

2QFY27 was an eventful quarter for all telecom operators, with Bharti Airtel (Bharti) withdrawing low-value prepaid plans, a consortium of lenders led by SBI agreeing to provide \$3.5bn debt funding to Vodafone Idea (Vi), and Reliance Jio (RJio) progressing on its planned listing. While Bharti withdrew its low-value plans, there was no follow up by other players and we are still awaiting tariff increase by the sector. Consequently, we build in 2.3%, 2.3%, and 1.0% qoq ARPU increase for Bharti, Bharti Hexacom (Hexacom), and RJio, respectively. On the other hand, Vi has conducted a rebranding exercise and is offering complementary international roaming for certain packs to boost the high-end subscriber base. Subscriber addition for the industry is steady, but Vi has now started seeing gain in subscriber base. We maintain BUY on Indus Towers (Indus) with TP of Rs475. Indus is currently trading at 6.0x FY28E EV/EBITDA. Bharti's India business and Hexacom trade at 11.3x and 10.3x FY28E EV/EBITDA. We maintain REDUCE Bharti/Hexacom and TP of Rs2,000/1,600, respectively.

Bharti ARPU premiumization at play

We expect 3.1% qoq revenue growth for **Bharti**, with stable EBITDA margin. Bharti withdrew four prepaid plans (of Rs299, Rs579, Rs619, and Rs649), which offered lower data allowance (1-2GB per day) to upgrade customers to higher-value packs. With this, we build in 2.3% qoq ARPU increase for Bharti and Hexacom to Rs270 and Rs265, respectively. Consensus continues to cut FY28 ARPU for Bharti – it now stands at Rs304, vs Rs306 after the 1QFY27 results. We expect 2mn qoq subscriber addition, taking the total subscriber base to Rs378mn. We estimate EBITDA margin will be stable at 56.8% for Bharti Airtel. We build in 70bps qoq margin improvement for Bharti Hexacom to 53.4%.

Air Africa business, we build in 3% qoq subscriber growth at 195mn and a 1.0% qoq ARPU increase driving 22% yoy revenue growth. We expect EBITDA margin to improve by 20bps to 48.3%. Airtel Africa remains a major long-term growth driver for Bharti due to low smartphone and low broadband connection penetration (45%) in Africa. Airtel Money has filed for an IPO in London and is in the process of listing on 14-Oct-26, targeting valuation of \$7bn to raise \$703mn. We do not anticipate any material change in Bharti's valuation as a result of Airtel Africa contributing only 10.6% of overall value. Airtel Africa, the holding company of Airtel Money, will continue holding the controlling stake (78%).

Indus Towers: Large customer renewal a key overhang

We build in 3.1% yoy revenue growth for Indus Towers. We estimate 2,500/3,300 tower/tenancy additions, leading to the number of towers increasing to 270k cumulatively and a stable tenancy ratio of 1.62x. We anticipate EBITDA margin to improve by 100bps to 54.2%, supported by normalization of energy margin to -4.0% from -4.6% in 1QFY27. The street is concerned about the renewal of towers of a large customer; we will watch for management commentary on this. The company is also relying on its Africa foray for acceleration in overall growth which would be a key monitorable.

Outlook and valuations

Unlike global valuations, Indian telecom operators trade at a premium to tower companies. Hence, Indian tower companies (like Indus Towers) provide an attractive risk-reward – 6x/5.6x FY28E/FY29E EV/EBITDA. We maintain BUY rating on Indus Towers with TP of Rs475. The street continues to rationalize its ARPU estimates, which have come down 4.4% over the last year. Bharti Airtel's India business trades at 11.34x/10.4x FY28E/FY29E implied EV/EBITDA, while Bharti Hexacom trades at 10.3x/9.9x FY28E/FY29E, respectively. We maintain REDUCE on Bharti and Hexacom with TP of Rs2,000 and Rs1,600, respectively.

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2QFY27 Preview Estimates

Exhibit 1: 2QFY27 preview estimates

Bharti Airtel	2QFY27	1QFY27	2QFY26	qoq	yoy	Comments
Net Sales (Rs mn)	60,377	58,539	52,145	3.1%	15.8%	We expect 3.1% qoq revenue growth in the India business due to tariff increase led by cancellation of low-value plans. EBITDA margin is expected to be steady at 56.8%. We expect the Africa business to continue reporting superior growth on the back of subscriber addition and ARPU improvement.
EBITDA (Rs mn)	34,284	33,303	29,561	2.9%	16.0%	
EBITDA margin	56.8%	56.9%	56.7%	-11bps	9bps	
EBIT (Rs mn)	20,068	19,068	16,379	5.2%	22.5%	
EBIT margin	33.2%	32.6%	31.4%	66bps	183bps	
PAT (Rs mn)	11,670	9,903	8,570	17.8%	36.2%	
Bharti Hexacom	2QFY27	1QFY27	2QFY26	qoq	yoy	Comments
Net Sales (Rs mn)	25,931	25,099	23,173	3.3%	11.9%	We expect 3%/7.9% qoq revenue growth in the mobile/homes business. Mobile services growth is expected to be driven by ARPU improvement, while homes business growth will be driven by subscriber addition. EBITDA margin is expected to expand by 70bps to 53.4%.
EBITDA (Rs mn)	13,847	13,222	12,081	4.7%	14.6%	
EBITDA margin	53.4%	52.7%	52.1%	72bps	126bps	
EBIT (Rs mn)	7,949	7,297	6,538	8.9%	21.6%	
EBIT margin	30.7%	29.1%	28.2%	158bps	244bps	
PAT (Rs mn)	5,547	4,824	4,212	15.0%	31.7%	
Indus Towers	2QFY27	1QFY27	2QFY26	qoq	yoy	Comments
Net Sales (Rs mn)	84,435	84,311	81,882	0.1%	3.1%	We expect revenue to grow 3.1% yoy. However, a sequential decline in fuel will help improve EBITDA margin sequentially by 100bps but see a decline of 170bps on yoy basis (writeback of provision in 2QFY26). EBIT margins to improve 150bps sequentially due to operational leverage.
EBITDA (Rs mn)	45,742	44,819	45,728	2.1%	0.0%	
EBITDA margin	54.2%	53.2%	55.8%	102bps	-167bps	
EBIT (Rs mn)	27,200	25,883	27,720	5.1%	-1.9%	
EBIT margin	32.2%	30.7%	33.9%	151bps	-164bps	
PAT (Rs mn)	18,353	17,500	18,400	4.9%	-0.3%	
Reliance Jio	2QFY27	1QFY27	2QFY26	qoq	yoy	Comments
Net Sales (Rs mn)	3,51,589	3,42,120	3,18,570	2.8%	10.4%	We see 2.8% qoq and 10.5% yoy growth, driven by 10mn subscriber additions and 1% qoq ARPU improvement. We build in 20bps qoq improvement in EBITDA and EBIT margin.
EBITDA (Rs mn)	1,92,848	1,87,090	1,72,750	3.1%	11.6%	
EBITDA margin	54.9%	54.7%	54.2%	20bps	70bps	
EBIT (Rs mn)	1,20,921	1,17,100	1,08,840	3.3%	11.1%	
EBIT margin	34.4%	34.2%	34.2%	20bps	20bps	
PAT (Rs mn)	73,170	71,670	69,720	2.1%	4.9%	

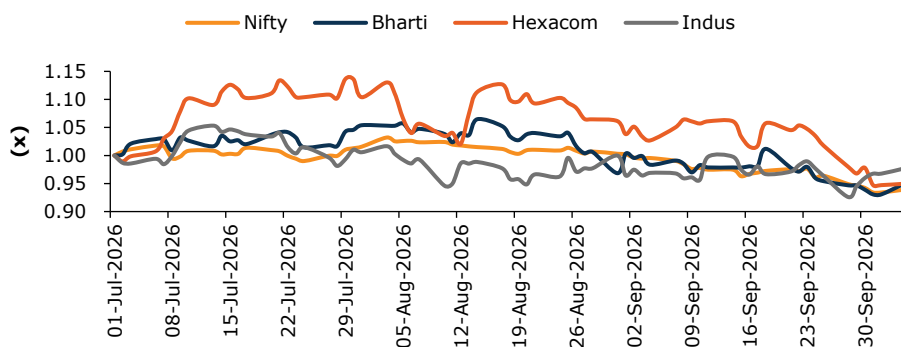
Source: Company, Emkay Research

Exhibit 2: Telecom companies under our coverage – Valuations

				PER (x)			EV/EBITDA (x)		
	Rating	TP (Rs)	CMP (Rs)	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Bharti Airtel	REDUCE	2000	1,770	28.03	24.53	21.39	8.93	8.04	7.26
Bharti Hexacom	REDUCE	1600	1,381	29.97	23.50	20.34	13.53	11.88	10.82
Indus Towers	BUY	475	381	13.38	11.95	10.99	6.23	5.83	5.45

Source: Company, Emkay Research

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Exhibit 3: Telecom companies – Price performance

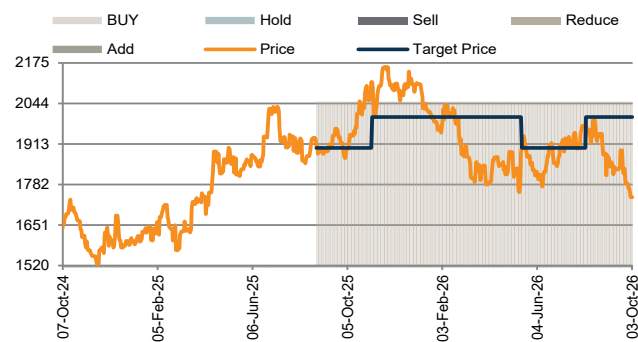
Source: Company, Bloomberg, Emkay Research; Note: Prices indexed to 1

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BHARTI AIRTEL**RECOMMENDATION HISTORY - DETAILS**

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
05-Aug-26	1,978	2,000	Reduce	Pranav Kshatriya
15-May-26	1,905	1,900	Reduce	Pranav Kshatriya
26-Mar-26	1,835	2,000	Reduce	Pranav Kshatriya
07-Feb-26	2,038	2,000	Reduce	Pranav Kshatriya
05-Nov-25	2,113	2,000	Reduce	Pranav Kshatriya
26-Aug-25	1,905	1,900	Reduce	Pranav Kshatriya

Source: Company, Emkay Research

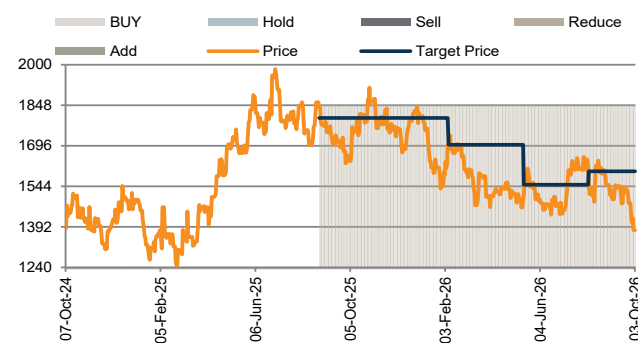
RECOMMENDATION HISTORY - TREND

Source: Company, Bloomberg, Emkay Research

BHARTI HEXACOM**RECOMMENDATION HISTORY - DETAILS**

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
05-Aug-26	1,553	1,600	Reduce	Pranav Kshatriya
14-May-26	1,510	1,550	Reduce	Pranav Kshatriya
26-Mar-26	1,583	1,700	Reduce	Pranav Kshatriya
07-Feb-26	1,700	1,700	Reduce	Pranav Kshatriya
05-Nov-25	1,873	1,800	Reduce	Pranav Kshatriya
26-Aug-25	1,840	1,800	Reduce	Pranav Kshatriya

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND

Source: Company, Bloomberg, Emkay Research

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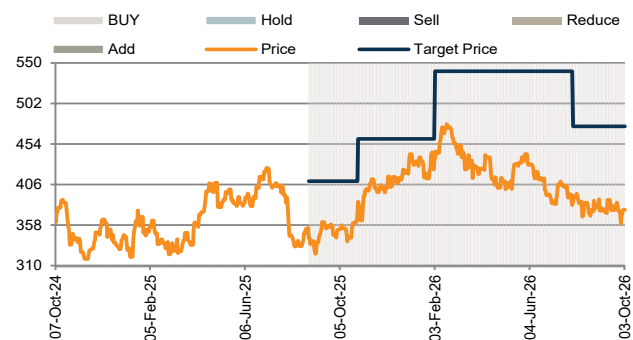
INDUS TOWERS

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
29-Jul-26	386	475	Buy	Pranav Kshatriya
03-May-26	410	540	Buy	Pranav Kshatriya
26-Mar-26	428	540	Buy	Pranav Kshatriya
03-Feb-26	439	540	Buy	Pranav Kshatriya
28-Oct-25	386	460	Buy	Pranav Kshatriya
03-Sep-25	324	410	Buy	Pranav Kshatriya
26-Aug-25	343	410	Buy	Pranav Kshatriya

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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