

Indus Towers

Estimate changes 

TP change 

Rating change 

CMP: INR369

TP: INR400 (+9%)

Neutral

Core performance in line; FCF generation picks up

Bloomberg	INDUSTOW IN
Equity Shares (m)	2638
M.Cap.(INRb)/(USD\$b)	970.7 / 11.3
52-Week Range (INR)	461 / 206
1, 6, 12 Rel. Per (%)	13/-8/52
12M Avg Val (INR M)	6857

Financials & Valuations (INR b)

INR b	FY24	FY25E	FY26E
Net Sales	286.0	300.4	320.8
EBITDA	145.6	208.7	169.4
Adj. PAT	60.4	60.3	63.7
EBITDA Margin (%)	50.9%	69.5%	52.8%
Adj. EPS (INR)	22.4	22.8	24.1
EPS Gr. (%)	151.1	2.0	5.6
BV/Sh. (INR)	100.3	127.9	131.9

Ratios

Net D:E	0.2	0.0	-0.1
RoE (%)	25.1	19.6	18.2
RoCE (%)	23.0	26.0	20.8

Valuations

EV/EBITDA (x)	7.1	4.6	5.6
P/E (x)	16.4	16.1	15.2
P/BV (x)	3.7	2.9	2.8
Div. Yield (%)	0.0	5.4	5.4

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	50.0	53.0	69.0
DII	17.8	17.0	7.1
FII	26.2	24.2	20.8
Others	6.0	5.8	3.2

FII includes depository receipts

- Indus Towers' (Indus) 3QFY25 reported financials were ahead of our estimates, largely due to the higher-than-estimated reversal of prior-period bad debt provisions (INR30.2b vs. our estimate of INR12.5b).
- Operationally, the core performance was in line, with Indus' recurring EBITDA rising 4% QoQ to INR39.3b (+8% YoY) as tower/tenancy additions picked up, while ARPT remained stable QoQ.
- Given significant prior-period collections and moderation in capex, Indus' 9M FCF was robust at ~INR60b (of which INR27.5b was used for buyback).
- Further, with the clearance of pending bad debt provisions in 4Q, we expect Indus' FCF to sustain at elevated levels, which should enable the company to declare INR20+/share as dividend for FY25.
- According to media reports, the GoI is considering a partial waiver of telcos' AGR dues. If the waiver is approved, we expect Vi's debt raise to close, which should be positive for Indus as well, as it: 1) helps sustain 100% collections, and 2) improves comfort on incremental business from Vi's network expansions with minimal capex.
- Our FY25-26 estimates are broadly unchanged. We continue to assume ~INR20b bad debt provisions from FY27.
- We maintain a **Neutral rating on Indus** with a **revised DCF-based TP of INR400 (bull: INR480, bear: INR340)**.

In-line core operational performance

- Consolidated reported revenue was up ~1% QoQ to INR75.5b (+5% YoY, ~2% miss).
- Service revenue at INR48b (+2% QoQ, +8% YoY) was in line with our estimate.
- Energy reimbursements at INR27.3b (-1% QoQ, flat YoY) were ~6% below our estimate on lower power and fuel expenses.
- Consolidated reported EBITDA was up 43% QoQ to INR69.6b (1.94x YoY) and was 34% ahead of our estimate, largely on higher prior-period reversals.
- Adjusted service EBITDA at INR40b (+3% QoQ, +8% YoY) was broadly in line with our estimate.
- Energy spreads further recovered QoQ to negative INR944m (vs. INR1.35b loss QoQ), but was marginally higher than our estimate of loss of INR750m.
- Indus reversed a bad debt provision of INR30.2b in 3QFY25 (vs. bad debt provision reversals of INR10.8b QoQ and provisions of INR640m YoY), which was higher than our estimate of INR12.5b. This was driven by the company recognizing ~INR19b in 3Q (though the payment was received after Dec'24).
- Adjusted for bad-debt provision reversals, recurring EBITDA at INR39.3b (+4% QoQ, +8% YoY) was in line with our estimate.
- Reported PAT at INR40b (+80% QoQ, 2.6x YoY) was 66% above our estimate, largely due to higher provision reversal.

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- Recurring PAT at INR17.4b (+23% QoQ, +10% YoY) was ~18% above our estimate, driven by higher other income (largely on payment of INR1.8b interest receivables by Vi), lower depreciation, and lower tax rate on tax reversals pertaining to favorable court judgments.

Net tower adds improve QoQ; ARPT broadly stable QoQ

- Net macro tower adds improved to 4,985 QoQ (though lower than our estimate of 5,500; vs. 3,748 net adds in 2Q).
- Indus also added 132 net leaner towers QoQ (vs. 182 QoQ).
- For the third successive quarter, net macro tenancy additions were higher than tower adds at 7,583 (though lower than our estimate of 9,500; vs. 4,308 net adds in 2Q).
- The end-period tenancy ratio was stable QoQ at 1.65X as the incremental tenancy ratio improved to ~1.52X (vs. ~1.1X QoQ).
- Reported sharing revenue per macro tenant (ARPT) at INR41.4k (+0.7% QoQ, flat YoY) was broadly in line with our estimate.

Receivables temporarily rise QoQ; net debt (ex-leases) moderates

- Receivables increased sharply by ~INR16.9b QoQ to INR73.2b, likely due to the company accounting for the INR19.1b payment made by Vi in Jan'25.
- The company reversed ~INR30.2 in bad debt provisions, implying a net surplus collection of ~INR13.3b during 3QFY25 (vs. ~INR27b in 1H).
- Over the past few quarters, Indus has recovered INR52.5b toward past dues from Vi, with prior period bad debt provisions now at modest ~INR5.3b (vs. INR35.5b/INR53.9b at Sep'24/Mar'24).
- In addition, Vi has also paid INR1.8b toward interest on overdues in 3QFY25 (INR2.05b in 9MFY25).
- Reported capex further moderated ~19% QoQ to INR12.3b (vs. INR15.2b QoQ) on account of INR6.6b write-back pertaining to Input Tax Credit.
- Net debt including lease liabilities declined ~11% QoQ to INR189b (vs. ~INR210b QoQ); net debt excluding lease liabilities declined to modest ~INR10b (vs. ~INR37b QoQ).
- Indus' reported 3Q FCF improved to INR26.6b (from INR33.1b in 1H). Its 9MFY25 FCF stood at ~INR60b due to the collection of prior-period dues and a moderation in capex.

Highlights from the management commentary

- **Tower/tenancy additions:** Tower and tenancy additions improved due to a pick-up in rollouts by Bharti and Vi. The order book is likely to remain healthy for the next 3-4 quarters and management expects to maintain a dominant share in Vi's network rollouts.
- **Prior-period due collections and receivables:** Indus reversed bad debt provision of INR30b during 3Q, while receivables temporarily increased and has subsequently normalized on receipt of payments from Vi. Outstanding bad debt provisions stood at modest ~INR5b.
- **Dividends:** Management reiterated that its dividend policy remains linked to FCF generation and it will take a call on reinstating dividends at FY25-end, based on FY25 FCF generation.

- **EV charging:** Management indicated that Indus will opt for a measured approach in its EV foray and would look to leverage its expertise in providing space, power, and O&M solutions in the EV charging space.

Valuation and view

- According to media reports, Gol is considering a partial waiver of telcos' AGR dues. If the waiver is approved, we expect Vi's debt raise to close, which should be positive for Indus as well, as it: 1) helps sustain 100% collections, and 2) improves comfort on incremental business from Vi's network expansions at minimal capex.
- An AGR waiver would be a near-term positive for Vi as well as Indus. However, we remain concerned about long-term risks from the shortfall in Vi's payments, given its large cash shortfall (INR200b+ annually over FY27-31E).
- We build in modest bad debt provisions of ~INR20b (25% of Vi's annual service rentals) over FY27-31 (NPV impact of ~INR27/share) in our base case.
- Our FY25-27 estimates are broadly unchanged. We value Indus on a DCF-based TP of INR400 (implies ~8x FY27E EBITDA). We **maintain our Neutral rating on the stock.**

Quarterly Performance

Y/E March (Consolidated)	FY24				FY25E				FY24	FY25E	FY25E	(INR b) Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3QE	
Revenue from operations	71	71	72	72	74	75	75	76	286	300	77	-2.3
YoY Change (%)	2.6	-10.5	6.4	6.5	4.3	4.7	4.8	6.2	0.8	5.0	7.4	
Total Expenditure	36	37	36	31	29	26	6	31	140	92	25	-76.9
Provisions / (reversals)	1	1	1	-4	-8	-11	-30	-5	-1	-54	-13	
Recurring EBITDA	36	36	36	37	37	38	39	40	145	155	39	0.0
EBITDA	35	34	36	41	45	49	70	45	146	209	52	34.3
YoY Change (%)	53.8	21.7	208.3	18.6	29.4	42.2	94.1	11.6	50.6	43.4	44.6	
Depreciation	14	15	16	16	16	16	16	17	61	64	16.3	-3.7
Interest	4	2	0	1	4	4	3	4	7	15	4	-40.0
Other Income	1	1	1	1	1	1	1	1	4	3	1	-16.2
PBT before EO expense	18	17	21	25	26	30	52	25	81	133	32	61.6
Extra-Ord expense	0	0	0	0	-8	-11	-30	-5	0	-54	-13	
PBT	18	17	21	25	18	19	22	20	81	80	20	10.9
Tax	5	5	5	6	7	8	12	6	21	33	8	
Rate (%)	25.5	25.9	25.8	25.5	25.7	25.4	23.3	25.2	25.7	24.6	25.2	
Reported PAT	13	13	15	19	19	22	40	19	60	101	24	65.7
Adj PAT	13	13	15	19	14	14	17	15	60	60	15	17.5
YoY Change (%)	182.4	48.5	-550.9	32.4	0.7	9.5	13.0	-18.4	151.1	-0.1	-3.9	

E: MOFSL Estimates

Indus Towers - Quarterly results (INR m)

	3QFY24	2QFY25	3QFY25	QoQ	YoY	3QFY25E	vs est
Service revenues	44,795	47,078	48,165	2.3	7.5	48,048	0.2
Energy reimbursements	27,195	27,575	27,309	(1.0)	0.4	29,237	(6.6)
Exit / one-off revenue	-	-	-			-	
Reported revenue	71,990	74,653	75,474	1.1	4.8	77,285	(2.3)
Power and fuel	(27,956)	(28,925)	(28,253)	(2.3)	1.1	(29,987)	(5.8)
Employee expenses	(1,985)	(2,073)	(2,167)	4.5	9.2	(2,104)	3.0
Other costs	(5,568)	(5,783)	(5,714)	(1.2)	2.6	(5,874)	(2.7)
Bad debt provision reversals	(641)	10,766	30,241	180.9		12,500	
Total operating costs	(36,150)	(26,015)	(5,893)	(77.3)	(83.7)	(25,465)	(76.9)
EBITDA	35,840	48,638	69,581	43.1	94.1	51,820	34.3
Service EBITDA	37,242	39,222	40,284	2.7	8.2	40,070	0.5
Energy EBITDA	(761)	(1,350)	(944)	(30.1)	24.0	(750)	25.9
One-offs (Exit revenue/provision write-offs)	(641)	10,766	30,241			12,500	
D&A	(15,957)	(15,801)	(15,685)	(0.7)	(1.7)	(16,288)	(3.7)
EBIT	19,883	32,837	53,896	64.1	171.1	35,533	51.7
Net finance costs and other income	882	(3,036)	(1,708)	(43.7)	(293.7)	(3,243)	(47.3)
PBT	20,765	29,801	52,188	75.1	151.3	32,290	61.6
Provision for taxes	(5,360)	(7,566)	(12,156)			(8,127)	
Recurring PAT	15,885	14,179	17,403	22.7	9.6	14,809	17.5
EO items	(641)	10,766	30,241			12,500	
Reported PAT	15,405	22,235	40,032	80.0	159.9	24,162	65.7
# of shares	2,638	2,638	2,638			2,638	
Recurring EPS (INR/share)	6.0	5.4	6.6	22.7	9.6	5.6	17.5
Core operational performance analysis							
Revenue	71,990	74,653	75,474	1.1	4.8	77,285	(2.3)
EBITDA	36,481	37,872	39,340	3.9	7.8	39,320	0.0
EBIT	20,524	22,071	23,655	7.2	15.3	23,033	2.7
PBT	21,406	19,035	21,947	15.3	2.5	19,790	10.9
PAT	15,885	14,180	17,403	22.7	9.6	14,809	17.5
Key operating metrics							
Total towers (#)	2,11,775	2,29,658	2,34,643	2.2	10.8	2,35,658	(0.4)
Total tenants (#)	3,60,679	3,79,236	3,86,819	2.0	7.2	3,89,236	(0.6)
Tenancy ratio (end-period)	1.70	1.65	1.65			1.65	
Sharing revenue per operator (INR/month)	41,454	41,125	41,426	0.7	(0.1)	41,188	0.6
Sharing revenue per tower (INR/month)	71,166	68,080	68,349	0.4	(4.0)	68,840	(0.7)
Margins (%)							
Overall EBITDA	49.8	65.2	92.2	2,704 bps	4,241 bps	67.1	2,514 bps
Service EBITDA (inc. one-offs)	83.1	83.3	83.6	32 bps	50 bps	83.4	24 bps
EBIT	27.6	44.0	71.4	2,742 bps	4,379 bps	46.0	2,543 bps
PAT	22.1	19.0	23.1	406 bps	99 bps	19.2	390 bps
Effective tax rate	25.8	25.4	23.3			25.2	

Source: MOFSL, Company

Key metrics

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	QoQ	YoY
Consolidated financials (INR m)									
Service revenues	43,345	43,389	44,795	45,785	46,366	47,078	48,165	2.3	7.5
Energy reimbursements	27,414	27,936	27,195	26,147	27,464	27,575	27,309	(1.0)	0.4
Gross revenues	70,759	71,325	71,990	71,932	73,830	74,653	75,474	1.1	4.8
EBITDA	34,795	34,215	35,840	40,716	45,041	48,638	69,581	43.1	94.1
EBIT	21,054	18,959	19,883	25,071	29,436	32,837	53,896	64	171
PBT	18,103	17,467	20,765	24,889	25,918	29,801	52,188	75	151
Reported PAT	13,479	12,947	15,405	18,531	19,259	22,235	40,032	80	160
pre Ind-AS 116 EBITDA	27,484	26,877	28,156	32,688	36,372	40,629	60,955	50	116
Total capex	22,134	22,897	26,528	25,416	18,819	15,176	12,260	(19)	(54)
Maintenance capex	2,806	2,996	3,111	3,385	2,598	2,979	2,902	(2.6)	(6.7)
Operating FCF = Ind-AS 116 adj. EBITDA - capex	5,350	3,980	1,628	7,272	17,553	25,453	48,695	91	2,891
Adjusted funds from operations (AFFO)	24,678	23,881	25,045	29,303	33,774	37,650	58,053	54	132
Operating metrics									
EoP macro towers (#)	1,98,284	2,04,212	2,11,775	2,19,736	2,25,910	2,29,658	2,34,643	2.2	10.8
QoQ macro tower net adds	5,410	5,928	7,563	7,961	6,174	3,748	4,985		
EoP macro colocations (#)	3,47,879	3,53,462	3,60,679	3,68,588	3,74,928	3,79,236	3,86,819	2.0	7.2
QoQ macro colocation net adds (#)	5,048	5,583	7,217	7,909	6,340	4,308	7,583		
Macro colocation exits (#)	(518)	(840)	(655)	(429)	(310)	(239)	(328)		
QoQ macro colocation gross addition (#)	5,566	6,423	7,872	8,338	6,650	4,547	7,911		
Tenancy ratio (end-period, s)	1.75	1.73	1.70	1.68	1.66	1.65	1.65		
EoP leaner colocations (#)	7,854	8,643	9,994	10,686	11,178	11,360	11,492	1	15
QoQ leaner colocations added	936	789	1,351	692	492	182	132		

Exhibit 1: Valuation based on Mar'27E

DCF summary (in INR m)	Mar'27
Discount rate (%)	11.5%
Terminal growth rate (%)	2.5%
Present value of FCF	4,74,430
Present value of Terminal value	4,56,102
Enterprise value	9,30,533
Implied EV/EBITDA on FY27 (x)	7.9
Net debt (ex-leases)	-19,311
Equity value	9,49,844
Equity value (INR/share)	360
TP (including dividends, INR/share)	400
CMP (INR/share)	369
Upside (%)	9%

Source: MOFSL, Company

Exhibit 2: Revisions to our estimates

	FY25E	FY26E	FY27E
Revenue (INR b)			
Old	304.2	330.3	352.1
Actual/New	300.4	320.8	341.8
Change (%)	-1.3	-2.9	-2.9
EBITDA (INR b)			
Old	207.2	172.5	164.9
Actual/New	208.7	169.4	163.5
Change (%)	0.7	-1.8	-0.9
EBITDA margin (%)			
Old	68.1	52.2	46.8
Actual/New	69.5	52.8	47.8
Change (%)	135bps	57bps	97bps
PAT (INR b)			
Old	57.8	63.5	70.0
Actual/New	60.3	63.7	68.9
Change (%)	4.3	0.2	-1.5
EPS (INR)			
Old	21.9	24.1	26.5
Actual/New	22.8	24.1	26.1
Change (%)	4.3	0.2	-1.5

Source: MOFSL, Company



Highlights from the management commentary

- **Tower/tenancy additions:** Tower and tenancy additions improved due to a pick-up in rollouts by Bharti and Vi. The order book remains healthy for the next 3-4 quarters and management expects to maintain a dominant share in Vi's network rollouts.
- **Prior-period due collections and receivables:** Indus reversed bad debt provision of INR30b during 3Q, while receivables temporarily increased and has subsequently normalized on the receipt of payments from Vi. Outstanding bad debt provisions stood at modest ~INR5b.
- **Dividends:** Management reiterated that its dividend policy remains linked to FCF generation and it will take a call on reinstating dividends at FY25-end, based on FY25 FCF generation.
- **EV charging:** Management indicated that Indus will opt for a measured approach in its EV foray and would look to leverage its expertise in providing space, power, and O&M solutions in the EV charging space.
- **ARPT movement:** Despite second tenancies on a few towers and related discounts, Indus' ARPT remained stable (up ~0.6% QoQ). Management attributed this to the impact of better seasonality. Further, in general, ARPT benefits from 5G loadings and annual escalation, but these gains are offset by a change in the mix (lower capex, lower rental towers) and renewal discounts.
- **Energy under-recoveries:** Energy under-recoveries were lower QoQ in 3Q on account of lower diesel usage. Further, management indicated that revenue from solarization accrues under service rentals, which makes energy under-recoveries appear higher.
- **Energy efficiency initiatives:** Indus has been taking several steps to reduce the overall diesel consumption (-8% YoY in 3Q and -7% YoY in FY24). The company deployed additional ~3k solar sites in 3Q (~28.5k overall solar sites) to further reduce diesel consumption.
- **Lower capex:** Despite higher tower/tenancy adds QoQ, Indus' capex declined QoQ due to differences in procurement timelines. Further, the company had written back ~INR6.6b on the decapitalization of the Input Tax Credit.

Exhibit 3: Energy under-recoveries declined marginally to INR0.9b in 3QFY25

	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
Energy Reimbursements	31,821	25,902	25,030	27,414	27,936	27,195	26,147	27,464	27,575	27,309
Power and Fuel	-27,177	-26,220	-25,596	-28,264	-28,554	-27,956	-26,725	-29,006	-28,925	-28,253
Energy Spread	4,644	-318	-566	-850	-618	-761	-578	-1,542	-1,350	-944
Energy EBITDA margins (%)	14.6%	-1.2%	-2.3%	-3.1%	-2.2%	-2.8%	-2.2%	-5.6%	-4.9%	-3.5%

Source: MOFSL, Company

Exhibit 4: Quarterly per tenant model (INR/tenant/month)

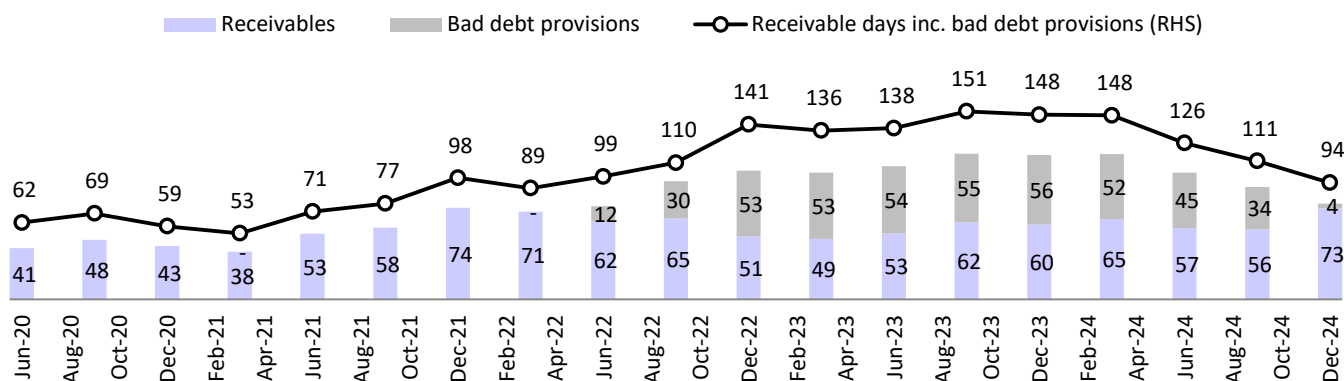
Per tenant model	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
Rentals	41,369	40,607	41,168	41,472	40,920	41,454	41,435	41,094	41,125	41,426
Energy	26,015	25,485	24,458	26,460	26,555	25,387	23,903	24,625	24,376	23,766
Exit revenue and one-offs	11,356	470	359	365	324	363	420	479	491	490
Revenue	78,740	66,562	65,985	68,296	67,799	67,204	65,757	66,199	65,992	65,682
Power and fuel	(26,861)	(25,798)	(25,011)	(27,280)	(27,142)	(26,098)	(24,431)	(26,008)	(25,569)	(24,587)
Employee	(1,934)	(1,968)	(1,905)	(1,786)	(1,860)	(1,853)	(1,857)	(1,767)	(1,832)	(1,886)
Other expenses	(22,159)	(27,357)	(5,525)	(5,646)	(6,273)	(5,796)	(2,249)	1,962	4,405	21,345
Repairs and Maintenance	(3,296)	(3,339)	(3,331)	(3,240)	(3,325)	(3,363)	(3,230)	(3,221)	(3,387)	(3,143)
Other expenses	(1,348)	(1,453)	(1,721)	(1,235)	(1,352)	(1,483)	(2,038)	(1,260)	(1,342)	(1,490)
CSR	(12)	(228)	(134)	(331)	(327)	(351)	(283)	(369)	(383)	(339)
Provisions and writeoffs	(17,500)	(22,336)	(339)	(840)	(1,269)	(598)	3,302	6,812	9,517	26,318
Total costs	(50,955)	(55,123)	(32,441)	(34,712)	(35,275)	(33,747)	(28,536)	(25,813)	(22,997)	(5,128)
EBITDA	27,785	11,439	33,544	33,584	32,523	33,457	37,221	40,386	42,995	60,554
Adj. core EBITDA	17,276	11,282	33,738	34,040	32,787	33,805	37,330	41,289	43,697	60,885
Adj. energy EBITDA	(846)	(313)	(553)	(820)	(587)	(710)	(528)	(1,383)	(1,193)	(822)
Depreciation and Amortization	(12,915)	(13,359)	(12,900)	(13,263)	(14,502)	(14,896)	(14,302)	(13,992)	(13,968)	(13,650)
on assets	(7,919)	(8,448)	(8,053)	(8,239)	(9,142)	(9,759)	(8,788)	(8,447)	(8,709)	(8,391)
on leases	(4,996)	(4,911)	(4,847)	(5,023)	(5,360)	(5,137)	(5,514)	(5,545)	(5,259)	(5,259)
EBIT	14,870	(1,920)	20,644	20,321	18,022	18,561	22,919	26,394	29,027	46,904
Interest cost (net)	(471)	212	527	(66)	1,499	3,712	2,859	(165)	281	1,568
Interest on leases	(2,785)	(2,811)	(2,671)	(2,783)	(2,917)	(2,888)	(3,026)	(2,989)	(2,965)	(3,055)
PBT	11,613	(4,519)	18,500	17,473	16,603	19,385	22,753	23,239	26,344	45,417
PAT	8,617	(2,119)	13,671	13,010	12,307	14,381	16,940	17,268	19,655	34,838
Ind-AS adjusted EBITDA	20,454	3,869	26,103	26,196	25,221	25,933	29,599	32,243	35,533	52,707

Source: MOFSL, Company

Exhibit 5: Quarterly per tower model (INR/tower/month)

Per tower model	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
Rentals	74,530	72,919	73,477	73,231	71,301	71,166	70,027	68,562	68,080	68,349
Energy	46,868	45,765	43,652	46,723	46,271	43,583	40,396	41,085	40,353	39,212
Exit revenue and one-offs	20,458	843	641	644	565	623	709	800	813	808
Revenue	1,41,855	1,19,528	1,17,770	1,20,597	1,18,138	1,15,372	1,11,132	1,10,446	1,09,245	1,08,369
Power and fuel	(48,392)	(46,327)	(44,639)	(48,171)	(47,295)	(44,803)	(41,289)	(43,392)	(42,328)	(40,567)
Employee	(3,485)	(3,534)	(3,401)	(3,153)	(3,241)	(3,181)	(3,138)	(2,949)	(3,034)	(3,111)
Other expenses	(39,922)	(49,126)	(9,860)	(9,970)	(10,930)	(9,951)	(3,801)	3,273	7,292	35,217
Repairs and Maintenance	(5,938)	(5,997)	(5,945)	(5,721)	(5,794)	(5,774)	(5,458)	(5,373)	(5,608)	(5,186)
Other expenses	(2,429)	(2,610)	(3,071)	(2,182)	(2,355)	(2,547)	(3,444)	(2,102)	(2,221)	(2,458)
CSR	(21)	(410)	(239)	(585)	(570)	(603)	(479)	(616)	(634)	(560)
Provisions and writeoffs	(31,528)	(40,109)	(605)	(1,483)	(2,211)	(1,027)	5,580	11,365	15,755	43,422
Total costs	(91,798)	(98,986)	(57,900)	(61,295)	(61,466)	(57,935)	(48,227)	(43,067)	(38,070)	(8,461)
EBITDA	50,057	20,541	59,869	59,303	56,671	57,438	62,905	67,379	71,176	99,908
Adj. core EBITDA	31,123	20,260	60,216	60,108	57,130	58,034	63,088	68,886	72,338	1,00,455
Adj. energy EBITDA	(1,524)	(562)	(987)	(1,449)	(1,024)	(1,220)	(893)	(2,307)	(1,976)	(1,355)
Depreciation and Amortization	(23,267)	(23,989)	(23,024)	(23,419)	(25,269)	(25,573)	(24,171)	(23,344)	(23,123)	(22,521)
on assets	(14,266)	(15,170)	(14,373)	(14,549)	(15,930)	(16,754)	(14,851)	(14,093)	(14,417)	(13,844)
on leases	(9,001)	(8,818)	(8,651)	(8,870)	(9,339)	(8,819)	(9,320)	(9,251)	(8,706)	(8,678)
EBIT	26,790	(3,447)	36,845	35,883	31,402	31,865	38,734	44,035	48,053	77,387
Interest cost (net)	(849)	380	940	(116)	2,612	6,372	4,833	(275)	465	2,587
Interest on leases	(5,018)	(5,048)	(4,766)	(4,914)	(5,083)	(4,958)	(5,114)	(4,988)	(4,908)	(5,040)
PBT	20,922	(8,115)	33,019	30,854	28,931	33,278	38,452	38,772	43,610	74,934
PAT	15,524	(3,806)	24,400	22,973	21,445	24,688	28,630	28,811	32,538	57,480
Ind-AS adjusted EBITDA	36,850	6,947	46,589	46,258	43,947	44,521	50,023	53,795	58,822	86,962

Exhibit 6: Receivables temporarily increased while bad debt provisions moderated sharply in 3QFY25



Source: MOFSL, Company

Exhibit 7: Annual per tower model (INR/tower/month)

Per tower model	2020	2021	2022	2,023	2,024	2025E	2026E	2027E
Rentals	72,850	74,973	75,118	73,657	70,990	68,356	68,689	69,673
Energy	46,284	44,529	46,209	45,817	43,904	39,793	38,606	38,725
Exit revenue and one-offs	73,994	3,372	5,350	5,560	633	809	828	854
Revenue	1,93,127	1,22,874	1,26,676	1,25,034	1,15,527	1,08,958	1,08,122	1,09,252
Power and fuel	(71,746)	(45,866)	(46,918)	(46,657)	(45,038)	(41,366)	(39,870)	(39,923)
Employee	(5,784)	(3,676)	(3,529)	(3,410)	(3,160)	(3,034)	(2,988)	(3,004)
Other expenses	(20,473)	(10,648)	(8,128)	(32,372)	(8,530)	11,138	(8,181)	(14,082)
Repairs and Maintenance	(6,643)	(6,910)	(6,155)	(5,950)	(5,651)	(5,361)	(5,175)	(5,080)
Other expenses	(7,854)	(2,969)	(1,781)	(2,604)	(2,634)	(2,430)	(2,411)	(2,407)
CSR	(632)	(769)	(193)	(433)	(555)	(600)	(595)	(601)
Provisions and writeoffs	-	-	-	(23,384)	309	19,530	-	(5,995)
Total costs	(98,002)	(60,191)	(58,575)	(82,440)	(56,728)	(33,262)	(51,039)	(57,009)
EBITDA	95,125	62,684	68,101	42,594	58,799	75,696	57,084	52,243
Adj. core EBITDA	46,594	60,649	63,460	37,874	59,300	76,460	57,520	52,587
Adj. energy EBITDA	(25,462)	(1,337)	(709)	(840)	(1,134)	(1,573)	(1,264)	(1,199)
Depreciation and Amortization	(39,205)	(25,555)	(24,338)	(23,454)	(24,478)	(23,101)	(23,941)	(24,234)
on assets	(8,863)	(17,210)	(15,710)	(14,684)	(15,439)	(14,231)	(14,811)	(14,988)
on leases	(4,064)	(8,413)	(8,628)	(8,771)	(9,039)	(8,870)	(9,130)	(9,247)
EBIT	55,920	37,129	43,763	19,140	34,321	52,595	33,143	28,009
Interest cost (net)	346	(308)	(240)	56	3,479	752	678	633
Interest on leases	(2,191)	(4,975)	(4,992)	(4,869)	(4,991)	(4,976)	(5,146)	(5,212)
PBT	54,075	31,846	38,531	14,327	32,809	48,371	28,675	23,430
Ind-AS 116 adjusted EBITDA	88,871	49,296	54,481	28,954	44,769	61,850	42,808	37,785

Exhibit 8: Indus trades in-line with its LT 1-year forward EV/EBITDA of ~7.5X

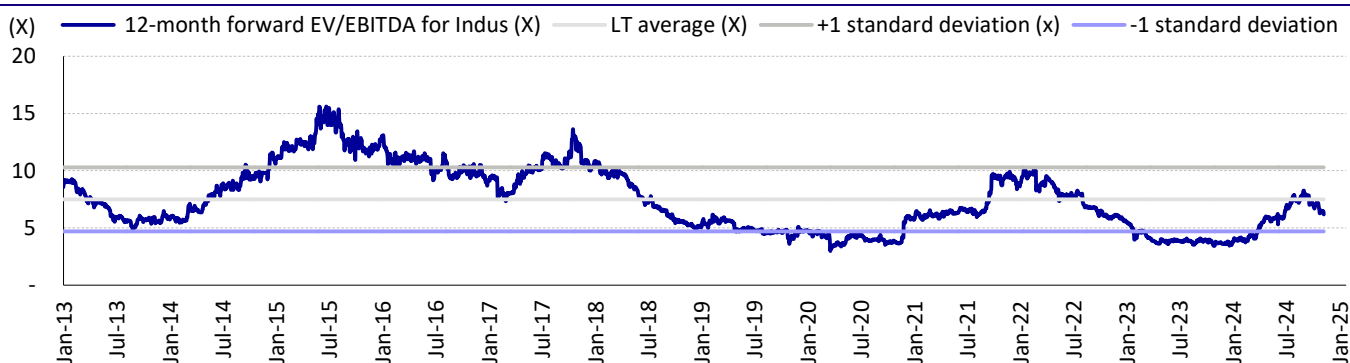


Exhibit 9: Annual per tenant model (INR/tenant/month)

Per tenant model	2020	2021	2022	2,023	2,024	2025E	2026E	2027E
Rentals	39,298	41,209	41,617	41,063	41,173	41,110	41,379	41,460
Energy	24,967	24,475	25,601	25,542	25,464	23,932	23,257	23,044
Exit revenue and one-offs	1,59,657	7,413	11,855	12,399	1,468	1,946	1,994	2,033
Revenue	1,04,179	67,537	70,181	69,704	67,004	65,528	65,134	65,012
Power and fuel	(38,702)	(25,210)	(25,993)	(26,011)	(26,121)	(24,878)	(24,018)	(23,757)
Employee	(3,120)	(2,021)	(1,955)	(1,901)	(1,833)	(1,825)	(1,800)	(1,787)
Other expenses	(11,043)	(5,853)	(4,503)	(18,047)	(4,947)	6,698	(4,928)	(8,380)
Repairs and Maintenance	(3,583)	(3,798)	(3,410)	(3,317)	(3,278)	(3,224)	(3,118)	(3,023)
Other expenses	(4,237)	(1,632)	(986)	(1,451)	(1,527)	(1,461)	(1,452)	(1,432)
CSR	(341)	(422)	(107)	(242)	(322)	(361)	(358)	(358)
Provisions and writeoffs	-	-	-	(13,036)	179	11,745	-	(3,567)
Total costs	(52,865)	(33,083)	(32,452)	(45,959)	(32,901)	(20,004)	(30,746)	(33,924)
EBITDA	51,313	34,454	37,729	23,746	34,102	45,524	34,388	31,088
Adj. core EBITDA	25,134	33,335	35,158	21,114	34,393	45,983	34,651	31,293
Adj. energy EBITDA	(13,735)	(735)	(393)	(468)	(658)	(946)	(761)	(713)
Depreciation and Amortization	(21,148)	(14,046)	(13,484)	(13,075)	(14,197)	(13,893)	(14,422)	(14,421)
on assets	(4,781)	(9,459)	(8,704)	(8,186)	(8,954)	(8,558)	(8,922)	(8,919)
on leases	(2,192)	(4,624)	(4,780)	(4,889)	(5,243)	(5,335)	(5,500)	(5,502)
EBIT	30,165	20,408	24,246	10,670	19,906	31,631	19,965	16,667
Interest cost (net)	187	(169)	(133)	31	2,018	452	409	377
Interest on leases	(1,182)	(2,734)	(2,766)	(2,715)	(2,895)	(2,993)	(3,100)	(3,101)
PBT	29,170	17,504	21,347	7,987	19,029	29,091	17,274	13,942
Ind-AS 116 adjusted EBITDA	47,940	27,096	30,184	16,142	25,965	37,197	25,788	22,484

Exhibit 10: FY2027E EBITDA and FCF in different scenarios of provision write-offs

Indus Towers sensitivity	Bull case	Base case	Bear case
Vi's shortfall (as % of service rentals)	-	25%	50%
FY2027E Service revenue (INR bn)	229	221	219
Bad debt provisions (INR bn)	-	(19)	(38)
as % of service revenue (%)	-	9	17
FY2027E pre Ind-AS EBITDA (INR bn)	143	118	100
change vs base case (%)	21		(16)
FY2027E FCFF (INR bn)	66	45	40
Implied FCF yield at CMP (%)	6.8%	4.7%	4.1%
Implied Exit EV/EBITDA	8.6	7.7	6.7
Implied FY2027E EV/EBITDA	8.7	8.8	8.8
Implied FV	480	400	340
Upside (downside) to CMP	31%	9%	-7%

Source: MOFSL, Company

Exhibit 11: Near-term outlook robust on Vi's network rollouts

FY2024-27E CAGR	Bull	Base	Bear
Net tenancy adds	8.1%	7.0%	6.2%
ARPT	0.6%	0.2%	0.2%
Service revenue	9.0%	7.6%	7.4%
pre Ind-AS EBITDA	8.8%	2.2%	-3.4%
without provisions	9.0%	7.6%	7.7%

Source: MOFSL, Company

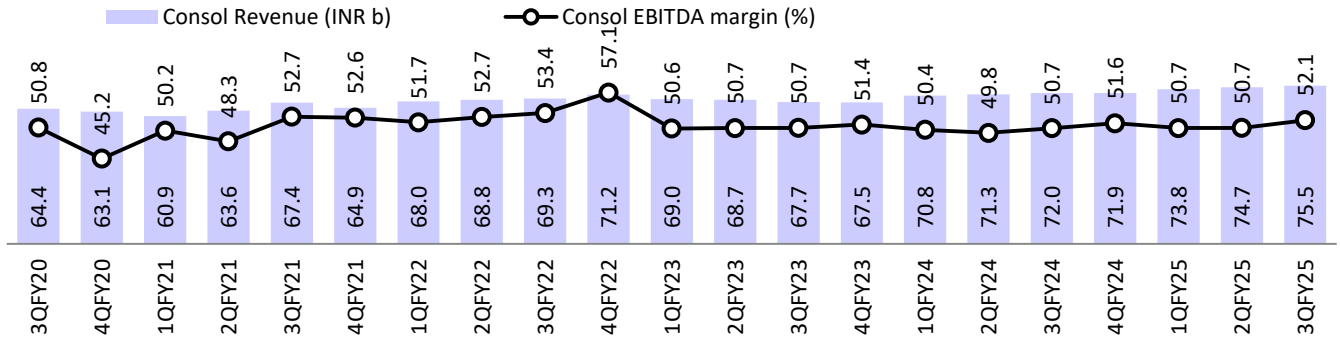
Exhibit 12: Longer term growth likely to be modest ~3-4%

FY2024-34E CAGR	Bull	Base	Bear
Net tenancy adds	3.9%	3.1%	2.6%
ARPT	0.3%	0.2%	0.2%
Service revenue	5.1%	4.0%	3.4%
pre Ind-AS EBITDA	4.5%	3.3%	2.7%

Source: MOFSL, Company

Story in charts

Exhibit 13: Consolidated revenue increased 1% QoQ, while core EBITDA margin expanded ~140bp QoQ



*Revenue & EBITDA in 1QFY23-2QFY25 were adjusted after provisioning for Vi and one-off.

Exhibit 14: Rental revenue up 2% QoQ

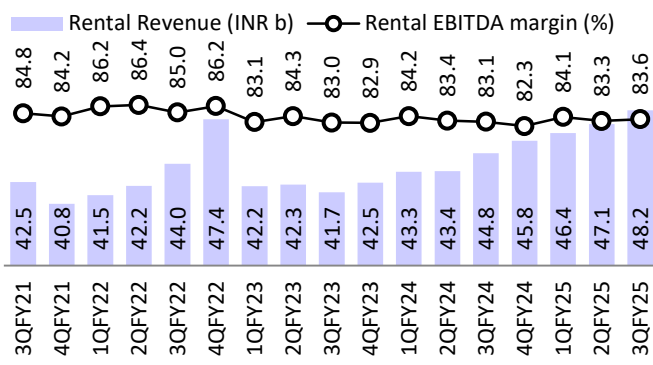


Exhibit 15: Energy revenue declined 1% QoQ

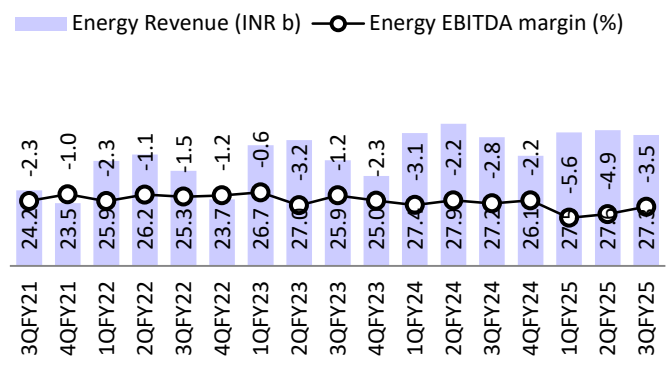


Exhibit 16: Average sharing factor moderated QoQ

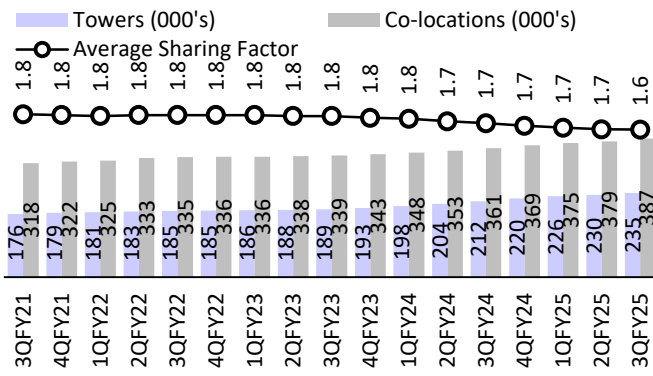


Exhibit 17: Sharing revenue per operator (ARPT) increased QoQ

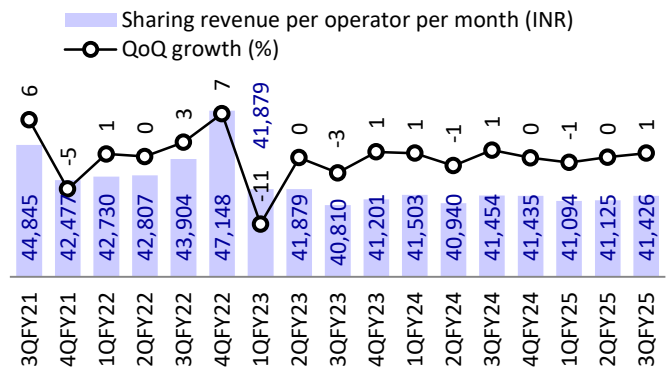


Exhibit 18: Tower additions increased QoQ

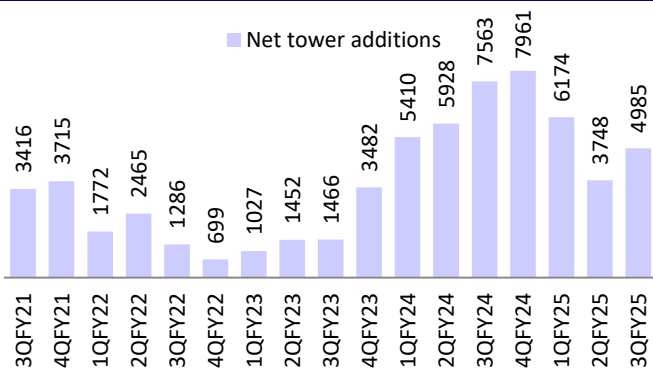
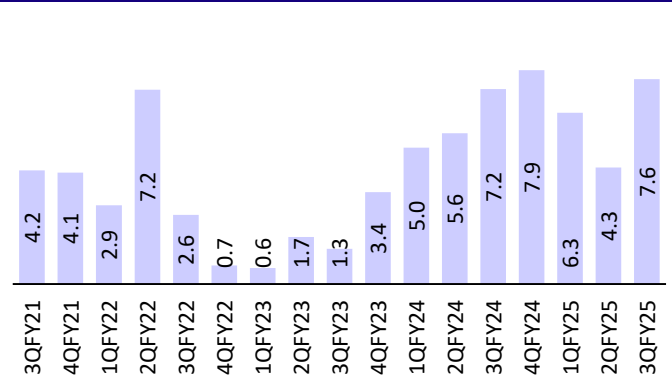


Exhibit 19: Tenancy adds higher than tower adds (in '000s)



Source: MOFSL, Company

Source: MOFSL, Company

Financials and valuations

Consolidated - Income Statement								(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Total Income from Operations	2,55,624	2,56,729	2,77,172	2,83,818	2,86,006	3,00,380	3,20,781	3,41,831
Change (%)	75.3	0.4	8.0	2.4	0.8	5.0	6.8	6.6
Power and fuel	96,737	95,831	1,02,658	1,05,908	1,11,499	1,14,040	1,18,287	1,24,913
Employee benefits expenses	7,028	7,681	7,722	7,741	7,823	8,364	8,866	9,398
Other Expenses	25,991	22,248	17,785	73,483	21,118	-30,705	24,271	44,061
Total Expenditure	1,29,756	1,25,760	1,28,165	1,87,132	1,40,440	91,698	1,51,423	1,78,372
% of Sales	50.8	49.0	46.2	65.9	49.1	30.5	47.2	52.2
EBITDA	1,25,868	1,30,969	1,49,007	96,686	1,45,566	2,08,682	1,69,357	1,63,459
Margin (%)	49.2	51.0	53.8	34.1	50.9	69.5	52.8	47.8
Depreciation	52,710	53,394	53,252	53,239	60,599	63,686	71,029	75,825
EBIT	73,158	77,575	95,755	43,447	84,967	1,44,996	98,328	87,634
Int. and Finance Charges	11,953	14,021	14,973	14,539	7,354	18,403	19,126	19,450
Other Income	2,777	2,983	3,525	3,613	3,611	6,759	5,871	5,123
PBT bef. EO Exp.	63,982	66,537	84,307	32,521	81,224	1,33,351	85,073	73,307
EO Items	0	0	0	-4,928	0	-53,840	0	18,757
PBT after EO Exp.	63,982	66,537	84,307	27,593	81,224	79,511	85,073	92,064
Total Tax	13,712	16,786	20,576	7,193	20,862	32,785	21,413	18,451
Tax Rate (%)	21.4	25.2	24.4	26.1	25.7	41.2	25.2	20.0
Reported PAT	50,270	49,751	63,731	20,400	60,362	1,00,566	63,660	54,856
Adjusted PAT	50,270	49,751	63,731	24,043	60,362	60,277	63,660	68,892
Change (%)	99.8	-1.0	28.1	-62.3	151.1	-0.1	5.6	8.2
Margin (%)	19.7	19.4	23.0	8.5	21.1	20.1	19.8	20.2

Consolidated - Balance Sheet								(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	26,949	26,949	26,949	26,949	26,949	26,381	26,381	26,381
Total Reserves	1,50,132	1,31,821	1,94,556	1,84,146	2,43,439	3,18,173	3,29,070	3,31,164
Net Worth	1,77,081	1,58,770	2,21,505	2,11,095	2,70,388	3,44,554	3,55,452	3,57,545
Total Loans	76,372	69,703	54,868	47,126	43,118	28,118	21,118	14,118
Lease liabilities	1,29,275	1,34,119	1,42,392	1,44,723	1,62,192	1,79,657	1,88,657	1,95,857
Deferred Tax Liabilities	795	703	918	-19,469	-18,471	-10,756	-10,756	-10,756
Capital Employed	3,83,523	3,63,295	4,19,683	3,83,475	4,57,227	5,41,573	5,54,470	5,56,764
Net Fixed Assets	2,19,574	2,15,892	2,09,051	2,11,954	2,66,625	2,93,271	3,10,594	3,15,744
Capital WIP	2,928	2,736	1,787	3,546	4,219	4,219	4,219	4,219
Right of use assets	99,603	1,02,110	1,09,210	1,11,882	1,26,377	1,43,842	1,52,842	1,60,042
Total Investments	39,382	22,714	16,521	2,756	28	28	28	28
Curr. Assets, Loans&Adv.	1,01,604	1,05,985	1,43,107	1,16,117	1,42,956	1,85,305	1,75,262	1,68,610
Account Receivables	34,529	38,285	70,586	48,687	64,507	53,492	52,731	56,191
Cash and Bank Balance	2,825	145	9,802	224	631	37,880	40,401	27,903
Loans and Advances	64,250	67,555	62,719	67,206	77,818	93,933	82,130	84,516
Curr. Liability & Prov.	79,568	86,142	59,993	62,780	82,978	85,092	88,475	91,879
Account Payables	33,454	32,588	21,293	21,219	22,797	23,943	25,569	27,247
Other Current Liabilities	31,300	37,407	20,967	22,147	37,849	38,817	40,574	42,300
Provisions	14,814	16,147	17,733	19,414	22,332	22,332	22,332	22,332
Net Current Assets	22,036	19,843	83,114	53,337	59,978	1,00,213	86,787	76,731
Appl. of Funds	3,83,523	3,63,295	4,19,683	3,83,475	4,57,227	5,41,573	5,54,470	5,56,764

E: MOFSL Estimates

Financials and valuations

Ratios								
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)								
EPS	18.7	18.5	23.6	8.9	22.4	22.8	24.1	26.1
Cash EPS	38.2	38.3	43.4	28.7	44.9	47.0	51.1	54.9
BV/Share	65.7	58.9	82.2	78.3	100.3	127.9	131.9	132.7
DPS	7.2	20.1	11.0	0.0	0.0	20.0	20.0	12.0
Payout (%)	44.8	126.4	54.0	0.0	0.0	52.5	82.9	57.7
Valuation (x)								
P/E	19.7	19.9	15.6	41.2	16.4	16.1	15.2	14.1
Cash P/E	9.6	9.6	8.5	12.8	8.2	7.8	7.2	6.7
P/BV	5.6	6.2	4.5	4.7	3.7	2.9	2.8	2.8
EV/Sales	4.0	4.0	3.7	3.6	3.6	3.2	3.0	2.8
EV/EBITDA	8.1	7.9	6.8	10.7	7.1	4.6	5.6	5.9
Dividend Yield (%)	2.0	5.5	3.0	0.0	0.0	5.4	5.4	3.3
FCF per share	20.8	28.2	23.2	17.6	11.6	27.3	21.4	16.0
Return Ratios (%)								
RoE	31.2	29.6	33.5	11.1	25.1	19.6	18.2	19.3
RoCE	27.9	25.0	29.7	13.0	23.0	26.0	20.8	19.8
RoIC	24.6	17.2	19.9	8.4	15.2	17.9	14.6	13.5
Working Capital Ratios								
Fixed Asset Turnover (x)	1.2	1.2	1.3	1.3	1.1	1.0	1.0	1.1
Asset Turnover (x)	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6
Inventory (Days)	0	0	0	0	0	0	0	0
Debtor (Days)	49	54	93	63	82	65	60	60
Creditor (Days)	48	46	28	27	29	29	29	29
Leverage Ratio (x)								
Current Ratio	1.3	1.2	2.4	1.8	1.7	2.2	2.0	1.8
Interest Cover Ratio	6.1	5.5	6.4	3.0	11.6	7.9	5.1	4.5
Net Debt/Equity	0.2	0.3	0.1	0.2	0.2	0.0	-0.1	0.0

Consolidated - Cash Flow Statement								(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OP/(Loss) before Tax	63,982	66,537	84,307	27,593	81,224	1,33,351	85,073	73,307
Depreciation	52,710	53,394	53,252	53,239	60,599	63,686	71,029	75,825
Interest & Finance Charges	0	14,021	16,033	16,704	18,638	11,644	13,255	14,327
Direct Taxes Paid	-19,768	-16,283	-19,129	-22,192	-18,700	-32,785	-21,413	-18,451
(Inc)/Dec in WC	-21,064	-3,175	-33,897	-44,048	-10,445	4,729	15,947	-2,442
CF from Operations	75,860	1,14,494	1,00,566	31,296	1,31,316	1,80,625	1,63,892	1,42,566
Others	9,092	-6,930	-9,355	47,752	-15,495	-42,857	-46,214	-48,381
CF from Operating incl EO	84,952	1,07,564	91,211	79,048	1,15,821	1,37,768	1,17,678	94,185
(Inc)/Dec in FA	-28,807	-31,507	-28,697	-31,681	-84,465	-65,878	-61,265	-52,043
Free Cash Flow	56,145	76,057	62,514	47,367	31,356	71,890	56,413	42,141
(Pur)/Sale of Investments	-3,548	18,154	6,391	13,824	2,789	0	0	0
Others	1,273	673	569	557	6,218	6,759	5,871	5,123
CF from Investments	-31,082	-12,680	-21,737	-17,300	-75,458	-59,119	-55,394	-46,921
Issue of Shares	-24,822	37	-154	-75	-130	-26,400	0	0
Inc/(Dec) in Debt	2,338	-24,690	-55,244	-37,947	-31,734	-15,000	-7,000	-7,000
Interest Paid	-4,696	-3,310	-4,418	-3,666	-4,066	0	0	0
Dividend Paid	-30,985	-65,654	0	0	0	0	-52,763	-52,763
Others	0	0	0	-29,639	0	0	0	0
CF from Fin. Activity	-58,165	-93,617	-59,816	-71,327	-35,930	-41,400	-59,763	-59,763
Inc/Dec of Cash	-4,295	1,267	9,658	-9,579	4,433	37,249	2,521	-12,498
Opening Balance	3,172	-1,123	144	9,803	224	631	37,880	40,401
Closing Balance	-1,123	144	9,802	224	4,657	37,880	40,401	27,903

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UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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