

Indus Towers

| | |
|------------------|---|
| Estimate changes | ↔ |
| TP change | ↔ |
| Rating change | ↔ |

| | |
|-----------------------|-------------|
| Bloomberg | INDUSTOW IN |
| Equity Shares (m) | 2638 |
| M.Cap.(INRb)/(USDb) | 1157 / 12.8 |
| 52-Week Range (INR) | 455 / 313 |
| 1, 6, 12 Rel. Per (%) | 1/22/15 |
| 12M Avg Val (INR M) | 2859 |

Financials & Valuations (INR b)

| INR b | FY26E | FY27E | FY28E |
|-------------------|-------|-------|-------|
| Net Sales | 326.4 | 341.0 | 357.0 |
| EBITDA | 179.5 | 186.5 | 194.2 |
| Adj. PAT | 69.6 | 73.6 | 76.6 |
| EBITDA Margin (%) | 55.0% | 54.7% | 54.4% |
| Adj. EPS (INR) | 26.4 | 27.9 | 29.0 |
| EPS Gr. (%) | 13.6 | 5.7 | 4.2 |
| BV/Sh. (INR) | 147.2 | 154.9 | 162.8 |

Ratios

| | | | |
|----------|------|------|------|
| Net D:E | -0.1 | -0.1 | -0.1 |
| RoE (%) | 19.3 | 18.1 | 17.9 |
| RoCE (%) | 22.4 | 21.0 | 21.1 |

Valuations

| | | | |
|----------------|------|------|------|
| EV/EBITDA (x) | 6.2 | 6.0 | 5.6 |
| P/E (x) | 16.7 | 15.8 | 15.1 |
| P/BV (x) | 3.0 | 2.8 | 2.7 |
| Div. Yield (%) | 4.5 | 4.8 | 5.0 |

Shareholding Pattern (%)

| As On | Dec-25 | Sep-25 | Dec-24 |
|----------|--------|--------|--------|
| Promoter | 51.0 | 51.0 | 50.0 |
| DII | 19.0 | 18.3 | 17.8 |
| FII | 26.0 | 26.2 | 26.2 |
| Others | 4.1 | 4.5 | 6.0 |

FII includes depository receipts

CMP: INR439

TP: INR425(-3%)

Neutral

In-line 3Q; tenancy additions pick-up key monitorable

- Indus Towers' (Indus) 3QFY26 was broadly in line with our estimates, with recurring EBITDA (excl. provision reversals) rising 2% QoQ to INR44.7b.
- Operationally, tenancy additions picked up QoQ (after a subdued 2Q), driven by acceleration in Vi's rollouts during 3Q.
- While, optically Indus' share of Vi's new tenancy additions appears lower in 3Q, management indicated that certain new towers were also built for Vi and that Indus continues to garner a high share in its key customers' rollouts. On our estimates, Indus has gained ~70% share of Vi's rollouts since 2QFY25.
- Capex declined ~23% QoQ to INR20b (still elevated), while receivables inched up further ~INR4.5b, which led to modest FCF generation of ~INR8b in 3Q (and ~INR27b in 9MFY26 vs. ~INR98.5b in FY25).
- AGR relief for Vi and its updated capex plans (~INR450b over FY26-29) are positive for Indus. However, Vi's capex plans remain contingent on expedited debt raise, frequent tariff hikes and relief on spectrum dues.
- Our FY26-28 estimates remain broadly unchanged. We continue to build in ~35k tenancies and ~50k 5G loadings from Vi over FY25-28. Further, we build in modest ~5k tenancy exits from RJio (~10% of the overall portfolio coming up for renewal in FY27-28), which could have downside risks.
- We reiterate our **Neutral rating** with a revised **DCF-based TP of INR425**, premised on 6.5x FY28E pre-IND AS EBITDA. The risk-reward appears fairly balanced at CMP (bull case: INR490; bear case: INR395).

In-line 3Q; recurring EBITDA +2% QoQ with pick-up in tenancy additions

- Tower additions moderated to 3.5k (vs. 4.3k QoQ, in line), while tenancy additions improved to ~6.1k (vs. 4.5k QoQ and our est. of 3.75k), driven by a pick-up in Vi's rollouts (added ~5.1k/6.6k overall/MBB towers QoQ).
- Reported average revenue per tenant (ARPT) at INR41.4k (flat YoY, our est. INR41.7k) declined ~1% QoQ (2Q had ~0.8% one-off boost).
- Consolidated revenue grew ~0.5% QoQ to INR81.5b (+8% YoY, 2% below), as modest ~0.6% QoQ service revenue growth was offset by 3% decline in energy reimbursements (+5% YoY).
- Consolidated reported EBITDA declined 2% QoQ to INR44.8b (-36% YoY, one-off in base quarters) and was in line with our estimates.
 - Adjusted service EBITDA at INR45.5b (+1% QoQ, +13% YoY) was in line.
 - Energy under-recovery was INR0.8b (vs. INR0.9b YoY, our est. INR0.75b).
- Adjusted for provision reversals (INR13m in 3Q vs. INR1.95b QoQ and INR30.2b YoY), recurring EBITDA at INR44.7b grew 2% QoQ/14% YoY and was in line.
- Reported PAT at INR17.8b declined 4% QoQ (-56% YoY), primarily due to prior-period provision reversals in base quarters.
- Adjusted for prior-period provisions, PAT at INR17.9b (+6% QoQ, +3% YoY) was broadly in line with our estimate.

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Capex moderation partly offset by higher receivables; 9MFY26 FCF at ~INR27b

- Capex moderated ~23% QoQ (on a high base) to ~INR20b, which led to a slight pick-up in reported FCF to ~INR8b.
- However, 9MFY26 FCF remained relatively modest at ~INR26.5b (vs. INR98.5b in FY25) due to elevated capex (+40% YoY).
- Receivables increased further ~INR4.5b QoQ to ~INR53b (were up INR5b QoQ in 2Q), largely on account of timing mismatch.
- Net cash (excluding leases) improved to ~INR34.3b (vs. ~INR29.6b QoQ).

Key highlights from the management interaction

- **Order book:** Indus continues to garner a high share in its key customers' rollouts. Management indicated that the order book remains healthy; however, the company is yet to receive detailed rollout plans from Vi, based on its recent revisions to capex guidance. Indus has also been gaining share from other tower cos through migration by key customers, driven by its superior cost efficiency and network uptime track-record.
- **Higher tenancy exits in 3Q:** Indus reported 611 tenancy exits in 3Q (vs. ~300 quarterly rate). Management indicated that some of these tenancy exits were due to the relocation of towers and did not pertain to one single customer.
- **Africa foray:** The company has made progress, with the establishment of a holdco in the UAE and operating companies in each geography. It is currently working on securing the licensing and regulatory approvals and is looking to demonstrate differentiation in overall capital and operating costs to create value for shareholders. Overall, the capex outlay is yet to be firmed up. The company currently focuses on greenfield expansion in Africa.
- **High capex:** The capex remains elevated owing to tower additions, investments in energy efficiency initiatives, creation of additional infrastructure to support second tenants on existing towers, and continued maintenance capex for strengthening the aging tower portfolio and battery replacements.
- **Reinstatement of dividends:** Management has reiterated the stance of considering shareholder returns with its 4QFY26 results, and remains committed to distributing surplus cash. The modalities of which would be evaluated holistically in light of recent changes in buyback taxation.

Valuation and view

- AGR relief for Vi and its updated capex plans (~INR450b over FY26-29) are positive for Indus. However, Vi's capex plans remain contingent on expedited debt raise, frequent tariff hikes and further relief on spectrum dues.
- Our FY26-28 estimates remain broadly unchanged. We continue to build in ~35k tenancies and ~50k 5G loadings from Vi over FY25-28.
- Further, we build in modest ~5k tenancy exits from RJio (~10% of the overall portfolio coming up for renewal in FY27-28), which could have downside risks.
- We reiterate our **Neutral rating** with a revised **DCF-based TP of INR425** (earlier INR400), premised on 6.5x FY28E pre-IND AS EBITDA. The risk-reward appears fairly balanced at CMP (bull case: INR490; bear case: INR395).
- At CMP, the implied FY27E FCF yield is ~4.4%, which could have downside risks from Indus' capex plans in Africa.

Quarterly Performance

(INR b)

| Y/E March (Consolidated) | FY25 | | | | FY26 | | | | FY25 | FY26E | FY26E 3QE | Var. (%) |
|-----------------------------|------|-------|-------|------|------|------|-------|------|-------|-------|--------------|----------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | | |
| Revenue from operations | 73.8 | 74.7 | 75.5 | 77.3 | 80.6 | 81.9 | 81.5 | 82.4 | 301.2 | 326.4 | 83.0 | -1.8 |
| YoY Change (%) | 4.3 | 4.7 | 4.8 | 7.4 | 9.1 | 9.7 | 7.9 | 6.7 | 5.3 | 8.3 | | |
| Total Expenditure | 28.8 | 26.0 | 5.9 | 34.0 | 37.1 | 36.2 | 36.7 | 37.0 | 94.7 | 147.0 | 38.3 | -4.0 |
| Provisions / (reversals) | -7.6 | -10.8 | -30.2 | -2.3 | -0.9 | -2.0 | 0.0 | 0.0 | -50.9 | -2.8 | 0.0 | |
| Recurring EBITDA | 37.4 | 37.9 | 39.3 | 41.0 | 42.6 | 43.8 | 44.7 | 45.4 | 155.6 | 176.6 | 44.7 | 0.1 |
| EBITDA | 45.0 | 48.6 | 69.6 | 43.2 | 43.5 | 45.7 | 44.8 | 45.4 | 206.5 | 179.4 | 44.7 | 0.1 |
| YoY Change (%) | 29.4 | 42.2 | 94.1 | 6.2 | -3.4 | -6.0 | -35.7 | 5.1 | 41.9 | -13.1 | | |
| Depreciation | 15.6 | 15.8 | 15.7 | 16.9 | 17.0 | 18.0 | 18.0 | 18.4 | 64.0 | 71.4 | 17.9 | 0.4 |
| Interest | 4.1 | 4.2 | 2.5 | 3.6 | 4.0 | 3.8 | 4.0 | 4.0 | 14.4 | 15.8 | 3.9 | 4.0 |
| Other Income | 0.6 | 1.1 | 0.8 | 0.9 | 0.9 | 0.8 | 1.5 | 1.2 | 3.5 | 4.4 | 0.8 | 92.3 |
| PBT before EO expense | 25.9 | 29.8 | 52.2 | 23.6 | 23.3 | 24.8 | 24.3 | 24.3 | 131.5 | 96.7 | 23.7 | 2.4 |
| Extra-Ord expense | -7.6 | -10.8 | -30.2 | -2.3 | -0.9 | -2.0 | 0.0 | 0.0 | -50.9 | -2.8 | 0.0 | |
| PBT | 18.3 | 19.0 | 21.9 | 21.4 | 22.5 | 22.8 | 24.3 | 24.3 | 80.7 | 93.8 | 23.7 | 2.4 |
| Tax | 6.7 | 7.6 | 12.2 | 5.8 | 6.0 | 6.4 | 6.4 | 6.1 | 32.2 | 24.9 | 6.0 | |
| Rate (%) | 25.7 | 25.4 | 23.3 | 24.7 | 25.6 | 25.8 | 26.5 | 25.2 | 24.5 | 25.8 | 25.2 | |
| Reported PAT | 19.3 | 22.2 | 40.0 | 17.8 | 17.4 | 18.4 | 17.8 | 18.2 | 99.3 | 71.8 | 17.7 | 0.5 |
| Adj PAT | 13.6 | 14.2 | 17.4 | 16.1 | 16.7 | 16.9 | 17.8 | 18.2 | 61.3 | 69.6 | 17.7 | 0.5 |
| YoY Change (%) | -3.9 | 1.7 | 9.6 | 1.7 | 23.1 | 19.4 | 2.4 | 12.9 | 2.4 | 13.7 | | |

E: MOFSL Estimates

Exhibit 1: Valuation based on FY28E

| | |
|-----------------------------------------|-----------|
| DCF summary (in INR m) | Mar'28 |
| Discount rate (%) | 11.5% |
| Terminal growth rate (%) | 2.5% |
| Present value of FCF | 5,26,845 |
| Present value of Terminal value | 4,34,985 |
| Enterprise value | 9,61,831 |
| Implied FY28E EV/ pre IND AS EBITDA (x) | 6.5 |
| Net debt (ex-leases) | -50,231 |
| Equity value | 10,12,061 |
| Equity value (INR/share) | 384 |
| TP (including dividends, INR/share) | 425 |
| CMP (INR/share) | 445 |
| Upside (%) | -3% |

Source: MOFSL, Company

Exhibit 2: Risk-reward appears balanced at CMP

| | | | |
|-------------------------------------------|--------|--------|--------|
| Indus Tower scenario analysis | Bull | Base | Bear |
| Vi's tenancy additions FY25-28E | 35,000 | 30,000 | 25,000 |
| RJio's tenancy exits FY27-28E | - | 5,000 | 25,000 |
| FY28E pre-INDAS EBITDA (INR b) | 151 | 148 | 147 |
| FY28E FCF (INR b) | 63 | 63 | 62 |
| Terminal growth rate (%) | 3 | 2.5 | 2 |
| Implied Mar'28 pre-INDAS EV/EBITDA (x) | 7.3 | 6.5 | 6.2 |
| Bad debt provision NAV impact (INR/share) | 0 | 0 | 19 |
| TP including dividends (INR/share) | 490 | 425 | 395 |
| Upside/downside (%) | 11% | -3% | -10% |

Source: Company, MOFSL

Exhibit 3: We ascribe a TP of INR425/share to Indus (implies ~6.5x Mar'28 pre-IND AS EBITDA)

| | 2025 | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E | 2035E | 2036E | 2037E |
|------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|
| Assumptions | | | | | | | | | | | | | |
| Average macro tenancies ('000) | 405 | 427 | 444 | 462 | 472 | 480 | 487 | 493 | 498 | 502 | 506 | | |
| Net macro tenancy additions ('000) | 36.8 | 21.7 | 17.0 | 17.5 | 10.0 | 8.0 | 7.0 | 6.0 | 5.0 | 4.5 | 4.0 | | |
| Sharing revenue per macro tenant (INR/month) | 40,856 | 41,506 | 41,779 | 42,011 | 42,245 | 42,480 | 42,716 | 42,954 | 43,193 | 43,433 | 43,674 | | |
| YoY | (0.8) | 1.6 | 0.7 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | | |
| Revenue contribution from leaner sites (INR b) | 2.2 | 2.7 | 2.8 | 2.9 | 3.0 | 3.3 | 3.6 | 4.0 | 4.6 | 5.2 | 5.9 | | |
| DCF model | | | | | | | | | | | | | |
| pre Ind-AS 116 EBITDA | 171 | 139 | 143 | 148 | 153 | 157 | 159 | 162 | 164 | 166 | 168 | | |
| Adjusted tax expense | (18.7) | (24.9) | (24.7) | (25.8) | (27.0) | (27.8) | (28.4) | (29.0) | (29.5) | (30.0) | (30.4) | | |
| Change in working capital | 64.4 | 4.1 | (2.1) | (1.3) | (1.4) | (1.4) | (1.4) | (1.5) | (1.5) | (1.5) | (1.5) | | |
| Operating cash flow | 217 | 118 | 116 | 121 | 125 | 127 | 130 | 131 | 133 | 135 | 136 | | |
| Capital expenditure | (67.8) | (85.4) | (67.5) | (58.2) | (57.1) | (50.9) | (47.9) | (44.8) | (41.7) | (40.4) | (39.0) | | |
| Free cash flow | 149 | 32 | 49 | 63 | 68 | 77 | 82 | 87 | 91 | 94 | 97 | 99 | 102 |
| Discounted cash flow-now | | 32.5 | 43.5 | 50.3 | 48.9 | 49.5 | 47.4 | 45.1 | 42.6 | 39.4 | 36.4 | | |
| Discounted cash flow-Y+1 | | | 48.5 | 56.1 | 54.6 | 55.2 | 52.8 | 50.3 | 47.5 | 43.9 | 40.5 | 37.3 | |
| Discounted cash flow-Y+2 | | | | 62.5 | 60.9 | 61.6 | 58.9 | 56.0 | 53.0 | 49.0 | 45.2 | 41.5 | 38.2 |

| | Now | Y+1 | Y+2 |
|--------------------------------------------|-------|-------|-------|
| Discount rate (%) | 11.5% | 11.5% | 11.5% |
| Total PV of free cash flow | 436 | 487 | 527 |
| Terminal value assumption | | | |
| Growth in perpetuity | 2.5% | 2.5% | 2.5% |
| FCF in terminal year | 96.9 | 99.3 | 101.8 |
| Exit FCF multiple (X) | 11.4 | 11.4 | 11.4 |
| Exit EV/EBITDA multiple (X) | 6.6 | 6.7 | 6.9 |
| Terminal value | 1,104 | 1,131 | 1,160 |
| PV of terminal value | 414 | 424 | 435 |
| Enterprise value | 850 | 911 | 962 |
| Implied EV/EBITDA multiple | 6.1 | 6.4 | 6.5 |
| Net debt (ex leases) | -11 | -48 | -50 |
| Equity value (INR b) | 860 | 959 | 1,012 |
| Equity value (INR/share) | 326 | 364 | 384 |
| Shares outstanding (m) | 2,638 | 2,638 | 2,638 |
| Fair value including dividends (INR/share) | 326 | 384 | 425 |

Exhibit 4: Near-term outlook is dependent on Vi's tenancy additions

| FY25-28E CAGR | Bull | Base | Bear |
|--------------------|-------|-------|-------|
| Net tenancy adds | 5.2% | 4.4% | 2.5% |
| ARPT | 1.3% | 0.9% | 1.1% |
| Service revenue | 7.4% | 6.4% | 5.1% |
| pre Ind-AS EBITDA | -4.0% | -4.7% | -5.0% |
| without provisions | 8.0% | 7.2% | 6.9% |

Source: MOFSL, Company

Exhibit 5: However, LT growth is likely to remain modest at ~3-4%

| FY25-35E CAGR | Bull | Base | Bear |
|--------------------|------|-------|-------|
| Net tenancy adds | 2.7% | 2.2% | 1.4% |
| ARPT | 1.1% | 0.7% | 0.5% |
| Service revenue | 4.4% | 3.5% | 2.5% |
| pre Ind-AS EBITDA | 0.7% | -0.2% | -0.9% |
| without provisions | 4.4% | 3.4% | 2.7% |

Source: MOFSL, Company



Detailed takeaways from the management interaction

- **Orderbook:** Indus continues to garner high share in its key customers' rollouts. Management indicated that order book remains healthy; however, the company is yet to receive detailed rollout plans from Vi, based on its recent revisions to capex guidance. The company has also been gaining share from other tower cos through migration by key customers, driven by Indus' superior cost efficiency and network uptime track record.
- **Higher tenancy exits in 3Q:** Indus reported 611 tenancy exits in 3Q (vs. ~300 quarterly rate). Management indicated that some of these tenancy exits were due to the relocation of towers and these did not pertain to one single customer.
- **Africa foray:** The company has made progress, with the establishment of a holdco in the UAE and operating companies in each geography. The company is currently working on securing the licensing and regulatory approvals and is looking to demonstrate differentiation in overall capital and operating costs to create value for shareholders. Overall, capex outlay is yet to be firmed up. The company's current focus remains on greenfield expansion in Africa.
- **Elevated capex:** The capex remains elevated, driven by tower additions, investments in energy efficiency initiatives, creation of additional infrastructure to support second tenants on existing towers, and continued maintenance capex for strengthening the aging tower portfolio and battery replacements.
- **Reinstatement of dividends:** Management reiterated the stance of considering shareholder returns with its 4QFY26 results and remains committed to distributing surplus cash. The modalities of returning cash would be evaluated holistically in light of recent changes in buyback taxation.
- **Energy costs and under-recoveries:** Diesel consumption declined ~4% YoY in 3QFY26 (vs. ~3%/10% YoY increase in 2Q/1QFY26), despite ~9% YoY increase in colocations and higher 5G loadings, driven by continued focus on energy-efficient solutions. The company expects energy under-recoveries to directionally trend downwards over the medium term.
- **RJio tower renewals:** Management noted that the company remains focused on delivering superior service quality to retain all key customers, including RJio. However, renewals with RJio will be renegotiated in line with the established renewal framework.

3QFY26 review: Performance broadly in line with our estimates

- Consolidated reported revenue moderated 0.5% QoQ to INR81.5b (+8% YoY, 2% lower vs. our est. of INR83b).
- Service revenue at INR52.7b (+0.6% QoQ, +9.5% YoY) was broadly in line with our estimate as higher tenancy addition was offset by slightly lower average revenue per tenant (ARPT -1% QoQ).
- Energy reimbursement at INR28.7b (-3% QoQ, +5% YoY) was 4% below our estimate.
- Consolidated reported EBITDA declined ~2% QoQ to INR44.8b (-36% YoY, one-off in base) and was in line with our estimates.
- Adjusted service EBITDA at INR45.5b (+1% QoQ, +13% YoY) came in line with our estimates.
- Energy under-recovery came in at INR0.83b (vs. INR0.94b YoY and our estimate of INR0.75b).

- Indus reversed bad debt provision of INR13m (vs. INR0.9b QoQ and INR10.8b YoY). We did not build in any bad debt provision reversal for 3QFY26.
- Adjusted for bad-debt provision reversals, recurring EBITDA at INR44.7b (+2% QoQ, +14% YoY) was in line with our estimate.
- Reported PAT at INR17.8b declined 4% QoQ (-56% YoY), primarily due to prior-period provision reversals in base quarters.
- Adjusted PAT at INR17.9b (+6% QoQ, +3% YoY) was broadly in line with our estimates.

Tenancy additions pick up pace led by Vi's accelerated rollouts; ARPT slightly weaker

- Net macro tower adds moderated to 3,548 (vs. 4,301 QoQ and broadly in line with our estimate of 3,500); EoP macro tower count stood at ~259.6k.
- Indus added modest 26 net leaner towers QoQ (vs. 28 QoQ in 2Q), taking the overall leaner tower count to ~13.99k.
- For seventh successive quarter, net macro tenancy additions at 6,105 were higher than tower adds (significantly above our estimate of 3,750; and 4,505 QoQ in 2Q), driven by pick-up in Vi's rollouts. Indus' total macro tenants count increase to ~421.8k.
- Since 2QFY25, Vi has added ~20k towers, while Indus' incremental macro tenancies have risen by ~15.3k/13.2k on gross/net basis, indicating Indus' market share in Vi's rollouts has remained in ~70% range.
- The end-period tenancy ratio was stable QoQ at 1.62x, with incremental tenancy ratio higher at 1.72x.
- Reported ARPT declined ~1% QoQ to INR41.4k (flat YoY, our est. INR41.7k).

Other highlights: Receivables increase further QoQ, capex moderates QoQ; 9MFY26 FCF muted at ~INR26.5b due to higher capex

- Indus' receivables increased further by ~INR4.5b QoQ to INR53b (had inched up by ~INR5b in 2Q as well).
- Capex declined ~23% QoQ to INR19.8b, with 9MFY26 capex at INR65b (up 40% YoY).
- Reported adjusted fund from operations (EBITDA net of lease payment and maintenance capex) at INR29.5b declined 3% QoQ.
- Net debt, including lease liabilities, was broadly stable QoQ at INR164b (vs. ~INR180b as of end-FY25). Excluding lease liabilities, the company's net cash increased to ~INR34.3b (vs. ~INR29.6b net cash QoQ).
- Indus' reported 3Q FCF improved to ~INR7.9b (vs. INR3b in 2Q), primarily due to lower capex QoQ.
- For 9MFY26, FCF remained muted at INR26.5b (vs. INR98.5b in FY25, due to collection of Vi's past dues), due to higher capex and increase in receivables.

Indus Towers - Quarterly results (INR m)

| | 3QFY25 | 2QFY26 | 3QFY26 | QoQ | YoY | 3QFY26E | vs est |
|------------------------------------------------------|-----------------|-----------------|-----------------|---------------|------------------|-----------------|---------------|
| Service revenues | 48,165 | 52,417 | 52,735 | 0.6 | 9.5 | 52,991 | (0.5) |
| Energy reimbursements | 27,309 | 29,453 | 28,689 | (2.6) | 5.1 | 29,966 | (4.3) |
| Exit / one-off revenue | - | 12 | 39 | | | - | |
| Reported revenue | 75,474 | 81,882 | 81,463 | (0.5) | 7.9 | 82,957 | (1.8) |
| Power and fuel | (28,253) | (30,869) | (29,517) | (4.4) | 4.5 | (30,716) | (3.9) |
| Employee expenses | (2,167) | (2,051) | (2,220) | 8.2 | 2.4 | (2,319) | (4.3) |
| Other costs | (5,714) | (5,186) | (4,989) | (3.8) | (12.7) | (5,226) | (4.5) |
| Bad debt provision reversals | 30,241 | 1,952 | 13 | (99.3) | | - | |
| Total operating costs | (5,893) | (36,154) | (36,713) | 1.5 | 523.0 | (38,261) | (4.0) |
| EBITDA | 69,581 | 45,728 | 44,750 | (2.1) | (35.7) | 44,696 | 0.1 |
| Service EBITDA | 40,284 | 45,180 | 45,526 | 0.8 | 13.0 | 45,446 | 0.2 |
| Energy EBITDA | (944) | (1,416) | (828) | (41.5) | (12.3) | (750) | 10.4 |
| One-offs (Exit revenue/ provision write-offs) | 30,241 | 1,964 | 52 | | | 0 | |
| D&A | (15,685) | (18,008) | (17,979) | (0.2) | 14.6 | (17,912) | 0.4 |
| EBIT | 53,896 | 27,720 | 26,771 | (3.4) | (50.3) | 26,783 | (0.0) |
| Net finance costs and other income | (1,708) | (2,929) | (2,497) | (14.7) | 46.2 | (3,081) | (19.0) |
| PBT | 52,188 | 24,791 | 24,274 | (2.1) | (53.5) | 23,703 | 2.4 |
| Provision for taxes | (12,156) | (6,391) | (6,444) | | | (5,966) | |
| Recurring PAT | 17,403 | 16,939 | 17,873 | 5.5 | 2.7 | 17,737 | 0.8 |
| EO items | 30,241 | 1,952 | (58) | | | - | |
| Reported PAT | 40,032 | 18,400 | 17,759 | (3.5) | (55.6) | 17,737 | 0.1 |
| Recurring EPS (INR/share) | 6.6 | 6.4 | 6.8 | 5.5 | 2.7 | 6.7 | 0.8 |
| Core operational performance analysis | 3QFY25 | 2QFY26 | 3QFY26 | QoQ | YoY | 3QFY26E | vs est |
| Revenue | 75,474 | 81,870 | 81,424 | (0.5) | 7.9 | 82,957 | (1.8) |
| EBITDA | 39,340 | 43,764 | 44,698 | 2.1 | 13.6 | 44,696 | 0.0 |
| EBIT | 23,655 | 25,756 | 26,719 | 3.7 | 13.0 | 26,783 | (0.2) |
| PBT | 21,947 | 22,827 | 24,222 | 6.1 | 10.4 | 23,703 | 2.2 |
| PAT | 17,403 | 16,928 | 17,781 | 5.0 | 2.2 | 17,737 | 0.3 |
| Key operating metrics | 3QFY25 | 2QFY26 | 3QFY26 | QoQ | YoY | 3QFY26E | vs est |
| Total towers (#) | 2,34,643 | 2,56,074 | 2,59,622 | 1.4 | 10.6 | 2,59,574 | 0.0 |
| Total tenants (#) | 3,86,819 | 4,15,717 | 4,21,822 | 1.5 | 9.0 | 4,19,467 | 0.6 |
| Tenancy ratio (end-period) | 1.65 | 1.62 | 1.62 | | | 1.62 | |
| Sharing revenue per operator (INR/month) | 41,426 | 41,714 | 41,429 | (0.7) | 0.0 | 41,754 | (0.8) |
| Sharing revenue per tower (INR/month) | 68,349 | 67,924 | 67,285 | (0.9) | (1.6) | 69,419 | (3.1) |
| Margins (%) | | | | | | | |
| Overall EBITDA | 92.2 | 55.8 | 54.9 | (91)bp | (3,726)bp | 53.9 | 105 bp |
| Service EBITDA (inc. one-offs) | 83.6 | 86.2 | 86.4 | 19 bp | 277 bp | 85.8 | 64 bp |
| EBIT | 71.4 | 33.9 | 32.9 | (99)bp | (3,855)bp | 32.3 | 58 bp |
| PAT | 23.1 | 20.7 | 21.9 | 125 bp | (112)bp | 21.4 | 56 bp |
| Effective tax rate | 23.3 | 25.8 | 26.5 | | | 25.2 | |

Source: MOFSL, Company

Exhibit 6: Energy under-recoveries at ~INR0.8b

| | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 |
|---------------------------|-------------|-------------|-------------|---------------|---------------|-------------|---------------|---------------|---------------|-------------|
| Energy Reimbursements | 27,936 | 27,195 | 26,147 | 27,464 | 27,575 | 27,309 | 26,851 | 29,474 | 29,453 | 28,689 |
| Power and Fuel | -28,554 | -27,956 | -26,725 | -29,006 | -28,925 | -28,253 | -28,266 | -30,687 | -30,869 | -29,517 |
| Energy Spread | -618 | -761 | -578 | -1,542 | -1,350 | -944 | -1,415 | -1,213 | -1,416 | -828 |
| Energy EBITDA margins (%) | -2.2% | -2.8% | -2.2% | -5.6% | -4.9% | -3.5% | -5.3% | -4.1% | -4.8% | -2.9% |

Source: MOFSL, Company

Exhibit 7: Indus' tower additions have been higher than Bharti's in past few quarters, implying shift from other tower cos

| Tower additions | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 |
|--------------------------------|--------|--------|--------|--------|--------|--------|
| Bharti Airtel | 6327 | 5045 | 5214 | 3272 | 1831 | 2479 |
| Indus Towers (ex- Bharti deal) | 6666 | 3930 | 5117 | 4442 | 2859 | 4329 |
| Macro towers | 6174 | 3748 | 4985 | 4282 | 2755 | 4301 |
| Lean towers | 492 | 182 | 132 | 160 | 104 | 28 |
| delta (Indus vs. Bharti) | 339 | -1115 | -97 | 1170 | 1028 | 1850 |

Exhibit 8: We believe Indus has gained ~70% share of Vi's network rollout since 2QFY25

| Incremental tenancy additions | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 | Since 2QFY25 |
|------------------------------------------|-----------|-----------|-----------|------------|-----------|-----------|--------------|
| Vodafone Idea | 922 | 3,463 | 7,576 | 1,855 | 1,289 | 5,127 | 20,232 |
| Indus Towers gross adds (ex-Bharti deal) | 799 | 2,926 | 4,329 | 3,611 | 499 | 3,168 | 15,332 |
| Incremental macro tenancies | 560 | 2,598 | 3,954 | 3,309 | 204 | 2,557 | 13,182 |
| Tenancy exits | 239 | 328 | 375 | 302 | 295 | 611 | 2,150 |
| Indus' gross adds as % of Vi's | 87 | 84 | 57 | 195 | 39 | 62 | 76 |
| Indus' net adds as % of Vi's | 61 | 75 | 52 | 178 | 16 | 50 | 65 |

Exhibit 9: Key metrics

| | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 | QoQ | YoY |
|-------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|---------------|
| Consolidated financials (INR m) | | | | | | | | | | |
| Service revenues | 45,785 | 46,366 | 47,078 | 48,165 | 50,365 | 51,102 | 52,429 | 52,774 | 0.7 | 9.6 |
| Energy reimbursements | 26,147 | 27,464 | 27,575 | 27,309 | 26,851 | 29,474 | 29,453 | 28,689 | (2.6) | 5.1 |
| Gross revenues | 71,932 | 73,830 | 74,653 | 75,474 | 77,216 | 80,576 | 81,882 | 81,463 | (0.5) | 7.9 |
| EBITDA | 40,716 | 45,041 | 48,638 | 69,581 | 43,240 | 43,495 | 45,721 | 44,750 | (2.1) | (35.7) |
| EBIT | 25,071 | 29,436 | 32,837 | 53,896 | 26,310 | 26,452 | 27,713 | 26,771 | (3) | (50) |
| PBT | 24,889 | 25,918 | 29,801 | 52,188 | 23,630 | 23,338 | 24,784 | 24,274 | (2) | (53) |
| Reported PAT | 18,531 | 19,259 | 22,235 | 40,032 | 17,791 | 17,368 | 18,393 | 17,830 | (3) | (55) |
| pre Ind-AS 116 EBITDA | 32,688 | 36,372 | 40,629 | 60,955 | 35,018 | 33,913 | 35,974 | 34,780 | (3) | (43) |
| Capex | 25,416 | 18,819 | 15,176 | 12,260 | 22,444 | 19,477 | 25,587 | 19,799 | (23) | 61 |
| Maintenance capex | 3,385 | 2,598 | 2,979 | 2,902 | 5,396 | 5,513 | 5,605 | 5,310 | (5.3) | 83.0 |
| Operating FCF = pre-IND-AS EBITDA - capex | 7,272 | 17,553 | 25,453 | 48,695 | 12,574 | 14,436 | 10,387 | 14,981 | 44 | (69) |
| Adjusted funds from operations (AFFO) | 29,303 | 33,774 | 37,650 | 58,053 | 29,622 | 28,400 | 30,369 | 29,470 | (3) | (49) |
| Operating metrics | | | | | | | | | | |
| EoP macro towers (#) | 2,19,73 | 2,25,91 | 2,29,65 | 2,34,64 | 2,49,30 | 2,51,77 | 2,56,07 | 2,59,62 | 1.4 | 10.6 |
| QoQ macro tower net adds | 7,961 | 6,174 | 3,748 | 4,985 | 14,662 | 2,468 | 4,301 | 3,548 | | |
| EoP macro colocations (#) | 3,68,58 | 3,74,92 | 3,79,23 | 3,86,81 | 4,05,43 | 4,11,21 | 4,15,71 | 4,21,82 | 1.5 | 9.0 |
| QoQ macro colocation net adds (#) | 7,909 | 6,340 | 4,308 | 7,583 | 18,616 | 5,777 | 4,505 | 6,105 | | |
| Macro colocation exits (#) | (429) | (310) | (239) | (328) | (375) | (302) | (295) | (611) | | |
| QoQ macro colocation gross addition (#) | 8,338 | 6,650 | 4,547 | 7,911 | 18,991 | 6,079 | 4,800 | 6,716 | | |
| Tenancy ratio (end-period,) | 1.68 | 1.66 | 1.65 | 1.65 | 1.63 | 1.63 | 1.62 | 1.62 | | |
| EoP leaner colocations (#) | 10,686 | 11,178 | 11,360 | 11,492 | 13,878 | 13,935 | 13,963 | 13,989 | 0.2 | 21.7 |
| QoQ leaner colocations added | 692 | 492 | 182 | 132 | 2,386 | 57 | 28 | 26 | | |

Exhibit 10: Summary of changes in estimates

| | FY26E | FY27E | FY28E | | FY26E | FY27E | FY28E |
|--------------------------------|----------|----------|----------|-------------------------------------------------|-------|-------|-------|
| Tower Count | | | | EBITDA (INR b) | | | |
| Old | 2,63,305 | 2,75,305 | 2,85,305 | Old | 179 | 185 | 193 |
| Actual/New | 2,63,305 | 2,75,305 | 2,85,305 | Actual/New | 179 | 187 | 194 |
| Change (%) | 0.0 | 0.0 | 0.0 | Change (%) | 0.3 | 0.7 | 0.6 |
| Tenancy Count | | | | EBITDA (ex-provisions) (INR b) | | | |
| Old | 4,24,657 | 4,41,657 | 4,59,157 | Old | 176 | 185 | 193 |
| Actual/New | 4,27,173 | 4,44,173 | 4,61,673 | Actual/New | 177 | 187 | 194 |
| Change (%) | 0.6 | 0.6 | 0.5 | Change (%) | 0.3 | 0.7 | 0.6 |
| ARPT (INR/month) | | | | Pre-INDAS EBITDA (INR b) | | | |
| Old | 41,645 | 41,878 | 42,070 | Old | 136 | 139 | 145 |
| Actual/New | 41,506 | 41,779 | 42,011 | Actual/New | 139 | 143 | 148 |
| Change (%) | -0.3 | -0.2 | -0.1 | Change (%) | 2.2 | 2.4 | 1.9 |
| Service Revenue (INR b) | | | | Pre-INDAS EBITDA (ex-provisions) (INR b) | | | |
| Old | 210 | 220 | 230 | Old | 133 | 139 | 145 |
| Actual/New | 210 | 221 | 231 | Actual/New | 136 | 143 | 148 |
| Change (%) | 0.0 | 0.3 | 0.4 | Change (%) | 2.2 | 2.4 | 1.9 |
| Overall Revenue (INR b) | | | | Recurring PAT (INR b) | | | |
| Old | 329 | 345 | 361 | Old | 69.0 | 72.8 | 75.5 |
| Actual/New | 326 | 341 | 357 | Actual/New | 69.6 | 73.6 | 76.6 |
| Change (%) | -0.8 | -1.3 | -1.2 | Change (%) | 0.8 | 1.1 | 1.5 |

Source: MOFSL, Company

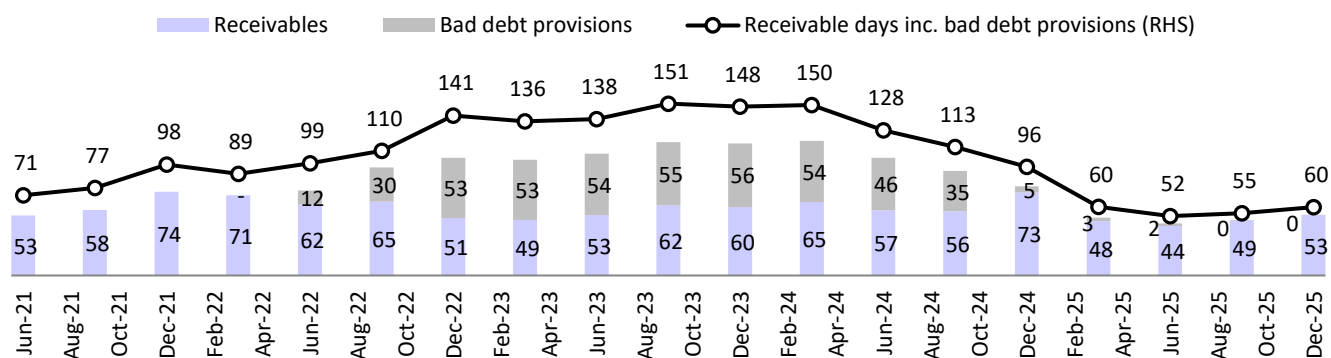
Source: MOFSL, Company

Exhibit 12: Quarterly per tenant model (INR/tenant/month)

| Per tenant model | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Rentals | 40,920 | 41,454 | 41,435 | 41,094 | 41,125 | 41,426 | 41,893 | 41,132 | 41,714 | 41,429 |
| Energy | 26,555 | 25,387 | 23,903 | 24,625 | 24,376 | 23,766 | 22,595 | 24,061 | 23,745 | 22,836 |
| Exit revenue and one-offs | 324 | 363 | 420 | 479 | 491 | 490 | 534 | 585 | 554 | 578 |
| Revenue | 67,799 | 67,204 | 65,757 | 66,199 | 65,992 | 65,682 | 65,022 | 65,778 | 66,013 | 64,843 |
| Power and fuel | (27,142) | (26,098) | (24,431) | (26,008) | (25,569) | (24,587) | (23,785) | (25,051) | (24,886) | (23,495) |
| Employee | (1,860) | (1,853) | (1,857) | (1,767) | (1,832) | (1,886) | (1,854) | (1,741) | (1,654) | (1,767) |
| Other expenses | (6,273) | (5,796) | (2,249) | 1,962 | 4,405 | 21,345 | (2,965) | (3,467) | (2,607) | (3,940) |
| Repairs and Maintenance | (3,325) | (3,363) | (3,230) | (3,221) | (3,387) | (3,143) | (2,839) | (3,018) | (3,035) | (2,792) |
| Other expenses | (1,352) | (1,483) | (2,038) | (1,260) | (1,342) | (1,490) | (1,432) | (838) | (818) | (836) |
| CSR | (327) | (351) | (283) | (369) | (383) | (339) | (599) | (331) | (327) | (323) |
| Provisions (write-offs)/reversal | (1,269) | (598) | 3,302 | 6,812 | 9,517 | 26,318 | 1,905 | 721 | 1,574 | 10 |
| Total costs | (35,275) | (33,747) | (28,536) | (25,813) | (22,997) | (5,128) | (28,604) | (30,260) | (29,147) | (29,202) |
| EBITDA | 32,523 | 33,457 | 37,221 | 40,386 | 42,995 | 60,554 | 36,418 | 35,518 | 36,866 | 35,641 |
| Adj. core EBITDA | 32,787 | 33,805 | 37,330 | 41,289 | 43,697 | 60,885 | 37,074 | 35,924 | 37,454 | 35,722 |
| Adj. energy EBITDA | (587) | (710) | (528) | (1,383) | (1,193) | (822) | (1,191) | (990) | (1,142) | (659) |
| Depreciation and Amortization | (14,502) | (14,896) | (14,302) | (13,992) | (13,968) | (13,650) | (14,246) | (13,913) | (14,518) | (14,311) |
| on assets | (9,142) | (9,759) | (8,788) | (8,447) | (8,709) | (8,391) | (8,634) | (8,529) | (9,187) | (8,805) |
| on leases | (5,360) | (5,137) | (5,514) | (5,545) | (5,259) | (5,259) | (5,612) | (5,383) | (5,331) | (5,506) |
| EBIT | 18,022 | 18,561 | 22,919 | 26,394 | 29,027 | 46,904 | 22,171 | 21,605 | 22,348 | 21,330 |
| Interest cost (net) | 1,499 | 3,712 | 2,859 | (165) | 281 | 1,568 | 1,005 | 662 | 836 | 1,294 |
| Interest on leases | (2,917) | (2,888) | (3,026) | (2,989) | (2,965) | (3,055) | (3,260) | (3,204) | (3,197) | (3,282) |
| PBT | 16,603 | 19,385 | 22,753 | 23,239 | 26,344 | 45,417 | 19,916 | 19,063 | 19,986 | 19,342 |
| PAT | 12,307 | 14,381 | 16,940 | 17,268 | 19,655 | 34,838 | 15,003 | 14,190 | 14,834 | 14,213 |
| Pre Ind-AS 116 EBITDA | 25,221 | 25,933 | 29,599 | 32,243 | 35,533 | 52,707 | 28,900 | 27,365 | 28,680 | 27,438 |

Exhibit 13: Quarterly per tower model (INR/tower/month)

| Per tower model | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Rentals | 71,301 | 71,166 | 70,027 | 68,562 | 68,080 | 68,349 | 68,582 | 67,036 | 67,924 | 67,285 |
| Energy | 46,271 | 43,583 | 40,396 | 41,085 | 40,353 | 39,212 | 36,989 | 39,214 | 38,664 | 37,088 |
| Exit revenue and one-offs | 565 | 623 | 709 | 800 | 813 | 808 | 875 | 953 | 902 | 939 |
| Revenue | 1,18,138 | 1,15,372 | 1,11,132 | 1,10,446 | 1,09,245 | 1,08,369 | 1,06,445 | 1,07,204 | 1,07,489 | 1,05,311 |
| Power and fuel | (47,295) | (44,803) | (41,289) | (43,392) | (42,328) | (40,567) | (38,938) | (40,828) | (40,523) | (38,158) |
| Employee | (3,241) | (3,181) | (3,138) | (2,949) | (3,034) | (3,111) | (3,035) | (2,838) | (2,692) | (2,870) |
| Other expenses | (10,930) | (9,951) | (3,801) | 3,273 | 7,292 | 35,217 | (4,855) | (5,650) | (4,245) | (6,399) |
| Repairs and Maintenance | (5,794) | (5,774) | (5,458) | (5,373) | (5,608) | (5,186) | (4,648) | (4,919) | (4,942) | (4,534) |
| Other expenses | (2,355) | (2,547) | (3,444) | (2,102) | (2,221) | (2,458) | (2,345) | (1,366) | (1,332) | (1,357) |
| CSR | (570) | (603) | (479) | (616) | (634) | (560) | (981) | (540) | (533) | (525) |
| Provisions (write-offs)/reversals | (2,211) | (1,027) | 5,580 | 11,365 | 15,755 | 43,422 | 3,119 | 1,175 | 2,562 | 17 |
| Total costs | (61,466) | (57,935) | (48,227) | (43,067) | (38,070) | (8,461) | (46,827) | (49,316) | (47,460) | (47,427) |
| EBITDA | 56,671 | 57,438 | 62,905 | 67,379 | 71,176 | 99,908 | 59,618 | 57,887 | 60,029 | 57,884 |
| Adj. core EBITDA | 57,130 | 58,034 | 63,088 | 68,886 | 72,338 | 1,00,455 | 60,693 | 58,548 | 60,986 | 58,016 |
| Adj. energy EBITDA | (1,024) | (1,220) | (893) | (2,307) | (1,976) | (1,355) | (1,949) | (1,614) | (1,859) | (1,070) |
| Depreciation and Amortization | (25,269) | (25,573) | (24,171) | (23,344) | (23,123) | (22,521) | (23,322) | (22,675) | (23,640) | (23,242) |
| on assets | (15,930) | (16,754) | (14,851) | (14,093) | (14,417) | (13,844) | (14,135) | (13,901) | (14,960) | (14,300) |
| on leases | (9,339) | (8,819) | (9,320) | (9,251) | (8,706) | (8,678) | (9,188) | (8,774) | (8,680) | (8,942) |
| EBIT | 31,402 | 31,865 | 38,734 | 44,035 | 48,053 | 77,387 | 36,296 | 35,212 | 36,389 | 34,642 |
| Interest cost (net) | 2,612 | 6,372 | 4,833 | (275) | 465 | 2,587 | 1,645 | 1,079 | 1,361 | 2,102 |
| Interest on leases | (5,083) | (4,958) | (5,114) | (4,988) | (4,908) | (5,040) | (5,337) | (5,222) | (5,206) | (5,330) |
| PBT | 28,931 | 33,278 | 38,452 | 38,772 | 43,610 | 74,934 | 32,604 | 31,069 | 32,544 | 31,414 |
| PAT | 21,445 | 24,688 | 28,630 | 28,811 | 32,538 | 57,480 | 24,560 | 23,126 | 24,154 | 23,083 |
| Pre Ind-AS 116 EBITDA | 43,947 | 44,521 | 50,023 | 53,795 | 58,822 | 86,962 | 47,311 | 44,599 | 46,700 | 44,562 |

Exhibit 14: Receivables increased ~INR4.5b during 3QFY26


Source: MOFSL, Company

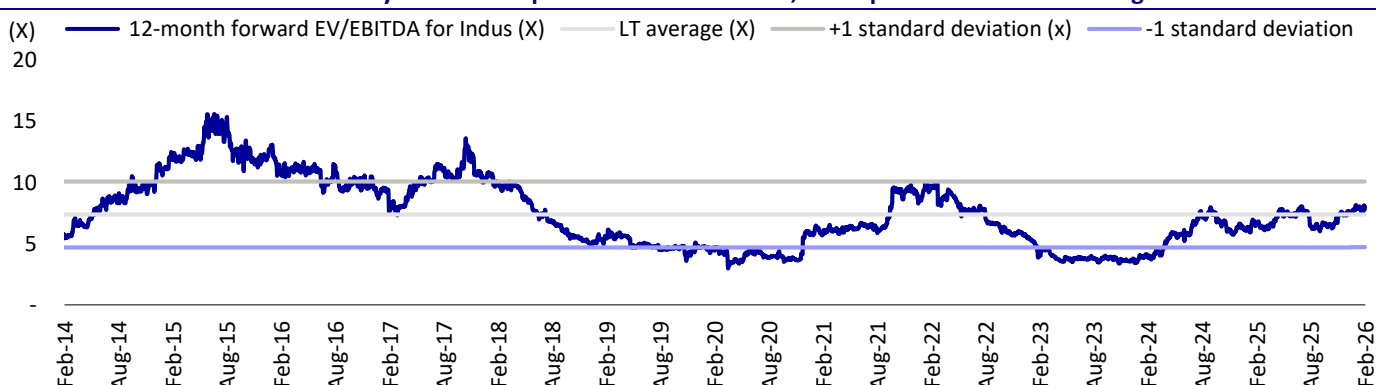
Exhibit 15: Indus trades at 8.1x one-year forward pre-IND-AS-116 EBITDA, ~10% premium to its LT average of ~7.4X


Exhibit 16: Annual per-tenant model (INR/tenant/month)

| Per tenant model | 2021 | 2022 | 2,023 | 2,024 | 2025 | 2026E | 2027E |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Rentals | 41,209 | 41,617 | 41,063 | 41,173 | 40,856 | 41,506 | 41,779 |
| Energy | 24,475 | 25,601 | 25,542 | 25,464 | 23,513 | 23,260 | 22,907 |
| Exit revenue and one-offs | 7,413 | 11,855 | 12,399 | 1,468 | 1,971 | 2,252 | 2,130 |
| Revenue | 67,537 | 70,181 | 69,704 | 67,004 | 64,862 | 65,329 | 65,219 |
| Power and fuel | (25,210) | (25,993) | (26,011) | (26,121) | (24,644) | (24,102) | (23,672) |
| Employee | (2,021) | (1,955) | (1,901) | (1,833) | (1,812) | (1,745) | (1,767) |
| Other expenses | (5,853) | (4,503) | (18,047) | (4,947) | 6,067 | (3,561) | (4,101) |
| Repairs and Maintenance | (3,798) | (3,410) | (3,317) | (3,278) | (3,103) | (2,922) | (2,902) |
| Other expenses | (1,632) | (986) | (1,451) | (1,527) | (1,365) | (842) | (832) |
| CSR | (422) | (107) | (242) | (322) | (419) | (368) | (367) |
| Provisions (write-offs)/reversals | - | - | (13,036) | 179 | 10,953 | 570 | - |
| Total costs | (33,083) | (32,452) | (45,959) | (32,901) | (20,389) | (29,408) | (29,541) |
| EBITDA | 34,454 | 37,729 | 23,746 | 34,102 | 44,473 | 35,921 | 35,678 |
| Adj. core EBITDA | 33,335 | 35,158 | 21,114 | 34,393 | 45,111 | 36,200 | 35,910 |
| Adj. energy EBITDA | (735) | (393) | (468) | (658) | (1,131) | (842) | (765) |
| Depreciation and Amortization | (14,046) | (13,484) | (13,075) | (14,197) | (13,785) | (14,294) | (14,649) |
| on assets | (9,459) | (8,704) | (8,186) | (8,954) | (8,435) | (8,864) | (9,157) |
| on leases | (4,624) | (4,780) | (4,889) | (5,243) | (5,350) | (5,430) | (5,492) |
| EBIT | 20,408 | 24,246 | 10,670 | 19,906 | 30,688 | 21,627 | 21,029 |
| Interest cost (net) | (169) | (133) | 31 | 2,018 | 674 | 983 | 1,200 |
| Interest on leases | (2,734) | (2,766) | (2,715) | (2,895) | (3,030) | (3,246) | (3,421) |
| PBT | 17,504 | 21,347 | 7,987 | 19,029 | 28,331 | 19,364 | 18,808 |
| Pre Ind-AS 116 EBITDA | 27,755 | 30,507 | 16,310 | 26,668 | 36,835 | 29,827 | 35,678 |

Exhibit 17: Annual per-tower model (INR/tower/month)

| Per tower model | 2021 | 2022 | 2,023 | 2,024 | 2025 | 2026E | 2027E |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Rentals | 74,973 | 75,118 | 73,657 | 70,990 | 67,422 | 67,417 | 67,588 |
| Energy | 44,529 | 46,209 | 45,817 | 43,904 | 38,802 | 37,780 | 37,059 |
| Exit revenue and one-offs | 3,372 | 5,350 | 5,560 | 633 | 813 | 915 | 862 |
| Revenue | 1,22,874 | 1,26,676 | 1,25,034 | 1,15,527 | 1,07,037 | 1,06,111 | 1,05,509 |
| Power and fuel | (45,866) | (46,918) | (46,657) | (45,038) | (40,668) | (39,148) | (38,296) |
| Employee | (3,676) | (3,529) | (3,410) | (3,160) | (2,990) | (2,834) | (2,859) |
| Other expenses | (10,648) | (8,128) | (32,372) | (8,530) | 10,011 | (5,784) | (6,634) |
| Repairs and Maintenance | (6,910) | (6,155) | (5,950) | (5,651) | (5,120) | (4,746) | (4,695) |
| Other expenses | (2,969) | (1,781) | (2,604) | (2,634) | (2,252) | (1,367) | (1,345) |
| CSR | (769) | (193) | (433) | (555) | (692) | (597) | (594) |
| Provisions (write-offs)/reversals | - | - | (23,384) | 309 | 18,075 | 926 | - |
| Total costs | (60,191) | (58,575) | (82,440) | (56,728) | (33,647) | (47,766) | (47,790) |
| EBITDA | 62,684 | 68,101 | 42,594 | 58,799 | 73,390 | 58,345 | 57,719 |
| Adj. core EBITDA | 60,649 | 63,460 | 37,874 | 59,300 | 74,443 | 58,799 | 58,095 |
| Adj. energy EBITDA | (1,337) | (709) | (840) | (1,134) | (1,866) | (1,368) | (1,238) |
| Depreciation and Amortization | (25,555) | (24,338) | (23,454) | (24,478) | (22,749) | (23,217) | (23,699) |
| on assets | (17,210) | (15,710) | (14,684) | (15,439) | (13,920) | (14,397) | (14,814) |
| on leases | (8,413) | (8,628) | (8,771) | (9,039) | (8,829) | (8,820) | (8,885) |
| EBIT | 37,129 | 43,763 | 19,140 | 34,321 | 50,641 | 35,128 | 34,019 |
| Interest cost (net) | (308) | (240) | 56 | 3,479 | 1,112 | 1,596 | 1,942 |
| Interest on leases | (4,975) | (4,992) | (4,869) | (4,991) | (5,000) | (5,273) | (5,534) |
| PBT | 31,846 | 38,531 | 14,327 | 32,809 | 46,753 | 31,452 | 30,427 |
| Pre Ind-AS 116 EBITDA | 50,495 | 55,065 | 29,256 | 45,980 | 60,785 | 48,446 | 57,719 |

Story in charts

Exhibit 18: Consolidated revenue declined 0.5% QoQ, while core EBITDA margin expanded ~146bp QoQ

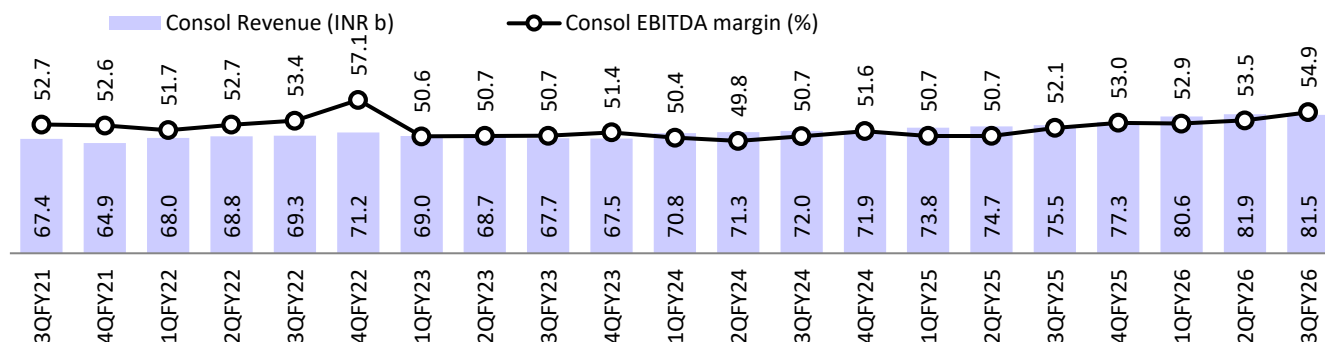


Exhibit 19: Service rentals up 1% QoQ

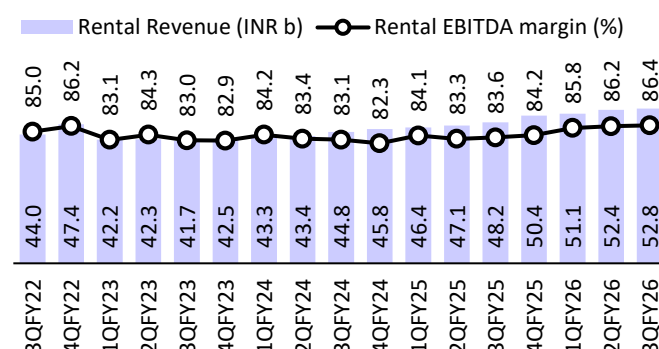


Exhibit 20: Energy margins remain negative in 3QFY26

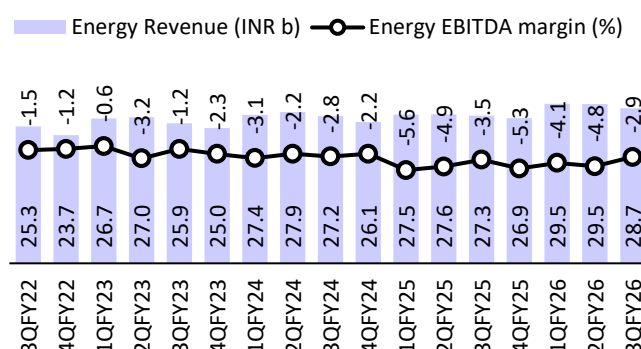


Exhibit 21: Average sharing factor stable QoQ at ~1.6x

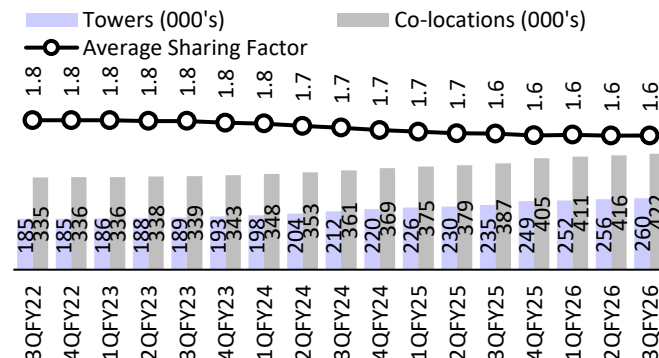


Exhibit 22: Sharing ARPT down 1% QoQ

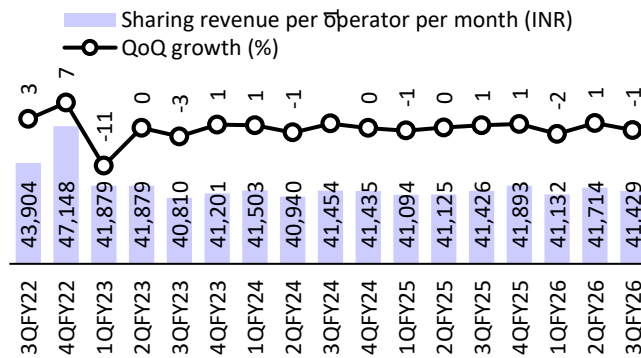
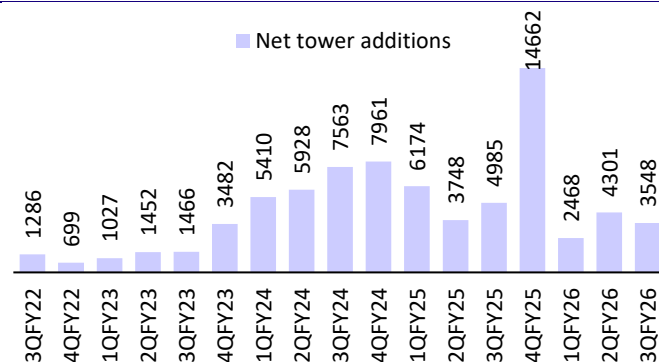
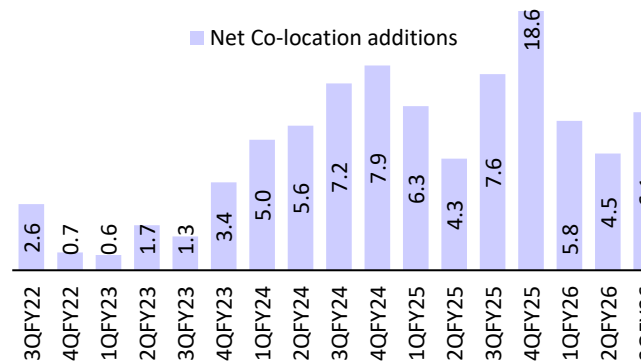


Exhibit 23: Tower additions moderated QoQ



Source: MOFSL, Company

Exhibit 24: Tenancy additions outpaced tower additions in 3Q (in '000s)



Source: MOFSL, Company

Financials and valuations

| Consolidated - Income Statement | | | | | | | | (INR m) |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
| Total Income from Operations | 2,56,729 | 2,77,172 | 2,83,818 | 2,86,006 | 3,01,228 | 3,26,363 | 3,40,968 | 3,56,958 |
| Change (%) | 0.4 | 8.0 | 2.4 | 0.8 | 5.3 | 8.3 | 4.5 | 4.7 |
| Power and fuel | 95,831 | 1,02,658 | 1,05,908 | 1,11,499 | 1,14,488 | 1,20,405 | 1,23,761 | 1,29,948 |
| Employee benefits expenses | 7,681 | 7,722 | 7,741 | 7,823 | 8,414 | 8,717 | 9,240 | 9,638 |
| Other Expenses | 22,248 | 17,785 | 73,483 | 21,118 | -28,174 | 17,790 | 21,440 | 23,202 |
| Total Expenditure | 1,25,760 | 1,28,165 | 1,87,132 | 1,40,440 | 94,728 | 1,46,912 | 1,54,441 | 1,62,788 |
| % of Sales | 49.0 | 46.2 | 65.9 | 49.1 | 31.4 | 45.0 | 45.3 | 45.6 |
| EBITDA | 1,30,969 | 1,49,007 | 96,686 | 1,45,566 | 2,06,500 | 1,79,451 | 1,86,527 | 1,94,170 |
| Margin (%) | 51.0 | 53.8 | 34.1 | 50.9 | 68.6 | 55.0 | 54.7 | 54.4 |
| Depreciation | 53,394 | 53,252 | 53,239 | 60,599 | 64,021 | 71,408 | 76,588 | 80,360 |
| EBIT | 77,575 | 95,755 | 43,447 | 84,967 | 1,42,479 | 1,08,043 | 1,09,939 | 1,13,810 |
| Int. and Finance Charges | 14,021 | 14,973 | 14,539 | 7,354 | 18,579 | 19,085 | 19,581 | 19,543 |
| Other Income | 2,983 | 3,525 | 3,613 | 3,611 | 7,637 | 7,777 | 7,972 | 8,146 |
| PBT bef. EO Exp. | 66,537 | 84,307 | 32,521 | 81,224 | 1,31,537 | 96,735 | 98,331 | 1,02,413 |
| EO Items | 0 | 0 | -4,928 | 0 | -50,868 | -2,919 | 0 | 0 |
| PBT after EO Exp. | 66,537 | 84,307 | 27,593 | 81,224 | 80,669 | 93,816 | 98,331 | 1,02,413 |
| Total Tax | 16,786 | 20,576 | 7,193 | 20,862 | 32,220 | 24,919 | 24,750 | 25,777 |
| Tax Rate (%) | 25.2 | 24.4 | 26.1 | 25.7 | 39.9 | 26.6 | 25.2 | 25.2 |
| Reported PAT | 49,751 | 63,731 | 20,400 | 60,362 | 99,317 | 71,816 | 73,581 | 76,635 |
| Adjusted PAT | 49,751 | 63,731 | 24,043 | 60,362 | 61,252 | 69,584 | 73,581 | 76,635 |
| Change (%) | -1.0 | 28.1 | -62.3 | 151.1 | 1.5 | 13.6 | 5.7 | 4.2 |
| Margin (%) | 19.4 | 23.0 | 8.5 | 21.1 | 20.3 | 21.3 | 21.6 | 21.5 |

| Consolidated - Balance Sheet | | | | | | | | (INR m) |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28 |
| Equity Share Capital | 26,949 | 26,949 | 26,949 | 26,949 | 26,381 | 26,381 | 26,381 | 26,381 |
| Total Reserves | 1,31,821 | 1,94,556 | 1,84,146 | 2,43,439 | 2,98,602 | 3,70,371 | 3,91,189 | 4,12,425 |
| Net Worth | 1,58,770 | 2,21,505 | 2,11,095 | 2,70,388 | 3,24,983 | 3,96,752 | 4,17,570 | 4,38,806 |
| Total Loans | 69,703 | 54,868 | 47,126 | 43,118 | 22,624 | 15,624 | 8,624 | 1,624 |
| Lease liabilities | 1,34,119 | 1,42,392 | 1,44,723 | 1,62,192 | 1,88,934 | 1,93,844 | 1,93,301 | 1,86,810 |
| Deferred Tax Liabilities | 703 | 918 | -19,469 | -18,471 | 4,049 | 4,049 | 4,049 | 4,049 |
| Capital Employed | 3,63,295 | 4,19,683 | 3,83,475 | 4,57,227 | 5,40,590 | 6,10,269 | 6,23,544 | 6,31,288 |
| Net Fixed Assets | 2,15,892 | 2,09,051 | 2,11,954 | 2,66,625 | 2,94,462 | 3,35,618 | 3,55,239 | 3,62,366 |
| Capital WIP | 2,736 | 1,787 | 3,546 | 4,219 | 5,672 | 5,672 | 5,672 | 5,672 |
| Right of use assets | 1,02,110 | 1,09,210 | 1,11,882 | 1,26,377 | 1,49,337 | 1,51,609 | 1,48,096 | 1,39,811 |
| Total Investments | 22,714 | 16,521 | 2,756 | 28 | 14,861 | 14,861 | 14,861 | 14,861 |
| Curr. Assets, Loans&Adv. | 1,05,985 | 1,43,107 | 1,16,117 | 1,42,956 | 1,67,347 | 1,96,928 | 1,96,246 | 2,08,481 |
| Account Receivables | 38,285 | 70,586 | 48,687 | 64,507 | 47,675 | 44,707 | 46,708 | 48,898 |
| Cash and Bank Balance | 145 | 9,802 | 224 | 631 | 18,561 | 48,931 | 43,994 | 51,570 |
| Loans and Advances | 67,555 | 62,719 | 67,206 | 77,818 | 1,01,111 | 1,03,290 | 1,05,544 | 1,08,013 |
| Curr. Liability & Prov. | 86,142 | 59,993 | 62,780 | 82,978 | 91,089 | 94,420 | 96,570 | 99,903 |
| Account Payables | 32,588 | 21,293 | 21,219 | 22,797 | 24,450 | 24,589 | 25,689 | 26,894 |
| Other Current Liabilities | 37,407 | 20,967 | 22,147 | 37,849 | 41,140 | 44,332 | 45,382 | 47,510 |
| Provisions | 16,147 | 17,733 | 19,414 | 22,332 | 25,499 | 25,499 | 25,499 | 25,499 |
| Net Current Assets | 19,843 | 83,114 | 53,337 | 59,978 | 76,258 | 1,02,508 | 99,676 | 1,08,578 |
| Appl. of Funds | 3,63,295 | 4,19,683 | 3,83,475 | 4,57,227 | 5,40,590 | 6,10,269 | 6,23,544 | 6,31,288 |

E: MOFSL Estimates

Financials and valuations

| Ratios | | | | | | | | |
|-------------------------------------------|-----------------|-----------------|----------------|-----------------|------------------|-----------------|-----------------|-----------------|
| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
| Basic (INR) | | | | | | | | |
| EPS | 18.5 | 23.6 | 8.9 | 22.4 | 23.2 | 26.4 | 27.9 | 29.0 |
| Cash EPS | 38.3 | 43.4 | 28.7 | 44.9 | 47.5 | 53.4 | 56.9 | 59.5 |
| BV/Share | 58.9 | 82.2 | 78.3 | 100.3 | 120.6 | 147.2 | 154.9 | 162.8 |
| DPS | 20.1 | 11.0 | 0.0 | 0.0 | 0.0 | 20.0 | 21.0 | 22.0 |
| Payout (%) | 126.4 | 54.0 | 0.0 | 0.0 | 0.0 | 73.5 | 75.3 | 75.7 |
| Valuation (x) | | | | | | | | |
| P/E | 23.8 | 18.6 | 49.3 | 19.6 | 19.0 | 16.7 | 15.8 | 15.1 |
| Cash P/E | 11.5 | 10.1 | 15.3 | 9.8 | 9.3 | 8.2 | 7.7 | 7.4 |
| P/BV | 7.5 | 5.4 | 5.6 | 4.4 | 3.6 | 3.0 | 2.8 | 2.7 |
| EV/Sales | 4.8 | 4.4 | 4.3 | 4.3 | 3.8 | 3.4 | 3.3 | 3.1 |
| EV/EBITDA | 9.4 | 8.1 | 12.7 | 8.4 | 5.6 | 6.2 | 6.0 | 5.6 |
| Dividend Yield (%) | 4.6 | 2.5 | 0.0 | 0.0 | 0.0 | 4.5 | 4.8 | 5.0 |
| FCF per share | 28.2 | 23.2 | 17.6 | -3.5 | 34.3 | 11.2 | 17.8 | 23.4 |
| Return Ratios (%) | | | | | | | | |
| RoE | 29.6 | 33.5 | 11.1 | 25.1 | 20.6 | 19.3 | 18.1 | 17.9 |
| RoCE | 25.0 | 29.7 | 13.0 | 23.0 | 27.3 | 22.4 | 21.0 | 21.1 |
| RoIC | 17.2 | 19.9 | 8.4 | 15.2 | 17.9 | 15.2 | 15.0 | 15.2 |
| Working Capital Ratios | | | | | | | | |
| Fixed Asset Turnover (x) | 1.2 | 1.3 | 1.3 | 1.1 | 1.0 | 1.0 | 1.0 | 1.0 |
| Asset Turnover (x) | 0.7 | 0.7 | 0.7 | 0.6 | 0.6 | 0.5 | 0.5 | 0.6 |
| Inventory (Days) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debtor (Days) | 54 | 93 | 63 | 82 | 58 | 50 | 50 | 50 |
| Creditor (Days) | 46 | 28 | 27 | 29 | 30 | 28 | 28 | 28 |
| Leverage Ratio (x) | | | | | | | | |
| Current Ratio | 1.2 | 2.4 | 1.8 | 1.7 | 1.8 | 2.1 | 2.0 | 2.1 |
| Interest Cover Ratio | 5.5 | 6.4 | 3.0 | 11.6 | 7.7 | 5.7 | 5.6 | 5.8 |
| Net Debt/Equity | 0.3 | 0.1 | 0.2 | 0.2 | 0.0 | -0.1 | -0.1 | -0.1 |
| Consolidated - Cash Flow Statement | | | | | | | | |
| | | | | | | | | (INR m) |
| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28 |
| OP/(Loss) before Tax | 66,537 | 84,307 | 27,593 | 81,224 | 1,31,537 | 96,688 | 98,331 | 1,02,413 |
| Depreciation | 53,394 | 53,252 | 53,239 | 60,599 | 64,021 | 71,408 | 76,588 | 80,360 |
| Interest & Finance Charges | 14,021 | 16,033 | 16,704 | 12,159 | 14,400 | 11,308 | 11,609 | 11,397 |
| Direct Taxes Paid | -16,283 | -19,129 | -22,192 | -18,700 | -18,746 | -24,919 | -24,750 | -25,777 |
| (Inc)/Dec in WC | -3,175 | -33,897 | -44,048 | -10,445 | 64,397 | 4,120 | -2,105 | -1,326 |
| CF from Operations | 1,14,494 | 1,00,566 | 31,296 | 1,24,837 | 2,55,609 | 1,58,604 | 1,59,672 | 1,67,067 |
| Others | -6,930 | -9,355 | 47,752 | -44,816 | -97,394 | -43,575 | -45,324 | -47,034 |
| CF from Operating incl EO | 1,07,564 | 91,211 | 79,048 | 80,021 | 1,58,215 | 1,15,029 | 1,14,348 | 1,20,033 |
| (Inc)/Dec in FA | -31,507 | -28,697 | -31,681 | -89,529 | -67,840 | -85,436 | -67,496 | -58,202 |
| Free Cash Flow | 76,057 | 62,514 | 47,367 | -9,508 | 90,375 | 29,593 | 46,852 | 61,831 |
| (Pur)/Sale of Investments | 18,154 | 6,391 | 13,824 | 7,810 | -44,107 | 0 | 0 | 0 |
| Others | 673 | 569 | 557 | 6,261 | 2,841 | 7,777 | 7,972 | 8,146 |
| CF from Investments | -12,680 | -21,737 | -17,300 | -75,458 | -1,09,106 | -77,659 | -59,524 | -50,056 |
| Issue of Shares | 37 | -154 | -75 | -130 | -26,658 | 0 | 0 | 0 |
| Inc/(Dec) in Debt | -24,690 | -55,244 | -37,947 | -4,026 | -20,507 | -7,000 | -7,000 | -7,000 |
| Interest Paid | -3,310 | -4,418 | -3,666 | 0 | 0 | 0 | 0 | 0 |
| Dividend Paid | -65,654 | 0 | 0 | 0 | 0 | 0 | -52,762 | -55,400 |
| Others | 0 | 0 | -29,639 | 0 | 15,986 | 0 | 0 | 0 |
| CF from Fin. Activity | -93,617 | -59,816 | -71,327 | -4,156 | -31,179 | -7,000 | -59,762 | -62,400 |
| Inc/Dec of Cash | 1,267 | 9,658 | -9,579 | 407 | 17,930 | 30,370 | -4,938 | 7,577 |
| Opening Balance | -1,123 | 144 | 9,803 | 224 | 631 | 18,561 | 48,931 | 43,994 |
| Closing Balance | 144 | 9,802 | 224 | 631 | 18,561 | 48,931 | 43,994 | 51,570 |

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| 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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