Pick of the Week

Indus Towers Ltd.

Sept 29, 2025

Indus Towers Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Telecom Infra	Rs 346.30	Buy in Rs 342-350 band and add on dips in Rs 309-315 band	Rs 380	Rs 410	2-3 quarters

HDFC Scrip Code	INDTOWEQNR
BSE Code	534816
NSE Code	INDUSTOWER
Bloomberg	INDUSTOW IN
CMP Sept 26, 2025	346.3
Equity Capital (Rs Cr)	2638.2
Face Value (Rs)	10.0
Equity Share O/S (Cr)	263.8
Market Cap (Rs Cr)	91359.6
Book Value (Rs)	123.2
Avg. 52 Wk Volumes	8,042,370
52 Week High	430.0
52 Week Low	312.6

Share holding Pattern % (June, 2025)	
Promoters	50.0
Institutions	45.7
Non Institutions	4.3
Total	100

* Refer at the end for explanation on Risk Ratings

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Our Take:

Indus Towers Limited is in the business of providing tower and related passive infrastructure to various telecom service providers on a non-discriminatory basis under long-term service contracts. The company is committed to building robust and sustainable infrastructure for seamless connectivity. Dedicated to supporting the rapid deployment of cutting-edge technology standards for cellular networks. The company has entered into long-term arrangements, i.e., Master Service Agreements ("MSA") with telecom operators, including its major customers, i.e., Bharti Airtel and Bharti Hexacom, for rendering passive infrastructure services, including project management or provisioning, establishing, installing, operating and maintaining.

Indus plans to expand its telecom infrastructure by adding over 20,000 new tenancies in the next year, maintaining its dominant market share. Indus Towers has over 2,51,773 towers and 4,11,212 co-locations and a nationwide presence covering all 22 telecom circles. It has the widest coverage in India. The company expects a robust tower rollout for at least 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.

The company 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 the growth potential in emerging opportunities in Africa, its robust financial position, and anchor customer relationship with Bharti Airtel, the company is well-positioned for an entry into international markets.

Valuation & Recommendation:

The future outlook for the tower infrastructure sector is positive and robust, driven by continued global 5G expansion, increasing data consumption, and government initiatives aimed at digital transformation. Key trends include increased network densification with more towers and small cells, the integration of sustainable energy solutions such as solar power, the strategic deployment of AI for predictive maintenance, and the expansion of services beyond traditional telecom to include fibre, data centres, and IoT infrastructure.

The company is proactively addressing cost and margin pressures through operational efficiency, renewables, and technology adoption. While near-term cash distributions are on hold, the company maintains a strong balance sheet and is positioned for further industry consolidation. Management remains optimistic about growth prospects, supported by structural industry tailwinds such as 5G adoption and rising data consumption, while also being cognizant of operational and customer-related risks. Agility, innovation, and a commitment to sustainability will be key drivers of success, enabling tower companies to meet the growing demands for global connectivity.

Indus Towers' planned Africa expansion appears strategically sound, leveraging the strong growth potential in under-penetrated telecom markets, which contrasts with India's mature landscape. Attractive tower economics, aided by high tenancy levels and Airtel Africa's anchor presence, support profitability, while partial dollar-linked rentals mitigate currency risks. Management is likely to pursue a calibrated investment strategy, emphasising disciplined capital allocation and market evaluation in the initial years before scaling operations across the continent.

Investors can buy in the Rs 342-350 band and add on dips in the Rs 309-315 band (10.25x Sept'27E EPS & 5.1x Sept'27 EV/EBITDA). We believe the base case fair value of the stock is Rs 380 (12.5x Sept'27E EPS & 6.1x Sept'27 EV/EBITDA) and the bull case fair value of the stock is Rs 410 (13.5x Sept'27E EPS & 6.5x Sept'27 EV/EBITDA) over the next 2-3 quarters. At the LTP of Rs 346.3, the stock is trading at 11.4x Sept'27E EPS & 5.6x Sept'27 EV/EBITDA.

Financial Summary:

Particulars (Rs cr)	Q1FY26	Q1FY25	YoY-%	Q4FY25	QoQ-%	FY24	FY25	FY26E	FY27E	FY28E
Total Operating Income	8058	7383	9.1	7727	4.3	28,601	30,123	32,903	34,816	36,862
EBITDA	4390	4504	-2.5	4395	-0.1	14,557	20,845	17,060	18,261	19,334
Depreciation	1704	1561	9.2	1693	0.7	6,060	6,402	6,517	6,889	6,831
Other Income	85	56	50.9	92	-7.2	361	346	362	383	387
Interest Cost	437	408	7.1	431	1.4	735	1,635	1,577	1,555	1,532
Tax	597	666	-10.3	584	2.2	2,086	3,222	2,285	2,601	2,896
APAT	1737	1926	-9.8	1779	-2.4	6,036	9,932	7,042	7,599	8,462
Diluted EPS (Rs)	6.6	7.3	-9.8	6.7	-2.4	22.4	37.3	26.7	28.8	32.1
RoE-%						22.3	30.6	19.8	19.5	19.7
P/E (x)						15.5	9.3	13.0	12.0	10.8
EV/EBITDA (x)						7.7	5.2	6.4	5.8	5.3

(Source: Company, HDFC sec)

Q1FY26 Result Update

- Indus Tower reported inline performance in Q1FY26, and the company has strong business momentum led by leading operational indicators. Consolidated revenue grew by 9.1% YoY to Rs 8,058 crore in Q1FY26. Q4FY25 core revenue included one-time reconciliation benefits; Q1FY26 includes first full quarter revenue from Airtel tower acquisition. These effects broadly offset.
- Q1 macro tower additions was at 2,468 to ~251,800, grew 11.4% YoY, co-location additions stood at 5,777 to ~411,200, grew by 9.7%. Net co-location additions (including leaner towers) stood at 5,834 in the quarter.
- EBITDA was down 2.5% YoY to Rs 4,390 crore and EBITDA margin slipped to 54.5% in Q1FY26 vs. 61% in Q1FY25, Q1 margins hit by higher diesel use due to weather. Net Profit stood at Rs 1,737 crore in Q1FY26 vs. Rs 1,926 crore in Q1FY25 and PAT margin stood at 21.6% in Q1FY26.

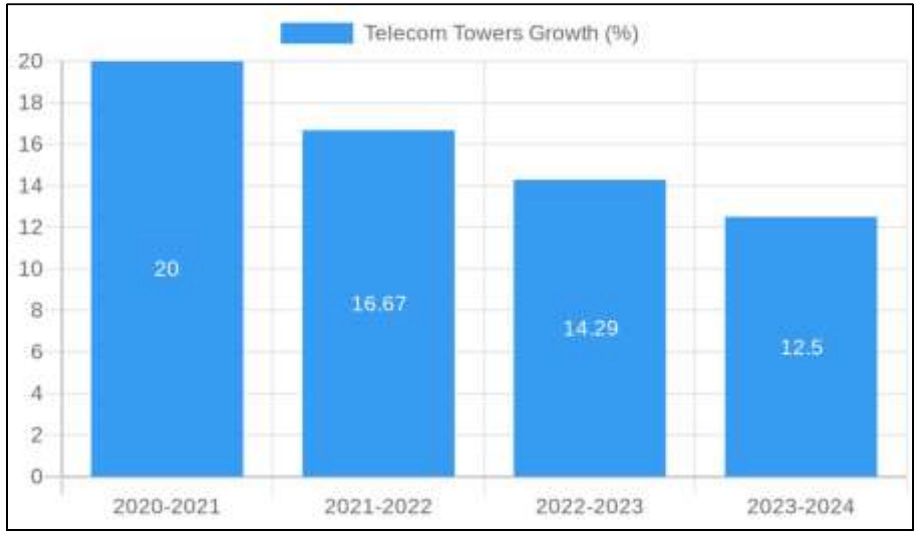
Recent Triggers

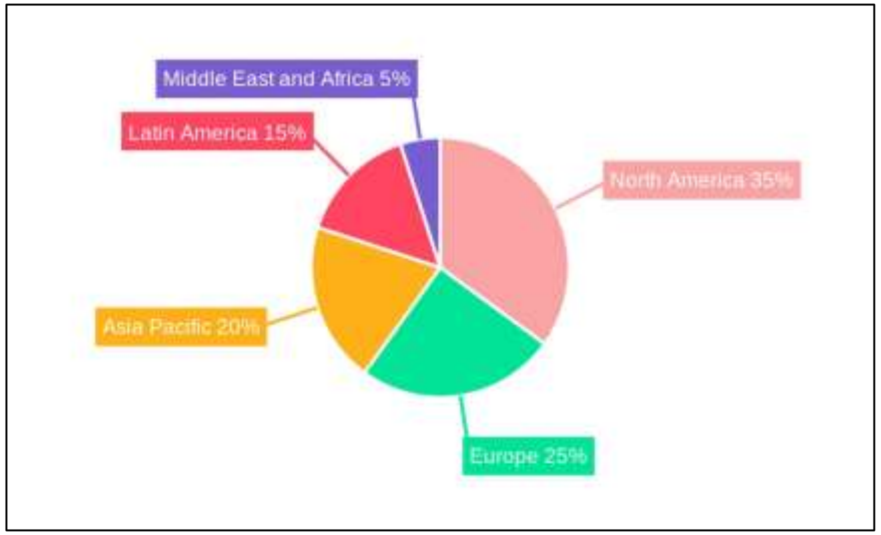
Favorable Industry landscape

The future outlook for tower infrastructure sector is positive and robust in India, driven by continued global 5G expansion, surging data consumption, and government initiatives for digital transformation.

Key trends include increased network densification with more towers and small cells, integration of sustainable energy solutions like solar power, strategic deployment of AI for predictive maintenance, and expanded services beyond traditional telecom to include fiber, data centers, and IoT infrastructure.

Growth and segmentation by geography





(Source: DI Market, HDFC sec)

Tower companies are also benefiting from infrastructure sharing models and evolving business models focused on tenant growth and cost-efficiency

<u>New revenue streams</u>

Adjacent services: Tower companies are expanding into areas like fiber optics, broadband, and smart city infrastructure to create incremental revenue opportunities.

Cloud and Edge Computing: Leveraging existing tower sites for edge computing infrastructure could support the deployment of low-latency applications, becoming essential for the growth of IoT and smart cities. The shift towards cloud and edge computing is driving demand for towers with high power and cooling capabilities to support data centers.

Embracing Digital Transformation

AI and Automation: The integration of AI, digital twins, and automation tools will revolutionize tower operations. Predictive maintenance and workflow automation will enhance efficiency and safety protocols.

Open RAN adoption: Transitioning to Open RAN architectures will enable cost-effective upgrades and flexibility in network management, crucial for both 5G densification and future 6G deployments.

Infrastructure demand led by 5G/6G:

Network upgradation: The ongoing rollout of 5G will requires tower upgrades, as carriers modify existing sites with advanced equipment. This will lead to increased lease negotiations and tower modifications.

Small cell expansion: The need for low-latency communication, particularly in urban environments, could drive a surge in small cell deployments, essential for applications like autonomous vehicles and augmented reality.

Growth opportunities across the world

Emerging markets: Considering the data demand on the back of AI and automation, industry is witnessing in rapid growth in regions like Asia-Pacific, Africa, and Latin America presents significant opportunities for tower companies to address coverage gaps and capitalize on increasing data consumption.

Strategic Partnerships: Collaborations in emerging markets will be essential to navigate local demands and regulatory landscapes, facilitating infrastructure development.

Robust tower rollout to retain its market position and leading tenancy rate in the industry

Indus Towers has over 2,51,773 towers and 4,11,212 co-locations and a nationwide presence covering all 22 telecom circles. It has the widest coverage in India. The company expects a robust tower rollout for at least 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. average tenancy ratio continued to decline to 1.63 times as of June 2025 vs. 1.64 times as of March 2025.

As of March 31, 2025, the company owned and operated 249,305 macro towers, with 405,435 macro co-locations in 22 telecom circles in India. In fiscal 2025, Indus Towers witnessed strong net co-location additions, of which 36,847 were on macro towers and 3,192 on lean towers. Total macro towers added over this period were 29,569 including acquisition of 12,606 towers from Bharti Airtel Ltd. While the average tenancy ratio continued to decline to 1.64 times as of March 2025 (1.68 times in March 2024, 1.78 times in March 2023), due to consolidation of telecom operators in line with the industry trend, a healthy percentage of new towers added during fiscal 2025 have multiple co-locations. The company continues to have the leading tenancy ratio in the industry.

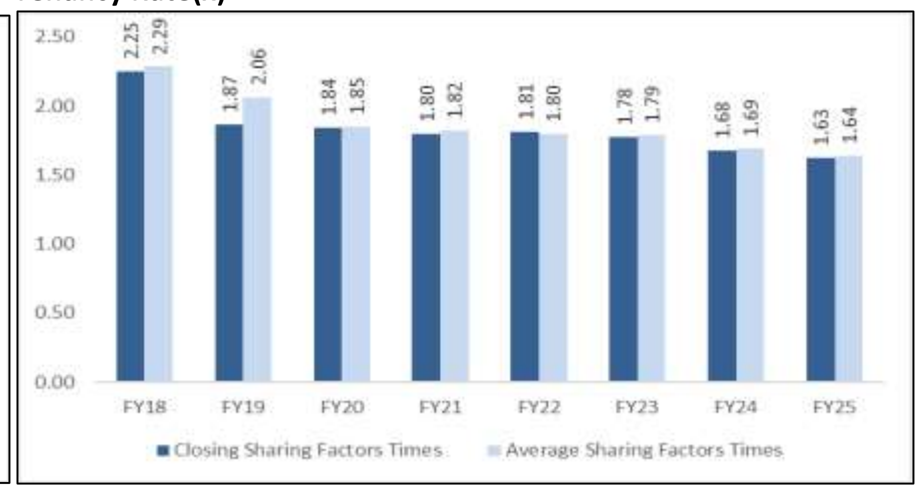
Indus incurred capex of Rs 6,870 crore in FY25 (FY24: Rs 9,698 crore, FY23: Rs 4,121 crore), considering telcos have continued their 5G network capex along with network expansion. Indus also acquired 12,606 towers from BAL in March 2025 for ~Rs 2,032 crore. The capital intensity is likely to moderate over fiscals 2026 and 2027, as rollout of new towers by telcos is expected to soften.

Indus plans to expand its telecom infrastructure by adding over 20,000 new tenancies in the next year, maintaining its dominant market share. The company aims to reduce diesel consumption by 8% and increase solar-powered sites to over 30,000. The company targets a 99.99% network uptime, ensuring seamless connectivity. Indus Towers will invest Rs 38 crore in a 130 MW solar plant, owning 26 percent equity to improve sustainability. The company expects strong revenue growth driven by 5G rollouts and increasing tenancy ratios. The company is increasing investments in automation, AI, and digital tools to drive operational efficiency and insight-led decision making.

Besides, the company is focused to remain on tower industry consolidation (e.g., recent Airtel tower acquisition) and the company is also open to further inorganic opportunities in tower space; not currently exploring non-allied businesses. Its elevated capex reflects not just new towers but also upgrades (solar, batteries, DGs); some Q1 capex is WIP and will reflect in Q2/Q3 rollouts.

Tower and co-locations (Nos)

Tenancy Rate(x)



(Source: Company, HDFC sec)

Indus Towers push its footprint to Africa's fast-growing markets

Indus Towers to expand the company's footprint across select international markets, foray into African markets, beginning with Nigeria, Uganda, and Zambia. By leveraging its expertise in delivering innovative and cost-effective solutions, Indus Tower is well-positioned to differentiate in Africa's fast-growing telecom market and emerge as the preferred tower company.

Bharti Airtel factor

The company will start its business in African countries with its existing partner Bharti Airtel, which has a strong presence in the region and has the 3rd largest market share. Combined with the growth potential in emerging opportunities in Africa, its robust financial position, and anchor customer relationship with Bharti Airtel, the company is well-positioned for an entry into international markets.

African markets offer attractive prospects for revenue diversification, operational scalability, and long-term value creation. The company stated that as part of its broader growth strategy, it will continue to evaluate expansion opportunities in other African markets where Airtel has an established presence. The company added that the proposed expansion into the African markets is still subject to necessary approvals and compliance with applicable laws and regulatory requirements.

Long-term Triggers

Leading position in telecom tower space with strong operational and financial strengths

Indus Towers is the largest player in terms of towers and in terms of co-locations in the telecom tower market, with a portfolio of 2.52 lakh macro towers and 4.11 lakh co-locations as on June 30, 2025. The company has portfolio of customers includes leading telecom service providers such as Airtel, Vodafone+Idea (Vi), Reliance Jio, MTNL and BSNL.

Its business is characterized by stable revenue visibility, supported by long-term (for 8-10 years) master service agreements (MSAs). These MSAs include terms of lock-ins, exit penalties, committed rentals, annual rental escalation, steady upfront deposits and timely payments from tenants, thereby providing a cushion to the revenue of entities operating in the telecom tower infrastructure. Moreover, a high stickiness of co-locations has been observed, given the criticality of tower infrastructure for telecom operators to run their network; contracts may renew on expiry, except for the consolidation of telecom operators in the industry.

Indus Towers is strategically important to BAL as it provides critical infrastructure, and the majority of BAL's network is supported by the towers of Indus Towers. While key managerial and treasury operations of Indus Towers will continue to operate independently, support and oversight from the Bharti group will be present. At present, all non-independent directors on the board of Indus Towers are from the Bharti Airtel group. Indus Towers is not expected to require any financial support from BAL, backed by its own strong accruals. However, BAL will support Indus Towers in case of any exigency.

Planning to foray into EV charging infrastructure space

Indus Towers has decided to explore business opportunities in the Electric Vehicle (EV) charging infrastructure sector. The company received approval from its Board of Directors to proceed, subject to a prudential framework. This comes after the firm already tried its hands on the same through some pilot projects.

The India EV charging market reached a volume of approximately 1.28 Million Units in 2024. The market is further expected to grow at a CAGR of 22.20% between 2025 and 2034, reaching a volume of 9.50 Million Units by 2034. Indus Towers have leverage in term of robust infrastructure, wide presence and strong financial strengths.

It has already launched pilot EV charging stations in Gurugram and Bengaluru. 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. This aligns with the Indus Tower plan to supplement its long-term growth through relevant adjacent business opportunities.

Strong fundamentals led by healthy debt protection metrics and liquidity

- Indus has a strong financial profile is driven by strong cash flows, stable revenue visibility owing to long-term MSAs, and strong capital structure, leading to healthy debt protection metrics. Indus Tower reported revenue CAGR at 24% over FY18 to FY25. Revenue rose by ~5.3% in FY25, growth was broad-based. We expect the revenue growth at a CAGR of ~7% over the FY25-FY28E.
- The consolidated EBITDA margins continued to improve to 69.2% in FY25, supported by allowances for doubtful debt received.
- Its Consolidated net debt, including the impact of leases, stood at Rs 21,156 crore as on March 31, 2025. Net Debt-EBITDA ratio (annualized) and including the impact of leases as on March 31, 2025 is at 1 times as compared to 1.4 times in the previous year. Interest (including interest on lease liabilities) coverage ratio was 20.0 times for fiscal 2024 and improved to 13 times for fiscal 2025
- Consolidated capex spends stood at Rs 6,870 crore in FY25, of which maintenance & general corporate capex was at Rs 1,388 crore vs. Rs 9,698 crore in FY24, and Rs 4,121 crore in FY23.
- Indus had cash and equivalents of ~Rs 3,340 crore as of March 31, 2025. Expectations for collections from receivables could increase liquidity in the future. Sizeable dividend payout or any large, debt-funded capex, which may constrain capital structure.

What could go wrong?

- The telecom industry remains susceptible to regulatory and technological changes. New technology could necessitate fresh investments or overhaul of the existing networks. Furthermore, telecom is a highly regulated market.
- Investment in Telecom industry is capital intensive in nature, Airtel has invested in significant capex for acquiring spectrum, though with the advanced technology incremental expenditure on network equipment is expected be limited. Further, rise in capex could

impact its cash flow of business and rise in interest cost due the raising the debt fund for capex purpose could impact its profitability.

- Indus tower has wide presence in multiple geographies across the India. Now, the company is planning to enter into African markets. Each market has its own regulatory environment and distinct consumer behavior patterns. Additionally, adverse currency fluctuations against the INR could impact its revenue and earnings.
- Increased competition in mature markets may pressure pricing and innovation. Indus could adapt by exploring new leasing models and diversifying their service offerings.
- New technology in the telecom sector could necessitate fresh investments or overhaul of existing networks. For instance, with the launch of 5G/6G services, Indus Tower may need to significantly invest in laying networks, even after incurring substantial capital expenditures for 5G networks.
- Indus Tower Mobile Network Operators (MNOs) are witnessing a weaker financial profile, which contributes to 30-35% of revenue. The track record of receivables from these telcos has also considerably improved in the past few months. The track record of receivables from these telcos has also considerably improved in the past few months. However, the ability of the MNOs to successfully manage their balance sheets and fulfill their payment obligations to the telecom tower companies, on time, will be monitorable
- Initiatives such as rural fiber deployment and partnerships for public safety networks will be critical.
- Any substantial, debt-funded capex or dividend payout constraining debt protection metrics, such that net debt (excluding lease liabilities) to EBITDA ratio sustains above 1.5 times.

Company Profile

Indus Towers provides tower and related infrastructure and deploys, owns and manages telecom towers and communication structures for various mobile operators. As on June 30, 2025, Bharti Airtel (BAL) owned 50.005% stake in the company. BAL is the largest integrated communications solutions provider in India and the second-largest mobile operator in Africa. Indus Towers was incorporated in November 2007 by Bharti Infratel (a subsidiary of Bharti Airtel), Vodafone Essar, and Idea Cellular to provide shared telecom infrastructure to telecom operators on a non-discriminatory basis.

Indus Towers has over 2,51,773 towers and 4,11,212 co-locations and a nationwide presence covering all 22 telecom circles. It has the widest coverage in India, and some of its major customers include Airtel, Bharti Hexacom, Jio, and Vi.

Bharti Infratel merged with Indus Towers on Nov 19, 2020, creating one of the largest mobile tower infrastructure operators in the world. Post-merger, Bharti Airtel held a 36.73% stake in Indus Towers, with Vodafone Group Plc holding 28.12%, and 3.1% shares held by Providence Equity. Prior to the merger, shareholding in Indus Towers was Bharti Infratel (42%), Vodafone Group (42%), Idea Cellular (11.15%) and Providence Equity Partners (4.85%). The merger made Indus Towers the second largest telecom tower infrastructure operator in the world.

On June 19 2024, UK's Vodafone Group Plc has sold an 18% stake. Out its 21.05% holding — in Indus Towers for Rs 15,300 crore. The stake sale proceeds will be used to clear bulk of the UK company's existing lender dues relating to $1.8 billion of borrowings secured against its Indian assets.

On 5 December, Vodafone Group Plc sold the remaining 3.05% stake permanently exiting the company. The stake sale was used to pay $101 million owed to Indian banks & the remaining money will be used to subscribe to preferred shares of Vodafone Idea which will be used to reduce vi's outstanding debt with Indus Towers.

Business Overview

Products

Tower. Power. Space: Indus Towers deploys the passive physical infrastructure necessary to house the active equipment – the base transceiver station, transmission link and microwave antenna.
The company provides innovative energy solutions for powering their customers' active equipment, using grid energy from state electricity boards. Diesel is utilised where reliable grid energy is not available.
The company acquires the requisite space from residential and commercial property owners – the company engages with landlords throughout the lifecycle of hosting telecom infrastructure on their premises.

Smart Cities: In pioneering Smart City partnerships with New Delhi Municipal Council (NDMC), Vadodara Municipal Corporation (VMC), Dehradun Smart Cities (DSCL) and Bhopal Smart City (BSCDCL), Indus Towers has rolled out its Smart Digital Infrastructure of Smart poles LED lights, CCTV cameras, Variable Digital Messaging Board, Environment Sensors, City Public Wi-Fi including the fiber backbone.

Nextgen Sites: The NextGen offering provides services across all business functions, including Operations, Energy, Estate, Revenue Assurance, Technology, and Human Resource. It's a combination of Man and Machine, enabled by Artificial Intelligence (AI) and Machine Learning (ML).

Services

Tower operation Centres: The TOC provides round-the-clock surveillance services to all of Indus' telecom sites across India through centrally managed operations.

Nextgen Solution Portfolio

Green Technology: The Indus Towers TOC provides an end-to-end tower management solution, incorporating the aspects of top-line maintenance, reliable tracking measures, and sustainable energy practices. The new TOC architecture comes with integrated real-time analytics that provides data-driven insights into all aspects of tower operations, from tower control and monitoring to tracking energy utilization.

HDFC securities 25 YEARS Powering India's Investments

Tower and Co-Location Indicators

Parameters	Unit	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Macro								
Towers[1]	Nos	2,11,775	2,19,736	2,25,910	2,29,658	2,34,643	2,49,305	2,51,773
Co-locations[1]	Nos	3,60,679	3,68,588	3,74,928	3,79,236	3,86,819	4,05,435	4,11,212
Key Indicators:								
Average sharing factor	Times	1.72	1.69	1.67	1.66	1.65	1.64	1.63
Closing sharing factor	Times	1.70	1.68	1.66	1.65	1.65	1.63	1.63
Sharing revenue per tower per month	Rs	71,166	70,027	68,562	68,080	68,349	68,582	67,036
Sharing revenue per sharing operator per month	Rs	41,454	41,435	41,094	41,125	41,426	41,893	41,132
Lean								
Co-locations[1]	Nos	9,994	10,686	11,178	11,360	11,492	13,878	13,935
Sharing Revenue per Sharing Operator per month	Rs	13,914	14,799	16,301	16,431	16,426	15,239	16,362

1. Towers and Co-locations include 10,380 Macro towers and 2,226 Lean co-locations acquired from Bharti Airtel Ltd for the period ended 31 March 2025.

Financials

Income Statement

(Rs Cr)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	**28601**	**30123**	**32903**	**34816**	**36862**
Growth (%)	**0.8**	**5.3**	**9.2**	**5.8**	**5.9**
Operating Expenses	14044	9278	15843	16555	17528
EBITDA	**14557**	**20845**	**17060**	**18261**	**19334**
Growth (%)	**58.6**	**43.2**	**-18.2**	**7.0**	**5.9**
EBITDA Margin (%)	**50.9**	**69.2**	**51.9**	**52.5**	**52.5**
Depreciation	6060	6402	6517	6889	6831
EBIT	**8497**	**14443**	**10543**	**11371**	**12503**
Other Income	361	346	362	383	387
Interest expenses	735	1635	1577	1555	1532
PBT	8122	13154	9328	10200	11358
Tax	2086	3222	2285	2601	2896
RPAT	6036	9932	7042	7599	8462
Growth (%)	**178.2**	**64.5**	**-29.1**	**7.9**	**11.4**
EPS	22.4	37.3	26.7	28.8	32.1

Balance Sheet

As at March	FY24	FY25	FY26E	FY27E	FY28E
SOURCE OF FUNDS					
Share Capital	2695	2638	2638	2638	2638
Reserves	24344	29860	32945	36323	40300
Shareholders' Funds	**27039**	**32498**	**35583**	**38961**	**42938**
Long Term Debt	15325	16479	15779	15183	14683
Net Deferred Taxes	-1076	405	425	446	469
Long Term Provisions & Others	3348	3999	4276	4185	3650
Minority Interest	**0**	**0**	**0**	**0**	**0**
Total Source of Funds	**44636**	**53381**	**56063**	**58776**	**61740**
APPLICATION OF FUNDS					
Net Block & Goodwill	39300	44380	46341	46603	45984
CWIP	422	567	610	655	705
Other Non-Current Assets	4580	5291	5556	5833	6125
Total Non Current Assets	**44302**	**50238**	**52506**	**53091**	**52813**
Inventories	0	8	10	12	15
Trade Receivables	6451	4768	5409	5723	6060
Cash & Equivalents	63	3342	3368	5324	8273
Other Current Assets	3976	4813	5053	5306	5571
Total Current Assets	**10490**	**12930**	**13839**	**16365**	**19918**
Short-Term Borrowings	5206	4677	4975	5275	5476
Trade Payables	2280	2445	2704	2862	3030
Other Current Liab & Provisions	2670	2665	2603	2544	2486
Total Current Liabilities	**10157**	**9787**	**10282**	**10680**	**10991**
Net Current Assets	334	3143	3557	5684	8927
Total Application of Funds	**44636**	**53381**	**56063**	**58776**	**61740**

(Source: Company, HDFC sec)

Cash Flow Statement

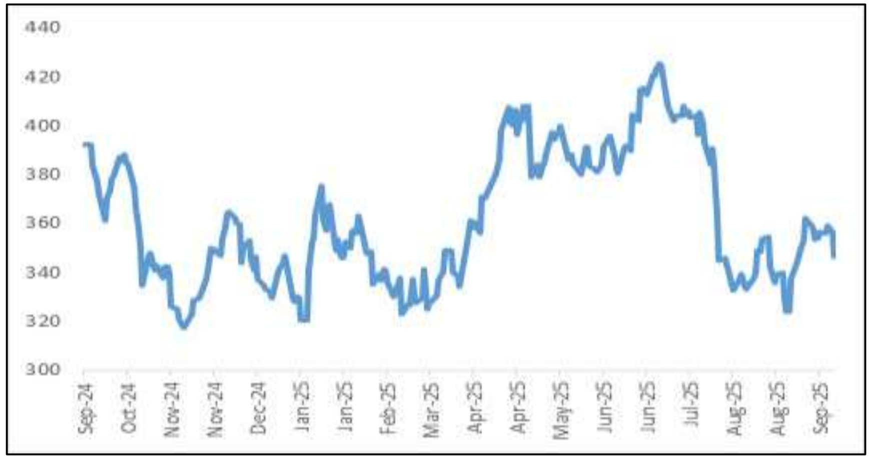
(Rs Cr)	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	8,122	13,154	9,328	10,200	11,358
Non-operating & EO items	-902	-5,916	-362	-383	-387
Interest Expenses	1,216	1,440	1,577	1,555	1,532
Depreciation	6,060	6,402	6,517	6,889	6,831
Working Capital Change	-1,045	6,440	-686	-472	-494
Tax Paid	-1,870	-1,875	-2,285	-2,601	-2,896
OPERATING CASH FLOW (a)	**11,582**	**19,645**	**14,089**	**15,188**	**15,944**
Capex	-8,447	-6,257	-7,500	-6,500	-6,000
Free Cash Flow	**3,136**	**13,388**	**6,589**	**8,688**	**9,944**
Investments	279	-1,412	223	126	114
Non-operating income	621	-3,242	-626	-661	-679
INVESTING CASH FLOW (b)	**-7,546**	**-10,911**	**-7,904**	**-7,034**	**-6,565**
Debt Issuance / (Repaid)	-6,749	-9,145	-402	-295	-299
Interest Expenses	-407	-276	-1,577	-1,555	-1,532
FCFE	**-4,020**	**3,966**	**4,609**	**6,838**	**8,112**
Share Capital Issuance	0	1	0	0	0
Dividend	0	0	-3,957	-4,221	-4,485
Others	3,160	773	0	0	0
FINANCING CASH FLOW (c)	**-3,995**	**-8,648**	**-5,937**	**-6,071**	**-6,316**
NET CASH FLOW (a+b+c)	**41**	**87**	**249**	**2,082**	**3,062**

Key Ratios

Particulars	FY24	FY25	FY26E	FY27E	FY28E
EBITDA Margin	50.9	69.2	51.9	52.5	52.5
EBIT Margin	29.7	47.9	32.0	32.7	33.9
APAT Margin	21.1	33.0	21.4	21.8	23.0
RoE	22.3	30.6	19.8	19.5	19.7
RoCE	11.3	17.5	12.3	12.8	13.9
Solvency Ratio					
Net Debt/EBITDA (x)	1.4	1.0	1.2	1.1	1.0
Net D/E	0.8	0.5	0.5	0.4	0.3
PER SHARE DATA					
EPS	22.4	37.3	26.7	28.8	32.1
CEPS	45.9	61.9	51.4	54.9	58.0
BV	102.5	123.2	134.9	147.7	162.8
Dividend	0.0	0.0	15.0	16.0	17.0
Turnover Ratios (days)					
Debtor days	82	58	60	60	60
Inventory days	0	0	0	0	0
Creditors days	29	30	30	30	30
VALUATION					
P/E	15.5	9.3	13.0	12.0	10.8
P/BV	3.4	2.8	2.6	2.3	2.1
EV/EBITDA	7.7	5.2	6.4	5.8	5.3
EV / Revenues	3.9	3.6	3.3	3.1	2.8
Dividend Yield (%)	0.0	0.0	4.3	4.6	4.9

(Source: Company, HDFC sec)

One Year Price Chart



HDFC Sec Prime Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions.
These stocks
have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Rating Criteria

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

Abdul Karim

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Disclosure:

I, **(Abdul Karim),** Research Analyst, **(MBA),** author and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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