

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Telecom	Rs 1634.45	Buy in Rs 1618-1650 band and add on dips in Rs 1455-1480 band	Rs 1785	Rs 1897	2-3 quarters

HDFC Scrip Code	BHAAIREQNR
BSE Code	532454
NSE Code	BHARTIARTL
Bloomberg	BHARTI IN
CMP Sept 13, 2024	1634.45
Equity Capital (Rs Cr)	2876.6
Face Value (Rs)	5.0
Equity Share O/S (Cr)	569.2
Market Cap (Rs Cr)	930,376.6
Book Value (Rs)	150.3
Avg. 52 Wk Volumes	6,684,147
52 Week High	1655.0
52 Week Low	896.0

Share holding Pattern % (June, 2024)	
Promoters	53.2
Institutions	43.8
Non Institutions	2.9
Total	100



**HDFCsec Retail research
stock rating meter**

for details about the ratings, refer at the end of the report
* Refer at the end for explanation on Risk Ratings

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Our Take:

Bharti Airtel Ltd. (BAL) is a global telecommunication service provider with over 568 million customers as of June 30, 2024 across 16 countries in Asia and Africa. BAL is the largest integrated communications solutions provider in India and the second-largest mobile operator in Africa. Airtel's retail portfolio includes high-speed 4G/5G mobile broadband, Airtel Xstream Fiber with convergence across linear and on-demand entertainment, streaming services spanning music and video, digital payments and financial services. For enterprise customers, Airtel offers a gamut of solutions that include secure connectivity, cloud and data centre services, cyber security, internet of things (IoT), ad tech and cloud-based communication. Over the years, Bharti Airtel has expanded its spectrum holding by acquiring spectrum through auctions.

Bharti Airtel has the highest Average revenue per user (ARPU) for India mobile services in the industry and has benefitted the most from tariff hikes in the last 4 years. Over FY20-FY24, Bharti Airtel experienced a 54% increase in average revenue per user. BAL's ARPU continued to be best in industry in Q1FY25, on QoQ basis, it increased to Rs 211 in Q1FY25 vs. Rs 209 in Q4FY24. Recent tariff hikes of 10-21% on average, could boost the average revenue per user (ARPU) and will help to generate high incremental EBITDA margin and free cash flow to support future investments. Bharti is looking to achieve its target ARPU of Rs 300 in the near to medium future and remains poised to benefit from the tariff hike in the month of July and likely a second hike in FY26.

The company has robust operational performance, supported by the continued rising proportion of high ARPU data, increasing data-usage of around 23.7 GB per user per month in Q1FY25 vs. 22.6 GB per user per month in Q4FY24, minutes of usage stood to 1195 bn in Q1FY25 vs. 1,210 bn in Q4FY24 and industry-leading ARPU of Rs 211 vs. Rs 209 in Q4FY24. Additionally, BAL strengthened its spectrum footprint further by acquiring the rights to use the 5G spectrum across various bands, enabling it to offer low latency and high-quality 5G offerings to enterprises and high-value retail customers. The company has also renewed its spectrum which was expiring in 2024 and purchased additional spectrum in recent spectrum auctions concluded in June 2024 to strengthen its mid-band spectrum.

Valuation & Recommendation:

BAL has established its market position in the Indian telecom industry and engaged in diversified telecom and allied services with a leading market share across the segments. The company continues to report strong revenue growth and EBITDA backed by continued healthy growth in the Indian mobility business as indicated by increasing revenue market share and subscriber market share, along with growing home services and enterprise business.

BAL is in a strong position to gain from the industry's average revenue per user growth of 50% over the next four-five years, supported by an attractive market structure with two strong players and two weak players, along with favorable regulations. However, full-fledged mobile