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BSE Limited
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Dalal Street, Mumbai - 400001

The National Stock Exchange of India Limited
Exchange Plaza, C-1, Block – G, Bandra Kurla Complex,
Bandra (E), Mumbai - 400051

Ref.: Indus Towers Limited (534816/ INDUSTOWER)

Sub.: Transcripts of the Earnings Call on the Company's performance for the first quarter (Q1) ended June 30, 2024

Dear Sir/ Madam,

Please find attached the transcripts of Earnings Call conducted on July 31, 2024 on the Company's performance for the first quarter (Q1) ended June 30, 2024.

Kindly take the same on records.

Thanking you,

Yours faithfully,

For **Indus Towers Limited**

SAMRIDHI RODHE
Digitally signed by SAMRIDHI RODHE
Date: 2024.08.06 20:21:44 +05'30'

Samridhi Rodhe
Company Secretary & Compliance Officer

Encl.: As above

Conference Call Transcript

Event: Transcript of Indus Towers Limited First Quarter ended June 30, 2024 Earnings Call

Event Date/Time: July 31st, 2024 at 14:30 hrs

CORPORATE PARTICIPANTS

Mr. Prachur Sah
Managing Director & Chief Executive Officer – Indus Towers Limited

Mr. Vikas Poddar
Chief Financial Officer – Indus Towers Limited

Mr. Tejinder Kalra
Chief Operating Officer – Indus Towers Limited

Mr. Dheeraj Agarwal
Head Investor Relations – Indus Towers Limited

CORPORATE CALL PARTICIPANTS

Mr. Sachin Salgaonkar
BofA/Mumbai

Mr. Kunal Vora
BNP Paribas/Mumbai

Mr. Arun Prasath
Avendus Spark/Chennai

Mr. Aditya Suresh
Macquarie/Mumbai

Mr. Vivekanand Subbaraman
Ambit Capital/Mumbai

Mr. Sanjesh Jain
ICICI Securities/Mumbai

Mr. Tanmay Gupta
Motilal Oswal/Mumbai

Mr. Yash Dalvi
Systematix/Mumbai

PRESENTATION

Sunita – Moderator

Good afternoon, ladies and gentlemen. I am Sunita, the moderator for this conference. Welcome to the Indus Towers Limited's First Quarter ended June 30, 2024 Earnings Call. For the duration of the presentation, all participants' lines will be in the listen-only mode. After the presentation, the question-and-answer session will be conducted for all the participants on this call. In case of a natural disaster, the conference call will be terminated post an announcement. Present with us on the call today is the senior leadership team of Indus Towers. Before I hand over the call, I must remind you that the overview and discussions today may include certain forward-looking statements that must be viewed in conjunction with the risks that we face. I now hand over the call to our first speaker of the day Mr. Prachur Sah. Thank you and over to you Mr. Sah!

Prachur Sah – MD & CEO – Indus Towers Limited

Thank you Sunita, and a very warm welcome to all participants. Joining me today are my colleagues, Mr. Vikas Poddar, CFO; Mr. Tejinder Kalra, COO; and Mr. Dheeraj Agarwal, Head Investor Relations on the call. I am pleased to present our business performance for the quarter ended June 30, 2024.

We are happy to see the robust performance we delivered in the previous financial year continue in the first quarter of this year as well. Our tower additions continue to be strong, driven by our ability to maintain a high share in the rollouts of one of our major customers. We would also like to highlight that we have made collections against the past overdue for the third consecutive quarter from a major customer while sustaining 100% collections against the monthly revenue.

The quarter was quite eventful with significant development taking place at the end of our promoter and customer. Vodafone PLC had indicated monetizing its stake in Indus Towers in the past and sold off its 18% stake during the quarter. One of our major customers, Vodafone Idea successfully raised a substantial amount through equity funding and has also announced its plan to raise debt. Given these developments, we remain confident of collecting our past dues and participating in the network expansion of the said customer.

Before I dive into specific areas of the business, I would like to take a moment to appreciate the perseverance and commitment of our field force towards helping Indus achieve its vision of enabling connectivity across the nation. During the quarter our teams on the ground braved challenging weather conditions including heavy rains to install towers in the hilly regions of Idukki and Wayanad in Kerala amongst others. Their spirit truly embodies our mission of transforming lives through enabling communication.

On the regulatory front, the Government continues to take measures to speed up the deployment of telecom infrastructure across the country while keeping sustainability in view. During the quarter, certain clauses of The Telecommunications Act 2023 were notified including those related to public safety, SIM ownership and Right of Way for telecom infrastructure and came into effect on June 26, 2024. As per the recent announcement, the Government plans to notify all rules and provisions of the Act within 180 days. The Green Open Access policy introduced last year has been adopted by more than 15 states and we continue to work with various ministries for faster implementation of the same. We are also engaging in discussions with the Ministry of Petroleum and Natural Gas, IGL and GAIL to implement piped natural gas solutions at our sites in order to reduce our diesel consumption.

Moving on to 5G, the total number of 5G Base Transceiver Stations or BTS deployed now stands at almost 450,000 after an accelerated rollout by the operators within two years of 5G spectrum auction. We are pleased to see our loading revenues continue to increase and act as a fillip to our growth. After reaching a certain level of penetration probably over the next two to three years, 5G rollouts would require addition of towers primarily in the form of small cells to address network decongestion, which would aid the growth. We believe that we are well placed to leverage our expertise in order to capitalise on this opportunity.

The adoption of 5G by the end customer is also expected to be swift as highlighted by statistics mentioned in the Ericsson Mobility Report. As per the report, global 5G subscriptions are expected to reach almost 5.6 billion by 2029 accounting for approximately 60% of overall mobile subscriptions. In India subscriptions reached 119 million by 2023 and are estimated to touch 840 million by 2029 accounting for approximately 65% of total mobile subscriptions.

Fueled by the rapid rollout of 5G and the continuous shift of users from 2G to 4G networks, data consumption continues to experience a significant surge. For the top three operators, the total data consumption grew by 29% year-on-year for the March quarter, the highest growth witnessed in the last eight quarters. The average data consumed per user per month grew by 18% year-on-year to 25 GB in the same period. The rapid growth in data usage coupled with the widespread adoption of 5G presents a growth opportunity for the passive infrastructure sector. Being the leading passive infrastructure player in the country, we remain well positioned to address the resulting demand.

Moving to operational performance, we are pleased to see that our tower additions continue to be strong, underpinned by robust demand from one of our major customers and our efforts towards sustaining our market share in the business of the customer. We added 6,174 macro towers and 6,340 corresponding co-locations in Q1. The total macro towers and co-locations increased by 13.9% and 7.8% each on year-and-year basis to 2,25,910 and 3,74,928 respectively. Our tenancy ratio continues to be industry leading at 1.66. Addition of co-locations on leaner towers stood at 492 in Q1 and the overall base increased to 11,178 co-locations. Including leaner towers our net co-location additions were at 6,832 in Q1 versus 8,601 in Q4.

Shifting gears to the progress we have made on our four key strategic priorities namely market share, cost efficiency, network uptime and sustainability. Firstly, regarding market share, as highlighted earlier our quarterly macro and co-location additions continue to be robust. We remain our customers' preferred partner for their rollouts, which coupled with the initiatives we have been taking have helped us sustain our market share. During the quarter, we continued to work towards strengthening our partner ecosystem further supplemented by the digital solutions we have been implementing. To increase our penetration in urban areas, where space is a constraint, we took steps towards tailoring our product offering to offer the best value proposition to the customer. We anticipate continued network expansion by our major customer in the near term, providing us with growth opportunities. In addition, we are making progress on deployment of In-Building and Small cell solutions enabled by organizational change and capability building to deliver in a quick turnaround time.

Moving to cost efficiency, wherein we continue to take initiatives towards optimizing our operating and capital expenses. Reducing our diesel consumption has been one of our key focus areas and we managed to reduce our diesel consumption by 7% in Q1 on a year-on-year basis. Driving this reduction was our continued focus towards expanding our renewable energy portfolio. After setting up 14,000 solar sites last year, we continued the momentum and set up close to 7,000 solar sites in Q1. Supplementing this was the electrification of non-electrified sites and conversion of sites from indoor to outdoor. Additionally, prudent site and product selection coupled with negotiations with landlords continue to bear fruit and help us tighten our rental costs. Continuous improvement in resource productivity and technological interventions are also helping us optimize our network maintenance cost.

With regards to capex, we are working towards using more cost-efficient batteries with greater longevity in order to reduce overall cost.

Thirdly, network uptime, an important metric for the customer. We continued to improve the uptime and delivered a high level of uptime of 99.97% despite weather disruptions in Q1 which saw severe cyclones and heavy rains in the areas of West Bengal, Kerala and the Northeastern states. I would like to reiterate the dedication and commitment of our field force, which continue to raise the benchmark for itself.

Now moving to ESG, a focus area for the organization.

On the Environment front, we continue to make progress in our journey towards limiting our GHG emissions. As I earlier alluded to, our strong solar site additions during the quarter have taken the overall count to over 21,000. We continue to take initiatives to encourage the transition to electric vehicles for the business travel needs of both our employees and partners. We also recently introduced a carpooling application for employees for their work commute to reduce their carbon footprint further. To ensure sustainable practices across the value chain, we continue to monitor the disclosure practices of our partners and are happy to see improvements in the same.

With regards to our focus on diversity and inclusion, we are pleased to see our gender diversity remain strong at 11.2% in Q1. In addition to the numbers, we are looking to create equal opportunities for women across all levels from field operations to the management. As part of a CSR activity, we have partnered with local NGOs to conduct the cleanup drive for Rispana River in Dehradun where almost 200 kg of plastic was collected. Our digital transformation van in association with NIIT Foundation continues to educate and upskill disadvantaged individuals.

Before I hand over to Vikas, I would like to state the buyback proposal that is approved by the Board is an indication of management's belief in the sound fundamentals of the business, its future outlook and our commitment to generate value for our shareholders.

I would now request Vikas to take you through the financial performance of the quarter ended June 30, 2024 and I look forward to your questions. Over to you Vikas! Thank you.

Vikas Poddar – Chief Financial Officer – Indus Towers Limited

Thank you, Prachur, and good afternoon everyone. I am pleased to share with you the financial results for the quarter ended June 30, 2024.

So to begin with, I would like to reiterate our robust operational performance wherein we added 6,832 co-locations on our towers including lean towers during the quarter.

Moving to the financial performance for Q1 FY25, gross revenues increased by 4.3% year-on-year to Rs. 73.8 billion wherein the core revenues from rental grew by 7.0% year-on-year to Rs. 46.4 billion driven by the strong co-location additions and loading. On a quarter-on-quarter basis, our reported gross revenue and core revenue from rentals were up by 2.6% and 1.3% respectively.

Our reported EBITDA increased by 29.4% year-on-year and by 10.8% quarter-on-quarter to Rs. 45.5 billion. EBITDA margins were up 11.9 percentage points year-on-year and 4.5 percentage points quarter-on-quarter to 61.6%. In line with the trend witnessed in the past two quarters, we collected a sum against the past overdue along with the collection of 100% of the monthly billed amount from a major customer. This has resulted in write back of provision for doubtful debt and aided our profitability for Q1. Adjusted for an overall provision write back of Rs 7.6 billion, EBITDA increased by 5.5% year-on-year and was largely flat quarter-on-quarter due to higher seasonal energy costs in Q1 as electricity outage increases in summer months.

Reiterating what Prachur had said earlier, we continue to take initiatives to reduce our diesel consumption and work towards addressing the reconciliation issues, which should help minimize our energy costs.

Reported profit after tax grew 42.9% year-on-year and 3.9% quarter-on-quarter to Rs. 19.3 billion. Please note that Q4 of last year had a higher finance income due to clearance of interest receivables of a major customer. Adjusted for the provision write back, PAT was largely flat year-on-year and declined 10% quarter-on-quarter.

The reported pre-tax return on capital employed and post-tax return on equity for the rolling 12 months were at 20.9% and 25.7% respectively. We generated free cash flow of Rs. 18.7 billion in Q1, on account of higher collections and lower capex. Trade receivables decreased by Rs. 7.3 Bn primarily due to the better collections.

We continue to engage with our major customer to finalize a payment plan and are seeing a regular collection of our past overdue. We are also having positive discussions with the customer on participating in its network expansion plan following its fundraising and expect to see co-location additions this year.

In summary, we are pleased to see the momentum in tower additions witnessed last year continue in this quarter as well. Our financial performance continues to be aided by strong additions and collection of past dues. We remain optimistic about our growth outlook in view of network expansion and 5G rollouts by our major customers. Our cash flow situation should also improve further with a sustained collection of the past overdue. With this I would now request the moderator to open the floor for questions and answers. Thank you.

Sunita - Moderator

Thank you very much Sir. We will now begin the question-and-answer interactive session for all the participants who are connected to audio conference service from Airtel. Due to time constraints, we would request if you could limit the number of questions to two to enable more participation hence, management will take only two questions per participant to ensure maximum participation. Participants who wish to ask questions may please press “*” and “1” on their touchtone enabled telephone keypad. On pressing “*” and “1” participants will get a chance to present their questions on first in line basis. To ask a question participants may please press

"*" and "1" now. The first question comes from Mr. Sachin Salgaonkar from BofA Mumbai. Mr. Salgaonkar you may ask your question now.

Sachin Salgaonkar – BofA Mumbai

Thanks for the opportunity. Congrats on a good set of numbers. My two questions are, first question again just wanted to understand on this buyback a bit more. One way to look at it is we have still not received full dues from Idea and there was this intention to return back cash to shareholders whenever we receive full dues from Idea. So, is it fair to say that whenever let us say Idea raises debt on back of which it returns the past dues to Indus, Indus could think about another dividend or another potential buyback to return cash back to shareholders. Is that a fair assessment or something has changed after the recently announced buyback?

Vikas Poddar – Chief Financial Officer – Indus Towers Limited

Sachin thanks for the question. I think just to give you a bit more details on the buyback of course there are a couple of reasons but I think the overall objective of this buyback is of course to basically distribute cash. So as you know we have not been able to pay dividend in the last two years but the fact that we have started collecting our past dues gives us the confidence in the free cash flow improvement going forward so that is one of the important reasons. The other reason is also the fact that we do see buyback as a tax efficient way of distributing cash for a large group of our shareholders especially in the current tax regime because from October 1, 2024 with the change in tax regime things may not be the same. From a Company perspective it certainly improves the financial ratios for us and it also helps us in preserving our distributable reserves to some extent for any future dividend.

On the second part, basically as far as after this buyback scenario is concerned obviously like I said there is more confidence in our free cash flow generation going forward. Our dividend policy continues to be linked to free cash flow. So at the end of the year we will continue to assess our free cash flow situation and if the situation permits then there is a possibility of considering dividend again.

Sachin Salgaonkar – BofA Mumbai

Thank you so much for the comprehensive answer. My second question is again wanted to understand I know you guys cannot speak on any forward-looking statement but in a very simplistic manner the way to look at it is your core revenues for the last few quarters have grown in the range of 7% to 8% and this is mainly on the back of one customer giving a good business. So is it fair to assume that whenever business picks up from Idea we should see an acceleration on the growth from current levels and that should also be a bit margin accretive because this is at the end of the day an incremental tenancy improvement which is being seen?

Prachur Sah – Managing Director & Chief Executive Officer- Indus Towers Limited

Sachin I think you know all our customers. We don't want to restrict to the two customers that you mentioned. We are looking at opportunities across all the customers. So as I mentioned in my commentary, the growth looks strong. We have a strong order book and depending on how we progress with other customers in terms of tenancies as well yes while I cannot give you a percentage but I think I am looking forward to continuing strong growth.

Vikas Poddar – Chief Financial Officer – Indus Towers Limited

Sachin from a margin perspective of course second tenancy onwards is high operating leverage for us so certainly it is going to be margin accretive.

Sachin Salgaonkar – BofA Mumbai

Got it. Very clear and all the best. Thank you.

Sunita - Moderator

Thank you so much Mr Salgaonkar. The next question comes from Mr. Kunal Vora from BNP Paribas/Mumbai. Mr Vora you may ask your question now.

Kunal Vora - BNP Paribas/Mumbai

Thanks for the opportunity. The first one on the energy margins you did mention that there was a problem this quarter but in the past what we have seen is that you recovered some of this money with a lag so would you expect this to happen because this quarter energy margins are significantly more negative compared to what you typically see?

Vikas Poddar – Chief Financial Officer – Indus Towers Limited

Kunal let me just put some perspective on this, like I had explained earlier also. I think our negative margin is a result of various issues that arise largely because of difference between our expected cost and what the actual cost is and like I explained earlier I think these costs can vary because of several factors right, the seasonality, there is sometimes high diesel consumption due to weather disturbances, there are some timing differences in electricity bills and so on. So it is possible that we will have these fluctuations on a quarter-on-quarter basis. However, I think what is really best to do is look at energy from a full year perspective. So this quarter, Q1 particularly we certainly have seasonality issues because of EB availability and some of the cyclone and flood situations in some states and so on, but at the same time as Prachur said I think we are sort of still driving a lot of costs out in terms of diesel and so on. So I think from a full year perspective, we will try to achieve whatever our ambition is but certainly first quarter is a bit of seasonality issue.

Kunal Vora – BNP Paribas/Mumbai

So on a full year basis you will expect what like slight negative number or do you think it is possible to get to a breakeven on energy?

Vikas Poddar – Chief Financial Officer – Indus Towers Limited

I think certainly the long-term ambition would be to sort of reach a breakeven but there are obviously operational issues and so on that we need to keep sorting so to that extent I think there will be some negative always. We will just try to build up on that and try to improve that situation year-on-year.

Kunal Vora – BNP Paribas/Mumbai

Thanks and second one do you see any synergy benefit between tower business and data center business. There have been some news reports that Airtel might look to merge these businesses. I am not asking about your thoughts on the merger but just wanted to understand your thoughts on whether there is any synergy benefit at all between a data center and a tower business?

Prachur Sah – Managing Director & Chief Executive Officer - Indus Towers Limited

To be honest I think Kunal it is a bit premature or early to discuss this. We have not done any analysis per se from the synergy point of view. At the end we are an infrastructure Company, so we evaluate whatever opportunities are there. If there is something that we can add value to but at this time I would not be able to tell because we have not done analysis from a synergy opportunity point of view.

Kunal Vora – BNP Paribas/Mumbai

Understood and just one last one if I can? We have seen receivables decrease this quarter as things normalized at Vodafone Idea, where do you see the receivable days stabilizing?

Vikas Poddar – Chief Financial Officer – Indus Towers Limited

Well like we said Kunal we are working on finalizing a payment plan. Obviously for the last three quarters we have seen collection of past dues. Sometimes there are also timing differences in the receivables so I think where we see it stabilizing is probably a few months down the line but it is very difficult to put a very concrete timeline because the discussions are still ongoing.

Kunal Vora – BNP Paribas/Mumbai

Just wanted to understand that like normal receivable days like say where do you see the normal receivable days like it might take two quarters, three quarters or four quarters whatever but what will be the aspiration in terms of receivable days once things normalize?

Prachur Sah – Managing Director & Chief Executive Officer- Indus Towers Limited

Our aspiration is always to get it done right away but I think we are working with our customers to see how we can do this quickly so again as I said I will not like to put a date on it but as you have seen good progress in the last quarter I think we expect to gain more momentum in the coming quarters and hope to unwind as quickly as possible.

Kunal Vora – BNP Paribas/Mumbai

That is it from me. Thank you very much.

Sunita- Moderator

Thank you very much Mr Vora. The next question comes from Mr. Arun Prasath from Avendus Spark/Chennai. Mr. Prasath you may ask your question now.

Arun Prasath - Avendus Spark/Chennai

Good afternoon. Thanks for the opportunity. My first question is on the new tower orders from Vodafone. So they have indicated they will be expanding their tower base to 20,000, 30,000, 40,000 numbers that they are talking about so apart from the ROFR that we have with this customer, what is our right to win because for your major competition also it is a very high operating leverage play so they can also offer a lower rate. So what is our strategy to gain maximum market share from this expansion from this customer?

Prachur Sah – Managing Director & Chief Executive Officer- Indus Towers Limited

I think our strategy remains for all the customers even for our current major customer. Our strategy is to make sure we deliver a commercially competitive offer from a tower point of view and then offer a service that offers a robust uptime and a delivery to them. So, that remains our focus in terms of delivery and of course the third element is the turnaround time. From the time any customer ask us for delivery and we should be able to turn it around so not specific to any customer. I think we have made a good impact in FY2024 in our market share compared to FY2023. We significantly changed our way and we want to continue the momentum for all our customers.

Arun Prasath - Avendus Spark/Chennai

What is realistically the market share that we can expect from these new tower orders from the customer?

Prachur Sah – Managing Director & Chief Executive Officer- Indus Towers Limited

I will not give a number. As a Company our target remains to gain the maximum market share possible, but I would not like to quote a number on outlook of tenancies.

Arun Prasath - Avendus Spark/Chennai

But what I am trying to understand is the way to gain market share or retain the market share is by discount gain because the other party is also fairly good in turnaround time and that keep every parameters that we are talking about. So is the discount only way to retain the market share?

Prachur Sah – Managing Director & Chief Executive Officer- Indus Towers Limited

No I do not think that is the only way. I think again it is a comparative result so we will do whatever we can to get market share.

Tejinder Kalra – Chief Operating Officer – Indus Towers Limited

Arun just to kind of add a little more to what Prachur just said. So while commercial of course is one way of addressing the opportunity, we have a performance that we have delivered over the years to the customer. We have a total cost of ownership that we address to our customer. I think the speed of delivery and speed to market is another strong element that we have demonstrated to all our customers in the past so given all this is a comprehensive package, which Indus brings to the table and that is the differentiation the customers also see and the reason why they have given that kind of business to us so we are banking on that and we are very confident that this should be a win-win proposition for us as we go forward as well.

Arun Prasath - Avendus Spark/Chennai

Understood. Just to understand at least in the past can you share what is the market share on the macro tower side, our market share, market share wins?

Prachur Sah – Managing Director & Chief Executive Officer- Indus Towers Limited

I think if you see at an overall macro tower count perspective we are probably 50% to 60% of the total macro towers in India. I think that is the number that I would be looking for. 45% to 50% I think that is the number that we are currently there.

Tejinder Kalra – Chief Operating Officer – Indus Towers Limited

That is on a pan India footprint.

Arun Prasath - Avendus Spark/Chennai

So our endeavor is to maintain this, that is what we can understand from you?

Prachur Sah – Managing Director & Chief Executive Officer- Indus Towers Limited

I think that's the current status.

Arun Prasath - Avendus Spark/Chennai

I will move on to my second question. So secondly if we look at your sharing revenue per operator it has been constantly decreasing quarter-after-quarter but where we can expect this number to be stabilized at the portfolio level?

Vikas Poddar – Chief Financial Officer – Indus Towers Limited

There are various moving parts as to why the ARPT number moves. It is not that it has been declining significantly every quarter. I just want to comment on the movement in this quarter versus last quarter and particularly in this quarter the reason is in Q4 we get a lot of these taxes from municipal corporations and property related taxes and so on and that gets passed on to the customer so that gets billed to the customer and accordingly the ARPT has some uptick from these rates and taxes. In Q1 there is a slowdown in these rates and taxes billed back to the customer so as a result there is this nuance where there are these minor changes from a quarter-on-quarter perspective and like I said there are several other moving parts, which may not have impacted this quarter but there is also the mix angle because we do not make only one type of towers. We make several types of towers so recently as we have been making towers which are lower capex, more frugal, etc., and obviously those have lower rents and so on. So, I think there are various things but broadly if I were to single out a reason that is because of the seasonality in rates and taxes.

Arun Prasath - Avendus Spark/Chennai

Right and regarding the remaining contracts it will be where the new rate will be passed on, we will complete by this year or there will be some pending in the next year as well?

Vikas Poddar – Chief Financial Officer – Indus Towers Limited

Sorry your question is not clear Arun.

Arun Prasath – Avendus Spark/Chennai

I was asking about the new contracts where the yields were lower, the remaining contracts so that is also contributing to the reduction?

Vikas Poddar – Chief Financial Officer – Indus Towers Limited

No not in this quarter so much. Like I said every quarter has its own reasons. This quarter the primary reason is the rates and taxes seasonality.

Arun Prasath – Avendus Spark/Chennai

Sir what is the pending amount of contracts which is yet to be renewed because two years before we had around one third and then over the last two years we renewed majority of that?

Vikas Poddar – Chief Financial Officer – Indus Towers Limited

We have answered in the past Arun. There are basically some contracts that come up for renewal every year. So, if you refer to the past calls you will get the answer. Thank you.

Sunita - Moderator

Thank you very much Mr. Prasath. The next question comes from Mr. Aditya Suresh from Macquarie/Mumbai. Mr. Suresh you may ask your question now.

Aditya Suresh – Macquarie/Mumbai

Thank you so much and good afternoon. My first question is more on the competitive dynamics in the context of looking to acquire or consolidate ATCs operations and given that they also sponsor for Summit. I was just curious to understand what the dynamics have been for you in terms of tenancies from Jio on your network and how should we think about this going forward?

Prachur Sah – Managing Director & Chief Executive Officer- Indus Towers Limited

I think we still maintain a good tenancy number with Jio and that is continuing but I do not think there is anything else per se to add.

Aditya Suresh – Macquarie/Mumbai

I guess the question more framed along the lines of Jio has lots of tenancies at the urban sites with Indus. Are we seeing any kind of tenancy erosion there as Brookfield looks to expand its tower footprint?

Prachur Sah – Managing Director & Chief Executive Officer- Indus Towers Limited

There is nothing out of the ordinary that I can call out.

Vikas Poddar – Chief Financial Officer – Indus Towers Limited

It requires a lot of network reconfiguration and there are various other activities Aditya. So to that extent, I think so far the situation is quite stable. So we do not really see any major dynamics happening.

Aditya Suresh – Macquarie/Mumbai

Thank you and the second question was more on the fuel cost and you mentioned this a few times in the call but I just want to understand whilst your diesel consumption was done you kind of spoke about this just in absolute terms it seems like in sequentially quarter-on-quarter your power and fuel cost is up fairly meaningfully - what explains this sorry if I missed the understanding?

Prachur Sah – Managing Director & Chief Executive Officer- Indus Towers Limited

Typically Aditya the fuel cost quarter-on-quarter would increase because of the volume that has increased. If you look at the number of towers that we have added every quarter so the absolute cost is going to grow in proportion of the volume. So the growth of the fuel cost line is an impact from the volume point of view as well.

Aditya Suresh – Macquarie/Mumbai

And this under recovery which was question which was previously asked that you would expect to normalize in the upcoming quarter as well. Is that a fair understanding?

Prachur Sah – Managing Director & Chief Executive Officer- Indus Towers Limited

And that is what Vikas earlier explained that you know Q1 has some seasonality effect, and we will see how to make sure that it normalizes over a period of time.

Aditya Suresh – Macquarie/Mumbai

Thank you so much.

Sunita - Moderator

Thank you very much Mr. Suresh. The next question comes from Mr. Vivekanand Subbaraman from Ambit Capital/Mumbai. Mr Subbaraman you may ask your question now.

Vivekanand Subbaraman – Ambit Capital/Mumbai

Thank you very much for the opportunity. Two questions - Vodafone PLC with 3% shareholding, is it still categorized as a promoter? I just wanted to understand what is the condition under which they will exit as a promoter. Will they still be categorized as promoters with very low shareholding that is one, and related point is have the promoters indicated whether they will participate in the buyback or not so that is question one, second question is this quarter you rolled out around 6,000 macro towers higher than last year same quarter yet your capex is down around 15% year-on-year so how do you reconcile this and on a related note since you have order book visibility from Airtel, can you help us understand how many macro towers or lean sites you are likely to add this year? Thank you so much.

Prachur Sah – Managing Director & Chief Executive Officer- Indus Towers Limited

I will try to answer all the four questions that you asked so first let me go back to the tower count. Capex is a combination of towers, upgrades and replacement so I think compared to last year that may be a combination that is showing the effect right. There is no specific reason per se on just because of tower count the capex I think it is a combination of all these factors and I think last year Q1 there was a larger rollout of 5G as well so that could be a reason for the capex on that one. On the other question they will still be called a promoter. There are certain SHA causes that are there that give the timeframe so I believe they would still be called a promoter. I will let you know the exact timeline till which that is going to be the case but I think they will still be called the promoter to a certain date.

Vikas Poddar – Chief Financial Officer – Indus Towers Limited

So on the other point regarding the promoter participation in the buyback, I think just like other shareholders even the promoters have the right to participate in the buyback. We have already disclosed that one of our major promoters has decided not to participate so that is already disclosed, and we will get to know their full status only when the offer opens eventually.

Vivekanand Subbaraman – Ambit Capital/Mumbai

Right there was one thing you missed so you mentioned that these factors - tower additions, upgrades, replacement and perhaps more cabinet space for 5G these are factors driving capex, would you have visibility on how many towers would you end up rolling out in FY 2025 since you may have some sort of order book from Airtel?

Prachur Sah – Managing Director & Chief Executive Officer- Indus Towers Limited

I think rather than giving a number because I think the customer plans are in place. All I can say is that we continue to have a robust growth plan from not just one customer, from other customers as well. So the momentum I believe will continue for the next foreseeable few quarters. So if there is any change we will let you know but I think we have still retained a strong order book for the next three quarters.

Vivekanand Subbaraman – Ambit Capital/Mumbai

Thank you so much. All the best.

Sunita- Moderator

Thank you very much Mr. Subbaraman. The next question comes from Mr. Sanjesh Jain from ICICI Securities/Mumbai. Mr Jain, you may ask your question now.

Sanjesh Jain – ICICI Securities/Mumbai

Thanks for taking my question. I got few clarifications from earlier comment. Prachur you said that you are working on some cost efficiency in the batteries can you elaborate on that please?

Prachur Sah – Managing Director & Chief Executive Officer- Indus Towers Limited

Sanjesh I think there are many elements. First is the type of batteries. Secondly in the past the technology limited the form factor of the batteries in terms of how big a minimum module of the battery was available so these are the things that we are trying to work on. The kind of batteries and the form factor of the batteries on how we can modularize the things better so these are the things that we are looking at and of course leveraging our volume from a supply chain point of view to get our per unit price down. So I think these are three to four things that potentially helping us or working towards reducing our costs.

Sanjesh Jain – ICICI Securities/Mumbai

But will this have any material impact on the capex number we are looking at per tower because of this?

Prachur Sah – Managing Director & Chief Executive Officer- Indus Towers Limited

Sanjesh I think at the end as I mentioned this is part of our cost efficiency efforts right so whether it is going to have a material impact or not, see the fact is we are a large infrastructure company. Any saving that we do will always have a material impact if we can scale it up so I think from a cost efficiency point of view this is one of the initiatives and I expect once we deploy it at scale, it will be material enough over a period of time because it is something that we replace very regularly as well.

Sanjesh Jain – ICICI Securities/Mumbai

Fair enough. Second on the receivable days, I think overdues are being provisioned that means the receivable days what we see because we said that all customers are paying on time that means in terms of what we report in the balance sheet receivable days that is more sustainable number right?

Vikas Poddar – Chief Financial Officer – Indus Towers Limited

Yes that is right Sanjesh.

Sanjesh Jain – ICICI Securities/Mumbai

That is fair assumption right.

Vikas Poddar – Chief Financial Officer – Indus Towers Limited

Yes that is right.

Sanjesh Jain – ICICI Securities/Mumbai

There is no deviation from that thought process, correct?

Vikas Poddar – Chief Financial Officer – Indus Towers Limited

Yes.

Sanjesh Jain – ICICI Securities/Mumbai

My last question again a last bookkeeping question a bit. The depreciation which is excluding the lease liability impact in the depreciation and amortization, that tends to be declining for last two quarters while our capex remain to be very healthy what explains the falling depreciation?

Vikas Poddar – Chief Financial Officer – Indus Towers Limited

So I think there was some catch-up depreciation in the previous quarter. So to that extent the depreciation that we reported in last quarter was slightly higher and that is why it looks flat quarter-on-quarter despite the new rollouts that we have done.

Sanjesh Jain – ICICI Securities/Mumbai

Okay because I think in last four quarters it has been a little volatile and been broadly around Rs. 960 Crores while capex continues to be healthy so in terms of modeling, we should be looking at this number to be going up right sequentially?

Vikas Poddar – Chief Financial Officer – Indus Towers Limited

So Sanjesh I think the other important thing to understand is depreciation also has several parts so there is one which is capex driven. There is also the Ind-AS116 lease accounting and amortization of ROU assets that basically goes and sits in that line and then as and when we also write off some of the assets because of various flood or damage or things like that, that also goes and sits in the depreciation line so there could be small fluctuations quarter-on-quarter because of these factors but broadly I think if you look at the broad trend the depreciation has gone up which is largely driven by fresh investments that we have done and also the fact that we have rolled out much more and as a result of which we have a lot of lease liabilities.

Sanjesh Jain – ICICI Securities/Mumbai

Fair enough. That answers all my questions. Thanks for answering the questions and best of luck for the coming quarters.

Sunita - Moderator

Thank you very much Mr. Jain. The next question comes from Mr. Tanmay Gupta from Motilal Oswal/Mumbai. Mr. Gupta you may ask your question now.

Tanmay Gupta – Motilal Oswal/Mumbai

Thank you for the opportunity. Sir, I have two questions. First is when we can expect the tenancies to increase from another customers in second half of FY2025 or in FY2026 and secondly on the pricing pressure from any of the competitors like are we feeling any such kind of pricing pressure from Brookfield or ATC like wanted to understand on that?

Prachur Sah – Managing Director & Chief Executive Officer- Indus Towers Limited

I think from a tenancies point of view, it all depends on customer's planning. So we are working with the customer in terms of how we will unwind the receivables and how we can participate in network expansion and when they will start releasing the tenancies. I cannot give you a date right now but I think it all depends on the customer requirements and how we can work with them in parallel towards unwinding of past dues. So unfortunately I cannot give you exact date but that is a work in progress and we are currently closely engaged with the customer in terms of planning the growth. From a pricing pressure point of view I think even if you look at past FY2023 – FY2024 we have managed to increase our market share. So I think we have managed to deal with the advent of pricing pressure and remain very competitive in the market. So as of now I do not expect any new thing coming through but we will be ready in case there is any such thing coming to remain competitive.

Tanmay Gupta – Motilal Oswal/Mumbai

Sir the reason I am asking because if the competitor provides lesser pricing to Vodafone is there any probability or possibility whether they will shift to the competitors or since we have a larger market share of 50% as you mentioned that will restrict them not to shift to the competitors?

Prachur Sah – Managing Director & Chief Executive Officer- Indus Towers Limited

I think there are two elements - one is shifting to the competitor as you mentioned or I am talking about the new tenancies. I think there is an established base. We are a large company so I think shifting always has its own nuances and we managed to renew a larger portfolio as Vikas earlier mentioned. We have managed to renew our portfolio for two of the major customers so I do not see that much of a risk from that point of view but we will be wary of any competitive pressure that comes through but we remain confident that we are through our product offerings and our solutions we will remain competitively well placed to grab the market share.

Tanmay Gupta – Motilal Oswal/Mumbai

Sir whether there has been any discussion with the customer Vodafone Idea whether they will be enrolling more into macro towers or leaner towers means any such kind of guidance you can provide?

Prachur Sah – Managing Director & Chief Executive Officer- Indus Towers Limited

Tanmay I think that is a good question. We are currently in the planning phase with the customer so I cannot give you a specific guidance as such but that is a discussion that is currently ongoing and once the customer makes its plans firm you will see that reflecting in the orders.

Tanmay Gupta – Motilal Oswal/Mumbai

Understood Sir. Thank you Sir.

Sunita - Moderator

Thank you very much Mr Gupta. The next question comes from Mr. Yash Dalvi from Systematix/Mumbai. Mr. Dalvi you may ask your question now.

Yash Dalvi – Systematix/Mumbai

Good afternoon Sir, thank you for taking up my question. So my question was regarding the pending dues from Vodafone. Sir if you would quantify the amount which was due which you can expect to come?

Vikas Poddar – Chief Financial Officer – Indus Towers Limited

Yash unfortunately we cannot really discuss customer specific details here. I think all I can say is the overdues are provided and as and when we collect the overdues, we are writing back those provisions but I cannot really give very specific numbers.

Yash Dalvi – Systematix/Mumbai

Anything regarding the timeline like how long can it take or how many quarters we can expect it to come in?

Prachur Sah – Managing Director & Chief Executive Officer- Indus Towers Limited

I answered the same question earlier that we are working with the customer. We have started seeing unwinding. Our endeavor or our working with the customer is to get that unwinded as soon as possible rather than putting a deadline, I think we have seen progress but our objective is to get this unwound as soon as possible.

Yash Dalvi – Systematix/Mumbai

Okay Sir that was it from my side. Thank you and all the best.

Sunita - Moderator

Thank you very much Mr. Dalvi. At this moment I would like to hand over the call proceedings to Mr. Prachur Sah for the final remarks.

Prachur Sah – Managing Director & Chief Executive Officer- Indus Towers Limited

Thanks Sunita. Our strong operational and financial results reaffirm our pole position in the passive infrastructure space. We anticipate sustained network expansion, supplemented by the 5G rollouts to continue to drive both tower and co-location additions, and loading. Given these growth prospects, we are confident in our ability to capitalize on these opportunities while maintaining our commitment to sustainability. I again thank you all for joining the call and have a good day.

Sunita - Moderator

Ladies and gentlemen this concludes the conference call. You may now disconnect your lines. Thank you for connecting to audio conference service from Airtel and have a pleasant evening.