May 28, 2025

Indus Towers Limited (formerly Bharti Infratel Limited): Ratings reaffirmed; outlook revised to Positive from Stable

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial paper	6,000.00	6,000.00	[ICRA]A1+; reaffirmed
Non-convertible debenture	1,750.00	1,750.00	[ICRA]AA+ (Positive); reaffirmed; outlook revised to Positive from Stable
	750.00	-	[ICRA]AA+ (Positive); reaffirmed; outlook revised to Positive from Stable and withdrawn
Long-term –fund based -Term loans	1,685.00	632.00	[ICRA]AA+ (Positive); reaffirmed; outlook revised to Positive from Stable
Long-term/Short-term - Fund based/Non-fund based limits	6,150.00	6,600.00	[ICRA]AA+ (Positive)/ [ICRA]A1+; reaffirmed; outlook revised to Positive from Stable
Long-term/Short-term-Unallocated limits	3,665.00	4,268.00	[ICRA]AA+ (Positive)/ [ICRA]A1+; reaffirmed; outlook revised to Positive from Stable
Total	**20,000.00**	**19,250.00**	

**Instrument details are provided in Annexure-I*

Rationale

The revision in outlook to Positive from Stable factors in the clearance of the past overdue payments by Indus Towers Limited's (Indus/ITL) customers and improvement in the credit profile of some of the customers. These, along with healthy collections against the monthly payments, have improved the liquidity position of the company along with moderation in the reliance on external debt, even as the capex has remained elevated. ICRA expects the collections to remain healthy going forward and with the renewed capex plans of some of the Indus' customers, the tenancy base and, thus, cash flows are likely to witness steady improvement in the near term.

The ratings continue to factor in Indus' leadership position in the telecom tower industry, its pan-India presence, exceptional financial flexibility and strong operational metrics. Indus had 2,49,305 macro towers in its portfolio and 4,05,435 corresponding co-locations as on March 31, 2025 and is the market leader in India in terms of number of co-locations. In FY2025, it had an average revenue of ~Rs. 67,422 per macro tower per month and Rs. 40,856 per sharing operator per month, which is one of the highest in the industry, underpinned by significant loading, high tenancy ratio and premium locations of some of these towers.

In FY2025, the company reversed the provisions made towards doubtful receivables, which were created in FY2023 with the receipt of a sizeable chunk of past overdue amounts from one of the customers, translating into material improvement in its cash flows, liquidity and debt profile. Going forward, ICRA expects the collections to be timely and in absence of these provisions, the operating margins are also expected to remain healthy. Moreover, Indus has a healthy leverage profile with external debt of only Rs. 2,262 crore as on March 31, 2025, translating into comfortable debt metrics as reflected in gearing of 0.65 times as on March 31, 2025 (including lease liabilities in debt; 0.07 times excluding the same), DSCR of 3.34 times (including lease liabilities) and interest coverage of 14.34 times. Despite the estimations of continuation of the elevated annual capex and high dividend/buyback outflows, the debt coverage metrics are likely to remain comfortable, going forward as well.

Moreover, the liquidity remains strong with a steady cash flow from operations, along with exceptional financial flexibility and availability of undrawn bank lines. Moreover, in the absence of any large exits given a major part of the portfolio was renewed over the last 3 years, the committed revenue profile remains healthy with an average balance lock-in period of more than six years as on March 31, 2025. The business also derives strength from the inherent high client stickiness, given the challenges in network reorganisation and master service agreements (MSAs) with the telcos.

However, the ratings are constrained by the pressure on the tenancy ratio, as the total number of telecom service providers reduced to four (three private players and state-owned BSNL+MTNL). Moreover, the company's return metrics and tenancy ratio were impacted in the past due to incremental tower addition at single tenancy. While the invigorated capex plans by one of the customers has the potential to arrest the decline in tenancy ratio, the same remains to be seen.

ICRA also takes note of the company's capital-intensive operations as it has to make constant investments for the maintenance and upgradation of the towers. During FY2025, the company incurred a capex of around Rs. 8,699 crore and the capex intensity is likely to remain high in the near to medium term to support the network expansion by telecom operators and maintenance activities given the growing portfolio base and its aging. Moreover, the collection efficiency from the vulnerable customers remains the key monitorable and any elongation in the receivables cycle can also impact the cash flow generation.

During the previous fiscal, one of the promoters, BAL, increased its stake in the company and became the majority shareholder in the company due to which Indus Towers became the wholly-owned subsidiary of BAL (50.005% stake in the company as on March 31, 2025).

[ICRA]AA+ (positive) rating on Rs. 750 crore non-convertible debenture (NCD) programme of the company has been reaffirmed with outlook revision to Positive and withdrawn as no amount is outstanding against the rated instrument. This is in line with ICRA's policy on the withdrawal of credit ratings.

Key rating drivers and their description

Credit strengths

Established position in Indian tower industry – The company has a pan-India presence with 2,49,305 towers as on March 31, 2025, and a tenancy ratio of 1.63 times. The company is estimated to have market share of more than 30% in tower and more than 40% in tenancy as on March 31, 2025, thus making it the market leader.

Strong financial profile and liquidity position amid healthy collections – The business model of tower companies ensures stable cash flows from existing tenants, given the lock-ins and committed rentals. Thus, Indus has a healthy financial profile with low debt levels and a strong capital structure, marked by gearing (excluding lease liabilities) of 0.07 times as on March 31, 2025. The company reported healthy coverage indicators, indicated by a net debt/OPBDITA of 0.86 times (excluding leases from debt) and interest coverage of 14.34 times for FY2025.

The liquidity, cash flows and debt position improved in FY2025 owing to healthy collections from customers, along with the clearance of a sizeable chunk of past overdue following the payments made by a major customer. This led to moderation in debt levels as well as improvement in the liquidity position as reflected in cash and investments of more than Rs. 3,000 crore as on March 31, 2025

Exit penalties and lock-ins in MSAs provide revenue cushion – The MSAs signed between telcos and tower companies have lock-ins, which provide committed revenue visibility over the lock-in period. The average committed lock-in period for the company was more than six years as on March 31, 2025, indicating healthy revenue visibility. Further, the exit penalties cover for some revenue loss on account of the tenancy exits.

Inherent business strength and strong promoter profile – The business has the inherent strengths of high client stickiness, given the challenges in network re-organisation as well as the terms of the MSAs with the telcos. The MSAs offer revenue visibility and include terms for exit penalties, annual rental escalation, steady upfront deposits and timely payments from tenants. Further, the tower industry is critical for the telecom service provider industry. Demand for towers can be expected to continue in the long run as the telcos are likely to expand their network, especially for data services. Moreover, Indus has a strong promoter profile with Bharti Airtel Limited as its majority shareholders.

Credit challenges

Weak, albeit improving credit profile of a key customer – The credit profile of one of the key customers has remained weak, although there has been an improvement in the credit profile of the customer. This resulted in clearance of the past overdue payments and healthy collection efficiency for the monthly billings. However, it remains the key monitorable going forward.

Capital-intensive operations – The telecom tower industry is capital intensive as the players need to incur sizeable capex to set up towers. The tenancies, however, come at a later stage and there is a gestation period in recovering the investments. During FY2025, Indus incurred a capex of around Rs. 8,699 crore (including the amount paid for acquisition of towers from Bharti Airtel Limited) and the capex intensity is likely to remain elevated in the near to medium term as well.

Environmental and social risks

Environmental considerations: Telecom towers inherently have high power requirements to enable a high uptime for active telecom equipment. Tower sites use batteries and diesel generators along with grid power to meet power requirements. Indus Towers has made a commitment towards net-zero emissions by 2050. The company plans to install renewable energy sources at a large number of its sites and has already installed about 30,000 solar powered sites. Thus, in the longer term, focus on renewable sources and improving grid availability is likely to mitigate the environmental risks that Indus remains exposed to. The company has partnered with a few companies to explore opportunities in the green open access segment and is actively shifting away from DG usage at sites where grid connectivity is robust. The ongoing transition to lithium-oon battery solutions is a key step in improving energy efficiency and environmental compliance. Additionally, solar-based energy solutions are being piloted at tower sites in collaboration with telecom operators, which could enhance cost efficiency and reduce carbon footprint over time.

Liquidity position: Strong

The liquidity remains strong with sizeable undrawn bank limits and supported by the company's exceptional financial flexibility. The cash/liquid investments as on March 31, 2025, stood at around Rs. 3,136 crore, while the total external debt stood at around Rs. 2,262 crore (excluding lease liabilities). The cash flow from operations is expected to remain comfortable.

Rating sensitivities

Positive factors – The long-term rating can be upgraded, if the company maintains healthy cash flow generation amid improvement in revenue and operating profits and healthy collections from customers.

Negative factors – A sizeable decline in tenancy levels, lowering the revenues and operating margins, may warrant a downgrade. Another trigger could be a material elongation in the receivable cycle, which impacts the liquidity and results in a sizeable reliance on external debt, pushing the total debt/OPBDITA to more than 2.0 times, on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Telecom Towers Policy on Withdrawal of Credit Ratings
Parent/Group support	Not applicable

Consolidation/Standalone	The ratings are based on the consolidated financial profile of Indus Towers Limited (formerly Bharti Infratel Limited)

About the company

Indus Towers Limited (formerly Bharti Infratel Limited) was formed after the merger of Indus Towers Limited with Bharti Infratel Limited. It is a tower infrastructure company with pan-India operations. As on March 31, 2025, Indus had a portfolio of 2,49,305 towers with tenancy ratio of 1.63 times.

Key financial indicators (audited)

Consolidated	FY2024	FY2025*
Operating income	17731	19203
PAT	6036	9932
OPBDIT/OI	82.1%	107.5%
PAT/OI	34.0%	51.7%
Total outside liabilities/Tangible net worth (times)	1.03	0.94
Total debt/OPBDIT (times)	1.41	1.02
Interest coverage (times)	19.79	14.34

*Source: Company, ICRA Research; * Results numbers; All ratios as per ICRA's calculations; Amounts in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instruments	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	May 28, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Commercial paper	Short-term	6,000.00	[ICRA]A1+	May 29, 2024	[ICRA]A1+	Jan 18, 2024	[ICRA]A1+	Feb 03, 2023	[ICRA]A1+
	-	-	-	-	-	May 30, 2023	[ICRA]A1+	Jun 03, 2022	[ICRA]A1+
Non-convertible Debenture	Long-term	1,750.00	[ICRA]AA+ (Positive)	May 29, 2024	[ICRA]AA+ (Stable)	Jan 18, 2024	[ICRA]AA+ (Stable)	Feb 03, 2023	[ICRA]AA+ (Stable)
	-	-	-	-	-	May 30, 2023	[ICRA]AA+ (Stable)	Jun 03, 2022	[ICRA]AA+ (Stable)
Non-convertible Debenture	Long-term	-	[ICRA]AA+ (Positive); withdrawn	May 29, 2024	[ICRA]AA+ (Stable)	Jan 18, 2024	[ICRA]AA+ (Stable)	Feb 03, 2023	[ICRA]AA+ (Stable)
	-	-	-	-	-	May 30, 2023	[ICRA]AA+ (Stable)	Jun 03, 2022	[ICRA]AA+ (Stable)
Term loans	Long-term	632.00	[ICRA]AA+ (Positive)	May 29, 2024	[ICRA]AA+ (Stable)	Jan 18, 2024	[ICRA]AA+ (Stable)	Feb 03, 2023	[ICRA]AA+ (Stable)
	-	-	-	-	-	May 30, 2023	[ICRA]AA+ (Stable)	Jun 03, 2022	[ICRA]AA+ (Stable)
FB/NFB limits	Long-term/Short-term	6,600.00	[ICRA]AA+ (Positive)/ [ICRA]A1+	May 29, 2024	[ICRA]AA+ (Stable)/ [ICRA]A1+	Jan 18, 2024	[ICRA]AA+ (Stable)/ [ICRA]A1+	Feb 03, 2023	[ICRA]AA+ (Stable)/ [ICRA]A1+

	-	-	-	-	-	May 30, 2023	[ICRA]AA+ (Stable)/ [ICRA]A1+	Jun 03, 2022	[ICRA]AA+ (Stable)/ [ICRA]A1+
Unallocated limits	Long-term/Short-term	4,268.00	[ICRA]AA+ (Positive)/ [ICRA]A1+	May 29, 2024	[ICRA]AA+ (Stable)/ [ICRA]A1+	Jan 18, 2024	[ICRA]AA+ (Stable)/ [ICRA]A1+	Feb 03, 2023	[ICRA]AA+ (Stable)/ [ICRA]A1+
	-	-	-	-	-	May 30, 2023	[ICRA]AA+ (Stable)/ [ICRA]A1+	Jun 03, 2022	[ICRA]AA+ (Stable)/ [ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper	Very Simple
Non-convertible Debenture	Very Simple
Long term –fund based -Term loans	Simple
Long term/Short-term-Fund based/Non fund-based limits	Simple
Long term/Short-term-Unallocated limits	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
-	Commercial paper*	NA	NA	7-365 days	6,000.00	[ICRA]A1+
INE121J08 020	Non-convertible Debenture	07 Dec 2022	8.20%	07 Dec 2025	375.0	[ICRA]AA+ (Positive)
INE121J08 038	Non-convertible Debenture	07 Dec 2022	8.20%	07 Jun 2025	375.0	[ICRA]AA+ (Positive)
INE121J08 046	Non-convertible Debenture	07 Dec 2022	8.20%	07 Dec 2024	750.0	[ICRA]AA+ (Positive); withdrawn
-	Non-convertible Debenture*	NA	NA	NA	1,000.0	[ICRA]AA+ (Positive)
-	Term loans	FY2022- FY2023	5.2%-6.3%	FY2024-FY2026	632.0	[ICRA]AA+ (Positive)
-	Fund based/Non-fund based limits	NA	NA	NA	6,600.0	[ICRA]AA+ (Positive)/ [ICRA]A1+
-	Unallocated	NA	NA	NA	4,268.0	[ICRA]AA+ (Positive)/ [ICRA]A1+

*Source: Company; * - Not placed*

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Smartx Services Limited	100.00%	Full Consolidation

Source: Annual Report of FY2024

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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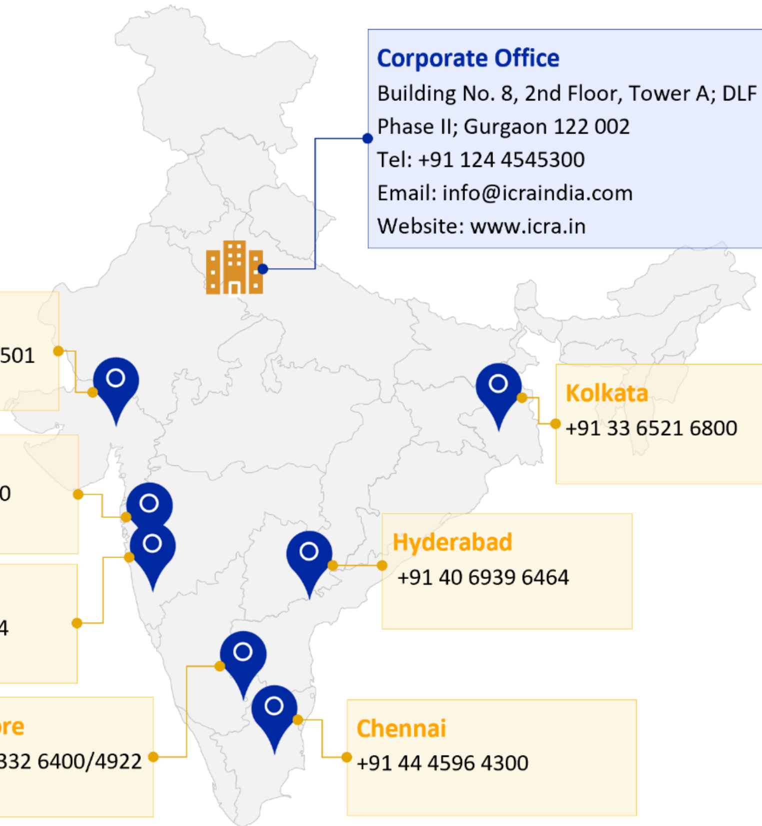

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