

INDUS TOWERS LIMITED

Date: 24/05/2024

CMP: 351 • Target: 450-500 • Stoploss: 290

Time Frame: 3-6 months

INDUSTOWER -WEEKLY CHART



Chart as on 24th May 2024

Technical Outlook

- On a weekly scale, the stock gave a breakout from a rounding bottom pattern on April 15. Post-breakout, the index registered a high of 367 before retracing back near the breakout level. Subsequently, the stock formed a bullish piercing candlestick near the breakout level, indicating further strength. Based on the rounding bottom pattern breakout, the stock could test levels of 450-500 in the short to medium term.
- High trading volumes during the breakout phase indicate strong upward momentum and increased buying interest. Additionally, the stock has been holding firmly above the 9-week exponential moving average (9-WEMA) for several weeks. On the downside, the 21-week exponential moving average (21-WEMA) at 290 can act as good support in the medium term.
- The 1.618% Fibonacci retracement level from 332.80 to 135.15 comes around 450.
- On a weekly scale, the Relative Strength Index (RSI) is holding strongly above 70 with an upward trend, reflecting strength in the stock.
- Based on the technical setup, we recommend **accumulating INDUSTOWER** at current market price and on dips near 320, with a stop loss of 290, for the medium-term price target of 450-500.

Fundamental Rationale

- Indus Towers is India's leading provider of passive telecom infrastructure. The company deploys, owns, and manages telecom towers and communication structures for various telecom service providers.
- Indus Towers has collaborated with a diverse array of stakeholders including state governments, military establishments, educational institutions, municipalities, households, transportation authorities, private enterprises, and other partners. This platform serves as a catalyst for collaboration with prominent industry players, collectively driving progress and innovation in the field of network connectivity.
- Indus Towers is committed to adopting greener and more efficient power storage solutions. This includes the use of Lithium-ion and Lithium-ion + VRLA combo batteries equipped with remote monitoring capabilities.
- The company's IT capabilities empower it to manage distributed network infrastructure and operations efficiently, deliver high-quality services, and enable data-driven decisions to improve performance. By supporting various stakeholders and functions, the IT team facilitates solutions to emerging business needs and challenges.
- The rapid rollout of 5G and the migration from 2G/3G to 4G are increasing the demand for passive telecom infrastructure. This creates opportunities for Indus Towers to deploy 5G small cells, upgrade existing towers for 5G, and enhance network coverage. Additionally, Indus Towers' extensive site network and expertise in managing infrastructure position the company to enter the growing market for Electric Vehicle (EV) charging stations, supporting the global shift toward cleaner energy.
- The company's revenue and profitability have achieved a CAGR of approximately 27% and 19%, respectively, over FY21-FY24. Given this strong financial performance and the combined strength of Indus Towers and Bharti Infratel, which makes it one of the largest telecom tower companies in the world, we recommend an **"ACCUMULATE"** rating for the stock.

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