

Indus Towers

Estimate changes	↔
TP change	↔
Rating change	↔

CMP: INR357

TP: INR385 (+8%)

Neutral

Core performance slightly weaker

- Indus' 2QFY25 reported financials came in ahead of our estimate owing to a higher-than-estimated reversal of prior period bad debt provisions (INR10.8b vs. our estimate of INR5b).
- However, its core operational performance was slightly below with Indus' recurring EBITDA at INR37.9b (+1% QoQ, +7% YoY), coming in ~2% below our estimate on lower tower net additions and weaker energy spreads.
- Tower additions further moderated QoQ to 3.7k (vs. our est. 5.5k) on adverse weather events, which also led to moderation in capex (-19% QoQ).
- With moderation in capex and collection of prior dues, Indus' 1H FCF was robust at ~INR33b (of which INR27.5b was used for recent buyback).
- Vi's recent fund raise and upcoming network rollout is materially positive for Indus as it: 1) helps sustain 100% collections, 2) enables past dues recovery (INR36b) and 3) provides incremental business from Vi's network expansions at minimal capex.
- However, we believe the near-term benefits are adequately factored in. 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 ~INR20b bad debt provisions (25% of Vi's annual service rentals) over FY27-31 (NPV impact of ~INR27/sh), in our base case.
- We cut our FY25/26 revenue/EBITDA by 2-3% on slightly lower tower additions. We maintain Neutral rating on Indus with revised DCF based TP of INR385 (implies 7.5X FY27 EBITDA).

Weak core performance due to lower tower additions and weaker energy spreads

- Consolidated revenue was up 1% QoQ at INR74.7b (+5% YoY, 1% miss).
 - Service revenue at INR47b (+1.5% QoQ, +9% YoY) was **~1% below** our estimate on account of weaker net tower additions.
 - Energy reimbursements at INR27.6b (flat QoQ, -1% YoY) came in **~2% below** our estimate due to higher energy under-recovery.
- Consolidated EBITDA was up 8% QoQ at INR48.6b (+42% YoY) and was **11% ahead** of our estimate, **largely owing to higher prior-period reversals**.
 - Adjusted service EBITDA at INR39b (flat QoQ, +9% YoY) was **~1% below** our estimate on account of lower service revenue.
 - Energy spreads recovered marginally QoQ to negative INR1.35b (vs. INR1.5b loss QoQ), but were **higher than our estimated** loss of INR1b.
 - Indus **reversed bad debt provisions of INR10.8b** in 2QFY25 (vs. bad debt provision reversals of INR7.6b QoQ and provisions of INR1.3b YoY), which was **higher than our estimate of INR5b**.
- **Adjusted for bad debt provision reversals, recurring EBITDA at INR37.9b (+1% QoQ, +7% YoY) was ~2% below our estimate** due to weaker energy spreads and lower service revenue.
- Reported PAT at INR22b (+16% QoQ, +72% YoY) was 22% above our estimate, largely due to the higher provision reversal.
- Recurring 2Q PAT at INR14.2b (+5% QoQ, +2% YoY) was **~2% below** our estimate due to the lower core-EBITDA.

Bloomberg	INDUSTOW IN
Equity Shares (m)	2638
M.Cap.(INRb)/(USD\$)	942.1 / 11.2
52-Week Range (INR)	461 / 167
1, 6, 12 Rel. Per (%)	-6/-10/74
12M Avg Val (INR M)	6582

Financials & Valuations (INR b)

INR b	FY24	FY25E	FY26E
Net Sales	286.0	304.2	329.3
EBITDA	145.6	198.8	181.5
Adj. PAT	60.4	58.3	63.9
EBITDA Margin (%)	50.9%	65.4%	55.1%
Adj. EPS (INR)	22.4	22.1	24.2
EPS Gr. (%)	151.1	-1.3	9.7
BV/Sh. (INR)	100.3	124.2	139.1

Ratios

Net D:E	0.2	0.0	-0.1
RoE (%)	25.1	19.3	18.0
RoCE (%)	23.0	25.1	21.8

Valuations

EV/EBITDA (x)	6.9	4.8	5.0
P/E (x)	16.0	16.2	14.8
P/BV (x)	3.6	2.9	2.6
Div. Yield (%)	0.0	3.4	5.6

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	53.0	52.0	69.0
DII	17.0	17.0	6.7
FII	24.2	23.2	21.4
Others	5.8	7.8	2.9

FII Includes depository receipts

- 1HFY25 reported EBITDA came in at INR94b (up 36% YoY), driven by INR18.4b prior period reversals. Adjusted for the same, recurring EBITDA at INR75.3b was up 6% YoY.
- For 2H, the implied revenue/core EBITDA growth rate is 8%/9%, based on our estimates.

Net tower additions moderated QoQ (weaker); ARPT flat QoQ (in line)

- Net macro tower additions moderated further to 3,748 QoQ (vs. our estimate of 5,500 and 6,174 net adds QoQ);
- Indus also added 182 net leaner towers QoQ (vs. 492 QoQ).
- For the second successive quarter, net macro tenancy additions were higher than tower additions at 4,308 (lower vs. our est. 6,500 and 6,340 QoQ).
- The end-period tenancy ratio moderated further to 1.65x (from 1.66X QoQ), as the incremental tenancy ratio remained lower at ~1.1x (vs. ~1x QoQ).
- Reported sharing revenue per macro tenant (ARPT) at INR41.1k (flat QoQ, +0.5% YoY) was in line with our estimate.

Receivables further moderated QoQ; net debt (excluding leases) jumps

- Receivables moderated further by ~INR0.9b QoQ to INR56.3b. It also had ~INR10.8 bad debt provision reversal, implying a net surplus collection of ~INR12b during 2QFY25 (vs. ~INR15b in 1Q).
- Over the past few quarters, Indus has recovered INR23.3b towards past dues from Vi, with prior period bad debt provisions now at INR35.5b (vs. INR53.9b at Mar'24 end).
- Capex moderated further ~19% QoQ to INR15.2b (vs. INR18.9b QoQ) as net tower additions moderated QoQ; however, capex per tower addition inched up to INR3.3m (vs. INR2.6m QoQ).
- Net debt, including lease liabilities, was up ~10% QoQ at INR210b (vs. ~INR204b YoY). Net debt, excluding lease liabilities, jumped to ~INR37b (vs. ~INR24b QoQ).
- Reported 2Q FCF moderated to INR14.4b (from INR18.7b in 1Q). Its 1HFY25 FCF stood at INR33b, aided by collections of prior-period dues and also moderation in capex.
- We note that Indus has already used INR27.5b in the recent buyback, and dividend reinstatement will depend on the FCF generation in 2H.

Highlights from the management commentary

- **Tower/tenancy additions:** Tower additions were impacted by adverse weather events. The order book remains healthy and management expects tenancy additions to improve further on account of Vi's network rollouts.
- **Market share with key customers:** The management expects rising urban presence and large rollouts in past few years to help Indus to win a high share in Vi's upcoming rollouts.
- **Prior-period due collections:** Ongoing collections from Vi remained 100%. Further, it was able to collect prior period dues for the fourth successive quarter, which led to the reversal of ~INR11b in bad debt provisions, while receivables declined by a modest ~INR1b QoQ. The management remains engaged with Vi for swift clearance of over-dues and ensure timely payments.
- **Dividends:** The 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 FCF generation. 1H FCF was largely used for funding the recent buyback.

Valuation and view

- Vi's recent fund raise and upcoming network rollout is materially positive for Indus as it: 1) helps sustain 100% collections, 2) enables past dues recovery (INR36b) and 3) provides incremental business from Vi's network expansions at minimal capex.
- However, we believe the near-term benefits are adequately factored in. We remained 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.
- We marginally lower our tower addition estimates for FY25-26 while keeping tenancy addition estimates broadly unchanged. As a result, we cut FY25-26E revenue by 2-3% and FY25-26E recurring EBITDA (excluding provisions) by ~2%.
- We value Indus on a DCF-based TP of INR385 (implies 7.5x FY27E EBITDA). We reiterate our Neutral rating on the stock.

Quarterly Performance**(INR b)**

Y/E March (Consolidated)	FY24				FY25E				FY24	FY25E	FY25E 2QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue from operations	71	71	72	72	74	75	77	78	286	304	75	-1.0
YoY Change (%)	2.6	-10.5	6.4	6.5	4.3	4.7	7.3	9.1	0.8	6.4	5.7	
Total Expenditure	36	37	36	31	29	26	25	25	140	105	32	-17.8
Provisions / (reversals)	1	1	1	-4	-8	-11	-13	-13	-1	-43	-5	
Recurring EBITDA	36	36	36	37	37	38	39	41	145	155	39	
EBITDA	35	34	36	41	45	49	52	53	146	199	44	11.2
YoY Change (%)	53.8	21.7	208.3	18.6	29.4	42.2	44.9	30.7	50.6	36.6	27.8	
Depreciation	14	15	16	16	16	16	16	17	61	64	16.0	-1.1
Interest	4	2	0	1	4	4	4	4	7	17	4	2.7
Other Income	1	1	1	1	1	1	1	1	4	4	1	62.7
PBT before EO expense	18	17	21	25	26	30	32	33	81	122	24	22.2
Extra-Ord expense	0	0	0	0	-8	-11	-13	-13	0	-43	-5	
PBT	18	17	21	25	18	19	20	21	81	78	19	-1.8
Tax	5	5	5	6	7	8	8	8	21	31	6	
Rate (%)	25.5	25.9	25.8	25.5	25.7	25.4	25.2	25.2	25.7	25.3	25.2	
Reported PAT	13	13	15	19	19	22	24	25	60	91	18	21.8
Adj PAT	13	13	15	19	14	14	15	16	60	58	15	-2.3
YoY Change (%)	182.4	48.5	-550.9	32.4	0.7	9.5	-2.9	-15.9	151.1	-3.4	41.0	

E: MOFSL Estimates

Indus Towers - Quarterly results (INR m)	2QFY24	1QFY25	2QFY25	QoQ	YoY	2QFY25E	vs est
Service revenues	43,368	46,366	47,078	1.5	8.6	47,371	(0.6)
Energy reimbursements	27,936	27,464	27,575	0.4	(1.3)	28,022	(1.6)
Exit / one-off revenue	21	-	-			-	
Reported revenue	71,325	73,830	74,653	1.1	4.7	75,393	(1.0)
Power and fuel	(28,554)	(29,006)	(28,925)	(0.3)	1.3	(29,022)	(0.3)
Employee expenses	(1,957)	(1,971)	(2,073)	5.2	5.9	(2,055)	0.9
Other costs	(5,264)	(5,409)	(5,783)	6.9	9.9	(5,579)	3.7
Bad debt provision reversals	(1,335)	7,597	10,766	41.7		5,000	
Total operating costs	(37,110)	(28,789)	(26,015)	(9.6)	(29.9)	(31,656)	(17.8)
EBITDA	34,215	45,041	48,638	8.0	42.2	43,737	11.2
Service EBITDA	36,147	38,986	39,222	0.6	8.5	39,737	(1.3)
Energy EBITDA	(618)	(1,542)	(1,350)	(12.5)	118.4	(1,000)	35.0
One-offs (Exit revenue/provision write-offs)	(1,314)	7,597	10,766			5,000	
D&A	(15,256)	(15,605)	(15,801)	1.3	3.6	(15,981)	(1.1)
EBIT	18,959	29,436	32,837	11.6	73.2	27,756	18.3
Net finance costs and other income	(1,492)	(3,518)	(3,036)	(13.7)	103.5	(3,366)	(9.8)
PBT	17,467	25,918	29,801	15.0	70.6	24,390	22.2
Provision for taxes	(4,520)	(6,659)	(7,566)			(6,139)	
Recurring PAT	13,951	13,574	14,179	4.5	1.6	14,509	(2.3)
EO items	(1,335)	7,597	10,766			5,000	
Reported PAT	12,947	19,259	22,235	15.5	71.7	18,251	21.8
# of shares	2,638	2,638	2,638			2,638	
Recurring EPS (INR/share)	5.3	5.1	5.4	4.5	1.6	5.5	(2.3)
Core operational performance analysis	2QFY24	1QFY25	2QFY25	QoQ	YoY	2QFY25E	vs est
Revenue	71,304	73,830	74,653	1.1	4.7	75,393	(1.0)
EBITDA	35,529	37,444	37,872	1.1	6.6	38,737	(2.2)
EBIT	20,273	21,839	22,071	1.1	8.9	22,756	(3.0)
PBT	18,781	18,321	19,035	3.9	1.4	19,390	(1.8)
PAT	13,930	13,575	14,179	4.4	1.8	14,509	(2.3)
Key operating metrics	2QFY24	1QFY25	2QFY25	QoQ	YoY	2QFY25E	vs est
Total towers (#)	2,04,212	2,25,910	2,29,658	1.7	12.5	2,31,410	(0.8)
Total tenants (#)	3,53,462	3,74,928	3,79,236	1.1	7.3	3,81,428	(0.6)
Tenancy ratio (end-period)	1.73	1.66	1.65			1.65	
Sharing revenue per operator (INR/month)	40,940	41,094	41,125	0.1	0.5	41,270	(0.4)
Sharing revenue per tower (INR/month)	71,867	69,361	68,893	(0.7)	(4.1)	69,056	(0.2)
Margins (%)							
Overall EBITDA	48.0	61.0	65.2	415 bps	1,718 bps	58.0	714 bps
Service EBITDA (inc. one-offs)	83.4	84.1	83.3	(77)bps	(9)bps	83.9	(57)bps
EBIT	26.6	39.9	44.0	412 bps	1,741 bps	36.8	717 bps
PAT	19.6	18.4	19.0	61 bps	(57)bps	19.2	(25)bps
Effective tax rate	25.9	25.7	25.4			25.2	

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	QoQ	YoY
Consolidated financials (INR m)								
Service revenues	43,345	43,389	44,795	45,785	46,366	47,078	1.5	8.5
Energy reimbursements	27,414	27,936	27,195	26,147	27,464	27,575	0.4	(1.3)
Gross revenues	70,759	71,325	71,990	71,932	73,830	74,653	1.1	4.7
EBITDA	34,795	34,215	35,840	40,716	45,041	48,638	8.0	42.2
EBIT	21,054	18,959	19,883	25,071	29,436	32,837	12	73
PBT	18,103	17,467	20,765	24,889	25,918	29,801	15	71
Reported PAT	13,479	12,947	15,405	18,531	19,259	22,235	15	72
pre Ind-AS 116 EBITDA	27,484	26,877	28,156	32,688	36,372	40,629	12	51
Total capex	22,134	22,897	26,528	25,416	18,819	15,176	(19)	(34)
Maintenance capex	2,806	2,996	3,111	3,385	2,598	2,979	14.7	(0.6)
Operating FCF = Ind-AS 116 adj. EBITDA - capex	5,350	3,980	1,628	7,272	17,553	25,453	45	540
Adjusted funds from operations (AFFO)	24,678	23,881	25,045	29,303	33,774	37,650	11	58
Operating metrics								
EoP macro towers (#)	1,98,284	2,04,212	2,11,775	2,19,736	2,25,910	2,29,658	1.7	12.5
QoQ macro tower net adds	5,410	5,928	7,563	7,961	6,174	3,748		
EoP macro colocations (#)	3,47,879	3,53,462	3,60,679	3,68,588	3,74,928	3,79,236	1.1	7.3
QoQ macro colocation net adds (#)	5,048	5,583	7,217	7,909	6,340	4,308		
Macro colocation exits (#)	(518)	(840)	(655)	(429)	(310)	(239)		
QoQ macro colocation gross addition (#)	5,566	6,423	7,872	8,338	6,650	4,547		
Tenancy ratio (end-period, X)	1.75	1.73	1.70	1.68	1.66	1.65		
EoP leaner colocations (#)	7,854	8,643	9,994	10,686	11,178	11,360	2	31
qoq leaner colocations added	936	789	1,351	692	492	182		

Exhibit 1: Valuation based on Dec'26E

DCF summary (in INR m)	Dec'26
Discount rate (%)	11.5%
Terminal growth rate (%)	3%
Present value of FCF	4,42,184
Present value of Terminal value	4,56,705
Enterprise value	8,98,889
Implied EV/EBITDA on FY27 (x)	7.5
Net debt (ex-leases)	-32,127
Equity value	9,31,015
Equity value (INR/share)	353
TP (including dividends, INR/share)	385
CMP (INR/share)	357
Upside (%)	8%

Source: MOFSL, Company

Exhibit 2: Revisions to our estimates

	FY25E	FY26E	FY27E
Revenue (INR b)			
Old	308.9	340.1	
Actual/New	304.2	329.3	350.6
Change (%)	-1.5	-3.2	
EBITDA (INR b)			
Old	198.5	188.7	
Actual/New	198.8	181.5	164.8
Change (%)	0.2	-3.8	
EBITDA margin (%)			
Old	64.2	55.5	
Actual/New	65.4	55.1	47.0
Change (%)	111bps	-36bps	
PAT (INR b)			
Old	88.5	76.4	
Actual/New	90.7	71.8	56.1
Change (%)	2.5	-6.1	
EPS (INR)			
Old	33.6	29.0	
Actual/New	34.4	27.2	21.3
Change (%)	2.5	-6.1	

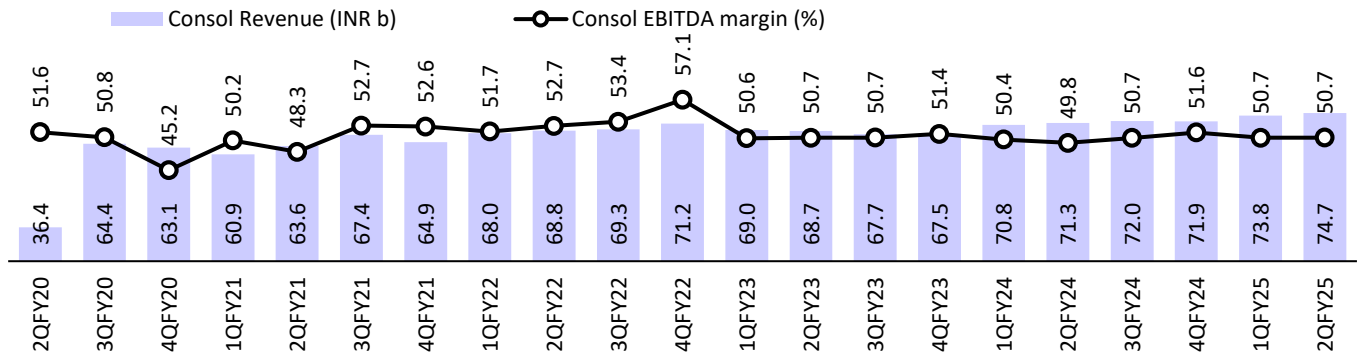


Highlights from the management commentary

- **Tower/tenancy additions:** Tower additions were impacted by seasonality. Typically, tower additions are weaker in 2Q on account of adverse weather events. The order book remains healthy and management expects tenancy additions to improve further on account of Vi's network rollouts.
- **Market share with key customers:** Maintaining/improving market share with key customers is one of the priorities for Indus. The management expects that the growing urban presence and large rollouts in the past few years should help Indus win a high share in Vi's upcoming rollouts.
- **Prior-period dues collection:** Indus' ongoing collections from Vi remained 100%. Further, it was able to collect prior dues for the fourth successive quarter, which led to the reversal of ~INR11b in bad debt provisions, while receivables declined by a modest ~INR1b QoQ. The management remains engaged with Vi for swift clearance of past overdues and to ensure timely payments.
- **ARPT movement:** Indus' ARPT gets a boost from 5G loadings and annual escalation, but these are offset by a change in mix (lower capex, lower rental towers) and renewal discounts. Further, with upcoming second tenancies (from Vi), the average revenue per tower should increase, but ARPT would likely decline modestly.
- **Dividends:** The management reiterated that its dividend policy is linked to FCF generation and it will take a call on reinstating dividends at end-FY25, based on FCF generation. 1H FCF was largely used for funding the recent buyback.
- **Energy under-recoveries:** Energy under-recoveries remained elevated in 2Q as well, on account of higher diesel usage. However, the management expects under-recoveries to reduce in 2H.
- **Energy efficiency initiatives:** Indus has been taking several steps to reduce the overall diesel consumption (-2% YoY in 2Q and -7% YoY in FY24). Indus deployed ~4k solar sites in 2Q (~25.5k overall solar sites) to reduce diesel consumption further.
- **Competitive intensity:** Indus management indicated that it has not seen any significant change in competitive intensity after the recent ATC-Brookfield deal.
- **GST show-cause notice:** Indus has received a show-cause notice, amounting to ~INR55b, pertaining to disallowance of Input Tax Credit (ITC) on passive infrastructure assets such as DG sets, battery banks, ACs, etc. The management noted that the matter is sub-judiced, but it believes the liability is not on the company and considers the probability of penalty as remote.

Story in charts

Exhibit 3: Consolidated revenue increased 1% QoQ, while core EBITDA margin remained stable QoQ



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

Exhibit 4: Rental revenue up 2% QoQ

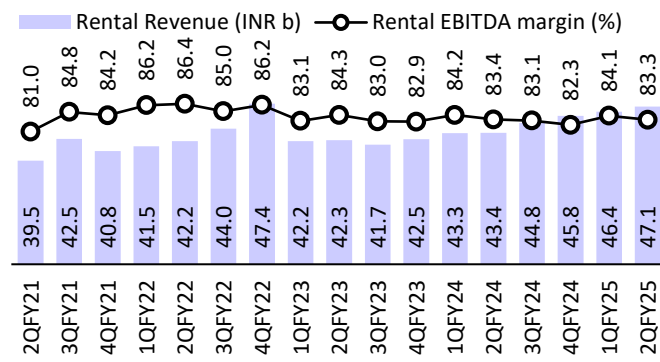


Exhibit 5: Energy under-recoveries remain high at INR1.4 b

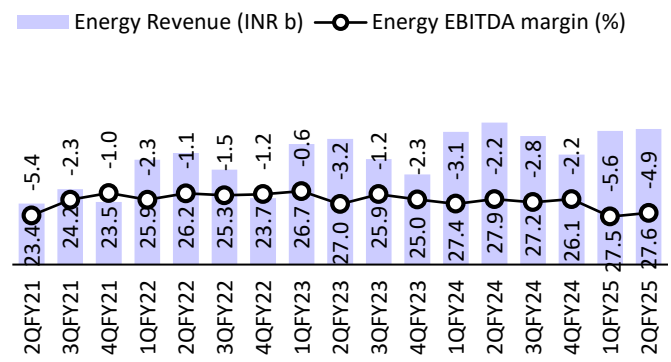


Exhibit 6: Average sharing factor moderated QoQ

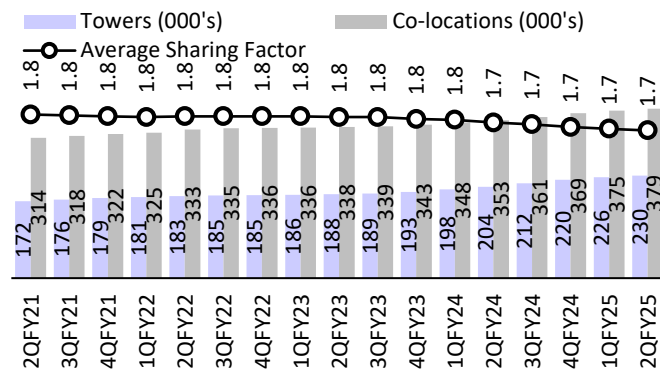


Exhibit 7: Sharing revenue per operator (ARPT) flat QoQ

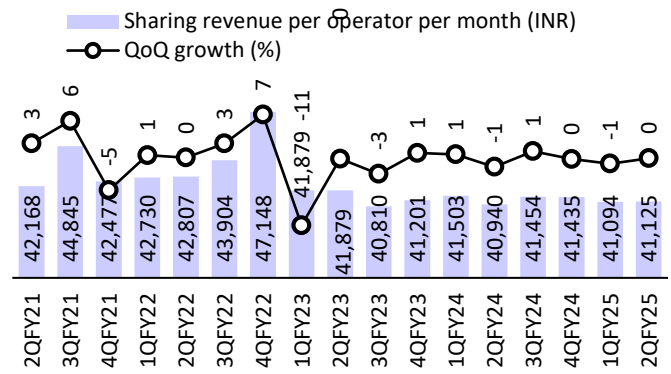


Exhibit 8: Tower additions moderated QoQ on seasonality

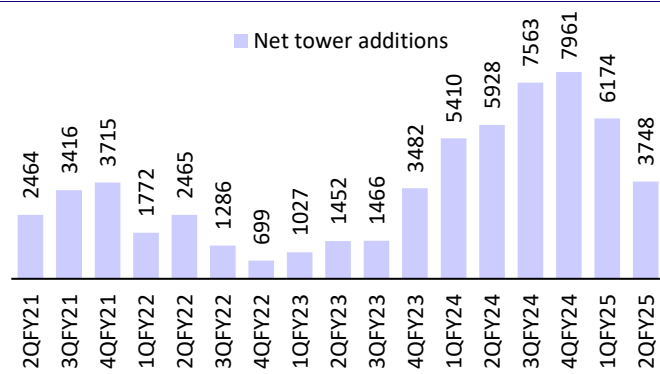
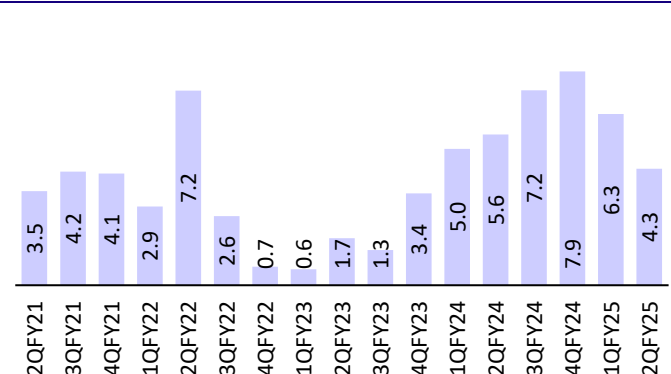


Exhibit 9: Tenancy adds higher than tower adds (in '000s)



Source: MOFSL, Company

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Exhibit 10: Energy under-recoveries remained elevated at INR1.4b in 2Q

	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Energy Reimbursements	26748	31821	25902	25030	27414	27936	27195	26147	27464	27575
Power and Fuel	-26915	-27177	-26220	-25596	-28264	-28554	-27956	-26725	-29006	-28925
Energy Spread	-167	4644	-318	-566	-850	-618	-761	-578	-1542	-1350
Energy EBITDA margins (%)	-0.6%	14.6%	-1.2%	-2.3%	-3.1%	-2.2%	-2.8%	-2.2%	-5.6%	-4.9%

Exhibit 11: Quarterly per tenant model, March fiscal year-ends, 1QFY23 onward (INR/tenant/month)

Per tenant model	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Rentals	41,594	41,369	40,607	41,168	41,472	40,920	41,454	41,435	41,094	41,125
Energy	26,529	26,015	25,485	24,458	26,460	26,555	25,387	23,903	24,625	24,376
Exit revenue and one-offs	285	11,356	470	359	365	324	363	420	479	491
Revenue	68,408	78,740	66,562	65,985	68,296	67,799	67,204	65,757	66,199	65,992
Power and fuel	(26,695)	(26,861)	(25,798)	(25,011)	(27,280)	(27,142)	(26,098)	(24,431)	(26,008)	(25,569)
Employee	(1,819)	(1,934)	(1,968)	(1,905)	(1,786)	(1,860)	(1,853)	(1,857)	(1,767)	(1,832)
Other expenses	(17,461)	(22,159)	(27,357)	(5,525)	(5,646)	(6,273)	(5,796)	(2,249)	1,962	4,405
Repairs and Maintenance	(3,340)	(3,296)	(3,339)	(3,331)	(3,240)	(3,325)	(3,363)	(3,230)	(3,221)	(3,387)
Other expenses	(1,297)	(1,348)	(1,453)	(1,721)	(1,235)	(1,352)	(1,483)	(2,038)	(1,260)	(1,342)
CSR	(598)	(12)	(228)	(134)	(331)	(327)	(351)	(283)	(369)	(383)
Provisions and writeoffs	(12,225)	(17,500)	(22,336)	(339)	(840)	(1,269)	(598)	3,302	6,812	9,517
Total costs	(45,974)	(50,955)	(55,123)	(32,441)	(34,712)	(35,275)	(33,747)	(28,536)	(25,813)	(22,997)
EBITDA	22,434	27,785	11,439	33,544	33,584	32,523	33,457	37,221	40,386	42,995
Adj. core EBITDA	22,315	17,276	11,282	33,738	34,040	32,787	33,805	37,330	41,289	43,697
Adj. energy EBITDA	(166)	(846)	(313)	(553)	(820)	(587)	(710)	(528)	(1,383)	(1,193)
Depreciation and Amortization	(13,283)	(12,915)	(13,359)	(12,900)	(13,263)	(14,502)	(14,896)	(14,302)	(13,992)	(13,968)
on assets	(8,421)	(7,919)	(8,448)	(8,053)	(8,239)	(9,142)	(9,759)	(8,788)	(8,447)	(8,709)
on leases	(4,862)	(4,996)	(4,911)	(4,847)	(5,023)	(5,360)	(5,137)	(5,514)	(5,545)	(5,259)
EBIT	9,150	14,870	(1,920)	20,644	20,321	18,022	18,561	22,919	26,394	29,027
Interest cost (net)	(149)	(471)	212	527	(66)	1,499	3,712	2,859	(165)	281
Interest on leases	(2,623)	(2,785)	(2,811)	(2,671)	(2,783)	(2,917)	(2,888)	(3,026)	(2,989)	(2,965)
PBT	6,378	11,613	(4,519)	18,500	17,473	16,603	19,385	22,753	23,239	26,344
PAT	4,734	8,617	(2,119)	13,671	13,010	12,307	14,381	16,940	17,268	19,655
Ind-AS adjusted EBITDA	14,944	20,454	3,869	26,103	26,196	25,221	25,933	29,599	32,243	35,533

Exhibit 12: Quarterly per tower model, March fiscal year-ends, 1QFY23 onward (INR/tower/month)

Per tower model	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Rentals	75,174	74,530	72,919	73,477	73,231	71,301	71,166	70,027	68,562	68,080
Energy	47,946	46,868	45,765	43,652	46,723	46,271	43,583	40,396	41,085	40,353
Exit revenue and one-offs	514	20,458	843	641	644	565	623	709	800	813
Revenue	1,23,634	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
Power and fuel	(48,245)	(48,392)	(46,327)	(44,639)	(48,171)	(47,295)	(44,803)	(41,289)	(43,392)	(42,328)
Employee	(3,287)	(3,485)	(3,534)	(3,401)	(3,153)	(3,241)	(3,181)	(3,138)	(2,949)	(3,034)
Other expenses	(31,557)	(39,922)	(49,126)	(9,860)	(9,970)	(10,930)	(9,951)	(3,801)	3,273	7,292
Repairs and Maintenance	(6,037)	(5,938)	(5,997)	(5,945)	(5,721)	(5,794)	(5,774)	(5,458)	(5,373)	(5,608)
Other expenses	(2,345)	(2,429)	(2,610)	(3,071)	(2,182)	(2,355)	(2,547)	(3,444)	(2,102)	(2,221)
CSR	(1,081)	(21)	(410)	(239)	(585)	(570)	(603)	(479)	(616)	(634)
Provisions and writeoffs	(22,094)	(31,528)	(40,109)	(605)	(1,483)	(2,211)	(1,027)	5,580	11,365	15,755
Total costs	(83,089)	(91,798)	(98,986)	(57,900)	(61,295)	(61,466)	(57,935)	(48,227)	(43,067)	(38,070)
EBITDA	40,544	50,057	20,541	59,869	59,303	56,671	57,438	62,905	67,379	71,176
Adj. core EBITDA	40,329	31,123	20,260	60,216	60,108	57,130	58,034	63,088	68,886	72,338
Adj. energy EBITDA	(299)	(1,524)	(562)	(987)	(1,449)	(1,024)	(1,220)	(893)	(2,307)	(1,976)
Depreciation and Amortization	(24,007)	(23,267)	(23,989)	(23,024)	(23,419)	(25,269)	(25,573)	(24,171)	(23,344)	(23,123)
on assets	(15,220)	(14,266)	(15,170)	(14,373)	(14,549)	(15,930)	(16,754)	(14,851)	(14,093)	(14,417)
on leases	(8,787)	(9,001)	(8,818)	(8,651)	(8,870)	(9,339)	(8,819)	(9,320)	(9,251)	(8,706)
EBIT	16,538	26,790	(3,447)	36,845	35,883	31,402	31,865	38,734	44,035	48,053
Interest cost (net)	(269)	(849)	380	940	(116)	2,612	6,372	4,833	(275)	465
Interest on leases	(4,741)	(5,018)	(5,048)	(4,766)	(4,914)	(5,083)	(4,958)	(5,114)	(4,988)	(4,908)
PBT	11,528	20,922	(8,115)	33,019	30,854	28,931	33,278	38,452	38,772	43,610
PAT	8,556	15,524	(3,806)	24,400	22,973	21,445	24,688	28,630	28,811	32,538
Ind-AS adjusted EBITDA	27,008	36,850	6,947	46,589	46,258	43,947	44,521	50,023	53,795	58,822

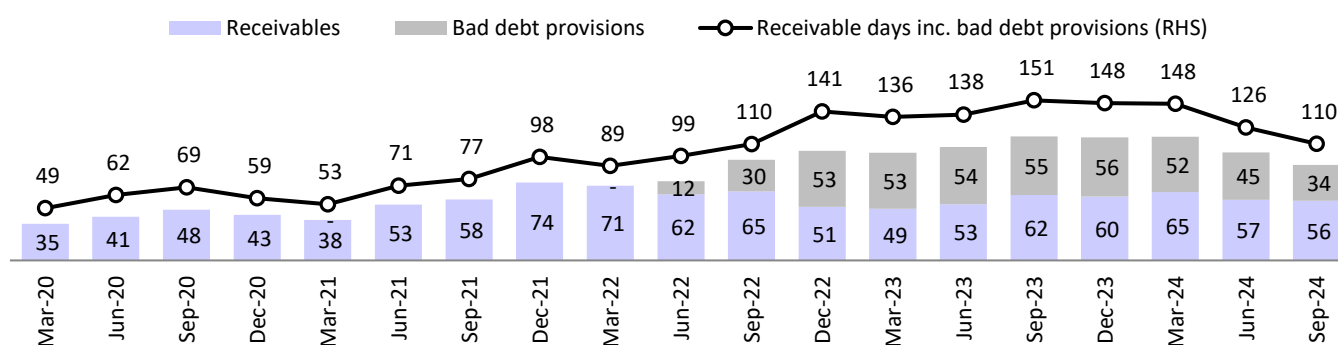
Exhibit 13: Receivables and bad debt provisions moderated further by ~INR10b in 2QFY25

Exhibit 14: Annual per tower model, March fiscal year-ends, 2020 onward (INR/tower/month)

Per tower model	2020	2021	2022	2,023	2,024	2025E	2026E	2027E
Rentals	74,118	74,973	75,118	73,657	70,990	68,568	69,373	70,244
Energy	47,089	44,529	46,209	45,817	43,904	40,960	40,753	40,874
Exit revenue and one-offs	75,281	3,372	5,350	5,560	633	815	868	949
Revenue	1,96,488	1,22,874	1,26,676	1,25,034	1,15,527	1,10,343	1,10,993	1,12,067
Power and fuel	(72,995)	(45,866)	(46,918)	(46,657)	(45,038)	(42,463)	(42,017)	(42,073)
Employee	(5,884)	(3,676)	(3,529)	(3,410)	(3,160)	(3,011)	(2,966)	(2,981)
Other expenses	(20,829)	(10,648)	(8,128)	(32,372)	(8,530)	7,249	(4,838)	(14,347)
Repairs and Maintenance	(6,758)	(6,910)	(6,155)	(5,950)	(5,651)	(5,475)	(5,313)	(5,210)
Other expenses	(7,991)	(2,969)	(1,781)	(2,604)	(2,634)	(2,388)	(2,447)	(2,469)
CSR	(643)	(769)	(193)	(433)	(555)	(617)	(610)	(616)
Provisions and writeoffs	-	-	-	(23,384)	309	15,729	3,531	(6,051)
Total costs	(99,708)	(60,191)	(58,575)	(82,440)	(56,728)	(38,225)	(49,821)	(59,401)
EBITDA	96,781	62,684	68,101	42,594	58,799	72,118	61,172	52,666
Adj. core EBITDA	47,405	60,649	63,460	37,874	59,300	72,806	61,569	52,915
Adj. energy EBITDA	(25,905)	(1,337)	(709)	(840)	(1,134)	(1,502)	(1,264)	(1,199)
Depreciation and Amortization	(39,887)	(25,555)	(24,338)	(23,454)	(24,478)	(23,320)	(24,192)	(24,299)
on assets	(9,017)	(17,210)	(15,710)	(14,684)	(15,439)	(14,397)	(14,985)	(15,000)
on leases	(4,134)	(8,413)	(8,628)	(8,771)	(9,039)	(8,923)	(9,207)	(9,299)
EBIT	56,893	37,129	43,763	19,140	34,321	48,798	36,980	28,367
Interest cost (net)	352	(308)	(240)	56	3,479	250	370	657
Interest on leases	(2,229)	(4,975)	(4,992)	(4,869)	(4,991)	(4,962)	(5,022)	(5,072)
PBT	55,016	31,846	38,531	14,327	32,809	44,087	32,328	23,953
Ind-AS 116 adjusted EBITDA	90,417	49,296	54,481	28,954	44,769	58,233	46,943	38,295

Exhibit 15: Annual per tenant model, March fiscal year-ends, 2020 onward (INR/tenant/month)

Per tenant model	2020	2021	2022	2,023	2,024	2025E	2026E	2027E
Rentals	40,167	41,209	41,617	41,063	41,173	41,108	41,472	41,595
Energy	25,519	24,475	25,601	25,542	25,464	24,557	24,363	24,204
Exit revenue and one-offs	1,63,188	7,413	11,855	12,399	1,468	1,954	2,075	2,248
Revenue	1,06,483	67,537	70,181	69,704	67,004	66,153	66,354	66,362
Power and fuel	(39,558)	(25,210)	(25,993)	(26,011)	(26,121)	(25,457)	(25,118)	(24,914)
Employee	(3,189)	(2,021)	(1,955)	(1,901)	(1,833)	(1,805)	(1,773)	(1,765)
Other expenses	(11,288)	(5,853)	(4,503)	(18,047)	(4,947)	4,346	(2,893)	(8,496)
Repairs and Maintenance	(3,662)	(3,798)	(3,410)	(3,317)	(3,278)	(3,282)	(3,176)	(3,085)
Other expenses	(4,331)	(1,632)	(986)	(1,451)	(1,527)	(1,432)	(1,463)	(1,462)
CSR	(349)	(422)	(107)	(242)	(322)	(370)	(365)	(365)
Provisions and writeoffs	-	-	-	(13,036)	179	9,430	2,111	(3,583)
Total costs	(54,034)	(33,083)	(32,452)	(45,959)	(32,901)	(22,916)	(29,784)	(35,175)
EBITDA	52,448	34,454	37,729	23,746	34,102	43,236	36,570	31,187
Adj. core EBITDA	25,690	33,335	35,158	21,114	34,393	43,649	36,807	31,334
Adj. energy EBITDA	(14,039)	(735)	(393)	(468)	(658)	(901)	(756)	(710)
Depreciation and Amortization	(21,616)	(14,046)	(13,484)	(13,075)	(14,197)	(13,981)	(14,462)	(14,389)
on assets	(4,887)	(9,459)	(8,704)	(8,186)	(8,954)	(8,631)	(8,958)	(8,882)
on leases	(2,240)	(4,624)	(4,780)	(4,889)	(5,243)	(5,350)	(5,504)	(5,506)
EBIT	30,832	20,408	24,246	10,670	19,906	29,255	22,107	16,798
Interest cost (net)	191	(169)	(133)	31	2,018	150	221	389
Interest on leases	(1,208)	(2,734)	(2,766)	(2,715)	(2,895)	(2,975)	(3,002)	(3,003)
PBT	29,815	17,504	21,347	7,987	19,029	26,431	19,326	14,184
Ind-AS 116 adjusted EBITDA	49,000	27,096	30,184	16,142	25,965	34,912	28,063	22,677

Exhibit 16: FY2027E EBITDA and FCF in different scenarios of provision write-offs

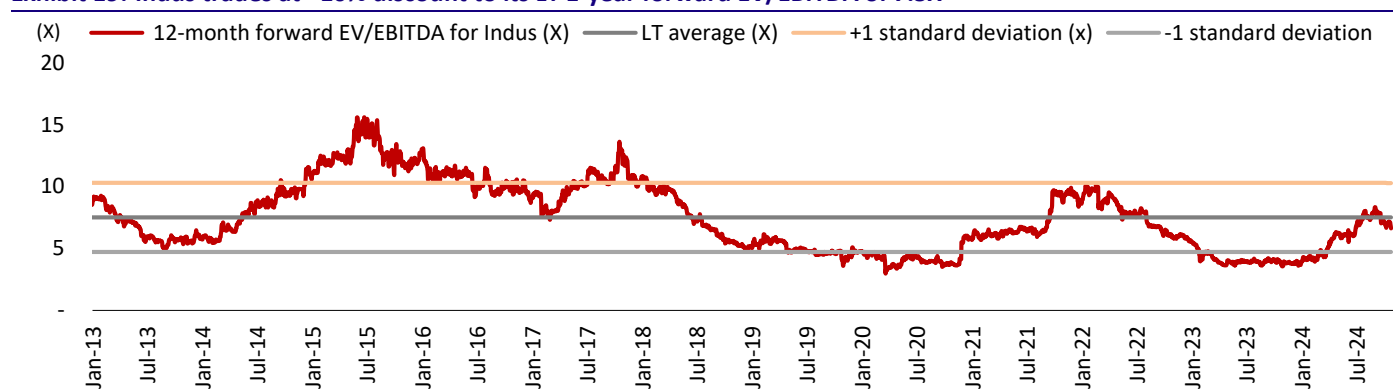
Indus Towers sensitivity	Bull case	Base case	Bear case
Vi's shortfall (as % of service rentals)	-	25%	50%
FY2027E Service revenue (INR b)	231	223	223
Bad debt provisions (INR b)	-	(19)	(38)
as % of service revenue (%)	-	9	17
FY2027E pre Ind-AS EBITDA (INR b)	144	120	101
change vs base case (%)	21		(15)
FY2027E FCFF (INR b)	66	46	43
Implied FCF yield at CMP (%)	6.9%	4.9%	4.5%
Implied Exit EV/EBITDA	8.6	7.7	6.7
Implied FY2027E EV/EBITDA	8.4	8.2	8.4
Implied FV	470	385	335
Upside (downside) to CMP	32%	8%	-6%

Exhibit 17: Near-term outlook robust on Vi's network rollouts

FY2024-27E CAGR	Bull	Base	Bear
Net tenancy adds	8.2%	7.0%	6.6%
ARPT	0.7%	0.3%	0.3%
Service revenue	9.3%	7.9%	7.9%
pre Ind-AS EBITDA	9.2%	2.6%	-2.9%
without provisions	9.5%	8.0%	8.2%

Exhibit 18: Longer term growth likely to be modest ~4-5%

FY2024-34E CAGR	Bull	Base	Bear
Net tenancy adds	3.9%	3.1%	2.7%
ARPT	0.4%	0.3%	0.3%
Service revenue	5.4%	4.1%	3.8%
pre Ind-AS EBITDA	5.2%	3.9%	3.5%

Exhibit 19: Indus trades at ~10% discount to its LT 1-year forward EV/EBITDA of 7.5X

Source: MOFSL, Company, Bloomberg

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	3,04,198	3,29,297	3,50,639
Change (%)	75.3	0.4	8.0	2.4	0.8	6.4	8.3	6.5
Power and fuel	96,737	95,831	1,02,658	1,05,908	1,11,499	1,17,063	1,24,656	1,31,639
Employee benefits expenses	7,028	7,681	7,722	7,741	7,823	8,301	8,799	9,327
Other Expenses	25,991	22,248	17,785	73,483	21,118	-19,985	14,355	44,891
Total Expenditure	1,29,756	1,25,760	1,28,165	1,87,132	1,40,440	1,05,379	1,47,810	1,85,856
% of Sales	50.8	49.0	46.2	65.9	49.1	34.6	44.9	53.0
EBITDA	1,25,868	1,30,969	1,49,007	96,686	1,45,566	1,98,818	1,81,487	1,64,783
Margin (%)	49.2	51.0	53.8	34.1	50.9	65.4	55.1	47.0
Depreciation	52,710	53,394	53,252	53,239	60,599	64,290	71,773	76,026
EBIT	73,158	77,575	95,755	43,447	84,967	1,34,528	1,09,714	88,756
Int. and Finance Charges	11,953	14,021	14,973	14,539	7,354	18,720	19,384	19,522
Other Income	2,777	2,983	3,525	3,613	3,611	5,732	5,582	5,709
PBT bef. EO Exp.	63,982	66,537	84,307	32,521	81,224	1,21,540	95,912	74,944
EO Items	0	0	0	-4,928	0	-43,363	-10,477	18,934
PBT after EO Exp.	63,982	66,537	84,307	27,593	81,224	78,177	85,435	93,878
Total Tax	13,712	16,786	20,576	7,193	20,862	30,792	24,141	18,863
Tax Rate (%)	21.4	25.2	24.4	26.1	25.7	39.4	28.3	20.1
Reported PAT	50,270	49,751	63,731	20,400	60,362	90,748	71,771	56,080
Adjusted PAT	50,270	49,751	63,731	24,043	60,362	58,300	63,931	70,249
Change (%)	99.8	-1.0	28.1	-62.3	151.1	-3.4	9.7	9.9
Margin (%)	19.7	19.4	23.0	8.5	21.1	19.2	19.4	20.0

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	3,08,355	3,48,468	3,51,786
Net Worth	1,77,081	1,58,770	2,21,505	2,11,095	2,70,388	3,34,736	3,74,849	3,78,167
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	5,31,755	5,73,868	5,77,386
Net Fixed Assets	2,19,574	2,15,892	2,09,051	2,11,954	2,66,625	2,99,760	3,16,567	3,21,678
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	1,69,796	1,90,443	1,85,090
Account Receivables	34,529	38,285	70,586	48,687	64,507	54,172	54,131	57,639
Cash and Bank Balance	2,825	145	9,802	224	631	21,206	53,217	41,936
Loans and Advances	64,250	67,555	62,719	67,206	77,818	94,418	83,096	85,515
Curr. Liability & Prov.	79,568	86,142	59,993	62,780	82,978	85,889	90,231	93,671
Account Payables	33,454	32,588	21,293	21,219	22,797	24,247	26,248	27,949
Other Current Liabilities	31,300	37,407	20,967	22,147	37,849	39,310	41,652	43,390
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	83,906	1,00,212	91,419
Appl. of Funds	3,83,523	3,63,295	4,19,683	3,83,475	4,57,227	5,31,755	5,73,868	5,77,386

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	22.1	24.2	26.6
Cash EPS	38.2	38.3	43.4	28.7	44.9	46.5	51.4	55.4
BV/Share	65.7	58.9	82.2	78.3	100.3	124.2	139.1	140.3
DPS	7.2	20.1	11.0	0.0	0.0	12.0	20.0	12.0
Payout (%)	44.8	126.4	54.0	0.0	0.0	34.9	73.5	56.5
Valuation (x)								
P/E	19.2	19.4	15.1	40.1	16.0	16.2	14.8	13.4
Cash P/E	9.4	9.3	8.2	12.5	8.0	7.7	6.9	6.4
P/BV	5.4	6.1	4.3	4.6	3.6	2.9	2.6	2.5
EV/Sales	3.9	3.9	3.6	3.6	3.5	3.1	2.8	2.6
EV/EBITDA	7.9	7.7	6.7	10.4	6.9	4.8	5.0	5.6
Dividend Yield (%)	2.0	5.6	3.1	0.0	0.0	3.4	5.6	3.4
FCF per share	20.8	28.2	23.2	17.6	11.6	21.3	24.7	16.2
Return Ratios (%)								
RoE	31.2	29.6	33.5	11.1	25.1	19.3	18.0	18.7
RoCE	27.9	25.0	29.7	13.0	23.0	25.1	21.8	19.2
RoIC	24.6	17.2	19.9	8.4	15.2	17.0	15.4	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	2.0	2.1	2.0
Interest Cover Ratio	6.1	5.5	6.4	3.0	11.6	7.2	5.7	4.5
Net Debt/Equity	0.2	0.3	0.1	0.2	0.2	0.0	-0.1	-0.1
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	1,21,540	95,912	74,944
Depreciation	52,710	53,394	53,252	53,239	60,599	64,290	71,773	76,026
Interest & Finance Charges	0	14,021	16,033	16,704	18,638	12,988	13,802	13,813
Direct Taxes Paid	-19,768	-16,283	-19,129	-22,192	-18,700	-30,792	-24,141	-18,863
(Inc)/Dec in WC	-21,064	-3,175	-33,897	-44,048	-10,445	4,361	15,705	-2,487
CF from Operations	75,860	1,14,494	1,00,566	31,296	1,31,316	1,72,388	1,73,052	1,43,432
Others	9,092	-6,930	-9,355	47,752	-15,495	-43,321	-46,700	-48,615
CF from Operating incl EO	84,952	1,07,564	91,211	79,048	1,15,821	1,29,067	1,26,352	94,816
(Inc)/Dec in FA	-28,807	-31,507	-28,697	-31,681	-84,465	-72,824	-61,265	-52,043
Free Cash Flow	56,145	76,057	62,514	47,367	31,356	56,243	65,087	42,773
(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	5,732	5,582	5,709
CF from Investments	-31,082	-12,680	-21,737	-17,300	-75,458	-67,092	-55,684	-46,334
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	-31,658	-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	-38,658	-59,763
Inc/Dec of Cash	-4,295	1,267	9,658	-9,579	4,433	20,575	32,011	-11,280
Opening Balance	3,172	-1,123	144	9,803	224	631	21,206	53,217
Closing Balance	-1,123	144	9,802	224	4,657	21,206	53,217	41,936

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NOTES

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UNDER REVIEW	Rating may undergo a change
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