

Bloomberg Code	BHIN.IN
No of share O/S (in Cr)	269.5
Market Cap (in Rs Cr)	53,899
Face Value (in Rs)	10.0
Dividend Yield (%)	8.0
52 Wk High/Low (in Rs)	333/181

**Improving financial health of Vodafone Idea is long term positive; Renewal of co-locations over the next decade; stress on receivables due to the financial position of major customers.**

### **Key result highlights**

Indus Towers Ltd (BHIN) reported QoQ and YoY revenue growth of -3.1% and 1.5%, respectively, to INR 6,897.3 cr in Q1FY23 . Rental income declined at a QoQ/YoY rate of 11%/4%, respectively, to INR 4,223 cr, while energy reimbursement from operators was reported as INR 2,675 cr, a QoQ/YoY growth of 12.7%/5.7%, respectively.

The total consolidated tower count stood at 1,86,474, a QoQ addition of 1,027 towers. Similarly, the company added 591 co-locations in Q1FY23, which took the total co-location count to 3,36,382.

EBITDA was reported as INR 3,873.3 cr, a QoQ/YoY growth of -4.8%/9.8% respectively, while EBITDA margins declined at a QoQ rate of 480bps to 56.2% in Q1FY23. Interest cost declined at a YoY rate of 4.8% to INR 391 cr and aided bottom-line. As a result, net profit reported QoQ/YoY growth of 12.9%/46.1% respectively to INR 2,067.9 cr, while net margins stood at 30.0%.

In July, the Board in its meeting took note of the resignation of Mr. Bimal Dayal, MD & CEO. The effective date of his resignation is under discussion. The management mentioned that the successful conclusion of the 5G auctions has further improved the outlook.

### **Valuation**

BHIN is currently trading at a FY24 forwarded P/E of 9.4x.



## Financial Summary

Revenue from operations grew at QoQ and YoY growth of -3.1% and 1.5%, respectively, to INR 6,897.3 cr in Q1FY23

Management has guided for a significant increase in tower demand for telecom operators

As the company adjusts to the revised tax structure, the management has guided a 25% tax rate.

Figures are in Rs Cr	Q1FY23	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	FY20	FY21	YoY (%)	FY22	YoY (%)
Net Sales	6,897.3	6,797.0	1.5	7,116.3	-3.1	25,562.4	25,672.9	0.4	27,717.2	8.0
Power & Fuel Cost	2,400.8	2,646.3	-9.3	2,400.8	0.0	9,673.7	9,583.1	-0.9	10,265.8	7.1
<i>RM Cost to Sales (%)</i>	<i>34.8</i>	<i>38.9</i>		<i>33.7</i>		<i>37.8</i>	<i>37.3</i>		<i>37.0</i>	
Employee Cost	183.4	187.2	-2.0	205.9	-10.9	702.8	768.1	9.3	772.2	0.5
<i>Employee Cost to Sales (%)</i>	<i>2.7</i>	<i>2.8</i>		<i>2.9</i>		<i>2.7</i>	<i>3.0</i>		<i>2.8</i>	
Other Expenses	439.8	435.0	1.1	439.8	0.0	2,462.0	2,064.2	-16.2	1,736.3	-15.9
<i>Other Exp to Sales (%)</i>	<i>6.4</i>	<i>6.4</i>		<i>6.2</i>		<i>9.6</i>	<i>8.0</i>		<i>6.3</i>	
EBITDA	3,873.3	3,528.5	9.8	4,069.8	-4.8	12,723.9	13,257.5	4.2	14,942.9	12.7
<i>EBITDA Margin (%)</i>	<i>56.2</i>	<i>51.9</i>	<i>4.24</i>	<i>57.2</i>	<i>-1.03</i>	<i>49.8</i>	<i>51.6</i>		<i>53.9</i>	
Depreciation	1,375.6	1,319.8	4.2	1,364.9	0.8	5,271.0	5,339.3	1.3	5,325.2	-0.3
Interest	391.4	411.1	-4.8	398.5	-1.8	1,595.2	1,639.1	2.8	1,603.3	-2.2
Interest Coverage	6.4	5.4		6.8		4.7	4.8		6.0	
Other Income	132.8	91.2	45.6	132.8	0.0	677.6	535.4	-21.0	458.5	-14.4
<i>Other Income to Sales (%)</i>	<i>1.9</i>	<i>1.3</i>		<i>1.9</i>		<i>2.7</i>	<i>2.1</i>		<i>1.7</i>	
Profit Before Tax	2,239.1	1,888.8	18.5	2,439.2	-8.2	6,535.3	6,814.5	4.3	8,472.9	24.3
<i>Tax Rate (%)</i>	<i>7.6</i>	<i>25.1</i>		<i>24.9</i>		<i>23.1</i>	<i>27.0</i>		<i>24.8</i>	
Profit After Tax	2,067.9	1,415.3	46.1	1,830.9	12.9	5,027.0	4,975.3	-1.0	6,375.5	28.1
<i>PAT Margin (%)</i>	<i>30.0</i>	<i>20.8</i>	<i>9.2</i>	<i>25.7</i>	<i>4.3</i>	<i>19.7</i>	<i>19.4</i>		<i>23.0</i>	
Share of Assoc / Minority Int	0.0	0.0		0.0		0.0	0.0		0.0	
Net Profit	2,067.9	1,415.3	46.1	1,830.9	12.9	5,027.0	4,975.3	-1.0	6,375.5	28.1
<i>Net Margin (%)</i>	<i>30.0</i>	<i>20.8</i>	<i>9.16</i>	<i>25.7</i>	<i>4.25</i>	<i>19.7</i>	<i>19.4</i>		<i>23.0</i>	
Adjusted EPS	7.7	5.3	46.1	6.8	12.9	18.7	18.5	-1.0	23.7	28.1
Shareholder's Funds						13,542.3	15,877.0	17.2	15,877.0	0.0
BV per share						50.3	58.9	17.2	58.9	0.0
Net Debt						1,186.1	21,705.2	1,730.0	21,705.2	0.0
Net Debt to Equity						0.1	1.4		1.4	
Net Debt to EBITDA						0.1	1.6		1.5	
RoE						37.1	31.3		40.2	
RoIC						38.9	15.4		19.3	
P/E						10.7	10.8		8.5	
EV/EBITDA						4.3	5.7		5.1	

## Segmental Performance

Fig in INR Cr (unless specified)	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	FY20	FY21	FY22
Total Towers	1,69,630	1,72,094	1,75,510	1,79,225	1,80,997	1,83,462	1,84,748	1,85,447	1,86,474	1,69,002	1,79,225	1,85,447
<i>Net Quarterly Addition in Towers</i>	<i>628</i>	<i>2,464</i>	<i>3,416</i>	<i>3,715</i>	<i>1,772</i>	<i>2,465</i>	<i>1,286</i>	<i>699</i>	<i>1,027</i>		<i>10,223</i>	<i>6,222</i>
<i>Net Annual Addition in Towers</i>			<i>8,390</i>	<i>10,223</i>	<i>11,367</i>	<i>11,368</i>	<i>9,238</i>	<i>6,222</i>	<i>5,477</i>		<i>10,223</i>	<i>7,023</i>
Total Co-locations	3,10,627	3,14,106	3,18,310	3,22,438	3,25,355	3,32,551	3,35,106	3,35,791	3,36,382	3,11,111	3,22,438	3,35,791
<i>Net Quarterly Addition in Co-locations</i>	<i>-484</i>	<i>3,479</i>	<i>4,204</i>	<i>4,128</i>	<i>2,917</i>	<i>7,196</i>	<i>2,555</i>	<i>685</i>	<i>591</i>		<i>11,327</i>	<i>13,353</i>
Avg Sharing Factor (X)	1.83	1.83	1.81	1.80	1.80	1.81	1.81	1.81	1.80	1.84	1.80	1.81
<i>Avg Sharing Factor of New Towers</i>	<i>-0.77</i>	<i>1.41</i>	<i>1.23</i>	<i>1.11</i>	<i>1.65</i>	<i>2.92</i>	<i>1.99</i>	<i>0.98</i>	<i>0.58</i>		<i>1.11</i>	<i>2.15</i>
<b>Sharing Revenue (Rental Income)</b>	<b>3,897</b>	<b>4,018</b>	<b>4,314</b>	<b>4,141</b>	<b>4,211</b>	<b>4,254</b>	<b>4,397</b>	<b>4,745</b>	<b>4,223</b>	<b>15,752</b>	<b>16,369</b>	<b>12,862</b>
<i>YoY Growth</i>			<i>7.4%</i>	<i>5.7%</i>	<i>8.1%</i>	<i>5.9%</i>	<i>1.9%</i>	<i>12.7%</i>	<i>-4.0%</i>		<i>3.9%</i>	<i>5.7%</i>
Avg Monthly Income per Tower	76,715	78,379	82,732	77,825	77,939	77,807	79,609	85,445	75,688		78,345	58,783
<i>YoY Growth</i>				<i>0.2%</i>	<i>1.6%</i>	<i>-0.7%</i>	<i>-3.8%</i>	<i>9.6%</i>	<i>-4.9%</i>			<i>0.7%</i>
<i>QoQ Growth</i>	<i>-1.3%</i>	<i>2.2%</i>	<i>5.6%</i>	<i>-5.9%</i>	<i>0.1%</i>	<i>-0.2%</i>	<i>2.3%</i>	<i>7.3%</i>	<i>-11.4%</i>			
Avg Monthly Income per Co-location	41,783	42,873	45,473	43,086	43,340	43,102	43,904	47,148	41,879		43,062	32,567
<i>YoY Growth</i>				<i>2.3%</i>	<i>3.7%</i>	<i>0.5%</i>	<i>-3.5%</i>	<i>8.8%</i>	<i>-4.6%</i>			<i>1.3%</i>
<i>QoQ Growth</i>	<i>-0.8%</i>	<i>2.6%</i>	<i>6.1%</i>	<i>-5.2%</i>	<i>0.6%</i>	<i>-0.5%</i>	<i>1.9%</i>	<i>7.4%</i>	<i>-11.2%</i>			
<b>Energy Reimbursements</b>	<b>2,189</b>	<b>2,342</b>	<b>2,422</b>	<b>2,351</b>	<b>2,586</b>	<b>2,623</b>	<b>2,531</b>	<b>2,372</b>	<b>2,675</b>	<b>9,810</b>	<b>9,304</b>	<b>10,111</b>
<i>YoY Growth</i>			<i>-0.2%</i>	<i>-1.6%</i>	<i>18.1%</i>	<i>12.0%</i>	<i>4.5%</i>	<i>-8.3%</i>	<i>5.7%</i>		<i>-5.2%</i>	<i>10.6%</i>
Avg Energy Reimbursements per Tower	43,099	45,680	46,459	44,178	47,854	47,978	45,816	42,709	47,946		44,529	46,209
<i>YoY Growth</i>				<i>-6.7%</i>	<i>11.0%</i>	<i>5.0%</i>	<i>-1.4%</i>	<i>-3.3%</i>	<i>0.2%</i>			<i>5.4%</i>
<i>QoQ Growth</i>	<i>-9.0%</i>	<i>6.0%</i>	<i>1.7%</i>	<i>-4.9%</i>	<i>8.3%</i>	<i>0.3%</i>	<i>-4.5%</i>	<i>-6.8%</i>	<i>12.3%</i>			

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