

Indus Towers (INDUSTOW) - BUY

Company Update

Current Market Price (CMP) Rs.418	Fair Value (FV) Rs.510
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Rationale:

- The AGR relief for VI has significantly improved business prospects for Indus, with VI planning to step up network rollouts.
- Overdue recoveries from Vodafone Idea are largely behind.
- Indus maintained that the board will decide on resuming dividend payouts at the time of annual results (or next quarter).
- Indus is on track to enter the African tower market in the coming quarters through Nigeria, Uganda, and Zambia.
- Maintain BUY, given the attractive risk-reward at 7.7x adj. EV/EBITDA, with 8.5%/5.7% AFFO/dividend yields on FY27E.

👍 Positives:

- Adjusted EBITDA at Rs4,467 cr (13.5%yoy, 2% qoq) was marginally above our estimates.
- We estimate a dividend yield of ~6-7% over FY26-28E.
- Energy spreads improved on seasonal trends.

👎 Negatives:

- Net tower additions at 3,548 were down 18% qoq; however, net tenancy addition of 6,105 was up qoq (4,505 in Q2FY26), though lower than estimates.

EV: Enterprise Value. EBITDA: Earnings Before Interest, Tax, Depreciation, and Amortization. AFFO: Adjusted Funds from Operations. Vi: Vodafone Idea.



The content of this document has been derived from the KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months