781	6,308	22.9	9.1	6,003	5.1
Tax provision	448	953	1,595	256.0	67.4	1,465	8.9
Extraordinary items	-	91	246			-	
Reported net income	4,684	4,737	4,467	(4.6)	(5.7)	4,539	(1.6)
Adjusted net income	4,684	4,805	4,658	(0.6)	(3.1)	4,539	2.6
Reported EPS (INR)	7.6	9.5	8.9	17.5	(5.7)	9.1	(1.6)
Adjusted EPS (INR)	7.6	9.6	9.3	22.5	(3.1)	9.1	2.6
Costs as % of revenue							
Access charges	(10.8)	(7.5)	(7.7)	307 bps	(21)bps	(7.3)	(39)bps
License and spectrum fee	(9.1)	(9.2)	(9.2)	(4)bps	2 bps	(9.2)	4 bps
Network operating costs	(20.8)	(22.1)	(21.4)	(65)bps	67 bps	(22.3)	87 bps
Employee costs	(1.9)	(1.3)	(1.4)	50 bps	(8)bps	(1.5)	10 bps
SG&A expenses	(6.4)	(6.7)	(7.8)	(140)bps	(106)bps	(6.6)	(123)bps
Total costs	(49.0)	(46.8)	(47.5)	148 bps	(66)bps	(46.9)	(62)bps

Exhibit 6: Bharti Hexacom generated ~INR1.5b FCF (post-interest and leases) in 4QFY26

FCF, post-lease and interest payment	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	FY25	FY26
CF before WC changes	8,610	8,569	10,207	9,577	10,963	10,338	10,813	11,475	36,963	43,589
WC changes	4,475	1,826	631	1,932	2,474	937	1,388	(3,748)	8,864	1,051
Cashflow from operations	13,085	10,395	10,838	11,509	13,437	11,275	12,201	7,727	45,827	44,640
Lease payments	(755)	(750)	(1,004)	(953)	(914)	(966)	(929)	(807)	(3,462)	(3,616)
Capex in tangible assets	(4,728)	(5,252)	(4,025)	(11,167)	(2,956)	(4,220)	(4,119)	(3,533)	(25,172)	(14,829)
Paid finance cost	(1,728)	(1,661)	(671)	(1,335)	(625)	(1,647)	(599)	(1,940)	(5,395)	(4,811)
FCF, post lease and interest payment	5,874	2,732	5,138	(1,946)	8,942	4,442	6,554	1,447	11,798	21,384
Spectrum prepayments				8,576					8,576	0
Adjusted FCF post leases and interest	5,874	2,732	5,138	6,630	8,942	4,442	6,554	1,447	20,374	21,384

Exhibit 7: BHL's net debt (excl. leases) to EBITDAaL moderated to ~0.44x (vs. 1.08x YoY)

Debt and cash trends (INR m)	Mar-23	Sep-23	Mar-24	Sep-24	Mar-25	Sep-25	Mar-26
Reported gross debt	62,693	62,353	48,347	48,901	37,800	31,264	26,943
ST debt (inc. current maturities)	15,001	35,013	20,001	11,907	8,746	2,522	0
Deferred payment liabilities	27,693	27,340	28,346	36,994	29,054	28,742	26,943
Cash and Cash Equivalents	11,015	15,775	2,774	340	910	3,081	6,642
Cash and Cash Equivalents	555	463	398	334	171	212	330
Investments & Receivables	10,460	15,312	2,376	6	739	2,869	6,312
Net Debt excluding Lease Obligations	51,678	46,578	45,573	48,561	36,890	28,183	20,300
Lease Obligation	29,343	30,968	32,700	36,229	35,729	34,806	34,430
Net Debt including Lease Obligations	81,021	77,546	78,273	84,790	72,619	62,989	54,730
Net debt (including leases) to EBITDA	2.63	2.35	2.23	2.12	1.55	1.30	1.08
Net debt (excluding leases) to EBITDAaL			1.46	1.35	0.87	0.64	0.44

Source: Company, MOFSL

Exhibit 8: Segmental performance summary

	4QFY25	3QFY26	4QFY26	YoY	QoQ	4QFY26E	vs est
Segmental revenue (INR m)							
Wireless	22,249	22,718	23,089	3.8	1.6	22,942	0.6
Homes	709	972	1,172	65.3	20.5	1,073	9.2
Overall	22,890	23,598	24,137	5.4	2.3	23,922	0.9
Eliminations	(68)	(92)	(124)			(93)	
Segmental EBITDA (INR m)							
Wireless	11,969	12,471	12,691	6.0	1.8	12,580	0.9
Homes	233	349	447	91.8	28.1	414	8.0
Overall	11,678	12,544	12,672	8.5	1.0	12,707	(0.3)
Eliminations	(524)	(276)	(466)			(288)	
Segmental EBITDA margin (%)							
Wireless	53.8	54.9	55.0	117 bps	7 bps	54.8	13 bps
Homes	32.9	35.9	38.1	527 bps	225 bps	38.6	(44)bps
Overall	51.0	53.2	52.5	148 bps	(66)bps	53.1	(62)bps
Segmental Capex (INR m)							
Wireless	3,664	2,191	4,315	18	97	2,868	50
Homes	590	1,212	1,546	162	28	1,238	25
Overall	4,254	3,403	5,861	37.8	72.2	4,105	42.8

Source: Company, MOFSL

Exhibit 9: Key operational metrics

Operating metrics	4QFY25	3QFY26	4QFY26	YoY	QoQ	4QFY26E	vs est
Wireless							
Wireless ARPU	242	253	252	4.5	-0.3	252	0.2
EoP reported subs (m)	28.1	28.4	28.8	2.3	1.3	28.7	0.1
Net adds ('000)	515	368	370			345	7.1
EoP data subs (m)	21.6	22.3	22.8	5.6	2.1	22.8	0
Data net adds ('000)	530	276	478			472	1
Data subs proportion (%)	76.7	78.5	79.2	251 bps	65 bps	79.2	(5)bps
EoP 4G subs (m)	21.5	22.2	22.7	5.8	2.1	22.7	0
4G net adds (m)	710	283	477			487	-2
Data volume (m GBs)	1,808	2,171	2,365	30.9	9	2,248	5.2
Data usage per data sub (GB/month)	27.7	32	34.2	23.2	6.8	32.5	5.3
Average data realization (INR/GB)	12.6	10.7	10	-20.9	-6.8	10.4	-4.4
Voice usage on network (b mins)	95.3	95.9	96.8	1.6	1	97.5	-0.7
Minute of usage per sub (min/month)	1139	1135	1129	-0.8	-0.5	1137	-0.7
Network towers ('000)	26,497	26,572	26,742	0.9	0.6	26,617	0.5
MBB sites ('000)	90,740	93,472	94,397	4	1	-	
Revenue per tower (INR/month)	2,80,408	2,84,479	2,87,728	2.6	1.1	-	
Homes and offices							
Cities covered (#)	114	117	120	5.3	2.6	-	
Reported ARPU (INR/month)	490	483	482	-1.7	-0.2	480	0.4
Calculated ARPU (INR/month)	560	516	508	(9.3)	(1.5)	533	(4.6)
EoP reported subs (k)	448	695	843	88.1	21.3	709	18.9
Net adds ('000)	53	134	148			75	
Implied other revenue (INR m)	89	62	60	(32.3)	(3.1)	106	(43.6)

Note: BHL has restated its total MBB sites to include 5G BTS retrospectively from Sep'24

Source: Company, MOFSL

Exhibit 10: BHL's wireless customer revenue up 1.6% QoQ; roaming contribution weaker in a seasonally strong quarter

(INR m)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
Reported wireless revenue	18,604	20,433	21,931	22,249	21,916	22,385	22,718	23,089
Service revenue based on reported ARPU	16,881	18,707	19,820	20,194	20,794	21,142	21,418	21,642
Revenue from in-roamers	1,723	1,726	2,112	2,055	1,122	1,243	1,300	1,447
Implied ARPU (INR/month)	225	248	267	266	259	265	268	268
Reported ARPU (INR/month)	205	228	241	242	246	251	253	252
ARPU from in-roamers (INR/month)	20	21	25	24	13	14	15	16
Access charges	2,209	2,238	2,304	2,468	1,630	1,675	1,770	1,861
Access charges per wireless sub (INR/month)	27	27	28	30	19	20	21	22
Net impact from ICR/IUC (INR/month)	(6.6)	(6.7)	(2.9)	(5.3)	(6.7)	(5.9)	(6.2)	(5.8)

Source: Company, MOFSL

Exhibit 11: Key assumptions for BHL

	2022	2023	2024	2025	2026	2027E	2028E
Mobility business							
Paying subscriber base ('000s)	24,767	25,827	27,341	28,129	28,774	29,350	29,894
Net monthly additions ('000s)	(18)	88	126	66	54	48	45
Data subscribers ('000s)	15,382	17,333	19,773	21,565	22,782	24,071	25,116
Net monthly additions ('000s)	125	163	203	149	101	107	87
Wireless ARPU (INR/sub/month)	155	186	198	227	249	272	296
Change (%)	14.7	20.0	6.7	14.6	9.6	9.4	8.8
Data volumes (b MB)	3,582	4,354	5,272	6,698	8,572	10,454	12,586
Change (%)	42.5	21.6	21.1	27.0	28.0	22.0	20.4
Data consumption (MB/sub/month)	20,396	22,182	23,681	27,006	32,215	37,187	42,647
Change (%)	18.6	8.8	6.8	14.0	19.3	15.4	14.7
Voice traffic (b mins)	297	322	352	369	380	390	400
Change (%)	14.5	8.3	9.3	5.0	2.9	2.8	2.5
MOU (min/sub/month)	995	1,060	1,102	1,109	1,113	1,119	1,126
Change (%)	15.0	6.5	4.0	0.6	0.3	0.6	0.6
Homes and offices							
EoP subscriber base ('000s)	131	219	305	448	843	1,398	1,938
Net monthly additions ('000s)	5.1	7.3	7.2	11.9	32.9	46.3	45.0
Implied ARPU (INR/month)	683	599	542	482	450	472	497
Change (%)	(11.8)	(12.4)	(9.5)	(11.1)	(6.5)	5.0	5.3
Capex (INR m)							
Mobility (ex-spectrum)	8,320	14,563	18,970	22,745	10,174	12,057	12,771
as % of revenues	15.7	22.7	27.4	27.3	11.3	12.0	11.5
Overall (ex-spectrum)	8,745	15,162	20,235	24,889	15,211	20,382	20,871
as % of revenues	16.2	23.0	28.5	29.1	16.3	19.1	17.3
Overall (with spectrum)	8,745	29,939	20,235	37,968	15,211	20,382	20,871
as % of revenues	16.2	45.5	28.5	44.4	16.3	19.1	17.3

Source: Company, MOFSL

Exhibit 12: Segment-wise revenue, EBITDA, margin, and capex trends and forecasts

	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Segmental revenue (INR b)							
Mobility	53	65	69	83	90	100	111
Homes and offices	1	2	2	3	4	7	10
BHL	54	66	71	85	94	107	121
Eliminations	(0)	(0)	(0)	(0)	(0)	(1)	(1)
Segmental EBITDA (INR b)							
Mobility	19	28	34	43	49	58	66
Homes and offices	0	0	1	1	1	3	6
BHL	18	28	34	42	49	59	70
Eliminations	(1)	(1)	(1)	(2)	(2)	(2)	(2)
Segmental EBITDA margin (%)							
Mobility	35.0	44.0	49.4	51.6	54.8	57.3	59.1
Homes and offices	32.4	28.7	34.0	32.0	35.2	50.7	60.0
BHL	33.6	42.3	47.4	49.1	52.3	55.2	57.7
Segmental Capex (INR b)							
Mobility	8.3	14.6	19.0	22.7	10.2	12.1	12.8
Homes and offices	0.4	0.6	1.3	2.1	5.0	8.3	8.1
BHL	8.7	15.2	20.2	24.9	15.2	20.4	20.9
Capex to sales (%)							
Mobility	15.6	22.5	27.4	27.3	11.3	12.0	11.5
Homes and offices	39.5	38.8	61.4	85.0	132.3	124.5	78.6
BHL	16.2	23.0	28.5	29.1	16.3	19.1	17.3

Source: Company, MOFSL

Exhibit 13: For every INR10 change in ARPU, BHL's FY27E EBITDA changes by ~INR2.6b (or ~4.5%)

TP (INR/share)		FY27E wireless ARPU (INR)				
		252	262	272	282	292
	28.3	52.5	55.0	57.6	60.2	62.8
	28.8	53.0	55.6	58.2	60.8	63.4
FY27E Paying wireless subs (m)	29.3	53.6	56.2	58.8	61.5	64.1
	29.8	54.2	56.8	59.4	62.1	64.7
	30.3	54.7	57.4	60.1	62.7	65.4

Source: Company, MOFSL

Exhibit 14: Near-term growth likely to remain robust, driven by ~15% tariff hike in 2QFY27

FY26-29E	Bear	Base	Bull
Paying subs	1.6%	1.7%	1.6%
Wireless ARPU	6.4%	8.2%	10.0%
Wireless revenue (including in-roaming)	8.3%	10.0%	12.0%
Wireless EBITDA	10.1%	13.9%	15.2%

*Customer revenue expected to record ~10.3% CAGR over FY26-29E, in our base case

Exhibit 15: We model ~8.5% LT EBITDA growth driven largely by ~6% ARPU CAGR

FY26-36E	Bear	Base	Bull
Paying subs	1.0%	1.1%	1.0%
Wireless ARPU	4.7%	6.0%	7.2%
Wireless revenue (including in-roaming)	5.8%	7.2%	8.0%
Wireless EBITDA	6.7%	8.5%	9.7%

Exhibit 16: BHL's risk-reward analysis

	Base	Bear	Bull
BHL (INR/sh)			
Mobility	1,726	1,332	2,147
Homes and offices	161	124	201
BHL EV	1,887	1,457	2,348
Net debt (including leases)	72	77	72
Dividends	45	40	50
BHL equity value	1,860	1,420	2,325
<i>Upside/downside to CMP (%)</i>	23	-6	54

Exhibit 17: Summary of BHL's wireless business valuations and upside/downside skew, FY26-36E

	Base	Bear	Bull
BHL- wireless			
10-year subscriber CAGR	1.1%	1.0%	1.0%
10-year ARPU CAGR	6.0%	4.7%	7.2%
INR 300 ARPU achieved by	FY2029	FY2029	FY2028
10-yr revenue CAGR	7.2%	5.8%	8.0%
10-yr EBITDA CAGR	8.5%	6.7%	9.7%
Enterprise value (INR b)	863	666	1,074
<i>Implied Sep'27E EBITDA</i>	13.0	11.1	15.6
BHL wireless Enterprise Value (INR/share)	1,726	1,332	2,147
BHL SoTP-based Fair Value (INR/share)	1,860	1,420	2,325
<i>Upside/downside to CMP</i>	23%	-6%	54%

Exhibit 18: We ascribe INR863b (or INR1,726/share) valuation to BHL's mobility business (13x Mar'28 EBITDA)

	FY26	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E	FY36E	FY37E	FY38E
Assumptions													
Paying subscriber base (m)	28.8	29.3	29.9	30.3	30.7	31.0	31.3	31.6	31.8	32.0	32.2		
Net adds	0.6	0.6	0.5	0.41	0.35	0.33	0.30	0.28	0.25	0.23	0.20		
ARPU (INR/month)	249	272	296	316	336	356	376	395	412	429	444		
YoY	9.6	9.4	8.8	6.5	6.5	6.0	5.5	5.0	4.5	4.0	3.5		
DCF model													
EBITDA	49	58	66	73	79	85	91	97	102	107	112		
Adjusted tax expense	-5	-8	-11	-13	-14	-16	-17	-18	-19	-20	-21		
Change in working capital	1	1	1	1	1	1	1	1	1	1	1		
Operating cash flow	45	51	56	61	66	70	75	80	84	88	91		
Capital expenditure	-10	-12	-13	-13	-14	-14	-15	-15	-16	-16.8	-17.3		
Free cash flow	34	39	44	47	52	56	60	64	68	71	74	77	80
Discounted cash flow-now		36	37	36	36	35	34	33	31	30	28		
Discounted cash flow-1 year forward			40	40	39	39	37	36	34	33	31	29	
Discounted cash flow-2 year forward				44	44	43	41	40	38	36	34	32	30
		Now	Y+1	Y+2									
WACC (%)		10.5%	10.5%	10.5%									
Total PV of free cash flow		334	359	382									
Terminal value assumption													
Terminal growth rate (%)		4.0%	4.0%	4.0%									
FCF in terminal year		74	77	80									
Exit FCF multiple (X)		16.0	16.0	16.0									
Exit EV/EBITDA multiple (X)		10.5	11.0	11.4									
Terminal value		1,179	1,226	1,275									
PV of terminal value		445	463	481									
EV of mobility business (INR b)		779	821	863									
Implied EV/EBITDA		15.8	14.1	13.0									
Shares outstanding (m)		500	500	500									
EV/share for BHL's mobility (INR/share)		1,558	1,643	1,726									

Exhibit 19: For every INR10 change in ARPU, BHL's TP changes by ~INR78/share (~4.2%)

		FY27E wireless ARPU (INR)				
		252	262	272	282	292
FY27E Paying wireless subs (m)	28.3	1,671	1,747	1,823	1,900	1,976
	28.8	1,688	1,765	1,842	1,919	1,996
	29.3	1,704	1,782	1,860	1,938	2,015
	29.8	1,721	1,800	1,878	1,957	2,035
	30.3	1,738	1,817	1,896	1,975	2,054

Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	46,023	54,052	65,790	70,888	85,479	93,538	1,06,548	1,20,764
Change (%)		17.4	21.7	7.7	20.6	9.4	13.9	13.3
Access Charges	13,454	11,331	9,833	7,461	9,219	6,936	7,149	7,376
License Fee	4,379	5,718	6,329	6,520	7,824	8,642	9,802	11,110
Network Operating	14,279	14,862	15,863	16,849	19,047	20,911	22,023	22,925
Personnel	763	764	903	1,054	1,342	1,169	1,350	1,549
SG&A	1,410	1,993	3,067	3,692	4,073	3,731	3,924	4,325
Other Expenses	1,214	1,244	1,938	1,700	2,002	3,245	3,463	3,804
Total Expenditure	35,499	35,912	37,933	37,276	43,507	44,634	47,712	51,090
% of Sales	77.1	66.4	57.7	52.6	50.9	47.7	44.8	42.3
EBITDA	10,524	18,140	27,857	33,612	41,972	48,904	58,836	69,674
Margin (%)	22.9	33.6	42.3	47.4	49.1	52.3	55.2	57.7
Depreciation	12,852	14,410	15,533	17,392	20,945	22,132	23,519	25,122
EBIT	-2,328	3,730	12,324	16,220	21,027	26,772	35,317	44,552
Int. and Finance Charges	5,166	5,718	6,388	6,444	6,883	6,012	5,116	4,265
Other Income	1,020	888	1,402	2,487	1,818	2,238	2,500	2,750
PBT bef. EO Exp.	-6,474	-1,100	7,338	12,263	15,962	22,998	32,702	43,037
EO Items	3,417	-19,511	0	3,030	-2,126	337	0	0
PBT after EO Exp.	-9,891	18,411	7,338	9,233	18,088	22,661	32,702	43,037
Total Tax	448	1,665	1,846	4,189	3,152	5,329	8,231	10,832
Tax Rate (%)	-4.5	9.0	25.2	45.4	17.4	23.5	25.2	25.2
Reported PAT	-10,339	16,746	5,492	5,044	14,936	17,332	24,471	32,205
Adjusted PAT	-6,922	-2,765	5,492	9,115	11,896	17,104	24,471	32,205
Change (%)	NA	-60.1	-298.6	66.0	30.5	43.8	43.1	31.6
Margin (%)	-15.0	-5.1	8.3	12.9	13.9	18.3	23.0	26.7

Consolidated - Balance Sheet

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Total Reserves	17,360	34,105	39,595	43,887	56,821	69,152	84,623	1,01,827
Net Worth	19,860	36,605	42,095	46,387	59,321	71,652	87,123	1,04,327
Total Loans	59,752	71,983	62,693	48,346	37,799	26,943	16,943	6,943
Lease liabilities	17,983	18,701	29,343	32,700	35,729	34,430	33,745	33,754
Capital Employed	97,595	1,27,289	1,34,131	1,27,433	1,32,849	1,33,025	1,37,811	1,45,024
Net Fixed Assets	39,054	38,400	40,708	53,444	54,165	54,062	59,845	64,332
Intangibles	49,222	47,612	44,643	54,110	62,521	57,773	52,776	47,826
Capital WIP	707	641	19,360	4,445	2,973	4,761	2,973	2,973
Right of use assets	14,761	16,324	26,390	28,596	30,643	28,549	27,416	27,078
Total Investments	315	814	10,792	2,721	938	6,588	6,588	6,588
Other Non-Current Asset	11,984	11,017	11,574	9,764	8,563	8,074	7,314	6,705
Curr. Assets, Loans & Adv.	19,880	39,409	18,184	21,251	18,245	15,662	23,343	31,967
Account Receivables	1,429	20,958	1,489	4,446	1,083	1,084	1,084	1,084
Cash and Bank Balance	277	885	555	398	171	330	8,011	16,635
Other Current Asset	18,174	17,566	16,140	16,407	16,991	14,248	14,248	14,248
Curr. Liability & Prov.	43,830	30,542	37,620	45,779	45,564	44,110	44,110	44,110
Account Payables	22,240	14,952	14,406	14,848	15,860	16,063	16,063	16,063
Provisions	9,793	10,474	11,266	12,196	14,134	14,667	14,667	14,667
Other Current Liability	11,797	5,116	11,948	18,735	15,570	13,380	13,380	13,380
Net Current Assets	-23,950	8,867	-19,436	-24,528	-27,319	-28,448	-20,767	-12,143
Deferred Tax assets	14,112	12,526	10,878	10,843	14,462	15,037	15,037	15,037
Deferred Revenue	-8,610	-8,912	-10,778	-11,962	-14,097	-13,371	-13,371	-13,371
Appl. of Funds	97,595	1,27,289	1,34,131	1,27,433	1,32,850	1,33,026	1,37,811	1,45,025

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)								
EPS	-13.8	-5.5	11.0	18.2	23.8	34.2	48.9	64.4
Cash EPS	11.9	23.3	42.1	53.0	65.7	78.5	96.0	114.7
BV/Share	39.7	73.2	84.2	92.8	118.6	143.3	174.2	208.7
DPS	0.0	0.0	1.5	4.0	10.0	18.0	27.0	36.0
Payout (%)	0.0	0.0	13.7	39.7	33.5	51.9	55.2	55.9
Valuation (x)								
P/E	-109.1	-273.1	137.5	82.8	63.5	44.1	30.9	23.4
Cash P/E	127.3	64.8	35.9	28.5	23.0	19.2	15.7	13.2
P/BV	38.0	20.6	17.9	16.3	12.7	10.5	8.7	7.2
EV/Sales	18.1	15.6	12.9	11.8	9.7	8.7	7.5	6.5
EV/EBITDA	79.1	46.6	30.4	24.9	19.7	16.7	13.6	11.2
Dividend Yield (%)	0.0	0.0	0.1	0.3	0.7	1.2	1.8	2.4
Return Ratios (%)								
RoE	-34.9	-9.8	14.0	20.6	22.5	26.1	30.8	33.6
RoCE	NA	3.0	7.3	7.1	13.4	15.8	21.2	27.2
RoIC	NA	2.5	8.1	10.9	12.7	16.0	21.9	27.9
Working Capital Ratios								
Asset Turnover (x)	0.5	0.4	0.5	0.6	0.6	0.7	0.8	0.8
Debtor (Days)	11	142	8	23	5	4	4	3
Leverage Ratio (x)								
Net Debt/Equity	3.9	2.4	1.9	1.7	1.2	0.8	0.4	0.2

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	-9,891	18,411	7,338	9,233	18,088	22,661	32,702	43,037
Depreciation	12,852	14,410	15,533	17,392	20,945	22,132	23,519	25,122
Interest & Finance Charges	5,060	5,689	6,289	5,668	6,828	5,881	2,616	1,515
Direct Taxes Paid	-335	-148	-197	-174	-6,747	-7,332	-8,231	-10,832
(Inc)/Dec in WC	3,992	-25,988	21,980	697	8,863	1,051	760	608
CF from Operations	11,678	12,374	50,943	32,816	47,977	44,393	51,366	59,450
Others	-2,385	-6,078	-6,545	-5,641	-11,008	-8,180	-8,591	-7,705
CF from Operating incl EO	9,293	6,296	44,398	27,175	36,969	36,213	42,775	51,745
(Inc)/Dec in FA	-14,532	-13,338	-9,391	-20,477	-14,783	-14,377	-18,594	-20,871
Free Cash Flow	-5,239	-7,042	35,007	6,698	22,186	21,836	24,181	30,874
(Pur)/Sale of Investments	6,485	-471	-9,680	8,505	1,736	-5,354	0	0
Others	-778	-16	-1,238	421	-10,359	-371	2,500	2,750
CF from Investments	-8,825	-13,825	-20,309	-11,551	-23,406	-20,102	-16,094	-18,121
Issue of Shares								
Inc/(Dec) in Debt	-163	8,115	-24,428	-15,000	-11,790	-10,952	-10,000	-10,000
Interest Paid	-3,409	-2,823	-3,855	-5,356	-5,395	-4,812	-5,116	-4,265
Dividend Paid	0	0	0	-750	-2,000	-5,000	-9,000	-15,000
Others (Lease)	-2,470	-3,461	-2,831	-2,930	-3,462	-3,615	-3,475	-3,441
CF from Fin. Activity	-163	8,115	-24,428	-15,750	-13,790	-15,952	-19,000	-25,000
Inc/Dec of Cash	305	586	-339	-126	-227	159	7,681	8,624
Opening Balance	-28	277	863	524	398	171	330	8,011
Closing Balance	277	863	524	398	171	330	8,011	16,635
Less :- Bank overdraft	0	-22	-31	0	0	0	0	0
Net Closing Balance	277	885	555	398	171	330	8,011	16,635

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NOTES

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