

Price: 398

Recommendation: Buy

Industry: Telecom - Infrastructure

Sector: Telecommunication

Report Date: 19-Apr-2025

Indus Towers Limited has shown strong performance in Q3 2024, with significant tower and tenancy additions, maintaining a dominant market share. The company is enhancing business strategies, focusing on cost efficiency, and increasing renewable energy use. With favorable regulations and sustainability initiatives, Indus Towers is poised for growth. Challenges remain in energy margins, but the company is optimizing its balance sheet and exploring EV infrastructure.

Sales		Profit & Loss		Profitability Matrix	
Current Year	29589 Cr	Operating Profit(Year)	20392 Cr	Operating Profit Margin	68.9 %
Previous Year	28382 Cr	Operating Profit(Quarter)	6954 Cr	EBITDA Margin	53.27 %
Current Quarter	7547 Cr	PAT (Year)	5829 Cr	Net Profit Margin	20.4 %
Previous Quarter	7465 Cr	PAT (Quarter)	3997 Cr	EPS	37.1
Revenue (QYoY)	7199 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	10.7	Sales Growth	5.07 %	Sales Growth	1.1 %
PEG Ratio	0.59	PAT Growth	177.18 %	Sales Growth QYoY	4.83 %
EV/EBITDA	6.19	EPS Growth	65.63 %	PAT Growth	79.88 %
P/B	3.77	Dividend Yield	0.00	PAT Growth QYoY	159.38 %
Capital Allocation		Holdings		Leverage	
RoE	24.2 %	Promoter	50.0 %	Debt/Equity	0.75
RoA	11.4 %	FII	26.2 %	Debt	21358 Cr
RoCE	22.1 %	DII	17.8 %	Market Cap	107232 Cr
RoIC	16.1 %	Public	6.01 %	Enterprise value	128565 Cr
		No of Shares	269 Cr	Cash Equivalents	25.0 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

Indus Towers Limited has demonstrated a robust performance in the third quarter ending December 31, 2024, with significant tower and tenancy additions. The company has maintained a dominant share in its major customers' rollouts, which has been pivotal in driving tenancy additions. This reflects the trust and preference of operators for Indus Towers as a partner. The company has also successfully collected a substantial amount against past dues from a major customer, aided by the monetization of a secondary pledge on shares held by Vodafone Plc. The company's efforts in challenging geographical locations like Leh, Ladakh, and Arunachal Pradesh have been commendable, ensuring digital inclusion in these areas.

The company is actively pursuing new initiatives to enhance its business strategies and diversification schemes. Indus Towers is focusing on cost efficiency by optimizing both operating and capital expenses. A significant initiative is the electrification of non-electrified sites and the deployment of energy storage solutions, which have led to an 8% year-on-year reduction in diesel consumption. The company is also increasing its share of renewable energy sources, with solar sites growing to over 28,000. Additionally, the transition to Li-ion batteries and lighter tower variants is expected to provide both operating and cost efficiencies. The company is also exploring the EV infrastructure business as a separate unit, maintaining a cautious approach to ensure the tower business remains unaffected.

Looking ahead, Indus Towers is well-positioned for future growth and scaling. The ongoing network expansion by major customers is expected to be a key pillar of growth. The company is optimistic about capturing a meaningful share of tenancy additions in the coming quarters. The regulatory landscape is also favorable, with the implementation of the Right of Way Rules, 2024, and the Green Energy Open Access policy in several states, which are expected to drive the use of renewable energy and optimize energy consumption. The company is also focusing on sustainability, with initiatives to reduce GHG emissions and increase the use of EV vehicles for business travel.

While the company has delivered a strong operational performance, there are areas for improvement. The energy margins remain a challenge, with efforts ongoing to improve them through increased renewable energy usage. The company is also working on optimizing its balance sheet and leverage to enhance returns for investors. The EV infrastructure business is in its early stages, and the company is learning and adapting as it progresses. Overall, Indus Towers is on a positive trajectory, with a strong order book and a clear strategy for growth and sustainability.

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
Kore Digital	412.96	27.33	28.54%	-26.97%	-44.43%	37.50%	-25.96%
GTL Infra.	1908.56			0.62%	0.28%	1.82%	-7.99%
Sar Televenture	1376.25		37.44%	25.28%	128.28%	9.36%	193.38%
Indus Towers	107231.54	10.72	24.18%	1.10%	4.84%	79.85%	159.31%
Suyog Telematics	1022.99	14.60	23.77%	2.18%	16.92%	-15.24%	-10.10%

Aspect	Commentary
Revenue	The company experienced a modest revenue increase, with current year sales at 29589 Cr, up from 28382 Cr the previous year. Quarterly sales also rose slightly, indicating stable growth. This steady rise suggests effective market strategies and customer retention, contributing to the company's financial health.
Profit & Loss	Operating profit for the year reached 20392 Cr, with a quarterly figure of 6954 Cr. The PAT for the year was 5829 Cr, showing strong profitability. The quarterly PAT of 3997 Cr highlights efficient cost management and revenue generation, reflecting a robust financial position.
Profitability Matrix	Operating profit margin stands at 68.9%, with an EBITDA margin of 53.27%. The net profit margin is 20.4%, indicating strong operational efficiency. An EPS of 37.1 suggests good earnings performance, enhancing shareholder value and reflecting effective cost control.
Valuation Matrix	The trailing P/E ratio is 10.7, with a PEG ratio of 0.59, indicating undervaluation relative to growth. An EV/EBITDA of 6.19 and P/B of 3.77 suggest reasonable valuation levels, making the company an attractive investment opportunity with potential for appreciation.
Growth (YoY)	Sales growth of 5.07% and PAT growth of 177.18% highlight significant year-over-year improvement. EPS growth of 65.63% further underscores strong financial performance, driven by effective strategies and market positioning, enhancing investor confidence.
Growth (QoQ)	Quarterly sales growth of 1.1% and PAT growth of 79.88% indicate strong short-term performance. The QYoY sales growth of 4.83% and PAT growth of 159.38% reflect effective operational strategies, contributing to the company's robust financial health.
Capital Allocation	The company demonstrates efficient capital allocation with RoE at 24.2%, RoA at 11.4%, and RoCE at 22.1%. RoIC of 16.1% indicates effective use of invested capital, enhancing shareholder returns and supporting sustainable growth strategies.
Holdings	Promoter holding is at 50%, with FII at 26.2% and DII at 17.8%. Public holding is 6.01%, reflecting a balanced ownership structure. The number of shares stands at 269 Cr, indicating a stable shareholder base and potential for future investment inflows.
Leverage	A debt/equity ratio of 0.75 and total debt of 21358 Cr suggest moderate leverage. The market cap of 107232 Cr and enterprise value of 128565 Cr indicate strong market positioning. Cash equivalents of 25 Cr highlight liquidity management, supporting financial stability.

Analyst viewpoint: Indus Towers Limited is well-poised for growth in the short to mid-term, reflecting its robust quarterly performance and strategic initiatives. The company achieved a quarterly sales growth of 1.1% and an impressive PAT growth of 79.88%, indicating strong financial health and effective cost management. With a trailing P/E of 10.7 and a PEG ratio of 0.59, Indus Towers presents an attractive valuation with significant upside potential. Its commitment to renewable energy and optimized capital allocation, evidenced by a RoE of 24.2%, positions it strongly against peers in the telecom infrastructure space. The market's favorable regulatory landscape, coupled with a strategic focus on growth areas like EV infrastructure, underpins its positive outlook.

Despite its strong positioning, challenges in energy margins remain a focus area for improvement. However, with ongoing initiatives aimed at renewable energy enhancements and operational efficiencies, Indus Towers is likely to mitigate these concerns effectively. The company's strategic advancements and solid peer-to-peer performance bolster its competitive edge, making it a compelling buy in the telecom sector. Investors can expect Indus Towers to maintain its upward trajectory, supported by a balanced approach to enhancing both operational and financial metrics.

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (hereinafter referred to as the Regulations).

1. GOALZEN CAPITAL SERVICES PRIVATE LIMITED is a SEBI-Registered Research Analyst having SEBI registration number INH000013448. GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"), the research entity, is engaged in providing research services on securities and information on personal financial products. This Research Report (called Report) is prepared and distributed by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with brand name 'GoalFi' (brand name trademarked to research analyst and company director 'Robin Arya') and used by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with mutual consent.

2. GOALZEN CAPITAL SERVICES PRIVATE LIMITED, its partners, employees, directors or agents, do not have any material adverse disciplinary history as on the date of publication of this report.

3. I, Robin Arya, author/s and the name/s in this report, hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any financial interest in the subject company.

4. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any material conflict of interest. I/we have not served as director / officer, etc. in the subject company in the last 12-month period.

5. I, Robin Arya, do not hold this stock as part of my investment portfolio at the date of recommendation. I/analysts in the Company have not traded in the subject stock thirty days preceding this research report and will not trade within five days of publication of the research report as required by regulations.

6. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received any compensation from the subject company in the past twelve months. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not been engaged in market making activity for the subject company.

7. In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report, GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received compensation or other benefits from the subject company of this research report or any other third-party in connection with this report.

Analyst Certification:

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclaimers:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent.

This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.

The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of GOALZEN CAPITAL SERVICES PRIVATE LIMITED. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject GOALZEN CAPITAL SERVICES PRIVATE LIMITED to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees responsible for any such misuse and further agrees to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of GOALZEN CAPITAL SERVICES PRIVATE LIMITED only.

GOALZEN CAPITAL SERVICES PRIVATE LIMITED has a contractual arrangement with a vendor - Smallcase Technologies Private Limited (STPL) whereby STPL provides technology solutions and related back-end infrastructure along with support for back-office related operations & processes. STPL does not provide any investment advice or recommendation nor does it make any claim of returns or performance with respect to any advice or recommendation.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Terms & Conditions:

These Terms and Conditions govern the use of the research subscription services provided by GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"). By subscribing to our services, you agree to these terms, if you disagree with any part of the terms, you must not use our services.

Payment and Renewal:

The subscription fee is non-refundable. No such requests over email or any other channel requesting for refund or for pro-rata refund will be acknowledged if smallcase constituents or research provided is accessed by the user. Please do not subscribe if you disagree with any part of the terms. Subscription renewals will be charged the standard rate unless otherwise notified.

Limitation of Liability:

GoalFi provides research based on data and analysis. The subscriber acknowledges that all investment decisions carry inherent risks, and GoalFi shall not be liable for any losses incurred based on our research.

No Investment Advice:

The content provided under the subscription is purely for informational purposes and should not be construed as investment advice. GoalFi, being a SEBI Registered Research Analyst (RA), provides research insights and not investment advisory services.

Termination:

GoalFi reserves the right to terminate the subscription at any time due to non-compliance with these terms or any other reasons deemed appropriate by us and no refund will be made.

No Guarantee: While we strive to provide accurate and reliable research, there is no guarantee on the returns or performance of the recommendations. Investing in securities involves risks, and there's the potential for losing money.

Review and Update: Our research products are reviewed and updated periodically to reflect the latest market conditions and insights. However, market conditions can change rapidly, and there's no guarantee that the conditions on which recommendations and insights are based will remain the same.

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

Customer having any query/feedback/ clarification/ In case of grievances for any of the services rendered by GOALZEN CAPITAL SERVICES PRIVATE LIMITED, write to hello@goalfi.app

Website: goalfiresearch.smallcase.com