



Suyog Telematics Limited

Market Cap: ₹1,943 cr

CMP: ₹1,818

Target: ₹2,520 at 20X FY26 (~38% upside)

**MCap and CMP as of closing on 6th December 2024*

Company Overview

Suyog Telematics Limited (SUYOG) provides passive telecom infrastructure including towers and optic fibre connectivity to mobile service operators like **Airtel, Jio, and Vodafone Idea (VI)**, among others. It operates across 26 states and union territories in India through long-term leases under **Master Service Agreements (MSA)**.

In FY24, SUYOG reported revenue of ₹167 crore, marking a 16% YoY growth. In the same period, it clocked an EBITDA of ₹117 crore (**70% margin**) and a PAT of ₹63 crore (36% YoY growth). The company's revenue primarily comes from IPP fees with a 2.5% annual escalation and loading charges.

Current Portfolio

As of 1QFY25, the company has a portfolio of **4,360 towers with 5,144 tenancies**, of which 3,818 are small cell tenancies. The company's tower portfolio is expected to grow significantly, driven by agreements with BSNL/MTNL and VI.

At present, the largest revenue contributor is **Airtel, accounting for 49.5%, followed by VI at 26.9%, Jio at 23.2%**, and BSNL/MTNL at 0.4%.

Revenue Model

SUYOG's revenue model is highly stable, governed by long-term MSAs with an average tenure of 10 years and a 2.5% annual escalation.

Its revenue streams include **IP fees (tower rentals), loading charges (for adding extra radio equipment), fuel and utilities (pass-through to operators), and site/land rent (usually a pass-through)**. SUYOG earns ₹30–35K per month for ground-based towers (GBT), ₹20–22K for rooftop towers (RTT), and ₹10–12K for small cells, with an additional ₹7K for loading in each case.

Tower Portfolio and Implied Capex

SUYOG recently signed MSAs with VI and BSNL. Both telcos are looking to catch up with their peers in 4G network. This will **more than double/triple SUYOG's tower portfolio over FY25–26**. As per the MSA, in FY25 alone, SUYOG will add

3,000+ macro towers cumulatively for VI and BSNL, 500+ towers for MTNL in Mumbai, and over 1,000 small cells, with similar additions expected in FY26.

With VI and BSNL's aggressive equipment ordering and tower addition through government backing and financial support, ~4,000 tower additions are expected each year, in FY25 and FY26. This translates into a capex requirement of around ₹800 crore, considering a cost of ₹10 lakh for small cells, ₹12 lakh for rooftop towers, and ₹15–18 lakh for macro towers.

Tenancies

The payback period and profitability depend on the tenancies of each tower. A single tenancy has a 3-year payback period, while two tenancies reduce this to 18 months, and three to 9 months.

We believe that the critical locations that the company caters to in Maharashtra would help increase tenancies. On an average, the occupancy for the towers should be in the range of 1.3x to 1.5x, which would lead to ~15,000 tenancies by FY26, up from ~5,000 at present.

Fibre and FTTH Opportunities

Fiberisation offers significant growth potential, with thousands of towers and fibre kilometres expected to be covered in the coming years. FTTH (Fiber to the Home) represents a key long-term growth driver for the company. By FY27, Fibre and FTTH is projected to contribute up to 15% of revenue for SUYOG.

Financials of Suyog Telematics Limited

Revenue Model	FY2024A	FY2025E	FY2026E	FY2027E
Closing Tenancy numbers during the year	5118	10,085	15,159	20,859
New Tenancies addition during the year	-	4,967	5,074	5700
Annualised Revenue (in ₹ cr)	174.27	211.53	361.34	514.09
OPEX (in ₹ cr)	49.27	54.98	85.37	115.28
EBIDTA (in ₹ cr)	125.00	166.06	251.29	398.80
Depreciation+Ind As 116 (in ₹ cr)	34.10	42.00	63.01	97.67
Interest Expense + Ind As 116 (in ₹ cr)	19.50	22.10	33.16	51.40
PBT (in ₹ cr)	71.40	101.96	155.10	249.72
Tax (in ₹ cr)	8.09	17.68	36.48	66.83
PAT (in ₹ cr)	63.31	84.27	118.62	182.89
EPS (in ₹)	59.40	79.04	111.26	171.53

Inorganic Growth and Regional Expansion

SUYOG is actively exploring acquisitions in regions where it has limited presence to increase its footprint. By focusing on acquiring entities with existing Airtel and Jio tenancies, the company would be able to add Vodafone and MTNL as tenants. This strategy aims to **increase utilisation rates and improve cash flows** from newly acquired assets.

Revenue Guidance

The company expects a **35% revenue CAGR over FY25-27E**. This growth will be supported by the expanding tenancy portfolio and strategic capital expenditure. The estimated EBITDA margin of 65-70% reflects the profitability of its core operations as new tenancies are added. Additionally, the company aims for a **PAT margin of ~35%**.

Financials of Indus Tower Limited - Suyog's Biggest Peer

Revenue Model	FY2024A	FY2025E	FY2026E	FY2027E
Annualised Revenue (in ₹ cr)	28,600.6	31,066.9	34,147.9	36,431.2
OPEX (in ₹ cr)	1,357.7	940.4	1,880.4	1,887.9
EBIDTA (in ₹ cr)	14,693	16,750.7	18,331.8	20,244.2
Depreciation+Ind As 116 (in ₹ cr)	6,059.9	6,651.3	6,809.4	6,577.6
Interest Expense + Ind As 116 (in ₹ cr)	735.4	883.3	661.3	820.4
PBT (in ₹ cr)	8,122.4	9,400.4	11,086.7	13,071.9
Tax (in ₹ cr)	2,086.2	2,436.1	2,882.5	3,398.7
PAT (in ₹ cr)	6,032.3	6,964.3	8,204.2	9,673.2
EPS (in ₹)	22.40	26.40	31.10	36.67

Comparative Valuation and Return Ratios

FY	Suyog Telematics				Indus Towers			
	2024A	2025E	2026E	2027E	2024A	2025E	2026E	2027E
Asset Turnover	0.35	0.24	0.29	0.39	0.60	0.5	0.5	0.5
ROCE (%)	25.73	17.63	21.48	29.00	22.40	22.7	23	24.8
ROE (%)	21.22	13.77	15.59	19.38	25.10	23.9	24.3	25.9
P/E (x)	30.63	23.01	16.35	10.60	16.70	14.1	12	10.2
P/B (x)	6.50	3.17	2.55	2.06	3.70	3.1	2.7	2.6

ANALYST CERTIFICATION (Indian Clients)

We/I Mr. Mayank Agarwal - Research Analysts, NISM-202400171518, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Investment in securities market are subject to market risks, read all the related documents carefully before investing.

Disclaimer & Disclosure

Prabhudas Lilladher Private Limited (hereinafter referred to as "PL") is engaged in the business of providing various financial services and is registered with the Securities and Exchange Board of India ("SEBI") as Stock Broker, Depository Participant, Portfolio Manager, Research Analyst and Investment Advisor. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd., the Holding Company of Prabhudas Lilladher Group which has its various subsidiaries engaged in business of Investment Banking, Non Banking Financial Services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

The broadcast content has been prepared by PL and is meant for use by the recipient only as information. The content is not to be copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this content has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Viewers of the content should be aware that PL does not guarantee the performance of the investment. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

PL have not solicited or performed investment banking or other services for the Subject company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

Neither PL nor its associates have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

Neither PL nor its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

Neither PL or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

Neither PL nor its associates have received any compensation or other benefits from the subject company or third party in connection with the research report.

Neither PL nor its analysts received any compensation or other benefits from the subject Company or third party in connection with the preparation of the content. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this content.

PL confirms that Mr. Mayank Agarwal – the spokesperson appearing in the content for PL has not received any compensation from the Subject company mentioned in the content in the preceding twelve months.

The Spokesperson for this content has not served as an officer, director or employee of the subject company.

Neither PL or its research analysts have not engaged in market making activity for the subject company.