

RATING

Business	★★★★★
Management	★★★★★
Valuation	★★★★★
Financial	★★★★

Ranking 1 to 5, denoting lowest and 5 highest


FIN2RESEARCH
Investment Advisor Pvt. Ltd.

indus
TOWERS

DATE: 09-09-2024

Indus Towers Limited

BUY RANGE: @ 420-400

TARGET : @ 510

RATING : BUY

Research Report

Stock Info	Amount
Mkt Cap(cr)	1,17,027.00
52-weeks high	460.35
52-weeks low	166.70
No. of eq shares(cr)	269.44
Face Value	10.00
Bse Code	534816
Nse Code	INDUSTOWER
Free Float Mcap(cr)	36307.00

Source : BSE,NSE

Particulars	ShareHolding
Promoter Holding	52.01%
DII's Holding	16.97%
FII's Holding	23.15%
Public	7.25%
Total	100.00%

Source : BSE,NSE

(In cr)

Particulars	FY2023	FY2024
ROCE	12.39%	21.39%
ROE	9.43%	25.07%
Capital Turnover Ratio	1.31x	1.19x
Current Ratio	1.07	1.03
Quick Ratio	0.60	0.64
Cash Ratio	0.00	0.01
EPS	7.6	22.4

Source : Company Research

About:

Indus Towers, recognized as India's largest telecom infrastructure company, plays a pivotal role in the nation's connectivity landscape. The company is engaged in deploying, owning, and managing telecom towers and communication structures, thereby contributing significantly to India's digitalization goals. Indus Towers' unwavering commitment to enhancing customer experience, fostering innovation, and promoting sustainability are the key drivers that reinforce its competitive advantage and underpin its leadership position in the industry.

Key Highlights:

- Revenue Growth:** Gross revenues increased by 4.3% year-on-year to ₹73.8 billion, with core revenues from rentals rising by 7.0% year-on-year to ₹46.4 billion. The growth was fueled by strong co-location additions and loading. On a quarter-on-quarter basis, gross revenue and core rental revenue increased by 2.6% and 1.3%, respectively.
- EBITDA Performance:** Reported EBITDA surged by 29.4% year-on-year and 10.8% quarter-on-quarter to ₹45.5 billion. EBITDA margins saw significant improvement, increasing by 11.9 percentage points year-on-year and 4.5 percentage points quarter-on-quarter to 61.6%. The profitability boost was driven by the collection of past overdue amounts and the full collection of monthly billed amounts from a major customer, leading to a provision write-back of ₹7.6 billion.
- Profit After Tax (PAT):** Reported PAT grew by 42.9% year-on-year and 3.9% quarter-on-quarter, reaching ₹19.3 billion. However, adjusted for the provision write-back, PAT was largely flat year-on-year and declined by 10% quarter-on-quarter, reflecting a decrease in finance income compared to the previous quarter.
- Macro Towers and Co-Locations :** Indus Towers, a leading global tower infrastructure provider, reported a record year in FY24, with the highest annual tower additions in its history. The company's portfolio surpassed 200,000 macro towers and includes over 360,000 co-locations, maintaining an industry-leading tenancy ratio of 1.68.
- Company board also approved the proposal to buy back shares worth Rs 2,640 crore on July 30. Indus will buy back 5.67 crore shares, representing a 2.107 percent stake in the company, at a price of Rs 465 per share.
- CFO of company, noted the company's ongoing engagement with Vodafone Idea to finalize a payment plan for the Rs 10,000 crore in past dues. Poddar highlighted a decrease of Rs 760 crore in trade receivables, attributing it to improved collections.

ESG:

- Indus Towers has strengthened its ESG profile, supporting its robust credit risk standing. The company is committed to mitigating environmental and social risks in the telecom tower sector, where energy use and waste are major concerns.
- Key ESG initiatives include a pledge to achieve net-zero greenhouse gas emissions by 2050, aligning with the Science-based Targets initiative. In fiscal 2023, Indus deployed advanced storage solutions at 8,500 sites to reduce diesel usage and carbon emissions. The company reported an 8% reduction in Scope 1 and 2 emissions compared to the previous year.
- Company collaborates with renewable energy service providers to power towers sustainably and supports rural energy initiatives. Governance improvements include 36% independent directors, separation of chairman and CEO roles, and an ESG-focused board committee.

Key Risks:

- Large Working Capital Requirement:** Indus Towers' annual capex exceeds Rs 7,000 crore, relying on substantial liquidity to fund investments and minimize additional debt.
- High Customer Concentration:** The average tenancy ratio has dropped to 1.71 times due to telecom sector consolidation, affecting returns.

Pan-India

 18 circles across 36 States and UTs
 ● Indus wires of operation

~2.3 Lakh

 Towers (including lean)

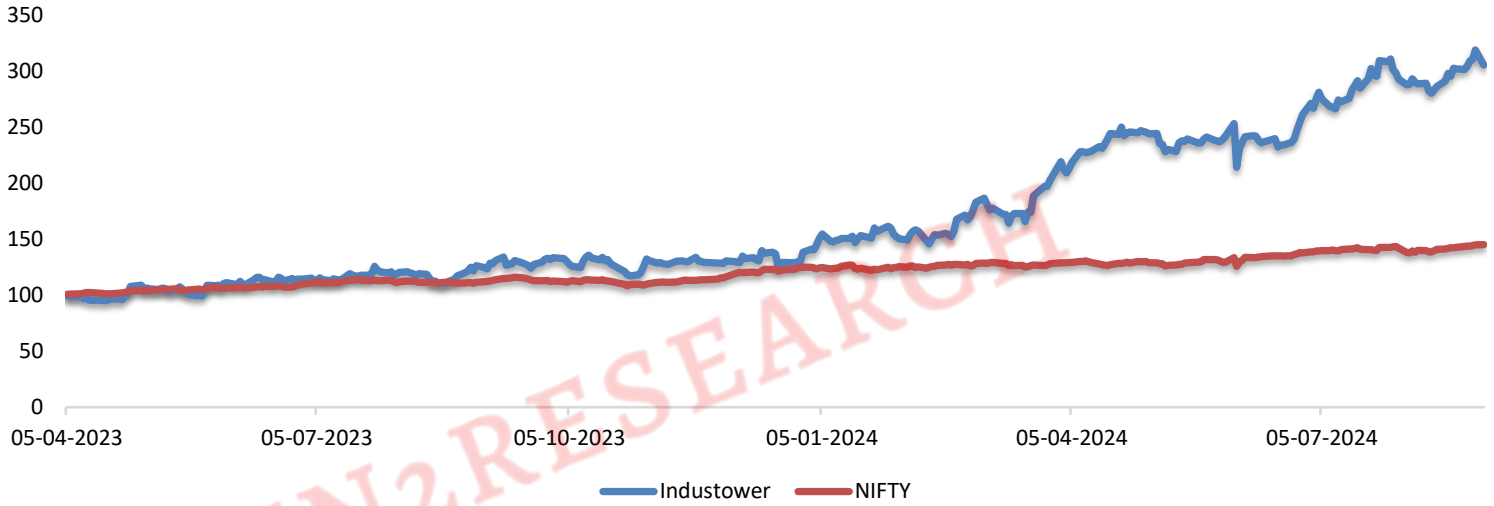
~3.8 Lakh

 Co-locations (including lean)

Source : Company Report



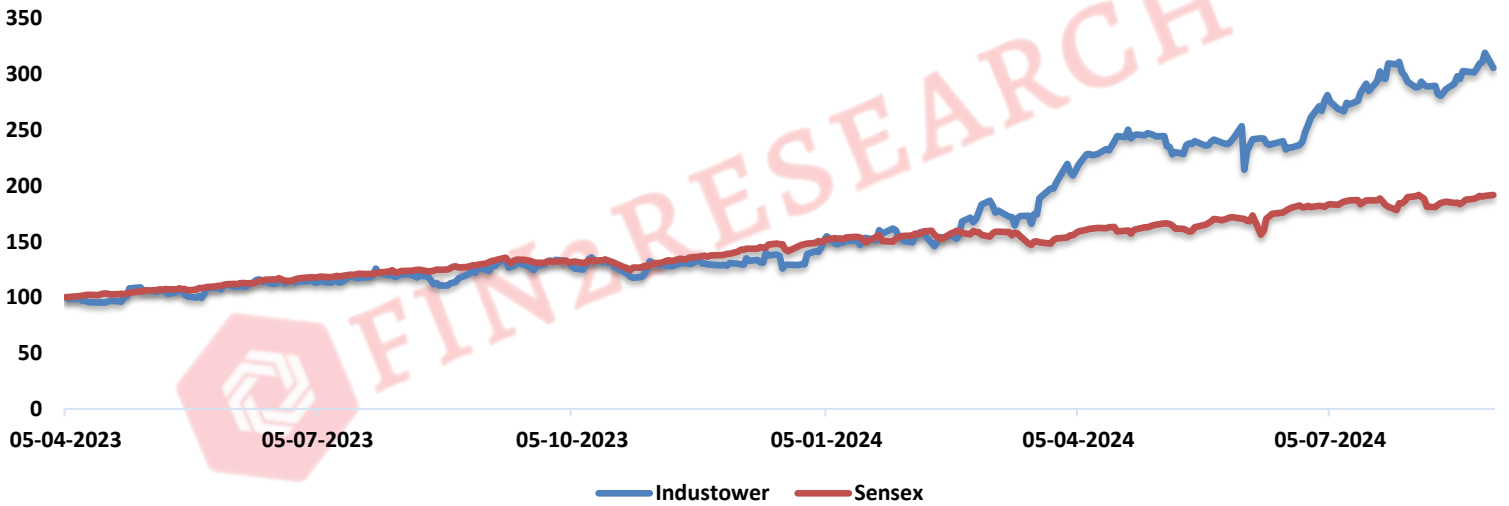
Industower & Nifty50



Price Performance

Time	1M	3M	6M	YEAR	YTD
Indus Tower	7.17%	33.24%	69.55%	149.89%	118.64%
Nifty 50	4.53%	11.60%	12.47%	28.46%	15.65%

Midcap 150 ,Indus Tower



Price Performance

Time	1M	3M	6M	YEAR	YTD
Indus Tower	7.17%	33.24%	69.55%	149.89%	118.64%
Midcap 150	5.25%	10.80%	21.02%	44.07%	26.60%


About India Telecom Infrastructure companies

India's telecom infrastructure companies are pivotal to the country's telecommunications sector, providing essential infrastructure for mobile and internet services. These companies focus on owning, operating, and maintaining telecom towers and related infrastructure, which includes fiber optic networks and data centers. Their core activities revolve around building and managing telecom towers that house antennas and equipment for mobile operators, offering space for multiple operators on the same tower, and laying and maintaining fiber optic cables to support high-speed internet and data services. Additionally, some companies operate data centers that handle storage, processing, and networking needs.

Revenue for telecom infrastructure companies primarily comes from rental income, which is generated by charging mobile network operators and other tenants for space on their towers. This rental is typically based on the number of antennas and equipment installed by each tenant. Co-location fees also contribute to their revenue, as these companies allow multiple operators to share the same tower, thereby optimizing infrastructure use and increasing revenue from shared resources. Long-term leasing agreements provide a stable revenue stream, while service contracts for maintenance and upgrades offer additional income. Furthermore, telecom infrastructure companies may charge for access to their fiber optic networks and other infrastructure, adding to their overall revenue.


India Telecom Industry Overview

- ❑ The Indian telecom market is the second largest globally by the number of subscribers, boasting a wireless subscriber base of 1.17 billion as of March 31, 2024. The wireless broadband base has reached 884.01 million, indicating a penetration rate of approximately 76%, up from 71% the previous year. The active subscriber base stands at 1.06 billion, with an active user share of 90.8%, a slight increase from 90.4% the previous year.
- ❑ Since the launch of the 'Digital India' campaign in 2015, digitalization has advanced rapidly, with the telecom sector at its core. The Indian government has supported this progress through initiatives such as the Telecommunications Act, 2023, and a production-linked incentive scheme to bolster the domestic manufacturing ecosystem.
- ❑ Internet usage has surged, with total internet users growing at a 5-year CAGR of 12% to reach 881 million in 2022-23. The internet access per 100 users has increased from 38.0% in 2017-18 to 63.5%. According to GSMA, the internet usage gap, representing those not using mobile internet despite having connectivity, is projected to narrow from 61% in 2021 to 53% by 2025.
- ❑ In rural areas, the growth is even more significant, with total internet users increasing at a 5-year CAGR of 20% to 358 million in 2022-23. Internet access per 100 users in these areas has risen from 16.4% to 39.8%. The Fiber to the Home (FTTH) broadband subscribers per 1,000 households is considerably lower in rural areas (15.1) compared to urban areas (241.2). Rural tele-density stands at 58.61%, well below the 128.03% observed in urban areas. Efforts by major operators to expand rural coverage are expected to enhance access to telecommunication and internet services.
- ❑ The non-wireless broadband segment remains largely underdeveloped, with only 4% of the total broadband subscriber base as of March 2024. This segment holds substantial potential for future growth as service accessibility and affordability improve. Additionally, average monthly data traffic per user grew at a 5-year CAGR of 21% to reach 24.1 GB by December 2023, reflecting increasing



Telecom Sector Gross Revenue (US\$ billion)



Source : IBEF

India Telecom Infrastructure Industry Overview

- ❑ The Indian telecom infrastructure industry is centered around IP-I registration holders who establish and maintain assets such as towers, Right of Way (ROW), duct space, and dark fiber. These assets are leased, rented, or sold to telecom service providers under Section 4 of the Indian Telegraph Act, 1885. Since 2010, the number of telecom towers in India has surged more than fourfold, reaching approximately 796,773 by March 2024. This growth reflects the industry's critical role in supporting the nation's 1.17 billion consumers by enabling efficient and high-quality telecommunication services.
- ❑ IP-I companies have been essential in fostering the rapid expansion of wireless services in India. Their infrastructure sharing model allows telecom service providers (TSPs) to reduce operational and capital expenses, expedite market entry, and avoid inefficiencies from duplicated resources. India's pioneering model of passive infrastructure sharing has been adopted globally, enhancing the sector's efficiency and reach.
- ❑ As India transitions to advanced technologies, including 5G, the demand for telecom infrastructure continues to rise. The exponential growth in data consumption and the deployment of 5G technology are expected to drive further expansion in the tower infrastructure industry. Current tower site capacity for 2G/3G/4G services is at 1 Gbps, but 5G demands a significant increase to 10-20 Gbps per site. This shift is anticipated to necessitate the integration of small cells and In-Building Solutions (IBS) alongside a robust fiber network. IBS is particularly critical as nearly 85% of data traffic and 70% of voice traffic occur indoors.
- ❑ Despite substantial progress, India's tower fiberisation rate remains low at approximately 36%, compared to higher rates in developed economies like Thailand (90%) and Malaysia (80%). The country needs a significant increase in fiber optic density, which is currently at 0.09 per capita compared to over 1.3 in leading nations. Further investment in fiber optic infrastructure is essential to meet growing demands.
- ❑ Potential synergies from consolidation in the tower industry are emerging, with larger players offering superior service quality compared to smaller counterparts. For instance, ATC India's assets were acquired by Brookfield for up to USD 2.5 billion, potentially reducing competitive intensity. Additionally, network expansion by operators, particularly in rural areas, presents opportunities for tower companies. Significant investments in 4G and 5G coverage and capacity expansion by major operators are expected to drive demand for tower infrastructure.
- ❑ Beyond core functions, tower companies have opportunities to leverage their expertise in managing passive infrastructure for active infrastructure, thereby generating cost efficiencies. Their extensive network of tower sites also presents opportunities for additional services such as EV charging infrastructure, outdoor advertising, and edge computing infrastructure. By exploring these adjacent markets, tower companies can expand their service offerings and solidify their positions within the evolving telecommunications landscape.


Industry Structure and Key Developments in Sector
❑ Telecommunications Act, 2023

The Indian Government has enacted the Telecommunications Act, 2023, marking a significant update to the nation's telecommunications framework. This Act, which replaces the century-old telecom law, underscores the government's commitment to developing a robust telecommunications sector. It designates telecom infrastructure as critical, emphasizes network security, and introduces penalties for infrastructure damage. The Act aims to streamline telecommunications infrastructure development by addressing challenges such as multiple levies, taxes, and Right of Way (RoW) issues, ensuring uniformity across the country. It focuses on simplifying business operations, standardizing RoW rules, capping charges, facilitating deemed approvals, and managing infrastructure deployment on private property. Additionally, the Act protects digital infrastructure by separating it from property-related claims, liquidation, or taxes.

❑ Other Regulatory Changes

The Indian Government continues to facilitate the expansion of telecom infrastructure through various measures. These include implementing a composite billing scheme for multiple power connections and enabling power connection applications for telecom infrastructure via the Gati Shakti Sanchar portal. The integration of various ministries into the Gati Shakti Sanchar portal for RoW applications is also a notable development. Furthermore, the Green Open Access policy, which promotes the use of cleaner energy sources, has been adopted by several states.

❑ Consolidation in the Towerco Space

In January 2024, American Tower Corporation announced an agreement with Data Infrastructure Trust (DIT) for the acquisition of ATC India. The base purchase price for this transaction is USD 2 billion, with the total value potentially reaching USD 2.5 billion. DIT, an Infrastructure Investment Trust sponsored by Brookfield Infrastructure Corporation, currently manages Brookfield's telecom tower businesses in India through Summit Digital and Crest Digital. This consolidation is significant, reflecting broader trends in the telecom industry where the number of telecom service providers has decreased from over ten to three major players in recent years.

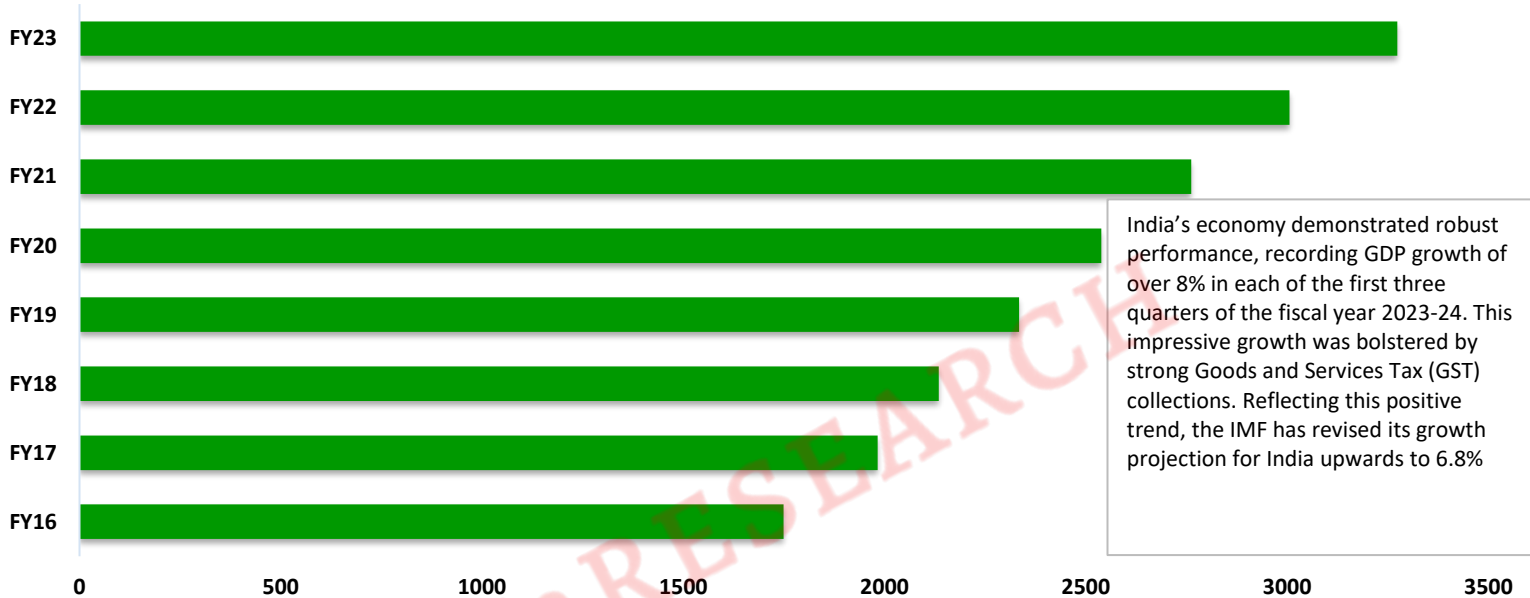
❑ 5G Update

India has experienced one of the fastest 5G rollouts globally, with 5G services becoming available to consumers by December 2023, less than 15 months after their launch. Over 270,000 Base Transceiver Stations (BTS) were deployed nationwide by the top two operators during the previous year. Bharti Airtel is rolling out 5G Non-Standalone (NSA) technology, while Reliance Jio has opted for 5G Standalone (SA). These differing approaches to 5G technology affect infrastructure requirements and equipment at tower sites, presenting revenue opportunities for tower companies. The accelerated deployment of 5G has led to increased revenues from loading, and as networks mature, the demand for new sites is expected to rise, benefiting companies with a strong position in the passive infrastructure space.





GDP per capita at current prices* (US\$)



India has experienced a significant and sustained increase in incomes, a trend that is expected to continue given the nation's strong economic growth prospects. From 2012 to 2023, India's GDP per capita grew at a compound annual growth rate (CAGR) of 7.47%, rising from USD 1,481.56 to USD 3,273.85. This impressive growth reflects the broader economic expansion and rising affluence among the Indian population.

The increase in income levels has played a crucial role in driving demand within the telecommunications sector. As incomes rise, consumers have greater purchasing power, leading to higher expenditure on telecommunication services and technology. This growing affluence has been a key determinant in the expansion of the telecom sector, as it fuels the demand for advanced communication services, higher data consumption, and enhanced connectivity solutions. The positive correlation between rising incomes and telecom demand underscores the significant impact of economic growth on the development and expansion of India's telecommunication infrastructure.




About Indus Tower

Indus Towers Ltd is a telecommunications tower infrastructure service provider. The company deploys, owns, and manages telecom towers and communication structures for mobile operators. The company acquires and builds towers, while also owning and operating telecom towers and related infrastructure. The company generates revenue through a rental fee to tenants of mobile towers. Energy costs such as electricity and fuel charges are usually passed through to tenants. The company generates the vast majority of its revenue in India. The company's assets are located in India and are often ground-based and rooftop towers.

PRODUCTS & SERVICES
Tower

For Mounting the Operator Antennae at an Appropriate Height

Power

For Providing Uninterrupted Energy Supply to Telecom Equipment

Space

For Housing Telecom and Power Equipment

Smart Cities

- Indus' Smart City Vision
- NextGen Sites
- NextGen Solutions Portfolio

TOC

Making Tower Operations more effective using latest data, analytics and automation

Green Technology

- Green Sites
- Energy Solutions

FY24 at a Glance
~2.2 Lakh

Total Towers

~3.7 Lakh

 Co-locations
 (excluding lean)

10.5K+

 Co-locations on
 lean towers

>60%

 of the total tower
 installed in FY24 are in
 rural India, advancing
 digital inclusion

99.965%

 Delivered highest
 network uptime ever amid
 cyclones and floods in
 major states

9

 Warehouses Titanium
 certified by CII for
 commitment to
 excellence and green
 concept integration


Tower Business
Tower Infrastructure Development and Future Prospects

- In the fiscal year 2023-24, the Company achieved notable milestones in expanding its tower infrastructure, with macro tower installations rising to 219,736 and macro colocations reaching 368,588 by March 31, 2024. Additionally, co-locations on leaner towers totaled 10,686, and the sharing factor per tower closed at 1.68 times.

Record Tower Additions and Operational Enhancements

- The year witnessed unprecedented tower additions, driven by a major customer's network expansion strategy. The Company's agile approach and strategic execution led to record tower installations, reflecting its capability for large-scale network growth. To achieve these ambitious targets, the Company restructured its core setup, establishing a new Built vertical for growth and enhancing the RUN vertical to maintain operational excellence. Accelerated training programs and the introduction of a Field Team Incentive Program further supported the workforce, celebrating their dedication.
- Strategic partnerships with telecom service providers (TSPs) and suppliers, along with a strengthened Environment, Safety, and Health (ESH) framework, were pivotal in this success. These efforts facilitated a high rate of tower installations, particularly in rural areas, contributing to digital inclusion and connectivity across underserved regions.

Advancing 5G Deployment

- The Company played a crucial role in India's rapid 5G deployment, aligning with the country's digital connectivity goals. Over 72,000 5G sites were deployed during the year, marking a significant achievement in enabling India to become one of the fastest 5G deploying nations. To support this, extensive network upgrades were carried out, including enhanced site capabilities, power provisioning improvements, and overcoming deployment challenges through innovative solutions.

In-Building Solutions and Urban Connectivity

- Addressing the increasing demand for seamless communication in urban environments, the Company invested in In-Building Connectivity Solutions (IBS), such as Distributed Antenna Systems (DAS) and small cells. These solutions are essential for ensuring robust indoor network coverage in high-rise buildings and complex infrastructures. As India progresses towards smart cities and IoT integration, the focus on IBS is crucial for fostering digital transformation and enhancing the quality of life.

Sustainability and Infrastructure Resilience

- The Company is committed to integrating sustainability into its operations. In FY24, efforts were made to streamline tower fabrication processes, introduce single-leg solar structures, and augment the product portfolio with eco-friendly solutions. These initiatives contribute to lower carbon emissions and resource optimization.
- Infrastructure resilience remains a top priority, with significant investments in maintaining and strengthening tower excellence. The Company's robust Business Continuity Plan (BCP) ensures uninterrupted network services even during natural disasters, with a dedicated Tiger Team and Tower Operation Centre (TOC) supporting operations in affected areas.

Future Outlook

- Looking ahead, the Company plans to continue expanding its infrastructure portfolio, enhancing operational excellence, and seizing new growth opportunities. The focus will remain on supporting digital inclusion, advancing 5G technology, and improving in-building connectivity solutions. With a commitment to sustainability and resilience, the Company is well-positioned to lead in the evolving telecommunications landscape and drive future success.



621 IBS sites and 1,168
co-locations as of
March 2024

Source: FIA


Power Business

Powering Telecom Infrastructure: Future-Ready Energy Solutions

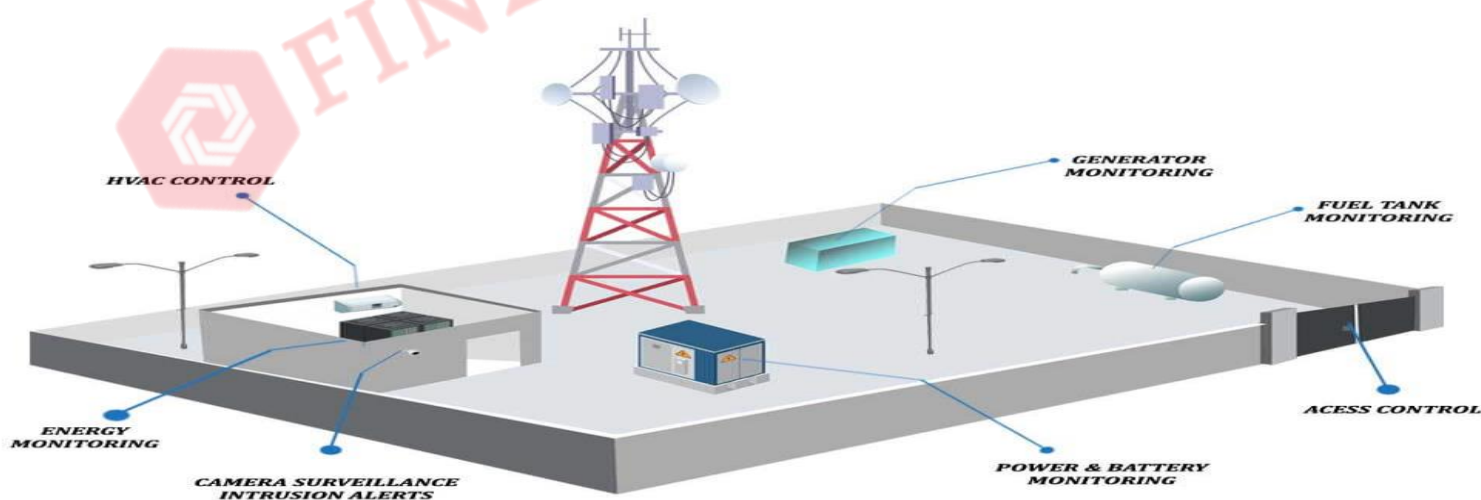
- Ensuring a consistent and uninterrupted power supply is essential for maintaining the operational efficiency of telecom towers. The Company is dedicated to providing innovative energy solutions that power telecom equipment reliably and cost-effectively. Whenever feasible, grid energy from state electricity boards is utilized to supply power to towers, prioritizing both reliability and sustainability. In areas where dependable grid energy is not available, diesel is employed as an alternative power source. However, the Company is committed to reducing its environmental footprint and continuously explores innovative strategies to optimize fuel consumption and incorporate alternative energy sources.

Advancing Renewable Energy Integration

- In FY24, the Company made significant strides in increasing the share of renewable energy within its operations. Through strategic investments and forward-looking initiatives, the Company expanded its renewable energy generation capacity and introduced advanced energy storage solutions. These efforts are part of a broader commitment to sustainability and operational efficiency, reinforcing the Company's role as a leader in responsible energy management.

Commitment to Sustainability and Efficiency

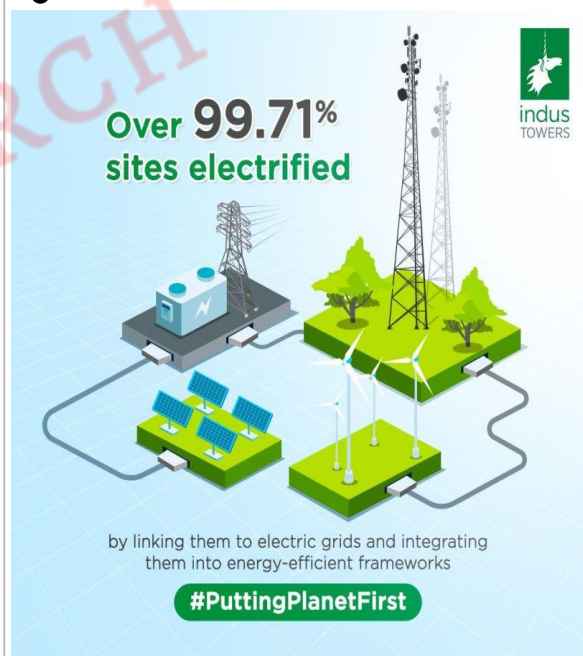
- The Company's energy management programs are designed to enhance energy efficiency while reducing the impact on the environment. By integrating renewable energy sources, optimizing fuel consumption, and exploring innovative power solutions, the Company is not only ensuring a dependable power supply for its telecom infrastructure but also contributing to the fight against climate change. The ongoing efforts in this area underscore the Company's dedication to advancing its sustainability goals and enhancing the resilience of its telecom operations.
- Looking ahead, the Company will continue to focus on expanding its renewable energy footprint, improving energy efficiency, and implementing cutting-edge solutions that align with its vision of sustainable growth. As the telecommunications landscape evolves, the Company remains committed to powering its infrastructure with future-ready energy solutions that balance operational excellence with environmental stewardship.




Space Business


- The company plays a pivotal role in supporting the backbone of India's telecom sector by fostering long-term partnerships with property owners and landlords. These partnerships are essential for the successful implementation of network expansion plans, allowing the company to host its passive infrastructure on strategically located residential and commercial properties. Throughout the lifecycle of these partnerships, the company emphasizes a symbiotic relationship that ensures seamless connectivity and uninterrupted power supply for its customers.
- A rigorous site acquisition process is followed, which includes thorough field surveys, securing necessary permits and approvals, and carefully considering environmental factors. Before any construction begins, an environmental impact assessment is conducted to identify and mitigate potential damage due to environmental conditions. This careful planning helps minimize the ecological footprint of the tower infrastructure.
- To enhance the landlord experience and streamline operations, the company has embarked on a digital transformation journey. By establishing a cutting-edge digital platform and a centralized service center, the company has created an interconnected ecosystem that fosters swift, transparent, and efficient communication between all stakeholders. This digital approach ensures a harmonious collaboration that benefits both landlords and the company.
- In FY24, the company added 1,346 new institutional acquisition sites, reflecting its commitment to expanding its infrastructure. Looking ahead to FY25, the company's strategy focuses on optimizing acquisitions, nurturing landlord relationships, and fostering collaborative stakeholder efforts to drive growth and enhance network infrastructure. This strategic direction underscores the company's dedication to maintaining its leadership in the telecom tower sector while adapting to the evolving needs of the industry.

- Indus Towers has been at the forefront of advancing Smart City initiatives across various Indian cities by collaborating with municipal corporations such as the New Delhi Municipal Council (NDMC), Vadodara Municipal Corporation (VMC), Dehradun Smart Cities (DSC), and Bhopal Smart City (BSCDCL). As part of these pioneering partnerships, Indus Towers has implemented its Smart Digital Infrastructure, which includes several key components:
 - **Smart Poles with LED Lights:** These poles are multifunctional, equipped with energy-efficient LED lighting that not only provides illumination but also supports other smart city applications.
 - **CCTV Cameras:** Integrated into the smart poles, these cameras enhance public safety by enabling real-time surveillance and monitoring across the city.
 - **Variable Digital Messaging Boards:** These boards provide dynamic information to the public, such as traffic updates, public service announcements, and emergency alerts.
 - **Environment Sensors:** Installed throughout the city, these sensors monitor various environmental parameters such as air quality, temperature, and humidity, helping authorities manage urban environments more effectively.
 - **City Public Wi-Fi:** Indus Towers has deployed city-wide Wi-Fi networks that ensure residents and visitors have access to the internet, facilitating digital inclusion and connectivity.
 - **Fiber Backbone:** A robust fiber-optic network underpins this digital infrastructure, ensuring high-speed data transmission and seamless connectivity across all smart city applications.
- Through these initiatives, Indus Towers is contributing significantly to the transformation of urban spaces into smart cities, enhancing the quality of life for citizens by integrating technology into the urban fabric.

Indus' Smart City


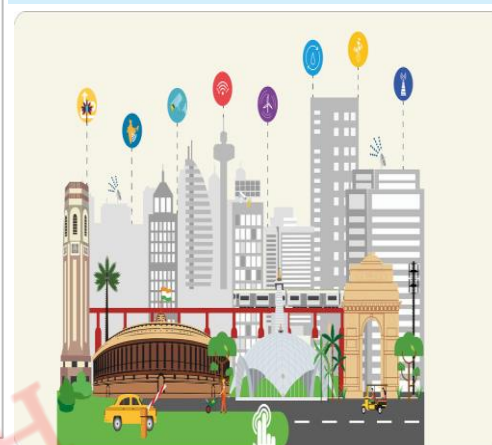


Tower Operations Center (TOC)

- Indus Towers' NextGen Service-Centric Tower Operations Center (TOC) stands as a cutting-edge facility, pivotal to the company's expansive operations across India. With customer satisfaction at the core of its mission, this state-of-the-art TOC is instrumental in managing the vast service footprint that spans 22 telecom circles, making it the largest operations hub in the Network Operations Center (NOC) industry. The TOC integrates over 200 Operations Support Systems under one roof, providing comprehensive services across various business functions, including Operations, Energy, Estate, Revenue Assurance, Technology, and Human Resources.
- The TOC exemplifies a sophisticated blend of human expertise and advanced technology, empowered by Artificial Intelligence (AI) and Machine Learning (ML). It offers round-the-clock surveillance services, monitoring all of Towers' telecom sites nationwide. The centralized operations provide real-time, actionable insights to field personnel via an automated calling system, supplemented by SMS alerts. This ensures that any faults are promptly identified, tracked, and resolved, maintaining the seamless functionality of the network infrastructure.
- A cloud-based call center further enhances the TOC's capabilities, enabling real-time monitoring of customer interactions and ensuring prompt service delivery across all telecom circles. The inclusion of comprehensive site history with each call boosts operational efficiency and effectiveness, allowing for more informed decision-making.
- The latest advancements in the TOC include an end-to-end tower management solution that integrates top-line maintenance, reliable tracking measures, and sustainable energy practices. The intelligent, automated system now provides greater visibility into tower performance, facilitated by integrated real-time analytics. These analytics offer data-driven insights into all aspects of tower operations, from monitoring to energy utilization, ensuring enhanced efficiency and control.
- Moreover, the TOC serves as a single point of contact for all telecom circles, enabling real-time data transmission to personnel for quick corrective actions. Safety is a paramount concern, with the TOC ensuring the protection of employees, partners, and technicians around the clock. Additionally, the TOC enhances communication with landowners, effectively managing and resolving incoming complaints, and ensuring smooth operations in billing through the timely identification and resolution of process flow issues.
- Through these innovations, Indus Towers' NextGen TOC redefines operational excellence, setting new standards in tower management, customer service, and network reliability.

Key Features and Benefits of TOC

End-to-end tower management solution	Real-time analytics	Single point contact
Safety-focused operations	Seamless communication with landowners	Billing process optimisation
Automated surveillance and fault alerts	Cloud-based call centre	Integrating man and machine
Enhanced visibility into tower performance	Centralised landlord management	



Green Technology

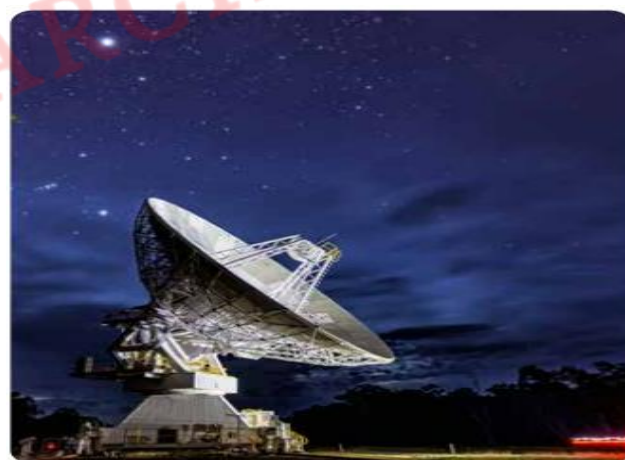
- Indus Towers' approach to powering its telecom infrastructure is rooted in sustainability and innovation. Traditionally, towers are powered through grid-sourced electricity or diesel generators. However, Indus Towers made a pioneering shift in 2011 by introducing Green Sites and Green Cities—initiatives that not only eliminated the use of diesel but also maintained top-tier network performance.
- **Energy Solutions: Blue Sky Thinking for Green Outcomes**
- Indus Towers recognized that a significant portion of energy consumed in telecom tower shelters was used by air conditioners, which were necessary to maintain the ambient temperature for the equipment. This insight led to the launch of the "Shut AC" initiative, aimed at replacing energy-intensive air conditioners with Free Cooling Units (FCUs). These units consume far less energy and are specifically engineered to manage the internal environment of cell site enclosures.
- In addition, the company initiated the "Indoor-Outdoor Conversion" project, which leverages natural cooling based on the principle of air flow between different temperatures, reducing the need for artificial cooling systems.
- Further advancing their green initiatives, Indus Towers introduced the "Shut DG: Green Sites" project. This program was designed to operate telecom networks without relying on diesel as a power backup. Instead, the network is sustained by advanced battery bank solutions, which ensure uninterrupted service without compromising network uptime.
- In its relentless pursuit of environmental sustainability, Indus Towers also developed innovative battery deployment methods. These include the Combo Solution, Network Cooling Units (NCUs), turbo solutions, variable speed diesel generator sets, and micro cooling solutions. These technologies are particularly effective in cooling temperature-sensitive equipment at sites, addressing specific needs while minimizing energy consumption.
- Through these forward-thinking initiatives, Indus Towers has established itself as a leader in the telecom industry's transition towards greener, more sustainable operations.


Enhancing Efficiency and Connectivity

Solutions for a Smart and Hyperconnected Society

- In the fast-paced telecom industry, the need for next-generation infrastructure and technology is crucial to enable faster network rollouts and support the development of a hyperconnected society. At Indus Towers, delivering innovative and cost-effective solutions is a key strategic priority. The company's product portfolio is constantly evolving to meet the ever-changing demands of the industry, ensuring both efficiency and sustainability. By staying at the forefront of technological advancements, company plays a pivotal role in shaping the future of connectivity.
- Indus Towers is actively contributing to India's digital transformation through its Fiber to the Home (FTTH) initiative, which plays a crucial role in delivering high-speed, reliable internet connectivity directly to homes. As the nation advances toward a fully digital economy, FTTH emerges as a key technology, supporting a wide range of initiatives, including e-governance, online education, telemedicine, and remote work.
- FTTH's superior bandwidth and low latency make it an ideal solution for managing the growing demand for data-intensive applications, enhancing user experience, and meeting the increasing expectations of consumers for uninterrupted, high-quality internet services. In rural and underserved areas, FTTH serves as a vital tool for bridging the digital divide, providing equitable access to information and opportunities.
- This initiative is not just an infrastructure upgrade; it is a catalyst for socioeconomic growth, empowering both individuals and businesses. By investing in FTTH, Indus Towers is laying the foundation for a digitally inclusive and prosperous future for India. The pilot project in Mumbai has shown great promise, achieving over 90,000 Home Passes in a single city. Building on this success, Indus Towers plans to expand the FTTH initiative to additional cities, further enhancing its impact across the country.

- Company is positioning itself at the forefront of Satellite Communications in India, recognizing its pivotal role in delivering essential services and driving technological advancements. A key component of this initiative is the Satellite Network Portal (SNP) site located near Ahmedabad, which is set to support the Low Earth Orbit (LEO) satellite network.
- In a significant development, company has entered into a Master Service Agreement with Starlink, a satellite internet company operated by SpaceX. This partnership will enable company to build and manage earth stations for the global LEO satellite network. The scope of this collaboration encompasses several critical areas, including land acquisition, site construction, and the operations and maintenance of the passive infrastructure.
- This strategic move underscores company commitment to expanding its infrastructure capabilities and supporting the growth of satellite communications in India. By integrating these advanced satellite technologies, Indus Towers aims to enhance connectivity and provide reliable communication solutions across the country.



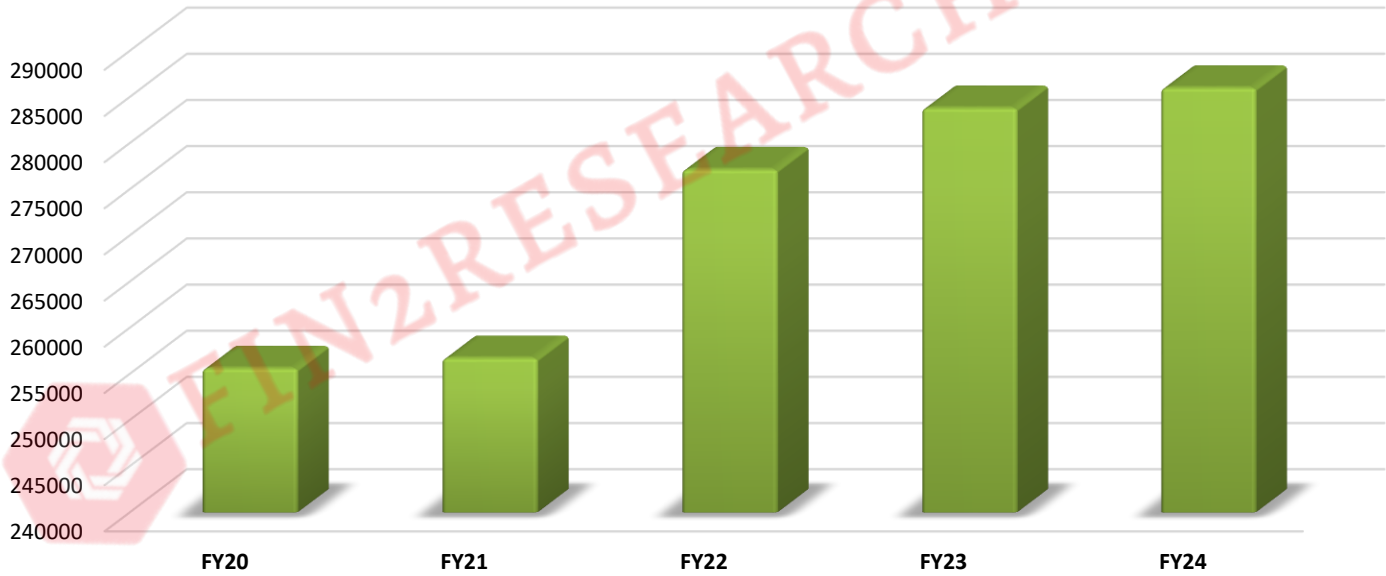
Company is strategically prioritizing the acceleration of 5G deployment in India, demonstrating a strong commitment to advancing the telecom sector. The company's approach involves a combination of collaborative efforts, extensive infrastructure enhancements, and proactive strategies to leverage the full potential of 5G technology.

By focusing on these areas, company is positioning itself to seize the opportunities presented by 5G, ensuring both sustained growth and leadership within the market. The company's efforts are aimed at strengthening its infrastructure and capabilities to support the rapid rollout of 5G networks, ultimately contributing to the broader advancement of digital connectivity in India.

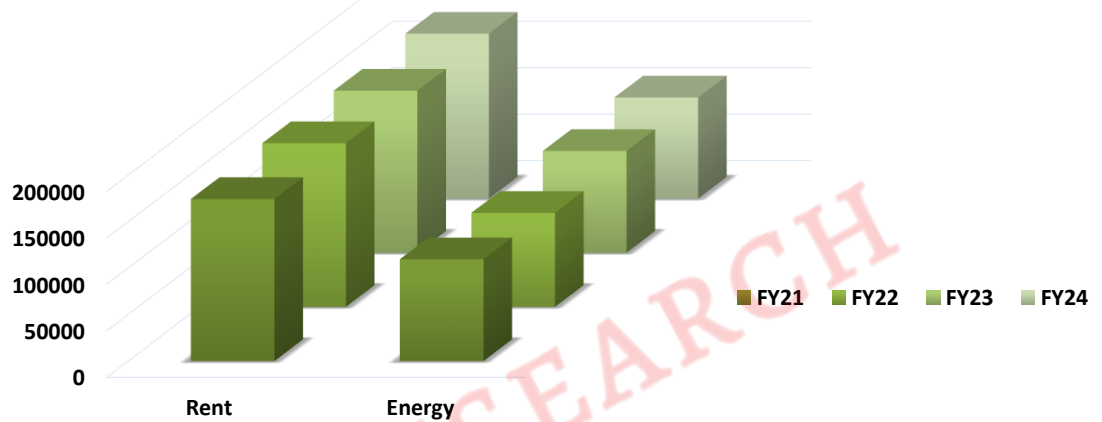




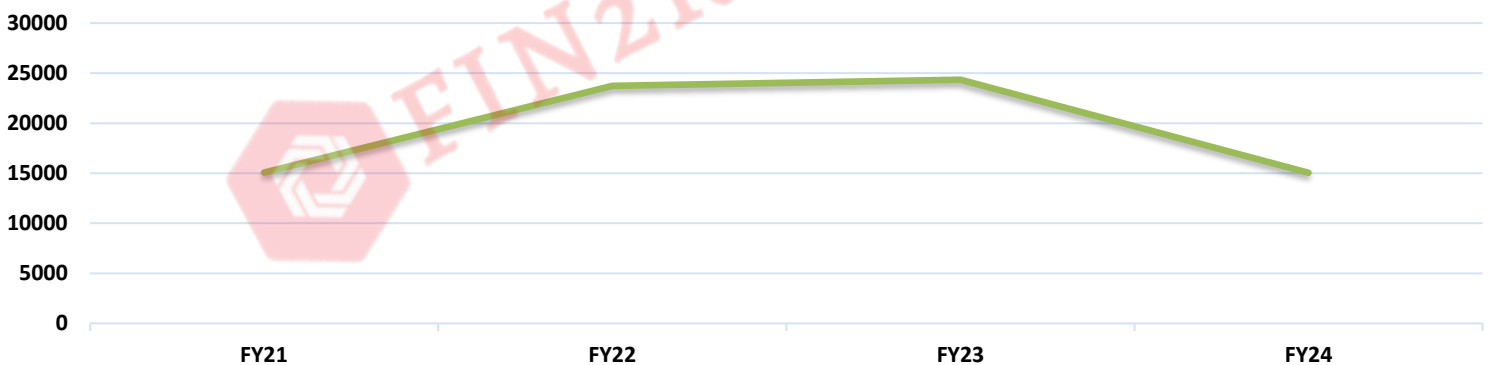
Revenue (₹Mn)



Revenue Segregation (₹Mn)



Long term borrowings (₹Mn)





What makes Indus Towers unique

As the telecommunications industry evolves, the company's four-pronged strategic pillars shape its operations, underscoring its dedication to generating long-term value for stakeholders, positively impacting the environment and society, and fostering sustainable growth. These pillars reflect a commitment to innovation and excellence, guiding the company's efforts to meet emerging challenges and opportunities while ensuring responsible and progressive advancement in the telecommunications sector.


Increasing Market Share

Augmenting Cost Efficiency

Enhancing Network Uptime

Embedding Sustainability


Increasing Market Share

In FY24, the company concentrated on expanding its market share to maintain its leadership position and capitalize on emerging opportunities. To achieve this, the company implemented a multifaceted strategy, which included forming dedicated teams, leveraging digital interventions, strengthening its partner ecosystem, and optimizing resource planning. These measures facilitated quicker deployment, better alignment with customer needs, and a sustained competitive edge.

Key Initiatives Undertaken

- **Real-Time Tracking and Logistics Management:** The company's continuous monitoring and proactive management of logistics ensured timely product delivery, enhancing both reliability and efficiency.
- **Systematic Resource Planning:** By effectively planning and deploying resources, the company reduced costs and improved operational efficiency, effectively addressing increased demand.
- **Product Harmonisation:** The company's ongoing alignment of product offerings with customer requirements helped maintain competitiveness and relevance in a rapidly evolving market.
- **Rural Rollouts:** Anticipating the rural expansion needs of a major customer allowed the company to match their rollout pace, reinforcing its role as a trusted partner in their network expansion efforts.
- **Progress and Achievements**
- **Record Tower Additions:** The company achieved a record number of tower additions, more than tripling from the previous year. This growth was driven by accelerated rollouts for a major customer and a larger share of their business.
- **Enhanced Market Competitiveness:** Through the formation of a dedicated team and optimized logistics, the company significantly reduced delivery times, improving its competitive stance and securing additional business.
- **Improved Partner Coordination:** Strengthening the partner ecosystem and implementing systematic resource planning allowed the company to better align with customer requirements, resulting in improved service delivery and increased market share.
- **Digital Transformation:** Digital interventions across the value chain streamlined processes and improved time-to-market, further establishing the company as a preferred partner for network expansions.

Outlook

Looking forward, the company is well-positioned to build on its strategic priorities and seize growth opportunities. Developments related to a major customer's fundraise are expected to offer new prospects aligned with its network expansion plan. Additionally, ongoing network expansions by other major customers and 5G rollouts are anticipated to further contribute to the company's growth trajectory.



Augmenting Cost Efficiency

The company's strategy to maintain a competitive edge and advance its Environmental, Social, and Governance (ESG) agenda has centered on optimizing operating and capital expenses, alongside improving resource utilization. The company also prioritized reducing diesel consumption, lowering energy usage, leveraging technological advancements, and streamlining processes to achieve these goals.

Key Initiatives Undertaken

- **Diesel Consumption Reduction:** The company implemented energy storage solutions, integrated renewable energy sources, and converted sites to reduce diesel usage significantly.
- **Process Automation and Standardisation:** By automating procurement processes, standardizing product designs, and employing Artificial Intelligence (AI) and Machine Learning (ML), the company enhanced equipment lifecycles and improved operational efficiency.
- **Negotiation and Planning:** The company engaged in effective negotiations with landlords, travel partners, and vendors, coupled with meticulous resource and site planning, to optimize costs and drive efficiency.
- **Progress and Achievements**
- **Reduction in Diesel Consumption:** Despite the increased energy load from 5G equipment installations, the company successfully reduced diesel consumption compared to the previous year. **8%** reduction in diesel consumption compared to the previous year.
- **Opex Productivity Improvement:** The focus on reducing diesel consumption, optimizing site selection, and negotiating rental costs led to a substantial improvement in the company's operational expenditure (Opex) productivity. **16%** Opex productivity improvement compared to 46% in the previous year.
- **Optimised Capex Efficiency:** Through product standardization, automation, and the application of AI/ML technologies, the company significantly improved capital expense efficiency. These initiatives streamlined designs, extended equipment lifecycles, and optimized resource deployment, leading to reduced costs.

Outlook

Looking ahead, the company remains committed to enhancing cost efficiency through transformational projects that leverage technology and automation, productivity enhancements, and resource optimization. Continued negotiations with vendors and partners, along with the implementation of sustainable procurement practices, will ensure that the company maintains cost competitiveness across its operations.



Enhancing Network Uptime

The company's unwavering focus on network uptime underscores its commitment to customer satisfaction and operational excellence. By leveraging advanced technologies, maintaining a robust response framework, and consistently setting industry benchmarks in service availability, the company reinforces its position as a leader in the telecommunications sector.

Key Initiatives Undertaken

- **Implementing Real-Time Telemetry Data System:** The company connected all towers with a real-time telemetry data system, enabling continuous monitoring and proactive maintenance to ensure optimal performance.
- **Connectivity Solutions:** The company implemented targeted connectivity solutions in specific circles, streamlining digital transformation efforts and enhancing network reliability.
- **Robust Response Framework:** The company strengthened its response capabilities to swiftly address incidents, minimizing downtime and ensuring continuous service availability.
- **Progress and Achievements**
- **Industry-Leading Uptime:** The company achieved an industry-leading network uptime of 99.965%, even in the face of severe weather conditions and natural calamities, reflecting its commitment to operational excellence.
- **Technological Interventions:** The company introduced systems to improve internal processes and response times, further enhancing its ability to maintain high levels of network uptime. **99.965%** uptime during the year under review.

Outlook

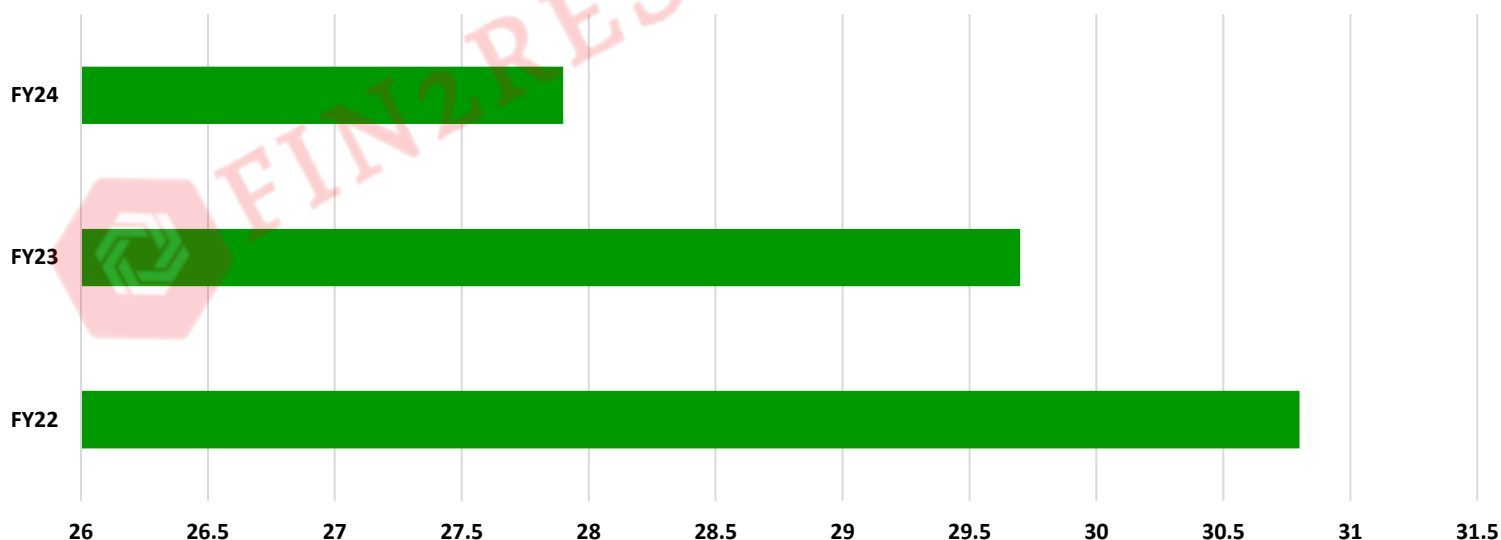
Looking ahead, ensuring uninterrupted service delivery and meeting the evolving needs of customers remain central to the company's strategy. To maintain its industry leadership, the company will continue to enhance its network capabilities through judicious investments in technological solutions, further solidifying its position in the market.



Embedding Sustainability

- At Indus, the commitment to Environmental, Social, and Governance (ESG) principles forms the foundation of the company's corporate strategy, guiding it toward a sustainable and responsible business model. This dedication is embodied in the 'Zero Goal Hai' campaign, which aspires to achieve zero emissions, zero harm, zero waste, zero bias, and zero tolerance for non-compliance. This comprehensive approach reflects Indus's ambition to lead by example in environmental stewardship, social responsibility, and governance excellence.
- The company's sustainability strategy is deeply interwoven with its business strategy, ensuring that sustainability considerations are integral to all decision-making processes. Indus has established a robust framework that includes materiality assessment, stakeholder engagement, strong governance, and clear ESG targets, all supported by a comprehensive risk management framework. This structure enables the company to advance its sustainability agenda effectively, with a focus on creating long-term value and driving positive environmental, social, and governance outcomes across its ecosystem.
- As one of the world's leading digital infrastructure providers, Indus is committed to shaping a sustainable future for both the planet and society. The company prioritizes sustainable practices, positive social impact, and responsible governance as cornerstones of long-term success. Strengthening the solar portfolio and reducing diesel consumption are key components of Indus's Net-Zero commitment, achieved despite increased energy demands.
- Furthermore, the company's Corporate Social Responsibility (CSR) programs, Saksham and Pragati, have made significant contributions to the socio-economic well-being of stakeholders. In its commitment to women's empowerment, Indus has also enhanced workplace diversity, doubling its gender diversity share to 12% in the last financial year. Through these initiatives, Indus continues to reinforce its leadership in sustainability and responsible business practices.

capex productivity (%)

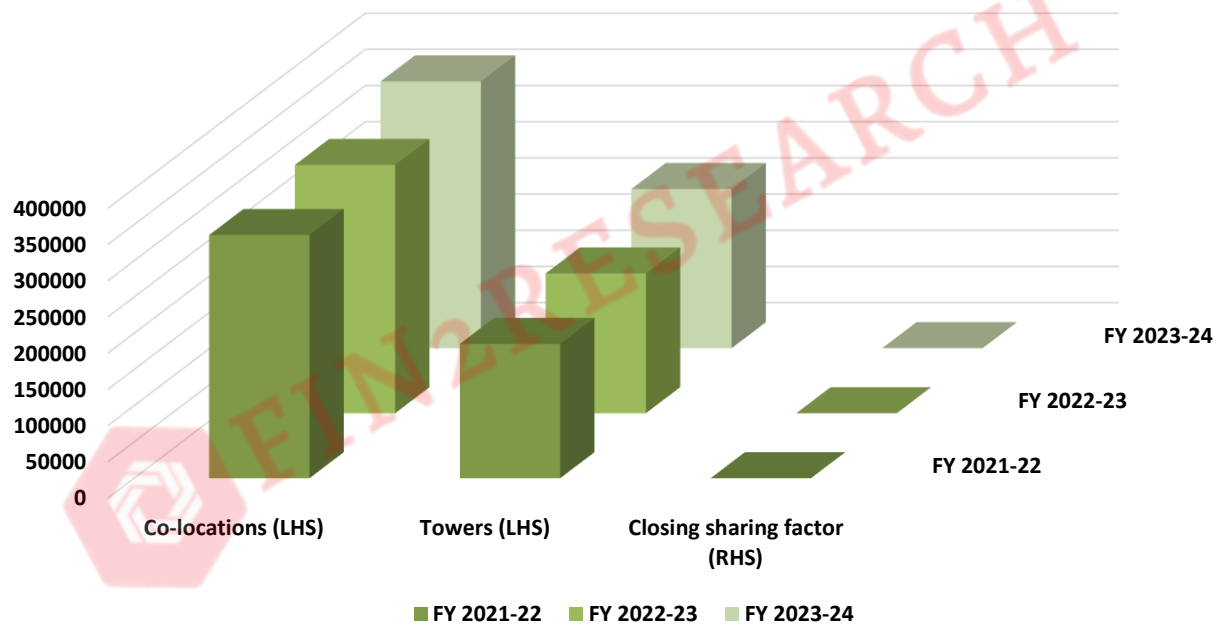


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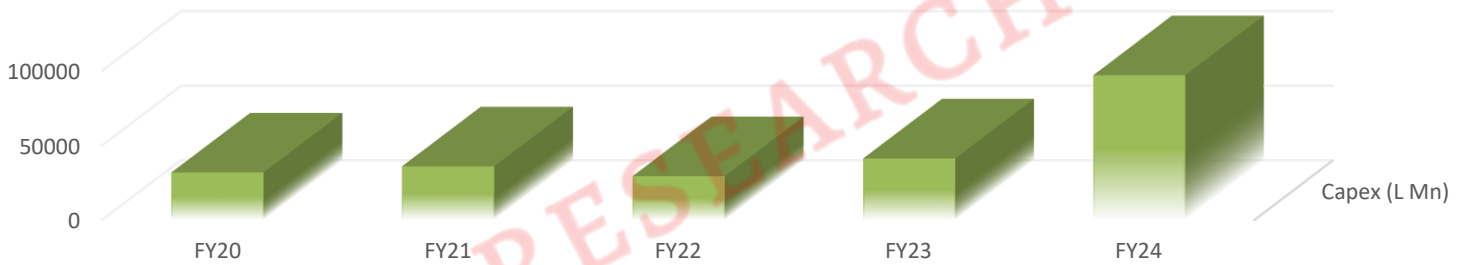
The company operates a long-term annuity business and made significant capital expenditure investments this year to support the accelerated rollouts for a major customer. Management views these investments as crucial to capitalizing on the available opportunity, which is expected to safeguard revenues and, in turn, create long-term value for shareholders.



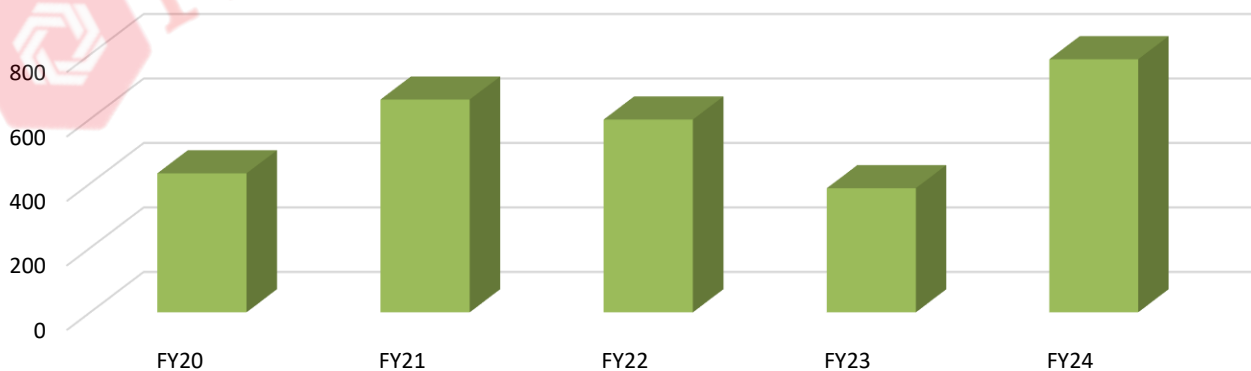
Towers and Co-Locations



CAPEX (₹ MN)



Market Capitalisation (₹ Bn)



Source : Annual Report



Why Indus Tower

Market Leadership and Growth Potential: The company is a leading global player in tower infrastructure, managing an extensive network of approximately 2.20 lakh macro towers and over 3.6 lakh co-locations. The recent fiscal year was particularly notable, as it achieved the highest number of tower additions in its history, surpassing the 200,000 mark. This growth has been driven by accelerated rollouts, particularly in rural areas, and a substantial increase in the company's share of major customer rollouts. The provider maintains an industry-leading tenancy ratio of 1.68, reflecting its strong market position and ability to capitalize on expanding network demands.

5G Rollout: Since the launch of 5G services in October 2022, the company has seen a significant boost in loading revenues. The rollout of 5G has been rapid, with the top two operators expanding coverage across the country. With 5G subscribers projected to increase from 131 million in 2023 to 575 million by 2026, the demand for additional tower infrastructure, particularly small cells, is expected to rise substantially. This presents a substantial growth opportunity for the company, given its extensive existing infrastructure and its position as a key player in the 5G expansion.

Data Consumption: The provider is well-positioned to benefit from the continuing rise in data consumption. The rapid proliferation of 5G technology and the ongoing shift from 2G to 4G networks are driving higher data usage. In the past fiscal year, average data consumption per user grew by 16%, while total data consumption increased by 25%. This surge in data usage is expected to drive further demand for passive infrastructure, positioning the company advantageously within the market.

Stable Revenue Stream: The company operates under long-term master service agreements (MSAs) with telecom operators, which provide stable and predictable revenue streams. These agreements include fixed revenues and annual rental escalations, offering financial stability and reducing revenue volatility. This stability supports long-term growth and investment planning.

Financial Resilience: With a low gearing ratio and strong operating cash flow, the company demonstrates significant financial resilience. This financial strength provides the flexibility to fund business investments and growth opportunities without over-relying on external debt. The ability to manage and invest capital effectively supports sustained operational and financial stability.

Strategic Capex and Shareholder Value: The company has made significant capital expenditures to support accelerated rollouts for major customers. These investments are crucial for safeguarding revenues and enhancing long-term shareholder value. By capitalizing on growth opportunities and investing in infrastructure, the company aims to ensure continued success and deliver value to its investors.

Commitment to Sustainability: Sustainability is a core focus for the company, exemplified by the 'Zero Goal Hai' campaign, which targets zero emissions, zero harm, zero waste, and zero tolerance for non-compliance. The company has developed a comprehensive sustainability roadmap with specific commitments and targets across Environmental, Social, and Governance (ESG) dimensions. This commitment not only addresses environmental and social responsibilities but also enhances the company's attractiveness to socially-conscious investors.



Capex productivity (%)



ROCE (%)





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Management



Mr. Dinesh Kumar Mittal Chairman and Independent Director is a former Indian Administrative Service (IAS) officer from the 1977 batch (UP cadre) with extensive experience in various governmental roles. He served as Secretary of the Department of Financial Services, overseeing banking, insurance, and pension policies in India. His tenure included working closely with the Reserve Bank of India (RBI) and serving on the boards of the RBI, Life Insurance Corporation (LIC), the State Bank of India, Indian Infrastructure Finance Company Limited (IIFCL), and IIFCL (UK). Previously, he was Secretary of the Ministry of Corporate Affairs, collaborating with professional organizations such as the Institute of Chartered Accountants of India (ICAI), the Institute of Company Secretaries of India (ICSI), and the Institute of Cost and Works Accountants of India (ICWAI). As Additional Secretary in the Department of Commerce, he played a key role as India's chief negotiator in World Trade Organization (WTO) negotiations, supervised multilateral preferential tariff negotiations, and was involved in the development of Special Economic Zones (SEZs) and foreign direct investment (FDI) policies. In his role as Joint Secretary at the Ministry of Commerce, he had oversight of international trade and SEZs, and was instrumental in formulating the SEZ policy in March 2000. He also worked with Infrastructure Leasing & Financial Services (ILFS) on project development and financing during a secondment from the government. His expertise spans infrastructure, international trade, urban development, renewable energy, agriculture development, micro-credit, corporate governance, banking, insurance, pension, and finance. Additionally, he serves as a director on the boards of several companies, including Max Estates Limited, Max Financial Services Limited, Niva Bupa Health Insurance Company Limited, and New Delhi Television Limited. He holds a Master's degree in Physics with a specialization in Electronics from the University of Allahabad, India.



Ms. Anita Kapu Independent Director, who joined the Indian Revenue Service (IRS) in 1978, has held prominent roles in tax administration and policy. As Chairperson of the Central Board of Direct Taxes (CBDT) during 2014-15 and earlier as a Member of CBDT (2012-14), she led initiatives to simplify tax laws, enhance technology use for tax assessments, and reduce litigation while ensuring fair tax collection and compliance. Her career includes notable secondments with the Foreign Tax and Tax Research (FT&TR) Division and the Tax Policy & Legislation (TPL) Division of the Ministry of Finance, as well as with the Securities and Exchange Board of India (SEBI) and the Banking Division of the Ministry of Finance. She served as a Director on the boards of several stock exchanges, including Delhi Stock Exchange and Jaipur Stock Exchange, as a nominee of SEBI, and was a government nominee on the boards of various banks and the Institute of Chartered Accountants of India. Additionally, she was recognized for her expertise in international tax matters as a member and later Vice Chairperson of the UN Committee of Experts on International Cooperation in Tax Matters (2009-2013). Her final government assignment was as a Member of the Competition Appellate Tribunal (COMPAT) from 2016 to 2017.



Mr. Gopal Vittal Non-Executive Non-Independent Director has been serving as the Managing Director & Chief Executive Officer of Bharti Airtel Limited for the past decade. Under his leadership, Airtel has expanded its business portfolio across Mobile, Homes, Enterprise, and Digital services. His tenure is marked by a successful digital transformation strategy, which has significantly improved operational efficiency and customer experience. This strategic direction has propelled Airtel to achieve record high revenue market share and enterprise value in a highly competitive environment. Before joining Airtel, he accumulated twenty years of experience at Unilever, working across various markets including India, Thailand, the Philippines, Indonesia, and China. At Unilever, he held roles in sales, marketing, and general management, and was instrumental in revitalizing the Home and Personal Care business while serving on the Hindustan Unilever board. In addition to his role at Airtel, he is the Deputy Chair of GSMA, the leading global association for the mobile industry. He holds a degree from Madras Christian College and an MBA from the Indian Institute of Management, Calcutta.



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Research Report



Mr. Harjeet Kohli Non-Executive Non-Independent Director has approximately 25 years of experience in corporate and investment banking, finance, and business roles. As a Group Director on the Bharti Management Board, he oversees strategic initiatives across telecom and non-telecom sectors, focusing on inorganic growth, mergers and acquisitions, capital allocation, partnerships, financing, and risk management. He also drives core delivery and value creation for the group's consumer and real estate businesses. He serves on the boards of several Bharti entities, including Bharti Enterprises Limited, Bharti AXA Life Insurance Company Limited, Bharti AXA General Insurance Company Limited, Bharti Realty Limited, and FieldFresh Delmonte India. His previous roles include Director - Finance and CFO of Bharti Enterprises, Group Treasurer of Bharti Airtel, and involvement in strategic projects such as acquisitions, divestitures, IPOs, and capital market transactions for various listed companies. Before joining the Bharti group around 12 years ago, he spent over a decade at Citibank, where he gained extensive experience in corporate and investment banking, including business buildouts, product management, and capital markets.



Mr. Prachur Sah Managing Director & CEO brings over 22 years of experience, having previously led the oil & gas vertical at Vedanta. His expertise spans upstream asset development and management, as well as upstream engineering and technology services. In his prior role, he managed a P&L with revenues exceeding \$7 billion USD, driving growth through volume delivery, cost management, and new project monetisation. Known for fostering a value-driven culture that prioritizes safety, sustainability, and governance, he also played a key role in Cairn's expansion, handling the addition of 51 new exploration blocks. Before his tenure at Cairn, he was the Managing Director of Schlumberger's South Asia region, where he held various leadership roles across operations, HR, safety, and marketing in regions including the Middle East, Latin America, Europe, India, and the U.S. His career at Schlumberger spanned 18 years, providing him with extensive experience in operations, strategic planning, and oil and gas management. He holds an electrical engineering degree from the Indian Institute of Technology, Mumbai, and an MSc in Management from Heriot-Watt University, Edinburgh.



Mr. Rajan Bharti Mittal Vice Chairman of Bharti Enterprises, one of India's premier conglomerates, oversees a diverse portfolio that includes telecom, insurance, real estate, agriculture, and food. Bharti Enterprises has notable joint ventures with global leaders such as Singtel, AXA, Del Monte, SoftBank, and Brightstar. The flagship entity, Bharti Airtel, ranks among the world's largest telecommunications companies, serving over 400 million customers across 18 countries in India, South Asia, and Africa. Having joined Bharti Enterprises after graduating from Punjab University and furthered his education at Harvard Business School, he has been instrumental in guiding the group's activities at the corporate level. His extensive marketing expertise contributes to the strategic direction of new business ventures within the group. He is actively involved in several industry associations and policymaking bodies. His roles include serving on the Board of Trustees of the Brookings Institution and the President's Council on International Activities at Yale University. Additionally, he is a member of the India-France CEO Forum and the India-Singapore CEO Forum. He has previously held leadership positions as President of the International Chamber of Commerce (ICC) India, the Federation of Indian Chambers of Commerce and Industry (FICCI), and the Association of Basic Telecom Operators (now AUSPI). His contributions to the business community have been recognized with awards such as the 'Indian Business Leader of the Year Award 2011' by Horasis and the 'Leonardo International Prize 2012' by Comitato Leonardo.



Mr. Jagdish Saksena Deepak a postgraduate diploma in management from the Indian Institute of Management, Ahmedabad, he has had a distinguished career in public service. As a former Indian Administrative Service officer, he has served in significant roles including Ambassador of India to the World Trade Organization in Geneva and as the Permanent Representative of India at Commerce and Industry in Geneva. He has held prominent positions as Secretary in the Department of Telecommunications and the Department of Electronics & Information Technology, Government of India. His career spans over 38 years, during which he has gained extensive experience in various administrative roles within the Indian government. Currently, he is the Chairperson of Bharti Hexacom Limited and serves as an Independent Director on the boards of Axis Securities Limited and Pidilite Industries Limited.



Source: Internal Research

- Indus Towers' current Price-to-Earnings (P/E) ratio, which remains below its historical peak, signals that the company is trading at a discount relative to its long-term valuation benchmarks. This undervaluation presents a potential upside, with a target price of INR 510, reflecting a 21.61% growth from current levels. As the stock continues to trade below its historical norms, there is strong potential for appreciation as market conditions improve and the company reaches its valuation benchmark. Given this favorable outlook, the stock offers an attractive entry point for investors seeking long-term growth.
- The recent equity funding secured by Vodafone Idea and its plans to raise additional debt are positive signs for Indus Towers. These developments enhance the likelihood of the company recovering its outstanding dues while positioning it to participate in Vodafone Idea's ongoing network expansion. This could further strengthen Indus Towers' financial position and growth outlook in the telecom infrastructure space.
- Additionally, the accelerated 5G rollout in India, with nearly 450,000 5G Base Transceiver Stations (BTS) already deployed, continues to boost Indus Towers' loading revenues. As the 5G network penetration deepens over the next two to three years, the need for additional infrastructure, particularly small cells, is expected to drive further growth. Indus Towers, with its established expertise, is strategically placed to capitalize on these emerging opportunities, which should contribute positively to its long-term growth trajectory.
- In a significant development, Bharti Airtel's stake in Indus Towers is set to rise to over 50% following the board's approval of a buyback of 56.7 million equity shares. With Bharti Airtel's stake increasing from 48.95% to 50.05%, Indus Towers will officially become a subsidiary of Bharti Airtel Limited under the provisions of the Companies Act, 2013. This move not only strengthens Bharti Airtel's control over Indus Towers but also provides a stable growth platform for the company, reinforcing investor confidence.


Strategic Focus Areas:

The company remains steadfast in its strategic objectives, delivering robust operational performance. This quarter, it continued to strengthen its market position through significant additions of macro towers and co-locations, ensuring a sustained order book. The company's focus on *cost efficiency* yielded notable results, as it achieved a 7% year-on-year reduction in diesel consumption. In line with its commitment to sustainability, the company expanded its renewable energy portfolio by adding 7,000 solar-powered sites in Q1, marking a pivotal step toward long-term energy cost reduction and environmental stewardship.

In terms of *network uptime*, the company achieved an impressive 99.97% uptime despite challenging weather conditions, a testament to the resilience of its infrastructure and operational agility. This achievement underscores the company's ability to maintain superior service delivery under adverse conditions. Additionally, the company made significant strides in its *sustainability initiatives*, furthering its goal of reducing greenhouse gas (GHG) emissions. The current portfolio now includes over 21,000 solar sites, and the company continues to explore initiatives that promote the adoption of electric vehicles. These measures not only align with global sustainability goals but also enhance operational efficiency.

Regulatory Developments:

The company is actively engaging with the government to capitalize on the evolving regulatory environment. Recent government measures under *The Telecommunications Act 2023* have been pivotal in accelerating the deployment of telecom infrastructure across the country. The company is working closely with relevant ministries to expedite the implementation of the *Green Open Access Policy* and piped natural gas solutions, both of which are critical to further reducing its diesel consumption and enhancing operational efficiency. These regulatory developments provide the company with new avenues for growth while reinforcing its sustainability objectives.

5G Rollout Insights:

As the telecom sector witnesses a rapid 5G expansion, the company has been at the forefront of this transformative journey. With nearly 450,000 5G Base Transceiver Stations (BTS) deployed, the pace of 5G adoption has been remarkable. The company is anticipating increased demand for small cells, which will play a crucial role in addressing network decongestion as 5G penetration deepens. Data consumption across the top three operators has surged by 29% year-on-year, indicating the growing reliance on high-speed connectivity. The company is well-positioned to meet the infrastructure demands that come with this exponential data growth, providing robust support to its clients as they scale their 5G networks.

Customer Developments:

The recent sale of Vodafone PLC's 18% stake in Indus Towers has been a key development, while Vodafone Idea has successfully raised equity funding and is planning further debt financing. These moves are crucial for Vodafone Idea's network expansion, and the company remains confident in its ability to collect past dues and participate in future expansion efforts. The management continues to maintain strong relationships with key customers, reinforcing its role as a strategic partner in their growth journeys.

Challenges and Risks:

The company acknowledges the ongoing challenges associated with seasonal fluctuations in energy costs, particularly during adverse weather conditions. Higher diesel consumption during such periods could potentially result in margin pressures. However, the management remains proactive, focusing on reducing these costs through its renewable energy initiatives. Moreover, the company is in continuous discussions with major customers regarding payment plans and network expansion opportunities, ensuring a collaborative approach to navigating the current market dynamics.

Buyback Proposal:

Reflecting its confidence in future cash flow generation, the company has approved a *buyback* proposal as a means to distribute surplus cash to shareholders. The management views this buyback as a signal of the company's solid financial footing and its ongoing commitment to shareholder returns. The dividend policy remains closely linked to free cash flow generation, with the potential for future dividends being contingent upon the company's financial performance. This approach underscores the management's commitment to delivering consistent value to shareholders.

Competitive Landscape:

While the competitive landscape remains intense, the company continues to maintain a competitive edge through its superior service delivery and operational efficiency. Despite pricing pressures from competitors, the company has not witnessed any significant erosion in tenancy from rivals like Jio, maintaining stable tenancy numbers across its portfolio. The management remains vigilant, constantly seeking ways to enhance its value proposition in an evolving market.

Future Outlook:

Looking ahead, the company remains optimistic about its growth prospects, driven by the continued expansion of network infrastructure and the rapid rollout of 5G. The strong visibility in its order book for the upcoming quarters provides confidence in sustained momentum, particularly in tower and co-location additions. The company is strategically positioned to capitalize on the telecom sector's growth trajectory, ensuring it remains a critical enabler of connectivity across India's digital landscape.


Quarter Update
Quarterly Profit and Loss Statement (Standalone)

In(₹cr)

	FY2024-25	FY2023-24	FY2023-24	Y-O-Y	Q-O-Q
Particulars	Q1	Q4	Q1		
Income from Operation	₹ 7,383.0	₹ 7,193.2	₹ 7,075.9	4.34%	2.64%
Gross Profit	₹ 4,179.6	₹ 4,275.9	₹ 3,970.3	5.27%	-2.25%
EBITDA	₹ 4,601.7	₹ 4,211.1	₹ 3,570.3	28.89%	9.28%
EBITDA MARGIN%	62.33%	58.54%	50.46%	23.53%	6.47%
EBIT	₹ 3,041.2	₹ 2,646.6	₹ 2,196.2	38.48%	14.91%
Profit Before Tax	₹ 2,591.8	₹ 2,488.9	₹ 1,810.3	43.17%	4.13%
Net Profit	₹ 1,925.9	₹ 1,853.1	₹ 1,347.9	42.88%	3.93%
Pat Margin	26.09%	25.76%	19.05%	36.94%	1.26%
EPS	₹ 7.2	₹ 6.9	₹ 5.0	43.00%	3.92%

Quarterly Profit and Loss Statement (Consolidated)

In(₹cr)

	FY2024-25	FY2023-24	FY2023-24	Y-O-Y	Q-O-Q
Particulars	Q1	Q4	Q1		
Income from Operation	₹ 7,383.0	₹ 7,193.2	₹ 7,075.9	4.34%	2.64%
Gross Profit	₹ 4,179.6	₹ 4,275.9	₹ 3,970.3	5.27%	-2.25%
EBITDA	₹ 4,601.7	₹ 4,211.1	₹ 3,570.3	28.89%	9.28%
EBITDA MARGIN%	62.33%	58.54%	50.46%	23.53%	6.47%
EBIT	₹ 3,041.2	₹ 2,646.6	₹ 2,196.2	38.48%	14.91%
Profit Before Tax	₹ 2,591.8	₹ 2,488.9	₹ 1,810.3	43.17%	4.13%
Net Profit	₹ 1,925.9	₹ 1,853.1	₹ 1,347.9	42.88%	3.93%
Pat Margin	26.09%	25.76%	19.05%	36.94%	1.26%
EPS	₹ 7.2	₹ 6.9	₹ 5.0	43.00%	3.92%

Source : Company Report

- **Financial Statement Analysis Revenue Growth: YOY (Year-over-Year):**
The revenue increased by 4.34% from Q1FY24 to Q1FY25.) : The revenue increased by 2.64% from Q4FY24 to Q1FY25.
- **EBITDA and EBITDA Margin: EBITDA:** The EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) increased by 28.89% YOY (from ₹3570 crores in Q1FY24 to ₹4601.7 crores in Q1FY25). QOQ, it increased by 9.28% from ₹4211.1crores in Q4FY24 .
- **EBITDA Margin:** Q1FY25: 62.33% Q4FY24: 58.54% Q1FY23: 50.46% YOY Change: The margin improved by 23.53% points (from 13% to 14%). QOQ Change: The margin increased by 6.47% points (from 58.54% to 62.33%).
- **EBIT and EBIT Margin: EBIT:** EBIT (Earnings Before Interest and Taxes) increased by 38.48% YOY (from ₹2196.2 crores in Q1FY24 to ₹3041.2 crores in Q1FY25). QOQ, it increased by 14.91% from ₹2646.6 crores in Q4FY24.
- **EBIT Margin:** Q1FY25: 41.19% Q4FY24: 36.79% YOY Change: The margin improved by 32.72% points (from 31.04% to 41.19%). QOQ Change: The margin remained stable with a slight increased of 11.96% points.
- **PAT (Profit After Tax):** PAT increased by 42.88% YOY (from ₹1347.9 crores in Q1FY24 to ₹1925.9 crores in Q1FY25). QOQ, it increased by 3.93 % from ₹1853.1 crores in Q4FY24.



Source : Company Report


Financial Summary
Income Statement

In(₹cr)

Particulars	FY2022	FY2023	FY2024
Revenue	27,717.20	28,381.80	28,600.60
COGS	10,265.80	11,364.90	11,932.20
Gross Profit	17,451.40	17,016.90	16,668.40
S,G&Other Exp.	2,508.50	7,249.90	1,974.50
EBITDA	14,942.90	9,767.00	14,693.90
Dep&Amortisation Expense	5,422.20	5,323.90	6,059.90
EBIT	9,520.70	4,443.10	8,634.00
Interest	1,603.30	1,453.90	735.40
EBT	7,917.40	2,989.20	7,898.60
Other Income	352.50	361.30	361.10
PBT	8,269.90	3,350.50	8,259.70
Tax & Exceptional Item	2,099.80	1,310.50	2,223.50
PAT	6,170.10	2,040.00	6,036.20

Cash Flow Statement

In(₹cr)

Particulars	FY2022	FY2023	FY2024
CFO Before WC	1,44,237.00	1,45,288.00	1,44,966.00
Chg in WC	(23,191.00)	(43,386.00)	(20,611.00)
Tax	(557.00)	(287.00)	8,148.00
Operating cash flow	91,212.00	79,048.00	1,15,821.00
Net Capex	(21,721.00)	(17,279.00)	(75,415.00)
Other CFI	(16.00)	(21.00)	(43.00)
Investing Cash flow	(21,737.00)	(17,300.00)	(75,458.00)
Net lease/Debt	(55,244.00)	(37,947.00)	(35,760.00)
Financing Cash flow	(59,816.00)	(71,326.00)	(39,956.00)
Net Cash flow	9,802.00	224.00	631.00

Balance Sheet

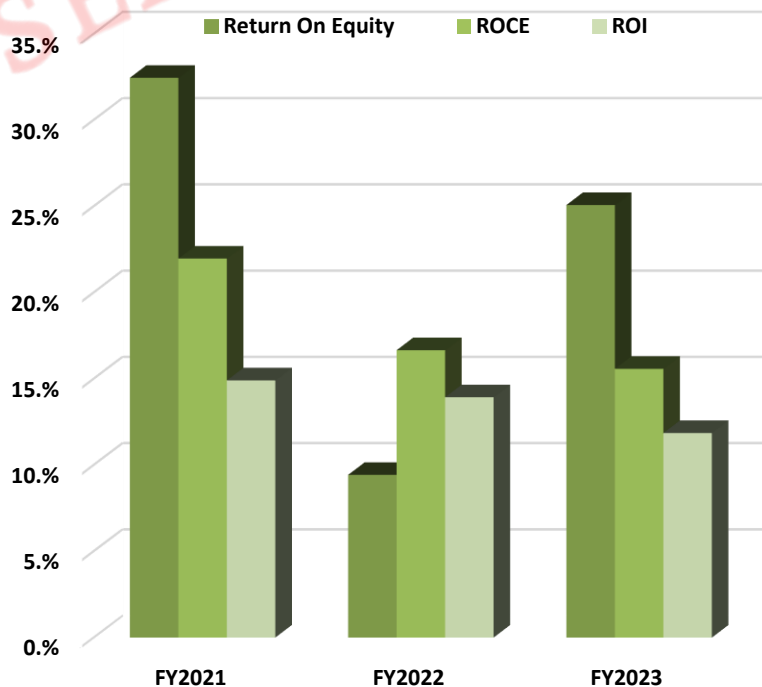
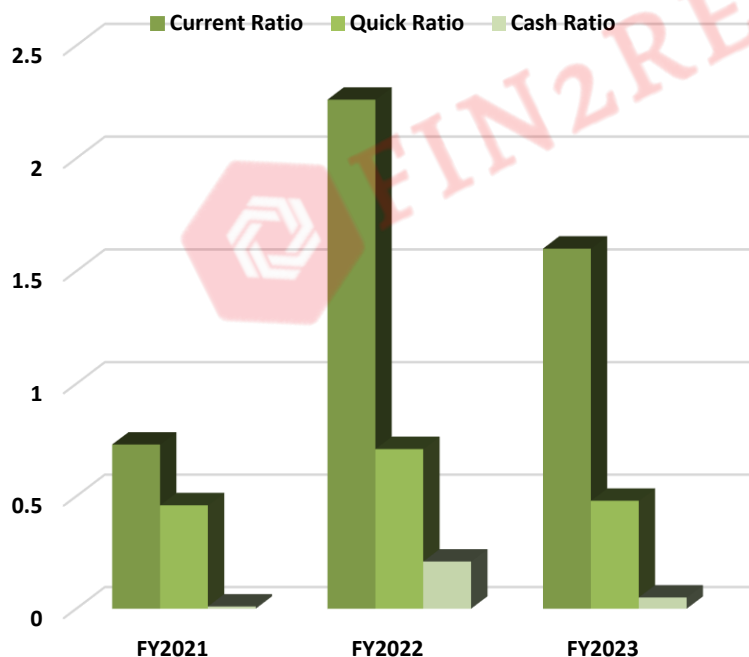
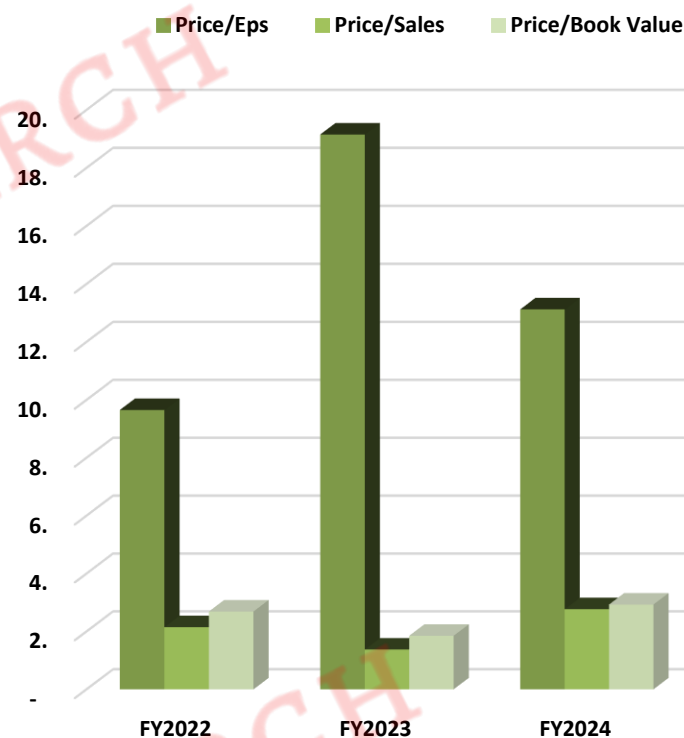
In(₹cr)

Particulars	FY2022	FY2023	FY2024
Assets			
Non Current Assets			
Fixed Assets	31969.60	32715.10	39708.90
Investment Property	0.00	0.00	2.80
Intangible Assets	35.20	23.10	13.20
Other Financial Assets	1101.20	1175.20	1323.30
Deferred Tax (Net)	0.00	1221.80	1075.60
Other Assets	1865.90	2004.50	2482.30
Non Current Assets	35656.30	37864.80	45377.60
Current assets			
Inventories	0.00	0.00	0.00
Current Investment	1652.10	275.60	0.00
Trade Receivables	7058.60	4868.70	6450.70
Cash and Cash Eqv.	980.20	22.40	63.10
Other Financial Ast.	2375.50	3251.80	3576.80
Other C.A	244.90	289.10	399.40
Total Current Asset	12311.30	8707.60	10490.00
Total Assets	47967.60	46572.40	55867.60
Equity & Liabilities			
Equity			
Equity	2694.90	2694.90	2694.90
Other Equity	19455.60	18414.60	24343.90
Total equity	22150.50	21109.50	27038.80
Non-Current Liabilities			
Financial Liabilities			
Long Term Debt	15032.40	15237.00	15716.90
Deferred Tax(Net)	91.80	0.00	0.00
Total Non-CL	16990.20	17300.10	18672.30
Current Liabilities			
Financial liabilities			
Short Term Debt	3112.90	2278.60	2807.40
Trade Payables	2151.50	2051.70	2399.00
Other Liabilities	2129.30	2121.90	2279.70
Provisions	651.00	1159.20	1769.70
Tax Liabilities (Net)	516.30	417.20	644.90
Total C.Liabilities	8826.90	8162.80	10156.50
Total Equity & Liabi.	47967.60	46572.40	55867.60




Key Ratios

Particulars	FY2022	FY2023	FY2024
EPS (Basic)	23.65	7.57	22.40
Price/EPS	9.65	19.15	13.12
Price/Sales	2.15	1.38	2.77
Price/Book Value	2.69	1.85	2.93
EV/EBITDA	5.02	5.58	6.40
EV/EBIT	7.81	12.00	10.90
Debt to Equity	0.89	0.91	0.76
Debtor Turnover Days	71.68	76.69	68.07
Creditors Turnover Days	71.68	76.69	72.23
Revenue Growth	98.63%	2.40%	0.77%
EBITDA Margin	53.91%	34.41%	51.38%
EBIT Margin	34.35%	15.65%	30.19%
Net profit Margin	22.26%	7.19%	21.11%
Current Ratio	1.39	1.07	1.03
Quick Ratio	0.91	0.60	0.64
Cash Ratio	0.11	0.00	0.01
Return On Equity	32.45%	9.43%	25.07%
ROCE	28.16%	12.39%	21.39%
ROI	20.46%	6.86%	16.34%
Interest Coverage Ratio	5.94	2.66	4.63
CFO/Sale	3.29	2.79	4.05
CFO/Total Assets	1.90	1.70	2.07
CFO/Total Debt	4.49	4.04	5.54





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