

INDIAN TELECOM INDUSTRY

**Revenue growth to remain steady
till the next tariff hike; debt
continues to be elevated**

November 2025



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With tariff hikes in FY2025 and the discontinuation of entry-level plans by private telcos, operating income is expected to rise by 10–12% to Rs. 3.5–3.7 lakh crore, with OPBIDTA at Rs.1.8–1.9 lakh crore in FY2026. While 5G capex has been upfronted, monetisation remains uncertain in the near term. Debt levels remain high but should ease as capex intensity declines. Another tariff hike next calendar year will likely drive the next growth phase.



- **Latest tariff hikes translated into healthy growth in operating metrics of the industry.** With tariff hikes in FY2025 and discontinuation of lower tariff plans by private telcos, ARPU has gained traction and is expected to reach around Rs. 210 in FY2026. Following another hike in the next calendar year, ARPU is likely to rise to about Rs. 230.



- **ICRA expects the industry to report a 10-12% growth in operating income for FY2026.** Industry revenues are expected to be Rs. 3.5-3.7 lakh crore with an OPBIDTA of Rs. 1.8-1.9 lakh crore for FY2026. Thereafter, the growth will be driven by the next round of tariff hikes. For FY2025, the revenues have witnessed a growth of around 13%.



- **A large part of 5G capex upfronted.** The absence of retail-based use cases, expensive customer equipment and low fiberisation levels pose a threat to 5G expansion. The industry has upfronted a significant capex for 5G in FY2024 and FY2025. This capex intensity is likely to have peaked and is expected to subsequently moderate going forward.



- **Industry capex expected to be around Rs. 3 lakh crore over the next 4-5 years, thus keeping the total debt elevated.** The total debt stood at Rs. 6.45 lakh crore as on March 31, 2025. The industry's debt/OPBIDTA is likely to remain at 3.4-3.6x and interest coverage at 3.8-4.0x for FY2026, with steady improvement, going forward.



- **Competition from satellite communications.** ICRA expects satellite communication to complement the terrestrial network in the medium term and aid in expanding communication networks to remote areas and difficult terrains. Moreover, currently for customers, satellite communication remains an expensive proposition vis-à-vis existing networks.



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