

Price: 408

Recommendation: Buy

Industry: Telecom - Infrastructure

Sector: Telecommunication

Report Date: 01-May-2025

Indus Towers Limited is India's leading telecom infrastructure provider, enabling digital connectivity through its extensive tower network. With a focus on operational excellence, sustainability, and innovation, the company supports major telecom operators like Vodafone Idea and Bharti Airtel. Indus drives growth via 5G expansion, renewable energy initiatives, and diversification into emerging markets.

Sales		Profit & Loss		Profitability Matrix	
Current Year	30123 Cr	Operating Profit(Year)	20641 Cr	Operating Profit Margin	68.5 %
Previous Year	28601 Cr	Operating Profit(Quarter)	4320 Cr	EBITDA Margin	69.67 %
Current Quarter	7727 Cr	PAT (Year)	9922 Cr	Net Profit Margin	32.9 %
Previous Quarter	7547 Cr	PAT (Quarter)	1776 Cr	EPS	36.8
Revenue (QYoY)	7193 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	11.1	Sales Growth	5.32 %	Sales Growth	2.39 %
PEG Ratio	0.24	PAT Growth	70.22 %	Sales Growth QYoY	7.42 %
EV/EBITDA	6.16	EPS Growth	0.0 %	PAT Growth	-55.57 %
P/B	3.38	Dividend Yield	0.00	PAT Growth QYoY	-4.16 %
Capital Allocation		Holdings		Leverage	
RoE	33.3 %	Promoter	50.0 %	Debt/Equity	0.65
RoA	16.7 %	FII	26.4 %	Debt	21156 Cr
RoCE	28.8 %	DII	18.4 %	Market Cap	110007 Cr
RoIC	21.1 %	Public	5.12 %	Enterprise value	129308 Cr
		No of Shares	269 Cr	Cash Equivalents	1855 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

Indus Towers Limited delivered a robust operational and financial performance in Q3 FY25, driven by strategic initiatives and strong customer engagement. The company achieved significant tower and tenancy additions, with 4,985 macro towers and 7,583 co-locations added during the quarter, reflecting a year-on-year growth of 10.8% and 7.2%, respectively. The tenancy ratio remained stable at 1.65x, supported by the resumption of network expansion by major customers, including Vodafone Idea and Bharti Airtel. Indus also demonstrated its operational excellence by deploying towers in challenging terrains such as Leh, Ladakh, and Arunachal Pradesh, showcasing its commitment to digital inclusion. Regulatory developments, including the implementation of the Right of Way Rules, 2024, and the Green Energy Open Access policy, further bolstered the company's ability to efficiently deploy infrastructure and optimize energy costs.

The company is actively pursuing diversification and sustainability initiatives to enhance its business portfolio. Indus Towers expanded its renewable energy footprint, with over 28,000 solar sites and a new power purchase agreement for a 130 MW solar plant under captive mode. The transition to Li-ion batteries and lighter tower variants has reduced costs and improved operational efficiency. Additionally, the company is piloting EV charging infrastructure projects, leveraging its expertise in managing space and power. While still in early stages, this initiative aligns with Indus's strategy to explore adjacent markets and capitalize on emerging opportunities. The In-Building Solutions (IBS) portfolio also witnessed record deployments, reflecting strong traction and customer trust in Indus's capabilities.

Future growth prospects remain promising, supported by the ongoing 5G rollout and network densification needs. Indus expects 5G loading revenues to grow steadily, supplemented by demand for new sites as penetration increases. The company's dominant market share across major customers positions it well to capture tenancy additions in the coming quarters. Operational scalability is reinforced by its ability to deploy co-locations efficiently, with no technical constraints limiting capacity. Indus's focus on sustainability, including reducing diesel consumption and expanding renewable energy usage, further strengthens its long-term growth trajectory.

Indus Towers demonstrated financial resilience, with revenues growing 4.8% year-on-year to 75.5 billion and EBITDA margins reaching 92.7%. The clearance of overdue from Vodafone Idea and favorable judicial rulings on tax matters significantly improved cash flow and reduced liabilities. The company's free cash flow generation of 26.6 billion and reduced debt levels highlight its strong financial health. Indus's proactive approach to market opportunities, coupled with its commitment to sustainability and operational excellence, positions it as a key enabler of India's telecom infrastructure growth while creating value for stakeholders.

INDUSTOWER Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Suyog Telematics	987.72	14.10	23.77%	2.18%	16.92%	-15.24%	-10.10%
Kore Digital	412.30	27.29	28.54%	-26.97%	-44.43%	37.50%	-25.96%
GTL Infra.	1844.51			0.62%	0.28%	1.82%	-7.99%
Sar Televenture	1233.98		37.44%	25.28%	128.28%	9.36%	193.38%
Indus Towers	110007.33	11.09	33.29%	2.38%	7.42%	-55.55%	-4.15%

Aspect	Commentary
Revenue	Revenue grew 5.32% YoY and 2.39% QoQ, reflecting steady demand for telecom infrastructure. Quarterly revenue of Rs.7,727 Cr indicates consistent growth, supported by tenancy additions and network expansion by major customers like Vodafone Idea and Bharti Airtel.
Profit & Loss	PAT grew 70.22% YoY to Rs.9,922 Cr, showcasing strong profitability. However, QoQ PAT declined by 55.57%, signaling potential short-term challenges. EPS remains stable at 36.8, reflecting solid shareholder returns.
Profitability Matrix	Operating profit margin of 68.5% and EBITDA margin of 69.67% highlight efficient cost management. Net profit margin of 32.9% underscores robust profitability, driven by operational excellence and strategic initiatives.
Valuation Matrix	Trailing P/E of 11.1 and EV/EBITDA of 6.16 suggest attractive valuation levels. PEG ratio of 0.24 indicates strong growth potential relative to earnings. P/B ratio of 3.38 reflects healthy asset utilization.
Growth (YoY)	Sales growth of 5.32% YoY reflects steady revenue expansion. PAT growth of 70.22% YoY highlights improved profitability, driven by operational efficiency and favorable market conditions.
Growth (QoQ)	QoQ sales growth of 2.39% indicates stable performance. However, PAT declined by 55.57% QoQ, signaling short-term profitability challenges. EPS growth remains flat, reflecting consistent earnings per share.
Capital Allocation	RoE of 33.3% and RoCE of 28.8% demonstrate strong returns on equity and capital employed. Cash equivalents of Rs.1,855 Cr and reduced debt levels highlight financial resilience and effective capital management.
Holdings	Promoter holding of 50% ensures stable ownership structure. FII and DII holdings of 26.4% and 18.4%, respectively, reflect strong institutional investor confidence. Public holding remains minimal at 5.12%.
Leverage	Debt/Equity ratio of 0.65 indicates moderate leverage, supported by reduced debt levels of Rs.21,156 Cr. Strong market cap of Rs.1,10,007 Cr and enterprise value of Rs.1,29,308 Cr reflect robust financial positioning.

Analyst viewpoint: Indus Towers Limited presents a compelling investment opportunity in the short to mid-term, driven by its robust operational performance and strategic initiatives. The company reported steady revenue growth of 5.32% YoY and 2.39% QoQ, supported by strong tenancy additions and network expansion by major customers like Vodafone Idea and Bharti Airtel. Its EBITDA margin of 69.67% and operating profit margin of 68.5% underscore efficient cost management, while a trailing P/E of 11.1 and PEG ratio of 0.24 highlight attractive valuation levels with significant growth potential. The ongoing 5G rollout and diversification into renewable energy and adjacent markets, such as EV charging infrastructure, further strengthen its growth trajectory. Additionally, the clearance of overdue payments from Vodafone Idea and favorable judicial rulings have improved cash flow and reduced liabilities, showcasing financial resilience.

While the company's QoQ PAT decline of 55.57% signals potential short-term profitability challenges, its strong RoE of 33.3% and RoCE of 28.8% reflect effective capital allocation and operational excellence. Indus Towers' dominant market position, coupled with its focus on sustainability initiatives like reducing diesel consumption and expanding renewable energy usage, positions it as a key enabler of India's telecom infrastructure growth. With a stable promoter holding of 50% and significant institutional investor confidence, the company is well-equipped to capitalize on emerging opportunities and deliver value to stakeholders.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Research Analyst Details:

Name: Robin Arya

Email: smallcase@goalfi.in

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – support@goalfi.in

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