

Indus Towers

Operator: Good afternoon, ladies and gentlemen. I am Michelle, the moderator for this conference. Welcome to the Indus Towers Ltd. Q2 ended September 30, 2024 earnings call. For the duration of the presentation, all participant lines will be in listen-only mode. After the presentation, the question-and-answer session will be conducted for all participants on this call. In case of a natural disaster, the conference call will be terminated following an announcement. Present with us on the call today is the senior leadership team of Indus Towers Ltd. 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 the conference over to Mr. Prachur Sah. Thank you, and over to you, sir.

Prachur Sah: Thank you, Michelle, and a very warm welcome to everyone joining us today.

I have Abhishek Maheshwari, our Chief Financial Officer, and Dheeraj Agarwal, our Head of Investor Relations, on the call.

Today, I will take you through our operational performance for the quarter ended September 30, 2024.

We are happy to share that we recorded strong growth in co-location additions in Q2. This has translated into an improvement in our tenancy ratio from 1.62 to 1.63, following a period of stability. Growth during the quarter was driven by continued network expansion from our customers, alongside a pickup in rollouts by a major customer. With healthy order book visibility and accelerating rollout activity, we expect the growth momentum to continue.

Importantly, we continue to be the preferred infrastructure partner for our key customers, capturing a substantial share of their incremental rollouts. Our extensive footprint, superior network management capabilities, stringent SLA commitments, and collaborative approach continue to reinforce customer trust and position us well to capture the next phase of industry growth.

Our consistent performance and strong customer trust are underpinned by a deep sense of ownership among our frontline teams. During the quarter, our teams across the Northeast, Bihar and Jharkhand, and East Uttar Pradesh once again demonstrated exceptional resilience in the face of severe floods that disrupted network operations, restricted site access, and caused prolonged power outages. Despite these challenges, our teams responded with agility, proactive planning, and close local coordination to accelerate restoration efforts and ensure service continuity across most of the affected networks. Their dedication in such challenging circumstances reflects the strength of our execution culture and our commitment to delivering reliable services to customers.

The favorable regulatory environment has been supporting the seamless deployment of telecom infrastructure. Government support for smart meter deployment on telecom towers has further reinforced telecom infrastructure as a priority consumer category. Over the last 3 years, we have deployed smart meters on approximately 140,000 sites. This development provides improved visibility of consumption patterns and creates opportunities for energy optimization, operational efficiency, and data-driven decision-making.

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Coming to 5G networks, according to recent TRAI data, India's 5G subscriber base grew by 36 million in the first quarter, exceeding 463 million subscribers. This secular demand curve is driving sustained operator investments in coverage and capacity, with the industry adding approximately 30,000 5G BTSs during the second quarter, taking the total installed base to around 593,000. As these networks mature, deployment focus is shifting towards network densification to support higher traffic loads and emerging digital use cases. Given our comprehensive portfolio and strong customer relationships, we are structurally well-positioned to support this steady infrastructure expansion.

Infrastructure expansion and sustained 5G adoption trends are validated by robust consumption trends. In Q1, total data volume increased by 30% year-on-year, supported by an 18% rise in average monthly usage per subscriber. Notably, 5G networks are accelerating this trend, with 5G usage alone growing 79% year-on-year, representing 44% of total data consumption, up from 32% in the prior year. This ongoing shift highlights the necessity for sustained investments in network capacity, which supports long-term utilization rates and tenancy growth on our passive shared infrastructure.

Our operational performance witnessed strong order bookings, led by sustained customer rollouts and increased network expansion by a major customer. We added approximately 2,900 macro towers and 7,900 co-locations, marking year-on-year growth of 5.6% in towers and 5.9% in co-locations. Our total macro tower and co-location base reached approximately 270,500 and 440,200, respectively. Our industry-leading tenancy ratio has also improved from 1.62 to 1.63, driven by substantial rollouts through sharing of our existing towers. Including leaner sites, we concluded the quarter with approximately 454,200 co-locations, reinforcing our market-leading operational scale.

We remain committed to supporting our customers' network expansion through our shared portfolio. We are actively collaborating with one of our major customers to facilitate its planned network rollouts, which is reflected in our consistent performance. Given our ready-to-deploy asset base, optimized geographical footprints, and competitive value proposition, we remain confident in our ability to serve as a key long-term infrastructure partner for their network deployment plans.

Our strategy of operating a low-cost, shared infrastructure model provides the best solution to customers and Indus by improving asset productivity. With a large portfolio of towers designed to support multiple tenants, Indus remains the preferred partner for operators seeking rapid network expansion at an efficient cost. The company is equally well-positioned to support existing customers in strategically important locations where finding alternative infrastructure options may be difficult or less economical, particularly for a second and a third tenant. As a result, we remain confident that we can expand and retain co-locations at Indus from all the major customers.

In addition, we remain committed to serving our customers with best-in-class service delivery in terms of uptime, lower operating costs through tenancy profiles, and lower unit energy costs compared to other providers, which is critical for our customers' operations.

Indus continues to create bespoke solutions that provide customers with options to offer connectivity in public infrastructure, such as airports, metros, tunnels, and so on. During the quarter, Indus provided solutions for the India Mobile Congress and enabled connectivity at Vizag

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Airport, and it is actively participating in similar projects. Supported by a specialized team focused on design and execution, the company has led incremental market share gains in new IBS deployments for 2 consecutive years and remains focused on expanding its presence in this segment while enhancing the end-user connectivity experience.

I would like to highlight that our determination to deliver superior service delivery resulted in a sequential improvement in our network uptime from 99.955% to 99.97%. Despite challenging seasonal weather, continuous technology deployments have enhanced our real-time network visibility, providing superior diagnostic and preventive capabilities that have kept our customers seamlessly connected.

Let me now provide an update on our energy management measures and the progress we have made. Our energy margin performance was driven by an 11% year-on-year reduction in diesel consumption. Our efforts to enable digital energy management at our sites through remote connectivity, system-driven diesel planning, installation of fuel sensors, and smart meters have started yielding positive results, while we believe there is still a long way to go. We optimized energy costs by deploying solar solutions across approximately 3,000 sites during Q2, increasing the solar site portfolio to 49,000 sites. Our planned transition from diesel to lithium-ion battery storage is progressing well, and we are on track to meaningfully reduce dependence on diesel.

Our ongoing digital transformation remains a key enabler for network reliability and operating efficiency. Deployment of AI-native digital solutions is enhancing field productivity and analytics. Implementation of AI-led image analytics is strengthening governance, vendor accountability, and maintenance quality. Furthermore, office digitalization through a combination of automated energy billing, digital twin capabilities, and real-time dashboards is streamlining decision-making and reducing manual effort. These strategic initiatives are successfully transitioning Indus Towers towards a predictive, data-driven operating model, continuously improving organizational efficiency and customer experience.

Our commitment to sustainable growth is driving meaningful ESG and value chain outcomes. In environmental stewardship, we accelerated our decarbonization journey, expanding our renewable energy footprint to an installed solar capacity of 297 megawatts in Q2 from 259 megawatts in Q1.

Safety remains a core priority. During the quarter, we launched Safety Shield Awards to recognize exemplary safety performance across our teams and partners, further strengthening our culture of safety and accountability.

Through our flagship CSR initiatives, Saksham and Pragati, we positively impacted over 11 million lives this quarter, while actively supporting communities affected by natural disasters and humanitarian challenges in Assam, Arunachal Pradesh, and Uttar Pradesh.

Our ESG assessments and capability-building initiatives continue to strengthen a more resilient value chain. During the quarter, an ESG maturity assessment across 70 partners resulted in an 8% improvement in average ESG maturity scores. We are pleased to report that our CRISIL ESG rating improved from 57 to 63, complemented by recognition at the Mahatma Awards and Business World Sustainable World Awards. Together, these milestones underscore our focus on creating long-term value through responsible and resilient operations.

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Coming to Africa, our Africa foray is gaining strong traction, proving the competitiveness and cost leadership of Indus' operating model. By achieving considerable capex savings per tower compared to competitors, we are delivering lower-cost solutions for our anchor customer. Rollouts have successfully commenced, with initial tower deployments as planned and scheduled to ramp up in H2. We have also initiated engagements beyond our anchor customer to leverage our tenancy-led business model. Africa expansion is a long-term strategy, and we strongly believe we have the right to win.

I would now request Abhishek to take you through our financial performance, and I look forward to your questions. Thank you, and over to you, Abhishek.

Abhishek Maheshwari – Chief Financial Officer: Thank you, Prachur. Good afternoon, everyone. I'm pleased to present our financial results for the quarter ended September 30, 2024.

We witnessed a strong addition of co-locations during the quarter on the back of continued network expansion by our customers. The operational momentum has supported steady revenue growth and robust cash generation, reinforcing the strength of our infrastructure-sharing model.

Talking about financial performance for Q2, revenue for the company grew by 1% quarter-on-quarter, and the absolute revenue value stands at 85.2 billion INR. Core rental revenue is up by 1.3% quarter-on-quarter and stands at 54.5 billion INR, driven by steady co-location additions and asset loading. This was further supported by the acceleration of network rollout by a major customer during the quarter. On a year-on-year basis, our reported revenue and core revenue grew by 4% and 3.9%, respectively.

Moving on to profitability, reported EBITDA increased by 2.5% quarter-on-quarter and stands at 46.3 billion for the quarter. Our EBITDA margin also improved by 80 basis points quarter-on-quarter and stands at 54.4% for the quarter. Please note that Q2 of the last fiscal year included write-backs of approximately 2 billion INR relating to the collection of overdue receivables from a major customer. Adjusting for this one-off, our EBITDA grew at 5.2% year-on-year.

Our energy margin was negative 3.6% in Q2, compared to negative 4.6% in Q1 and 4.8% in the corresponding quarter of last year, reflecting a significant improvement during the reported quarter.

Our structured [cut off]

Abhishek Maheshwari – Chief Financial Officer: Energy efficiency measures are yielding positive results, and diesel consumption is further reduced by 11% year-on-year. Our continued focus on technology-led energy management, including diesel optimization, enhanced visibility into electricity consumption, and adoption of advanced battery solutions, is lowering energy costs while strengthening our competitive position and energy performance.

Profit after tax was up by 2.7% quarter-on-quarter and stands at 17.9 billion, driven by significant growth in EBITDA. Adjusting for the earlier-mentioned write-back, PAT for the company grew at 6.4% year-on-year.

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Our capital productivity remains very efficient. Over the trailing 12 months, we delivered a pre-tax return on capital employed of 25.3% and post-tax return on equity of 19.2%. The capital efficiency is reflected in our cash generation, with free cash flow remaining robust at 14 billion for the quarter. The liquidity profile provides us with financial flexibility to support sustainable, value-accretive capital expenditure.

Turning to Africa, we have successfully deployed towers in Zambia and Uganda in Q2 and also started generating revenue. In line with our phased rollout plan, we are set to begin deployment in Nigeria during the current quarter, and our early capex performance per tower remains within the plan, validating our cost model during the initial phases. As the portfolio reaches a more representative scale, we intend to share more details on operational and financial metrics in subsequent quarters.

By leveraging our disciplined and cost-efficient shared infrastructure model and robust network management, we are confident in our ability to become a credible player and actively support Africa's long-term digital and infrastructure demand.

To conclude, our Q2 performance underscores the resilience of our business model, underpinned by a healthy order book and sustained customer rollout. Looking ahead, our focus on operating efficiency, structured energy cost optimization, and technology integration will continue to support profitability. Further, our expansion into Africa is progressing on schedule, representing a niche extension of our core competency. We remain committed to executing profitable growth opportunities and driving sustainable long-term value for shareholders.

With that, I hand it back to Michelle to open the floor for questions.

Operator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask questions may please press star and one on their touch-tone phone. If you wish to withdraw yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Sachin Salgaonkar from Bank of America. Please go ahead.

Sachin Salgaonkar – Bank of America: Hi. Thank you for the opportunity. I have my first question. Question number one: I wanted to understand the mix of the tenancy growth. Prachur, in your opening remarks, you did mention that there is a good amount of 5G tenancy coming, and there was also mention of one customer that has incrementally started to roll out. I was trying to understand the mix going ahead. How should we think about 5G growth versus growth coming from this customer, which may not necessarily be all 5G tenancies?

Prachur Sah: Yes, Sachin, I will just clarify. 5G was in reference only to the 5G network for India. So whenever we talk about towers and tenancies, we are not referring to 5G or 4G. It is actually a tower and tenancy for us, which may be 4G or 5G. 5G is actually eventually a loading on the same tower. So I think the question that you're trying to ask is about the mix of towers and tenancies. This quarter, we added 2,900 towers and 1,700 tenancies, which is basically a second tenant on an existing site when we talk about a tenancy.

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I think the mix will depend on the order book, as we said. As I said, the major customer, the second customer on our sites, is rolling out and conducting its network expansion. So I believe the ratio of tenancies will continue to be considerably meaningful. What will be the ratio between towers and tenancies is to be seen on a quarter-to-quarter basis. But I believe that ratio will remain quite healthy, given the nature of the expansion and given the fact that we have a large IT tower base that is available for a second tenant to come.

Sachin Salgaonkar – Bank of America: Got it. Second question: I just wanted to understand, one of your tower agreements has expired. Did we hear back in terms of any incremental update? One of your other customers, based on public information, is looking to raise some money, particularly debt from banks. It looks like we don't have any incremental update on that. So I'm trying to understand the kind of business you will get. Irrespective of whether this entity raises debt or not, how should one think about the incremental business coming to you?

Prachur Sah: Sachin, I think I would not speculate on behalf of the customer, but what I can tell you, as I mentioned in my commentary as well, is that we do have visibility of a strong order book, and I think we will keep executing on the basis of that order book. So you will continue to see our delivery in line with the orders we have. I think that is where I would say our visibility is. For Q3 and the coming quarters, we do see that we have a strong order book from the major customers that we have.

As far as the tenancy renewal is concerned, I think, as we have discussed earlier as well, as of now we continue to operate the tenancy portfolio with all our customers, and our objective remains to provide them the required services so that there is no disruption. We continue to provide them as a third tenant as well. From a cost-efficiency and service-delivery point of view, we remain very competitive and have much lower operating costs compared to a single tenant. However, that is something that is in discussions, and I don't have any incremental updates to share on that aspect.

Sachin Salgaonkar – Bank of America: Got it. And, last question, I wanted to have an update on Africa. Any numbers you could share in terms of the number of towers deployed, what is the target, and what kind of capex should we expect, let's say, by the end of this fiscal year?

Prachur Sah: Sachin, regarding Africa, as Abhishek mentioned in his commentary, it was in the latter part of Q2 that we started seeing the towers being rolled out and coming into service. In the subsequent quarters, you will see us putting out meaningful metrics for you to see. As of now, it is not at scale, so we will wait for the subsequent quarters to start giving you more detail on the exact numbers that have been rolled out.

Sachin Salgaonkar – Bank of America: Got it. Is it fair to say that Airtel is currently the only anchor customer? I understand you're in touch with some of the other customers, but have you signed any agreements with any of the other telcos in that market?

Prachur Sah: No, I think Airtel remains our primary anchor customer in Africa for now.

Sachin Salgaonkar – Bank of America: Got it. That's it from me. Thank you.

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Operator: Thank you. The next question is from the line of Kunal Vora from BNP Paribas. Please go ahead.

Kunal Vora – BNP Paribas: Hi. Thanks for the opportunity.

Operator: Mr. Vora, yes.

Kunal Vora – BNP Paribas: Yes. The first one is that rental revenue growth has been around 4–5% in recent quarters, and that's despite VIL additions, loading, rental escalation, and so on. Do you see this accelerating, and what will drive this? This is for India only, not Africa.

Prachur Sah: I think revenue growth is always driven by our tower and tenancy growth, and of course we have certain aspects of loading and other escalations, which are impacted by renewals. The growth will remain, as I mentioned earlier to Sachin as well, supported by a strong order book. As we keep deploying towers and tenancies according to the order book, the growth will be commensurate with that. Abhishek, unless you have something else to add.

Abhishek Maheshwari – Chief Financial Officer: Yes. Kunal, the only incremental point to add, which is worth noting, is that last year's Q2 in the same fiscal year included a reported one-off benefit of around 0.8% on overall revenue. That is also impacting the year-on-year performance for this quarter.

Kunal Vora – BNP Paribas: Understood. But even with strong co-location additions, this is the revenue growth that we are looking at. Are you seeing an acceleration in the coming quarters? Are there any triggers for that, or is this where it will remain?

Prachur Sah: Kunal, sometimes the co-location additions for a quarter do not see a full quarter of revenue. The full-quarter revenue comes in the subsequent quarter, so there is always a timing mismatch. If there is a one-off impact in the previous quarter, that also has an impact. I don't think it is fair to comment on whether it is going to be at the same rate or a higher rate. It depends on a couple of factors, and as you see the full-quarter impact of the revenue, we will see the real meaningful impact. There is always an overflow of the revenue for the tenancies that were deployed in this quarter.

Kunal Vora – BNP Paribas: Understood. Second one: your power and fuel expenses increased by only 3% year-on-year, which is lower compared with tower growth of 6%, implying that energy costs per tower are down at a time when there is high energy inflation. I heard that diesel consumption has reduced by 11%. Can you help us understand the energy economics, what is driving this disinflation, and whether this is structural due to renewable energy investment? Also, has there been any change in your thought process regarding energy margins?

Prachur Sah: Yes. The 11% diesel reduction and the cost reduction are primarily driven by the operational initiatives that we have taken. There has been substantial work on solar. As you saw in my slide, we have already deployed close to 49,000 solar sites by the end of September. Secondly, a lot of work is currently ongoing in terms of how we manage our operations through the infusion of digital and AI into our planning of fuel operations. Thirdly, over the last few years, as we have started to transition from traditional lead-acid batteries to lithium-ion batteries, this is also starting to

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contribute because it has now reached a scale where it can start having a meaningful impact on cost reduction. I would say these are structural cost initiatives that have been taken and are making an impact.

Of course, at our scale, we have more room to go. So I would focus more on the cost initiatives and discuss the margins less, because there are a thousand other factors that impact margins. But from a cost perspective, we remain very confident that these initiatives are long-term and sustainable and will make a meaningful impact on the cost per unit of energy that we charge our customers.

Kunal Vora – BNP Paribas: But the cost would have implications on margins, is it...?

Prachur Sah: Of course, it does. Revenue and cost both have an impact on the margin, but it also depends on seasonality and on the level of efficiency at which we are operating. What I'm saying is that the initiatives we are trying to take are intended to make sure that cost and efficiency improve, and that will eventually show up in the margin. We saw some impact on the margin already this quarter. There is a meaningful impact of close to 1% compared to Q2 of last year, because that is the right comparison to make. But as I said, there is still more to be done, and there are a thousand other elements that can further make the margin better or worse.

Kunal Vora – BNP Paribas: Understood. Just one last question. Can you talk about how inflation and currency depreciation are impacting your opex and capex, and whether there is a way you can pass the additional burden to the customer if high inflation persists? I also wanted to understand this, as in the past you've not really seen the 2.5% annual rental escalation coming through. So how will inflation and currency depreciation impact that?

Prachur Sah: I think there are two parts to that question. First is the escalation that we have, which takes care of the inflation impact when it comes to opex. As far as capex is concerned, based on our MSA, wherever rates are to be revised on capex and wherever we have that flexibility, they are adjusted accordingly for the customers. By the way, the escalation is also on the standard rate of the tower. So the escalation does cover the majority of the inflation that is coming through.

Kunal Vora – BNP Paribas: My point was that right now we are seeing very high inflation, but escalations still remain where they are. You don't have any additional pass-on or additional pass-through burden?

Prachur Sah: No, Kunal, we have to look at it over a slightly longer term. No customer would just give you the inflation at the time of an increase and not at another time. We have to look at a slightly longer horizon and at how that escalation helps us manage inflation over a longer period.

Kunal Vora – BNP Paribas: Understood. That's it from me. Thank you.

Operator: Thank you. A reminder to all the participants that you may please press star and one to ask questions. The next question is from the line of Vinit {? Panicker ?} from Nomura. Please go ahead.

Vinit {? Panicker ?} – Nomura: Yes. Hi, sir. Thanks for the opportunity. I have a question on capex. If you look at growth capex, it increased on a quarter-on-quarter basis, whereas your new tower additions declined. If I divide the growth capex by the number of towers added in this quarter, the

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number comes to around 57 lakhs, and the guidance for new tower capex is around 20–25 lakhs. What is causing this sharp difference?

Abhishek Maheshwari – Chief Financial Officer: Yes, let me take this question. Vinit, thank you for the question. I think the answer lies in CWIP. If you follow our balance sheet, there is an increase of a [cut off]

Management: ...nine, 250–odd crores in the CWIP value, quarter-on-quarter, which is a reflection of what Prachur was alluding to regarding the very healthy order book that we have. We continue to roll out towers in the subsequent quarter. Further to this, if you look at the profile of growth and operational capex, it is not very different in Q2 compared with Q1. It is broadly in the same ratio.

Kunal Vora – BNP Paribas: So even if you adjust... [cut off]

Prachur Sah: In fact, whenever we do additional tenancies as well, they also come with capex. Whenever we do a tenancy or an upgrade of 5G or install solar, all these are also components of capex that impact growth, but they are not reflected by the growth in the tower count per se. So dividing the overall growth capex by the tower count may not be the right way to look at the cost-per-tower situation.

Kunal Vora – BNP Paribas: Sir, this same number is going up every quarter, so I'm just trying to understand whether the gross addition of towers was much higher than the net addition that we see in the reported numbers.

Prachur Sah: Again, it is not just a function of towers. It is always a function of what kind of towers are being deployed. Whether it is a rural tower or an urban tower, how many 5G upgrades have been done, how much loading has been done, and how many sharing sites there are all matter. When you add a tenancy as well, it comes at an upgrade cost; it is not a zero-capex solution. So growth capex is not just one component. There are multiple components that make up growth capex.

Kunal Vora – BNP Paribas: Can you share any number for upgrading the same tower, such as adding more BTSs on the same tower? What is the incremental capex per tower? Can you share any number?

Prachur Sah: It depends on that. It is a site-specific discussion because some sites will require a larger amount of upgrade in terms of whether you install more mounts or batteries, or whatever the case may be. It depends on each site, so we have a bespoke solution. Whenever a request comes, we go site by site, and it can range anywhere. I do not even want to give a range because it can involve minimal capex, or it can be a significant amount of capex. It depends on what that site is currently at and what kind of site is currently being considered, so it is a site-by-site decision.

Kunal Vora – BNP Paribas: Okay. On the new tower addition, I think this quarter was around 2,900, and last quarter was around 3,000. Is this the run rate that you're looking at for the future, or can you see some upside from there?

Prachur Sah: As I said, I do not want to give forward-looking numbers, but I said earlier that we have a strong, healthy order book for both towers and tenancies. So I think growth will remain robust, but

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it is something that we have seen for the last couple of quarters. You will have to draw that inference, but I think the order book remains very strong, both for towers and tenancies.

Kunal Vora – BNP Paribas: Okay. Lastly, one more question on Africa. Can you give any number on capex per tower for Africa?

Prachur Sah: [pause] I think, as I said, Kunal, we've just started to deploy the towers. It was in the latter part of Q2 that we saw the first deployments coming through. So, as Abhishek mentioned, probably in the subsequent quarters you will start getting some meaningful direction on the KPIs and the count. Just hang on for a quarter or so until we can start showing some numbers around that.

Kunal Vora – BNP Paribas: Sure. Thank you, sir.

Operator: Thank you. The next question is from the line of Ritwik Agarwal from 3P Investment Managers. Please go ahead.

Ritwik Agarwal – 3P Investment Managers: Hi, sorry, my question got answered. I'll go back in the queue.

Operator: I'm sorry, sir. I'm sorry to interrupt you; your audio is low, sir. Can you please increase the volume and speak?

Ritwik Agarwal – 3P Investment Managers: Yes, hi. My question got answered, the last question, so I'll go back in the queue. Thank you.

Operator: Thank you so much, sir. A reminder to all the participants that you may please press star and one to ask questions at this time. The next question is from the line of Satyendra Singh Bedi from Eon Infotech Limited. Please go ahead.

Satyendra Singh Bedi – Eon Infotech Limited: Yes, good afternoon. First and foremost, congratulations on a very healthy co-location count. I think that's excellent news. Related to that, Prachur, you said that you see good visibility in terms of co-locations, which is understandable. In terms of towers, while we've done well in terms of co-locations and there is no discomfort on that side, we have done about 2,800 towers. This is the lowest in the last 4 years for the Q2 quarter. Do we consider this a healthy count in terms of towers going forward? Is that our definition of healthy? Should we model that kind of count in our model?

Prachur Sah: I would not comment on the model that you want to build in. The whole point is that FY24 was the peak of the rollouts, when you would see a much larger number. But as a country, if you are deploying this many towers, I think it is a robust count. When I say healthy order book, a healthy order book is what happened this quarter and what happens in subsequent quarters. I would not comment on whether the next quarter will be higher or lower than this, but the numbers are driven by what the customers are doing for their network expansion. Whether 3,000 towers is high or low, I am not going to comment on that, but it is still higher than the rate at which a lot of deployments are happening. So that is where the comment remains: it is a strong order book.

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Satyendra Singh Bedi – Eon Infotech Limited: And some detail on the leaner towers. What we've seen is that in March 2025 we added about 2,400 leaner towers, and thereafter the counts dropped to double-digit levels. We have added 13 this time. I just wanted to understand what the challenge is around leaner towers. Is it that there are smaller, less organized players who are able to offer a more cost-efficient solution, or could you help us understand why the count has dropped to almost negligible levels?

Prachur Sah: The deployment of leaner towers is less dependent on whether we are deploying them. It is dependent on how the customer is planning its network. In general, what we have seen is that a few years ago there was a large network expansion plan that was based on leaner towers; however, it is moving more and more towards macro or bigger towers. So I do not think it is a function of what we are able to deploy. It is more a function of how the customers are planning their network.

Satyendra Singh Bedi – Eon Infotech Limited: Okay. Third and finally, just a suggestion for your consideration. I think the primary goal of management is to maximize shareholder wealth, which in our case translates into optimization of the stock price. The stock price has not been moving even though you have a good franchise and are executing well. A possible reason for that could be that we need to have a more optimal capital structure. We are an annuity kind of business and typically should fall into the structure of an InvIT and take on leverage. We are sitting on a net cash position. When you juxtapose this with the fact that we don't have much visibility, are there large capex plans that are holding us back from optimizing the capital structure as well as the corporate structure? Some visibility on that would help.

A 3-year roadmap would help. What is our stretch target for, let's say, FY29 or FY30 in terms of where we want to get? I think that will add a lot of clarity for investors and will help build greater confidence. Currently, we are living quarter by quarter in terms of what has happened historically, but there is no view as to where we are getting to in terms of what the goals are.

That is the suggestion in terms of corporate structure: do we look at moving into an InvIT over a period of time? In terms of capital structure, should we not be taking optimal gearing rather than being in a net cash position? Can't we use this excess cash that we are sitting on to do a buyback and hence maximize shareholder wealth? These are some suggestions that I leave for management's thought process.

Prachur Sah: Sure, thank you.

Satyendra Singh Bedi – Eon Infotech Limited: Yes.

Operator: Thank you. You may please press star and one to ask questions. We'll take the next question from the line of Kunal Vora from BNP Paribas. Please go ahead.

Kunal Vora – BNP Paribas: Yes, thanks. A couple of follow-ups. In Africa, how is your capex per tower lower than that of other tower companies in Africa? What are you doing differently, given that you are still at an early stage and would have a scale disadvantage?

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Prachur Sah: No, I think capex per tower, to be honest, in our industry does not depend on scale. One factor is what kind of engineering setup you have, what kind of experience you have, and what kind of vendor ecosystem you have. Based on our footprint in India, we have learned over the last few years how to look at everything line by line in the BOQ and see how we can optimize the cost. Our team's leadership in terms of understanding how to look at every cost, along with our engineering capability, is important. If you look at the industry in general across the world, Indus is one of the companies that has been growing the most over the last few years. Keeping that expertise and the engineering skill set that we have, as well as the vendor ecosystem that we have, in mind, we are trying to optimize costs. That is the differentiation we want to create when we are deploying towers in Africa.

Kunal Vora – BNP Paribas: Understood. What is the level of difference right now? Can you provide any sense of that?

Prachur Sah: As I said, let us build some materiality in the deployment, and then we'll start giving you some detail around that.

Kunal Vora – BNP Paribas: Understood. Last question: the average residual service contract period and minimum lease rental receivables are down quarter-on-quarter despite fairly strong co-location additions. Is the duration of the new contracts that you signed similar to about 10 years, or are these lower-duration contracts?

Prachur Sah: No, I don't think there is any contract that we are signing that is outside the standard term of the contract. Tenure remains 10 years or higher; it is not lower than that. Maybe you can...

Management: All new customer onboarding and renewals have a minimum tenure of 10 years, and we continue to onboard new customers at a minimum tenure of 10 years, Kunal.

Kunal Vora – BNP Paribas: Okay, that's clear. Thank you. That's it from me.

Operator: Thank you. Sorry. We'll take the next question from the line of Vineet {? Banka ?} from Nomura. Please go ahead.

Vineet {? Banka ?} – Nomura: Hi, sir. I had one more question. Can you share any number on the revenue from IBS, perhaps as a percentage of total revenue, if not separately?

Management: Vineet, we generally don't share revenue for IBS separately. The count and tenancy are broadly in line with what we have for the overall portfolio. We have not declared the IBS revenue, but it is a very small part of the overall rental revenue we have in the business.

Vineet {? Banka ?} – Nomura: Sure, thank you, sir.

Operator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference back to Mr. Prachur Sah for closing comments. Thank you, and over to you, sir.

Prachur Sah: Thank you, Michelle. The planned network expansion by major customers represents substantial growth opportunities for Indus Towers. We remain fully engaged with the customers to support their rollout plans. Our focus on turning Indus Towers into a technology-enabled enterprise

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is progressing well, and it will enhance our competitive position, customer delivery, and capital efficiency. We are seeing positive results in Africa through a cost-disciplined approach and are well-placed to build a strong geographical presence for long-term growth. I thank you all again for joining this call, and have a good day.

Operator: Thank you, sir. Thank you, members of management. On behalf of Indus Towers Ltd., that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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