

Ratings Monitor

One Report – to monitor stocks and identify triggers to re-evaluate ratings

Indus Tower (Indus)

Current Market Price	Potential Returns	Fair Value (FV)
Rs.190	2.6%	Rs.195

Date: 2nd January, 2023

Previous Rating: **ADD**

Current Rating: **REDUCE**

Event: **Company Update**

Ratings Rationale

- Vodafone Idea's (Vi) financial constraints led to the ballooning of Indus' receivables.
- Core EBITDA has declined sharply in past two quarters due to bad debt provisions.
- Vodafone Plc's potential 21% Indus stake sale is an additional near-term overhang.
- We assume ~10% of Indus' annual overall revenue could be at risk, due to Vi's cash shortfall.
- Risk-reward unfavorable; downgrade Indus to REDUCE with a revised FV of Rs195.

Valuation

Value the stock on DCF (Discounted Cash Flow).

Read Full Report

Note: The performance horizon is 12 months unless specified.

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