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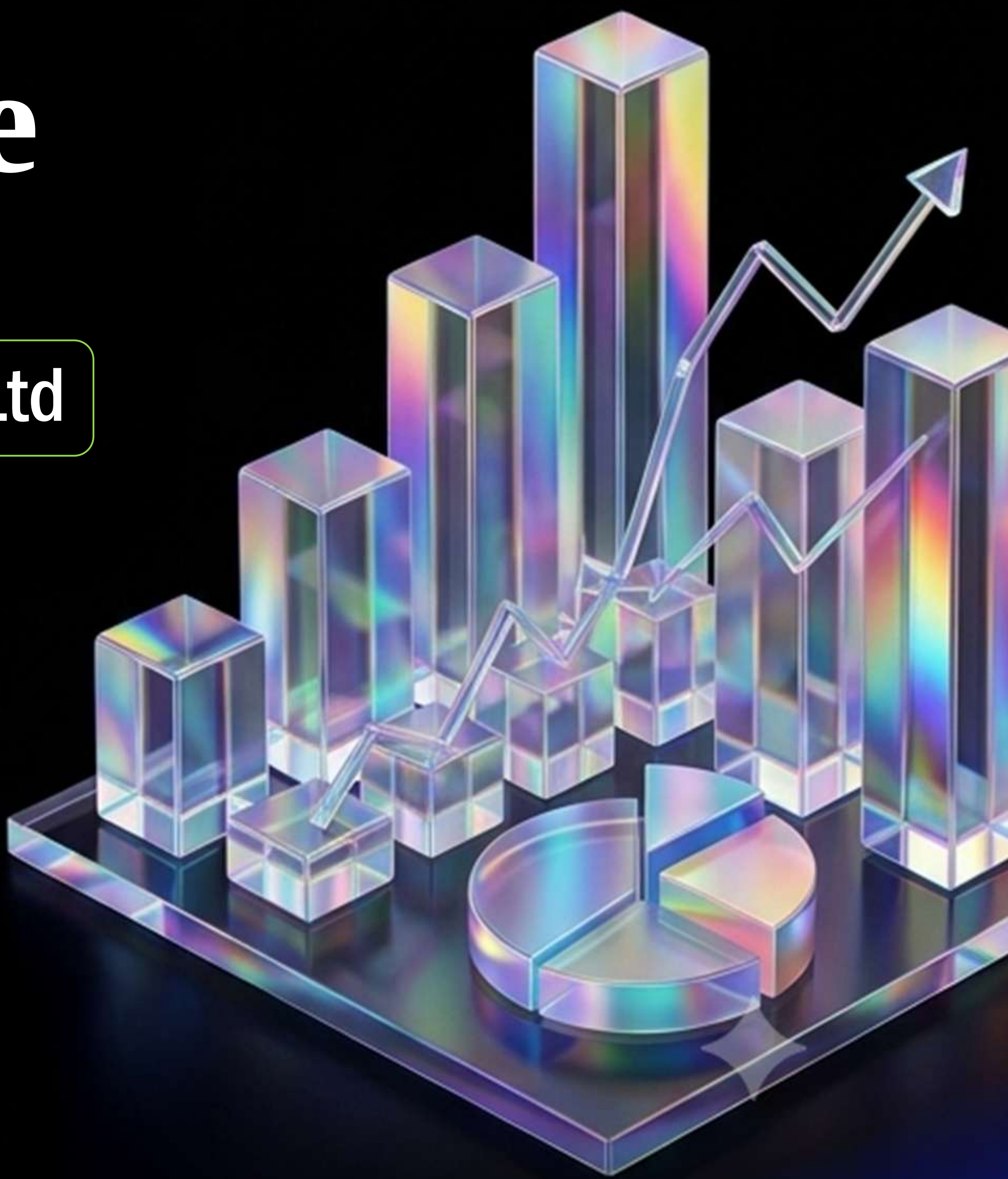
6th August 2026

Quarterly Result Update

Indus Towers Ltd



Research Analyst

Abdul Karim

Indus Towers Ltd

HDFC securities

Reco Hold

Industry	Telecom Infra
LTP (Aug 06, 2026)	383.3
Bull case target	**500**
Time Horizon	4 Quarters

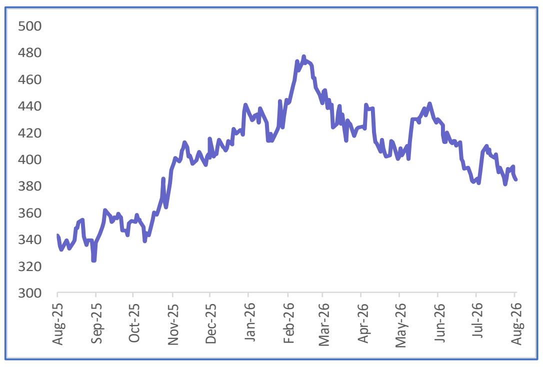
Stock Info

BSE Code	534816
NSE Code	INDUSTOWER
Bloomberg	INDUSTOW IN
Equity Capital (Rs Cr)	2638.2
Face Value (Rs)	10.0
Equity Share O/S (Cr)	263.8
Market Cap (Rs Cr)	100,755
Adj. Book Value (Rs)	150.0
Avg. 52 Wk Volumes	8,042,370
52 Week High	482.0
52 Week Low	312.6

Share Holding Pattern (%) (Jun'26)

Promoters	51.3
Institutions	44.6
Non-Institutions	4.1
Total	100.0

One Year Price Chart



Fundamental Research Analyst
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Muted performance in Q1FY27, however continue to scale its digital infrastructure

- *Indus Towers numbers were in line with estimates in Q1FY27. Q1 had early-quarter disruption due to tower manufacturing impact from LPG shortage linked to the West Asia conflict. Its consolidated revenue grew 4.6% YoY to Rs 8431 crore, driven by customer network expansion. The company's EBITDA stood at Rs 4,521 crore, and the EBITDA margin slipped to 53.6% in Q1FY27, impacted by lower revenue growth and higher power and fuel costs. The company's net profit (adj) was up 1% YoY to Rs 1746 crore in Q1FY27. Revenue/EBITDA increased 4.1%/1.3%, respectively, and the net profit decreased 1% on a QoQ basis.*

- *Indus Towers has the widest coverage in India, spanning over 2,67,611 towers and 4,32,000 co-locations, with a nationwide presence across all 28 telecom circles. The company added 3,097 macro towers and 4,236 co-locations, resulting in YoY growth of 6.3% and 5.1% in the tower and co-location bases, respectively, marking a strong quarterly expansion driven by customer network rollouts. Tenancy sharing ratio stood at 1.62x (stable QoQ). The company expects a robust tower rollout over the next 4-6 quarters, based on strong order-book visibility. The company expects both towers and tenancies to grow, and these towers will continue to have the option to accommodate a second tenant.*

- *Indus Towers will begin its business operations in African countries in partnership with its existing partner, Bharti Airtel, which has a strong presence in the region and holds the third-largest market share. Combined with growth potential from emerging opportunities in Africa, its robust financial position, and an anchor customer relationship with Bharti Airtel, rollouts will begin next quarter, with financial stability expected as operations mature. Strategic international expansion is underway with licensed operations beginning in Nigeria, Uganda, and Zambia.*

- *The company has decided to explore business opportunities in the Electric Vehicle (EV) charging infrastructure sector. The company is well-positioned to contribute to the EV charging infrastructure sector by leveraging its expertise in managing and providing space, power, and operations and maintenance (O&M) for seamless operation and efficiency.*

- *The outlook for the tower infrastructure sector is positive and robust, driven by continued global 5G expansion, rising data consumption, and government initiatives to drive digital transformation. Increased network densification with more towers and small cells, the strategic deployment of AI for predictive maintenance, and the expansion of services including fibre, data centres, and IoT infrastructure could strengthen the tower infrastructure going forward*

Concall: Key takeaways

- The company expects strong performance for the next three to four quarters and described as a mix of network expansion plus movement of tenancies.
- Heavy monsoon seasons create seasonal margin pressures by causing power grid outages, which require expensive diesel generator back-ups. Q2 execution can be impacted by monsoon/water-logging in some states (affecting rollout pace).
- The company is focusing on structural improvements across site rental, supply chain, infra costs, partner management, enabled by "data intelligence and standardised operating frameworks.
- Indus claims continued share gains vs peers, stating it is seeing "significantly larger tenancy growth than our peers" driven by "strong execution, service reliability, and technology-led operations."
- Lithium-ion battery program called "ambitious"; Q1 constrained by battery supply disruptions from geopolitical disturbances, expected to improve in coming quarters.
- Expanded offerings with "integrated IBS and built-to-suit hybrid solutions" targeting large residential and commercial complexes, plus "Metro and railway stations, tunnels, highways, and marquee government establishments.
- Supply chain disruptions impacted tower manufacturing in the initial part of the quarter due to geopolitical issues, although these have been resolved.

Valuation & Recommendation

Indus Towers Ltd provides tower and related passive infrastructure to telecom service providers on a non-discriminatory basis under long-term service contracts. The company is committed to building robust, sustainable infrastructure to ensure seamless connectivity. Indus expects strong revenue growth from 5G rollouts and higher tenancy ratios. Emerging technologies such as 5G, artificial intelligence, robotics, and the internet of things will provide an opportunity for the company to expand its offerings. Attractive tower economics, supported by high tenancy levels and Airtel Africa's anchor presence, drive profitability, while partial dollar-linked rentals mitigate currency risk.

We had issued a Pick of the Week report on Indus Towers Ltd on March 01, 2026 and recommended to buy in the band of Rs 425-435 and add on dips in the band of Rs 378-386 for a base case fair value of Rs 471 and the bull case fair value of Rs 500 over the next four quarters. The stock achieved its base case target on March 12, 2026. We have an open call on the stock and recommend a "Hold" rating.

Risks & Concerns

- Susceptible to regulatory and technological changes
- New technology could necessitate fresh investments or an overhaul of the existing networks.
- Investment in the Telecom industry is capital-intensive in nature,
- Margin pressure from fuel price hikes
- Any substantial, debt-funded capex
- Slower pace of 5G rollout and SIM consolidation

Financial Summary

Particulars (in Rs Cr)	Q1FY27	Q1FY26	YoY-%	Q4FY26	QoQ-%	FY24	FY25	FY26	FY27E	FY28E
Total Operating Income	8431	8058	4.6	8101	4.1	28,601	30,123	32,493	35,063	38,050
EBITDA	4521	4390	3.0	4424	2.2	14,557	20,845	17,813	18,592	20,519
APAT	1746	1737	0.5	1793	-2.6	6,036	9,932	7,145	7,628	8,840
Diluted EPS (Rs)	6.6	6.6	0.5	6.8	-2.6	22.4	37.3	27.1	28.9	33.5
RoE-%						22.3	30.6	18.0	17.7	18.6
P/E (x)						17.1	10.3	14.2	13.3	11.4
EV/EBITDA (x)						8.4	5.7	6.5	6.3	5.7

(Source: Company, HDFC sec)

Rating Criteria
Buy - > 15%+ return potential
Add - +5% to +15% return potential
Reduce - -10% to +5% return potential
Sell - >10% downside return potential

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Disclosure:
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Any holding in stock – Yes

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