



November 03, 2025

**BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400001

**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 second quarter (Q2) ended September 30, 2025**

Dear Sir/Ma'am,

Please find attached the transcripts of Earnings Call conducted on October 28, 2025 on the Company's performance for the second quarter (Q2) ended September 30, 2025.

Kindly take the same on records.

Thanking you,

Yours faithfully,

For **Indus Towers Limited**

**Samridhi Rodhe**

**Company Secretary & Compliance Officer**

***Encl.: As above***

**Indus Towers Limited**



“Indus Towers Limited  
Second Quarter ended September 30, 2025 Earnings  
Call”

October 28, 2025



**Management:**    **Mr. Prachur Sah – Managing Director and Chief Executive Officer**  
                         **Mr. Vikas Poddar – Chief Financial Officer**  
                         **Mr. Tejinder Kalra – Chief Operating Officer**  
                         **Mr. Dheeraj Agarwal – Head Investor Relations**

**Moderator:**

Good afternoon, ladies and gentlemen. I am Rutuja, the moderator for this conference. Welcome to the Indus Towers Limited Second Quarter ended September 30, 2025 Earnings Call. For the duration of the presentation, all participant 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 the conference over to over to the MD and CEO of Indus Towers, Mr. Prachur Sah. Thank you, and over to you, Mr. Sah.

**Prachur Sah:**

Thank you, Rutuja, 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'm pleased to present our business performance for the quarter ending on September 30, 2025. I'm happy to report that Q2 witnessed a firm uptick in tower additions compared to last quarter, driven by our ability to capture a significant share of rollouts of our customers and transition their network to our portfolio. This underscores our agile approach and trust our operators place in our network's reliability and delivery speed.

Before delving into the business performance, I want to take a moment to appreciate the exceptional efforts of our teams on the ground. The quarter witnessed one of the most challenging weather conditions, including devastating floods due to a prolonged and unforgiving monsoon season. Our field force braved the extreme weather ensuring uninterrupted connectivity in the regions of Punjab, Jammu and Kashmir and Assam, amongst others. During the quarter, we also deployed sites at Indian Army forward posts in the Tawang sector of Arunachal Pradesh at an altitude of over 12,000 feet and 12 high altitude telecom sites across Ladakh's most critical zones. This reflects Indus Towers' commitment to nation-building, by way of strengthening national security, disaster response and connectivity in some of India's most remote and geopolitically sensitive regions.

On the regulatory front, the Government continues to take steps to facilitate the swift deployment of telecom infrastructure across the country. The Ministry of Power is in dialogue with state Governments for the installation of prepaid smart meters at telecom sites on priority, which would help boost efficiency, reduce costs and enable more granular customer billing at scale.

Regarding 5G, the total 5G base stations have now crossed 500,000 mark. While the pace of 5G rollouts has tapered over the last few quarters, ongoing deployments continue to support our loading revenues. As adoption deepens and data consumption scales up, this could drive the demand for additional sites for capacity expansion and maintaining high network quality. Backed by strong ongoing deep customer partnerships, Indus remains well positioned to capture these evolving opportunities in the 5G space.

As per the latest TRAI report, the total 5G subscription base in India stood at over 322 million by the end of June 2025, growing by 77 million in Q1 FY26.

The demand for data in the country remains unabated, driven by the rapid adoption of 5G and the transition from 2G to 4G. For the quarter ending June 2025, as per TRAI, total data consumption and average monthly data usage per user grew by 16% and 13%, respectively. According to TRAI, 5G usage alone grew 17% quarter-on-quarter, accounting for 32% of the total data traffic in Q1 FY26, up from 30% in Q4 FY25.

As data usage continues to accelerate and 5G becomes increasingly mainstream, the demand for reliable and future-ready tower infrastructure remains robust. The ongoing surge in network traffic reinforces the need for deeper coverage and higher capacity, creating sustained opportunities for passive infrastructure providers. Our strong operational expertise and proven execution capabilities mean that we are well placed to support this digital expansion and create value from this rapidly evolving ecosystem.

Moving on to operational performance. We recorded robust tower additions during the quarter, driven by our ability to garner a major share of the customer's rollouts. Our co-location additions moderated due to slower rollouts by a major customer.

We added 4,301 macro towers and 4,505 corresponding co-locations during the quarter, translating into a year-on-year growth of 11.5% and 9.6%, respectively, in the tower and co-location base. As a result, total macro tower and co-location base stood at around 256,000 and 415,000 respectively. Our industry-leading tenancy ratio remained stable at 1.62.

The overall co-location base of leaner tower saw an addition of 28 co-locations during the quarter to close at approx. 14,000. Including leaner towers, our net colocation additions stood at 4,533 in Q2.

I will now share an update on the key KPIs. In line with our plans to reduce diesel consumption by transitioning to cleaner sources of energy, we added 3,900 solar sites during the quarter, taking the overall base close to 36,000. With regards to diesel consumption, we saw an increase of 3% year-on-year in Q2 FY26 compared to 10% year-on-year increase seen in Q1 FY26. The prolonged monsoon resulted in higher electricity outages, hence the increase in diesel consumption. Despite the extreme weather conditions, our field force's agility and commitment helped us deliver an uptime of 99.97% approximately in Q2 FY26, bettering our already high uptime of 99.955% in Q1 FY26.

Let me now provide an update on the four core pillars of our strategy: market share, cost efficiency, network uptime and sustainability.

On market share, we reinforced our leadership position with key customers this quarter, driven by our ability to execute reliably, deliver at scale and uphold the highest service standards. Our unwavering commitment to quality, safety and responsiveness has remained a key differentiator, enabling us to capture a sizable portion of customer rollouts and strategic deployments. In addition, with our improved service delivery and value creation, customers are moving some of

their existing sites to Indus. We saw continued momentum in our IBS deployments during the quarter, helping us maintain our position as the market leader.

Driving cost efficiency remains a key priority to ensure we effectively manage the growth in towers and become one of the most efficient tower companies in the world. This is being done through redefining operating processes, upgrading site infrastructure with IoT-based devices, enabling two-way communication to the sites and driving process automation through digital tools. This is aimed at not only reducing costs but to increasing productivity and improving quality of service to the customers.

Additionally, as highlighted earlier, reducing our dependency on diesel to lower energy cost remains a key priority for the organization. The transition to cleaner sources of energy continues to be augmented through electrification of non-electrified sites, deployment of energy storage solutions and increased deployment of solar sites. Our solar site count at the end Q2 stood close to 36,000 with approximately 3,900 sites added during the quarter.

On capex, we have further strengthened our efforts to enhance cost discipline and predictability across tower deployments. We are driving significant efficiency improvement with tighter controls, improved contracting norms and sharper execution planning. Our efforts continue towards transition to lithium-ion from lead-acid batteries, which offer a lower total cost of ownership.

Overall, these efforts are translating into tangible improvements in cost structure and operational leverage, positioning us well to sustain margins and improve our long-term competitiveness.

On network uptime, which is a barometer of our service reliability and differentiates us in the competitive market landscape, continued improvement in uptime is paramount to us to deliver exceptional customer experience. We delivered an industry-leading network uptime of 99.965% in Q2 amid the adverse weather conditions and all of this is done by our dedicated frontline staff, use of digital tools and our ability to have tighter controls over turnaround time.

Talking about ESG, which also remains a key focus area. On the Environment front, we are pleased to have signed the MoU with IIT-Madras for research and standardization of glass fiber reinforced polymer as an alternative to conventional steel structures, which is a greener and more sustainable material. We continue to add solar sites in line with our plans to transition to cleaner sources of energy.

On workplace safety, we furthered our SurakshaVeer campaign to strengthen the safety culture across the organization by sharing best practices. On the workplace diversity, we are pleased to see our gender diversity improve to 15.8% in Q2 FY26 from 14.3% in the same period last year.

Our initiatives aimed at creating a more inclusive and conducive working environment was recognized by multiple bodies, including 'One of the best organizations to work 2025' by ET Now, and 'The most preferred workplace for women 2025-26' by EY India, India Today and Business Standard.

Now moving to CSR. As part of our flagship program 'Saksham' in partnership with Bharti Airtel Foundation, we have supported over 150 Satya Bharti schools across multiple states. With a strong focus on holistic education, digital inclusion and community development, the foundation has enabled us to positively impact more than 30,000 students. Additionally, our Digital Transformation Van initiative is now operational in 12 states. As part of our other flagship program Pragati, we provided disaster relief to more than 4,500 families in the flood affected areas of Punjab, Himachal Pradesh, Jammu and Kashmir and Uttarakhand. Through these flagship programs, we managed to touch over 14 million lives by Q2. We take great pride in being awarded the Mahatma Award for CSR Excellence and Sustainable and Responsible business.

On the Governance front, we have now included key ESG parameters in the RFP process for our partners, giving us greater visibility of the ESG practices of our partners and driving it across the value chain.

Our efforts on ESG agenda are being recognized as evidenced by our ESG score computed by the rating agency Crisil, improving from 55 to 57 over the last financial year.

Let me now provide a context on our Africa expansion.

As you are aware, we have announced our foray into Africa as part of our long-term growth strategy. We will start with the 3 countries, namely Nigeria, Uganda and Zambia. We strongly believe that Africa is at a juncture where India was a few years back, providing solid growth opportunity for both telecom operators and towercos. We intend to replicate Indus' proven operating model by building high-quality cost-efficient infrastructure tailored to local conditions while ensuring best-in-class service reliability for our customers. Our expansion plans come at critical juncture to leverage the strong growth drivers, Bharti Airtel's deep-rooted position across the markets and importantly, visibility of anchor customer from day one. We will begin at a modest scale by building new towers, understand the on-ground operations, build solid operating model and take the learnings to other markets over time. Given the strong management pedigree and track record, we are confident that this expansion will be value accretive over the long term.

I would now request Vikas to take you through our financial performance for the quarter ending September 30, 2025. And I look forward to your questions. Over to you, Vikas. Thank you.

**Vikas Poddar:**

Thank you, Prachur, and good afternoon, everyone.

I'm pleased to present our financial results for the quarter ending 30<sup>th</sup> September. In the quarter gone by, we managed to deliver robust tower additions, which have aided our financial performance.

So, moving to financial performance for Q2 FY26, total revenue stood at INR 81.9 billion, growing by 9.7% year-on-year. Core revenues from rental were at INR 52.4 billion, up by 11.3% year-on-year, driven by strong tower additions and acquisition of towers in March this year. On a sequential basis, our reported gross revenues and core revenues grew by 1.6% and 2.6%, respectively. Along with the tower additions, certain reconciliation benefits also aided the revenue growth in this quarter.

In terms of profitability, reported EBITDA was at INR 46.1 billion, declining 6% year-on-year and up 5.1% quarter-on-quarter. The EBITDA margin was lower by 9.4 percentage points year-on-year and 1.8 percentage points higher quarter-on-quarter at 56.3% in Q2. I would like to remind you that Q1 FY26 and Q2 FY25 included write-backs of approximately INR 0.9 billion and INR 10.8 billion, respectively, related to collection of overdue receivables from a major customer. Similarly, the customer cleared additional dues amounting to INR 2.1 billion in Q2 FY26. Adjusted for the write-backs, EBITDA was up 14.9% year-on-year and 2.4% quarter-on-quarter. Our sharp focus on driving cost optimization and productivity improvement has aided our margins.

Our energy margins were at -4.8% in Q2 compared to -4.0% in Q1 and were flat compared to Q2 of last financial year. Please note that as highlighted by Prachur, Q2 FY26 saw a prolonged monsoon season. This resulted in higher diesel usage at our sites in order to maintain network uptime, thereby affecting our margins adversely. Reducing diesel consumption continues to be one of our key priorities, which we are driving through transition towards cleaner sources of energy as well as deployment of energy storage solutions.

Our profit after tax stood at INR 18.4 billion, declining 17.3% year-on-year and growing 5.9% quarter-on-quarter. Adjusted for the aforementioned one-offs, the profit after tax grew by 18.6% year-on-year and 0.8% quarter-on-quarter.

Our return ratios despite declining sequentially remained strong with a reported pre-tax return on capital employed of 26.3% and a post-tax return on equity of 29.0% over the past 12 months. The decline is largely attributable to the movement in profits due to difference in collection amounts against the past dues from a major customer.

We generated a free cash flow of INR 3.0 billion in Q2. The sequential decline is on account of an increase in capex and timing gap in collections. This timing gap also led to a sequential rise in trade receivables.

To conclude, Q2 has been another quarter of steady progress and disciplined execution. Our financial performance remained resilient, supported by strong tower additions and continued improvement in operating efficiency. During the quarter, we also took a meaningful strategic step with announcement of our foray into Africa, a move that positions us to leverage our scale expertise and customer partnership across fast-growing markets with long-term potential.

We continue to sharpen our focus on cost optimization, automation and AI-led efficiencies to strengthen our foundation for sustainable growth. With structural industry drivers, such as rising data usage, 5G expansion and sustained network investments firmly in place, we remain confident in our ability to deliver consistent value to all our stakeholders.

With that, I'll now hand over back to the moderator to open the floor for questions. Thank you.

**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 Chorus.

The first question is from the line of Sachin Salgaonkar from BofA.

**Sachin Salgaonkar:**

I have two questions and a small clarification. Question number one, would be great to understand the growth outlook going ahead? It appears that a large amount of 4G and 5G rollout is behind. And Prachur in your opening comments, you did mention that we should see market share gains versus -- and the way I concluded is versus, let's say, new rollout coming from your incumbent operators.

And a related question out there is your general thoughts on expansion in Africa. Is it because for diversification away from India or for a better growth because contribution from Africa, even after, let's say, 3 to 5 years, led by organic expansion will be too small, given the size of India. So is it an expansion into Africa an organic strategy or inorganic strategy also?

**Prachur Sah:**

Okay. So let me answer those two questions. The first question is from a growth outlook point of view. So while we don't make future statements, but what we are seeing across the customers, I think the layer addition is still happening, as you saw in the results as well, the upgrade capex or the growth capex continues to be there.

So from my perspective, the order book still remains strong both on new towers and tenancies and it's a mix of all the customers, not just one customer. I think for the growth outlook for the next 3 to 4 quarters, we remain confident that it is going to remain robust in India.

On the second part, when you talked about expansion in Africa, whether it's organic or inorganic. See, as I mentioned earlier, the initial part is organic growth. We will be entering and making new towers, expanding or understanding the local market. And if an opportunity comes in the right position, the inorganic part may be considered. So I think the overall Africa strategy is not diversification business. It's our tower business. That's our core strength.

And we want to leverage our core strength to enter a strong market with an anchor customer where we can create value for our customers and show the differentiation that we have in building low-cost towers, delivering better service quality, improving energy efficiency and that will create opportunities for us to build new towers with an anchor customer, get other tenancies from other customers. And if the right opportunity comes, look at inorganic growth, but priority initially is to start building new towers.

**Sachin Salgaonkar:**

Very clear, Prachur. My second question is, with the Supreme Court clarification now on Vodafone Idea, we should logically expect some kind of a relief on AGR. And obviously, Indus was not paying dividend because one of the reasons for holding back was the clarity on AGR on VIL.

So the question out here is whenever the clarity comes on AGR and hopefully soon, should we expect any cash return or dividend almost immediately or should we wait for the end of this fiscal year, i.e. could we see something around December quarter in terms of cash returns, or we would ideally like to wait for end of year or March quarter, even though the visibility from the government on Vodafone resolution comes earlier than expected?

**Prachur Sah:**

So Sachin, I think I would not like to assume the clarity timing. I think what has happened is a good development for the industry in general, so we welcome that support. And I think as and when the clarity comes, it will help us make the right decisions. But as of now, as I had informed

in the previous quarter, the Board will consider and is committed to distribute the cash to the shareholders. And the timing still remains end of the financial year in Q4. If anything changes, we'll keep you posted.

**Sachin Salgaonkar:** And just to clarify, this is the only thing which is holding the Company from giving dividends, right or are there any other constraints out here?

**Prachur Sah:** Sachin, as I mentioned in the previous quarterly call as well, I think it was one of the constraints or one of the, what you call, factors that was taken into account, along with the capex that we are spending for growth as well.

So as I mentioned last time as well that the Board is committed to consider the distribution. And I think as of now, the timeline still remains the end of the financial year, and we'll keep you posted if anything changes.

**Sachin Salgaonkar:** And the last clarification I wanted is we saw a writeback of INR 195 crores in provision for doubtful receivables. Vikas, is it fair to say that the entire writeback has happened and going ahead, we should not see any further writeback?

**Vikas Poddar:** Yes, that's right, Sachin.

**Moderator:** The next question is from the line of Sanjesh Jain from ICICI Securities.

**Sanjesh Jain:** Yes. A couple of questions. First on the Africa. Again, touching upon it, Airtel did sell a significant amount of their towers way back in 2013 to 15. And the view at that point of time for us was that we want to keep ourselves within India.

Any particular change what has happened in the industry, which has made us to revisit the factor that now we want to get back to Africa. At that point of time, we were completely not looking at it. And hence, Airtel sold their significant portion of portfolio. What has changed now?

**Prachur Sah:** So to be honest, I can't comment on the context that was almost 10 years ago. I think what we can say today is that we are currently at a point where Indus Towers has established itself as a leading tower company, and we are currently in a point where we can offer solutions to the customers with a very different proposition. Even our Africa market has evolved quite a bit, and there's a lot of growth opportunities that we are currently seeing.

And with an anchor customer being present there, I think that gives us the ability to step into a growing market and understand about it and then take strategic steps to expand further, including tenancies from the other customers.

So I think it's a very different situation than what it was in 2015 and where Indus is and where the African market is and the fact that we're going to get an anchor customer from day 1. So in Indus' ability to expand, given where we are on the balance sheet, I think we have the ability to take up this opportunity with ambition.

**Sanjesh Jain:** Got it. One follow-up question there. If you look at the Africa market itself, the capex per tower at least historically has been quite high, upwards of \$200,000 per tower and so will be the rental.

So how is the economics, how is the competitive scenario, particularly in Nigeria, which is the largest market, and we are entering that initially? And who is the competition, and we are a latent entrant, right? It's a decently penetrated market. So how are we looking at this as a growth strategy from here?

**Prachur Sah:**

Sanjesh, I think this is something that we will have a better update 3 to 6 months down the line as we go into the market. The first comment that you mentioned is that we will enter this market with an ability to make a difference on how we can reduce the cost per tower, improve the uptimes and manage energy better. But that will be our value addition to be more competitive in these markets, and our ability to invest and grow and put up new towers is what our strength is going to be.

So, once we create that differentiation, and the details that you mentioned in terms of what the strategy is going to be, I think that's going to be put in place over the next 3 to 6 months, and we'll have a more concrete answer at that point of time. But overall thinking is to add value and be a differentiator in that market so that we can be a leading player in Africa.

**Sanjesh Jain:**

Got it. I have one last question. Sorry for squeezing in it. But this will be last one on Africa, if I may. It's always been an independent TowerCo kind of a market there. If you look at, largely operator-driven TowerCo companies hasn't been there. We will be first in that sense that we will have both telco and TowerCo. In that we will -- it's not purely an independent TowerCo, do you think that can be an initial bottleneck in terms of convincing beyond anchor customer?

**Prachur Sah:**

Sanjesh, I mean I don't see it that way. I think the fact is, we are getting an entry because we'll have an anchor customer. So that is the first advantage that we have. Now at the end of the day, all customers are looking for a tower company that is going to add value.

So if we are able to create the differentiation in terms of what value we can add, in terms of the cost per tower, uptime and energy efficiency, that is what eventually is going to get the customers on the tower, not whether it's having an anchor customer or something like that. So I strongly believe that if we can create that differentiation, the other customers will come on to the tower as a tenant.

**Sanjesh Jain:**

That's clear. One last question from my side. On the maintenance capex, Vikas, in last couple of quarters, it has gone up from INR 250 crores, INR 300 crores per quarter now to INR 500 crores, INR 550 crores per quarter. What has changed in that?

**Vikas Poddar:**

So Sanjesh, like I explained last time, one is, of course, the portfolio is aging. So we need to keep investing in tower strengthening and tower maintenance and so on. So like I had mentioned in the previous quarter call also, I think this will continue for some quarters while we are undertaking all these strengthening activities on our portfolio. Two, like I said, we are also sort of transitioning to higher performing batteries like the lithium-ion and so on. So to that extent, that transition will also have some costs in the couple of quarters.

**Moderator:**

The next question is from the line of Vivekanand S. from Ambit Capital.

**Vivekanand S.:**

So some bookkeeping questions. See, when I look at your energy margins now or energy under recoveries that you report, those are consistently now higher, say, at INR 100 crores to INR 125 crores on an average. Previously, they used to be, say, FY23 or say, FY22, they used to be much lower. So directionally, what has changed that has caused these under recoveries to balloon? That is question one.

And the second question, I think in the opening remarks, you said something about receivables increasing due to a timing gap in collections. Could you elaborate on that? And relatedly, in the opening remarks, you also said that there was some revenue, some reconciliation revenues that led to higher organic growth. If you could quantify that also. Those are my questions on the accounting side?

**Vikas Poddar:**

Sure. So first of all, I think on the energy, while you're looking at the absolute, Vivekanand, this is also important to bear in mind that our business volume and the number of towers, etc., are also growing, right? So to that extent, the absolute numbers will, of course, grow.

One thing which is very important to note is if you look at the H1 of last year and H1 of this year, certainly, there is an improvement. We had about 5.2% in the H1 of last year, and we have about 4.4%. So we have improved by close to a percentage.

The other important thing to bear in mind is the weather disruptions and the sort of monsoon effect, etc., are also worsening year-on-year. So this year, for example, in many places, we have seen much prolonged monsoons and as a result, a far bigger impact on our infra and which basically causes us to spend more on energy to maintain the uptime and so on.

So to that extent, I think while the management effort continues to be to reduce diesel and improve the margins and so on, and which we are seeing from a year-on-year perspective in absolute terms, of course, I mean, it's very difficult to compare because the volume of business is also growing.

On the receivables, I think, like I said, it is a timing gap. We have basically some agreements pending because of which the payment has got delayed a bit. We do expect the receivables to unwind in this quarter. So it's a bit of a timing issue that we are seeing.

The reconciliation one-off is basically, again, a bit of a business as usual for us because whenever there are some delays because of any reconciliation issues, we do have a very conservative accounting. And once those reconciliation issues are sorted out, we do recognize those revenues. So we had roughly 0.8 percentage point one-off in our revenue numbers in this quarter.

**Vivekanand S.:**

Okay. My last question is on the other expenses. Now I know the breakup of the other expenses is reported annually, which comprise your rates and taxes, legal professional charges. Now that number, if I strip out the impact of provision reversals, it's been trending lower this year. Are there any one-offs here or is this some optimization that you've undertaken? And if so, then please elaborate on what those measures have been and how we should think about the other expenses going ahead?

- Vikas Poddar:** The other expenses this year in both first quarter, second quarter and overall from a 6-month perspective, you will see it's lower year-on-year. There are various factors, but two major reasons I would like to call out is, one, of course, there is basically a decrease in the rates and taxes that we pay. And two, there is also a very concerted effort on driving various efficiencies within our business, which is reflecting pretty much in all lines, not just the other opex, but other opex obviously has those advantages as well.
- Vivekanand S.:** Why are your rates and taxes reducing?
- Vikas Poddar:** It's basically a matter of demand. I mean as and when we get the demand and we pay the demand, we do recognize. Sometimes, it's a matter of not getting those demands.
- Moderator:** The next question is from the line of Pranav Kshatriya from Emkay Global.
- Pranav Kshatriya:** My question is regarding the Africa business foray. There have been some issues intermittently for Nigeria regarding dividend upstreaming from that geography. And all these geographies have a fairly high currency volatility. So how do you plan to hedge for this? Just clarity on that will be useful.
- And secondly, can you give some clarity on where the capex is going? Because if I look at the maintenance capex is not what has inched up, it is the growth capex, which has sort of inched up. And what portion is actually towards the new tenancies or towards the batteries or towards the energy initiative, I would say, in that sense? Some color on that will be useful to get a growth dynamics in those departments.
- Prachur Sah:** I'll answer the Nigeria question, and then I'll ask Vikas to talk about the capex part. See, on the Nigeria question, as I mentioned earlier, I think Pranav, it's very initial stages to give you the answer, but the good thing is, as I mentioned to you earlier, we are going with an anchor customer that has been there for quite a long time, and they have understood the market, the currency fluctuations, etc.
- So I think that will give us an opportunity to understand and not take undue risks, but at the same time, expand our portfolio there. So we will leverage Airtel's presence there and see how we can reduce or mitigate risks that you just mentioned. However, it's a little bit early in terms of what the structure of MSA, etc., is going to be.
- So we'll keep you informed as we make the strategy more robust once we visit the ground, understand the tower structure, the tower design, and then we'll come back to you on what is going to be the way to mitigate the risk in Nigeria specifically that you had mentioned. But we are cognizant of the risk that you have mentioned.
- Vikas Poddar:** Yes. So on the capex, Pranav, the increase in capex, apart from the maintenance that you're seeing is, again, if you look at the rollout numbers, our rollout numbers itself is higher by about 1,800 in this quarter. So that obviously has led to higher capex in Q2. And apart from that, there are basically upgrades relating to 5G and additional battery banks and so on, which has also resulted in higher capex outside the maintenance capex.

- Pranav Kshatriya:** So largely, the capex related to battery is not part of the maintenance capex, it is part of the growth capex?
- Prachur Sah:** No, battery capex comes in two places. Once it comes in maintenance, which is a regular replacement capex. But however, there are upgrade capex, which includes battery, solar, layer additions, which is at the request of the customer, where the customer wants us to add infra on our side that results in a revenue for us. So when Vikas is talking about growth capex, this is all customer-driven capex.
- Pranav Kshatriya:** Okay. And this should sort of start yielding better energy margin and, of course, support growth over a period of time. That's how we should see this?
- Prachur Sah:** I think growth for sure. I think it will impact the energy cost. Energy margin has multiple other factors, but definitely reducing the energy cost and uptime in terms of offsetting the diesel expenses would definitely be a factor.
- Pranav Kshatriya:** One small follow-up on the Africa business. So what should be the tentative timeline for Indus to roll out towers in Africa? I mean are we looking at 3 months, 6 months timeline for the rollout or it could well get into FY27?
- Prachur Sah:** I think, again, as I said, Pranav, as part of the practice, we had given this comment in the last quarter. The work is in progress. I mean, of course, our objective is to do as early as possible. But of course, there are certain administration things to take care of, licensing and entity setup, etc. So I think our estimate is anywhere between 3 to 6 months, but I would not hold on to it, and we'll keep you posted as we progress. But anywhere between 3 to 6 months is what we are targeting from today.
- Moderator:** The next question is from the line of Arun Prasath from Avendus Spark.
- Arun Prasath:** My first question is once again on the energy margins. Vikas, you explained how things have changed between first half to first half, but directionally, if we take performance in the last 10 years, there were 3 phases. If you see till kind of, say, FY19, FY20, we had a positive energy margin, something as early as 5%, 6%, 7%. Then something has changed in FY21. It became negative and it was hovering around 1.5% to 2.5% between 2021 to 24?
- Now suddenly, in 2025, we are at the minus 4.5%, and we are seeing some kind of a small decrease from that bottom. So what happened between these spaces? I mean there were these diesel issues 10 years ago as well, reconciliation issues again, it was there. So even if we take the decadal view, I'm not asking for the forward guidance. In the last 10 years, we are not able to understand this kind of a change in the energy margins?
- Vikas Poddar:** So Arun, so first of all, I think that's a very interesting question. I mean from a very long-term perspective, the way we charge the customers for energy has also changed. So from a very long-term perspective, we used to be in pass-through originally. Then later on, we shifted to fixed energy model for a few years.

And then subsequently, we moved back to pass through. And today, we are in a situation where we are in a bit of a hybrid. We are in pass through with some customers, fixed energy with some customers and so on. So one is, of course, the operating model in energy itself has undergone a lot of changes from a long-term perspective.

Two, I think why things have worsened in the last, if I take a 4- to 5-year view, obviously, all of us would agree that the weather disruptions have become much more severe in the last 4-5 years. It's not the same anymore.

Three, I think the volume of sites has also gone up. We have built far more towers in geographies where the EV availability or the grid electricity availability is very challenging. We have penetrated into these rural areas in very difficult terrains where the grid availability is a bit of a challenge, so the dependency on diesel is far bigger in those areas.

So from a very long-term perspective, I think there are various factors that have caused this sort of a trajectory. I think what we can assure you is that through renewable and through our investment in storage solutions and so on, the management is very, very focused on driving efficiency in this area.

The customer is also very interested in seeing a lot of efficiency in the energy area because eventually it hits their P&L also. So directionally, I think while from a long-term perspective, things do look a bit severe, but if I take a 12 to 24 month view, things are improving. And directionally, I think we are heading in the right direction.

**Arun Prasath:**

Okay. You attributed this to 3 parameters. One is the pricing model pass-through versus FEM. I think fairly, we do have a control over. Those are all our controllable things under what we can do or what we cannot do. Weather, definitely, we can't do anything. And third is a grid availability. So except for the weather one, other 2 things are in our control. Ideally, it should have been priced in our tariffs, in our rate cards. Are we seeing that it has not happened so far? And is there any chance that this can change in the near future?

**Prachur Sah:**

Arun, so I think it's not that straightforward. I don't think besides weather, grid availability is entirely in our control. I think we consume the grid, but we don't control the grid availability. So from the customer point of view on the rates, I think it's a regular engagement that we do.

And whenever we have an opportunity, and we do have the discussion with the customers regularly to see how we can improve our commercials with them, and that is an ongoing effort. So I think that's a factor that is very well understood and taken into account every year when we negotiate.

**Arun Prasath:**

Okay. To simplify, if you convert all your sites into say, solar or if we talk about one single site, if you convert into solar, this energy margin for those solarized sites, has it been positive or how it has been so far in the last 2 years' experience?

**Prachur Sah:**

See, obviously, first of all, a site cannot run for 24 hours on solar. There is always electricity and storage and diesel is required as we think that topic is not that straightforward to do a linear extrapolation on that. In rural areas, where grid availability is challenging, despite solar, you

may still have a combination of a site, which is solar plus electricity, solar plus electricity plus battery plus DG.

So I think there's a different combination of sites. Obviously, as you bring in more renewable, as you have a site which is running more and more on solar and less dependency on other solutions, the sites definitely have a better margin than the others. But I think it's natural, that's what's going to happen. That's what the case is. But it is not that in a rural area, you will just have a solar solution on a given site, because it cannot do a 24-hour generation.

**Arun Prasath:** Just one bookkeeping question. What percentage of sites so far, whatever we have spent, it's already solarized or some form of solar base?

**Prachur Sah:** As I mentioned in my commentary, there are about 36,000 sites, which have solar solutions available on them.

**Arun Prasath:** Roughly 10%. Okay. Second question on Africa. You mentioned various reasons why you would add value to the customer. Our understanding is that tower as a technology is a fairly mature stage, I mean there is not much one can do. And largely, it's attributed to the operational discipline and the scale.

And then obviously, extracting the leverage on the ground force. Why do you think that the existing incumbents do not have a massive base and somehow we will be able to do it and win customers or probably add value to the customers? Some understanding on this will be much better?

**Prachur Sah:** So Arun, I think if you see Indus Towers, if you see our portfolio, how we've expanded over the last 2 to 3 years, I think the scale of expansion that Indus has done, I think, very few, if any tower companies have put up that many towers in the last few years. And that has given a deeper understanding in how to leverage the tower construction, the materials, vendor relationships in terms of what procurement we do.

So in that sense, we are quite confident there is a value addition to be done in the cost per tower when it is being built. And of course, with what we are doing in India with the scale that we currently have in terms of both operational efficiency, running the tower through a tower operating center and having better electrical infrastructure that we have learnt in India, we believe based on our estimates and our feedback and currently the ongoing field visits in Africa, that there is a value addition to be had.

And rest, as you said, we are going to go and find out on the ground and see how we can make it happen in reality on the ground. So I think we remain confident that there is a value addition to be added.

**Moderator:** Sorry to interrupt. May we request Mr. Arun to please rejoin the queue? We have participants waiting for the turn.

**Arun Prasath:** Sure. Thank you very much.

- Moderator:** The next question is from the line of Saurabh Handa from Citigroup.
- Saurabh Handa:** Just on Africa once again. A couple of questions. Firstly, as far as unit economics are concerned, previously, in India, you've said for single-tenancy towers return on capital tends to be typically in the low to mid-single digits. What would be a comparable number in Africa ballpark?
- Prachur Sah:** Saurabh, it's a good question. But as I said, once we get to a point where we start discussing the MSAs with the customers, I will come back to you in terms of what returns that we are going to expect. And it is not going to be determined by what India does. It is going to be determined on what the competitive landscape is out there and what makes sense for our business to expand. So we will come back to you in terms of what return profile we could look at once we are closer to agreeing the MSAs with the customers.
- Saurabh Handa:** Okay. But directionally, do these tend to be better than what you see in India? I mean that's the sense that we had, but I just wanted to double check that?
- Prachur Sah:** I mean, I would hope so. Again, as I said I will not comment on it right now. But in general, it may be that we'll have different MSAs for different countries. It will depend on the opportunities that we'll have to have additional tenancies and the tenure of the towers, that will determine the IRRs because IRR is not just a factor of the cost of the tower, it's a construct of the MSA, the tenure, the tenancy opportunities in the market and the other upgrade opportunities that are there on a particular tower. With these in mind, I think we will construct the return profile of the towers there.
- Saurabh Handa:** Okay. And just a follow-up, just again on Africa itself. Your anchor tenant typically has been over the last few years, adding say, 2,000 to 3,000 new towers in Africa. I mean, if I were to assume a similar number is now added by you and capex of, say, \$100,000 per site, the capex - - suppose it, say, \$200 million, \$300 million, I'm not asking you to confirm or deny that number.
- But how will you fund that? Would that be completely on the balance sheet of the Africa entity? Will there be some equity contribution from the India entity? And just from the free cash flow perspective of the India entity, would that be sort of ring-fenced to be paid out to the India shareholders?
- Vikas Poddar:** Saurabh, while we are working through the business plan and the capital requirement and so on, I think while from a full-scale perspective, that could be the level of capex maybe in some time, in our capital structure, we will certainly desire to have both a good mix of debt and equity. So there will be a good amount of leverage that we are expecting.
- Saurabh Handa:** Okay. And the India free cash flow are largely available for distribution as per your current policy, either when you resume payouts or could some of those be used to fund the Africa capex?
- Prachur Sah:** So if you look at our balance sheet, I think the two topics of distribution and Africa are quite unrelated. Africa is a little bit of a long-term strategy. And distribution of the cash flow that we generate here is probably unrelated to the Africa expansion. I think we have a very strong balance sheet and opportunity to see how we can use our leverage to expand in Africa, and that is the intent.

- Moderator:** The next question is from the line of Balaji from IIFL Capital.
- Balaji:** I had just one question. So if I look at it, Jio did most of its rollouts about 10 years back, maybe 8 to 10 years back. So is it fair to say that there will be a bunched up phase of renewals for you from Jio? And if that is the case, do you see any risk that they probably try to go to a competitor or try to in-source some of it or at least try to get the rentals down? So input along those lines would be helpful?
- Prachur Sah:** Balaji, as I said earlier as well, at this point in time, I would not predict what you would do. But from our point of view, what we want to do is to make sure that we are providing the top quality service and have the stickiness for all our customers on our sites as we have done through 5G deployments and things like that.
- So as long as we are providing good service and have negotiations with them on renewal in line with what we have done for the other customers, that's what we are currently looking at. If there is any strategic decision from Jio, I think that's something that we're going to continuously look out for. And we are always looking at opportunities to expand our tenancy to mitigate any such risk from other customers.
- Balaji:** Right. And also a quick follow-up. So would it be fair to say that most of the towers that Jio would have leased from you, these would be in areas where it is hard to set up new tower or even maybe some of the more recent entrants like Summit or ATC would not have the towers in those points -- in those particular locations. And as a result, would that also count as a competitive advantage for you?
- Prachur Sah:** Balaji, I would not generalize anything like that. I don't think I can say that. So I would not speculate on that.
- Moderator:** The next question is from the line of Shubham Agarwal from Fidelity.
- Shubham Agarwal:** Just again, setting back on Africa again. I just wanted to get a sense that what's the kind of investment kitty that you're setting aside for the Africa foray, let's say, including both capex and the initial scale of losses that could be there in the Africa business?
- Prachur Sah:** Again, Shubham, as I said, I think it's a little bit too early to talk about that. We are currently in the process of understanding the market, understanding the tower design, the cost, the scale. So I think it's a little bit too early to say what would be the exact amount of investment there.
- Shubham Agarwal:** And the second thing is just again on Africa. Is it right to understand that you're yet to evaluate the opportunity sizes in Africa in any of these markets? It's just an initial, you put out the intent? And are you still kind of evaluating how much financial sense does it make? How much it does not make?
- What was the intensity or the speed of foray that you want to do in these markets? All of that will take, as you said, 3 to 6 months to decide and then you go into those markets. And the last thing all the capex that comes in would be funded through debt, just an overview there.

- Prachur Sah:** Shubham, I'll answer the first part. As I said earlier, I mean, it's not that we have not understood the opportunity, I think we have done our homework in terms of what we expect the market size to be. But over the next 3 to 6 months, as we visit the markets, we will actually firm up these designs so that we will be in a position to actually talk more completely about it.
- But I think besides just the announcement, that intent, we have done our work in terms of what we expect the opportunity size to be. Of course, this needs to be firmed up over the next few months as we line up the concrete strategy and as we start deploying. From a capex point of view, I believe Vikas already answered that question earlier, maybe Vikas you can repeat it for a sec.
- Vikas Poddar:** Yes. I think capex, once we do the sizing and all, like I said earlier, I think we'll be sort of deciding how we are going to fund this. Clearly, as we mentioned earlier, there is a lot of leverage headroom, so we will be using a lot of leverage to fund the Africa expansion.
- Moderator:** The next question is from the line of Atul Mehra from Motilal Oswal.
- Atul Mehra:** So I have a question again on Africa. So what is the return on capital is expected based on the homework you have done as yet? And obviously, this is just taking into account the organic expansion, inorganic will obviously depend on price and many other things. But just on the organic, what would be the return on capital as per your initial assessment?
- And how do you balance this versus returning capital back to shareholders in India? Like is there a particular hurdle rate below which you would say that it doesn't make sense to be in Africa and just return the capital back to Indian shareholders?
- Vikas Poddar:** So I thought I actually answered this question earlier. Again, the return on capital in Africa will be determined also by what's there in Africa in terms of competitive landscape, what's the cost of tower that we eventually look at. And I'm only talking about the organic part here. So I think, of course, there will be a hurdle rate that we will need to maintain for us to have a feasible business there and understanding the risk on the ground.
- So while I cannot give you a number right now, but I think it will not determine just the factor on what we do in India, it will be more an Africa decision in terms of what's the right hurdle rate to work at, what's the market opportunity size, what kind of tenancy portfolio, what kind of MSA structure we have. So all those will contribute to make decision on the return on capital. So I think at this point of time, I would not commit any number on that.
- Moderator:** The next question is from the line of Sumangal Nevatia from Kotak Securities.
- Sumangal Nevatia:** Most of the questions are answered. Just on the initial comment you made, the initial phase in Africa would be more of a learning phase before which we decide to go inorganic or scale up. Is it fair to assume 2 to 3 years is the initial phase and beyond post that only a big inorganic or something major we could look at in that geography?
- Prachur Sah:** Sumangal, I think I would not be able to answer that question right now. As I said, if an opportunity comes earlier and it's the right thing to do, we will, for sure, consider it. So I would

say let's get started with the organic way of building new towers with an anchor customer, understand the market. And if an opportunity comes with the right valuation and where we can also add value, we will consider it.

So I would not put any hard deadlines as of now that we'll not do anything before 2 to 3 years, it may take 1 year, it may take 5 years. So I think it depends on what the opportunity is and what the valuation is.

**Sumangal Nevatia:** Understood. And sir, you commented on the strong order book for the next 3 to 4 quarters for the India business. Is it possible to share directionally in terms of tower addition, how should we look at it versus what we've done in the last few quarters?

**Vikas Poddar:** So I can't give you the future numbers, Sumangal, but what I can tell you as you have seen in Q2, we have delivered strong tower additions, despite there was a slowdown of tenancy from one major customer, which we expect to pick up in the coming quarters. So I can't give you a number, but as I said, we'll continue to look at what we have delivered in the past few quarters and keep maintaining or improving the momentum there.

**Moderator:** Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Prachur Sah for closing comments.

**Prachur Sah:** To conclude, this has been another strong quarter for Indus Towers, underpinned by robust tower additions and strengthening of our market presence. A key highlight of this quarter was our announcement to foray into Africa, a significant step in expanding our geographic footprint and leveraging our proven execution model in a new high-growth market. We are making meaningful progress on our automation and AI initiatives, embedding technology deeper into our operations to strengthen efficiency, accuracy and scalability.

Looking ahead, our focus remains on shaping the next phase of telecom infrastructure, one that is smarter, greener and more resilient. With rising 5G adoption and sustained data growth, the role of reliable passive infrastructure is more critical than ever. Backed by our scale, execution excellence and potential investments, we are confident of delivering sustainable growth and long-term value creation.

Thank you all for joining this call. Have a good day.

**Moderator:** Thank you. Ladies and gentlemen, this concludes the conference call. You may now disconnect your lines. Thank you for connecting the audio conference service from Chorus Call and have a pleasant evening. Thank you very much.