

November 27, 2025

Indus Towers Limited (formerly Bharti Infratel Limited): Long-term rating upgraded to [ICRA]AAA (Stable); short-term rating reaffirmed; outlook revised to Stable from Positive

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	1,375.00	1,375.00	[ICRA]AAA (Stable); upgraded from [ICRA]AA+ (Positive); outlook revised to Stable from Positive
	375.00	-	[ICRA]AAA (Stable); upgraded from [ICRA]AA+ (Positive); outlook revised to Stable from Positive and withdrawn
Long-term – Fund based -Term loans	632.00	632.00	[ICRA]AAA (Stable); upgraded from [ICRA]AA+ (Positive); outlook revised to Stable from Positive
Long term/Short term - Fund based/Non-fund based limits	6,600.00	6,600.00	[ICRA]AAA (Stable); upgraded from [ICRA]AA+ (Positive)/ [ICRA]A1+; reaffirmed; outlook revised to Stable from Positive
Long term/Short term- Unallocated limits	4,268.00	4,268.00	[ICRA]AAA (Stable); upgraded from [ICRA]AA+ (Positive)/ [ICRA]A1+; reaffirmed; outlook revised to Stable from Positive
Total	19,250.00	18,875.00	

**Instrument details are provided in Annexure I*

Rationale

The upgrade in the rating factors in the clearance of the past overdue payments by a key customer of Indus Towers Limited (Indus/ITL) and improvement in the credit profile of a few other key customers. This, along with healthy collections against the monthly payments, has improved the liquidity position of the company and moderated the reliance on external debt, even as the capex has remained elevated. ICRA expects the collections to remain healthy, going forward. Further, with the renewed capex plans of some Indus customers, the tenancy base and, thus, the cash flows are likely to witness a steady improvement in the near term.

The ratings continue to factor in Indus’s leadership position in the telecom tower industry, its pan-India presence, exceptional financial flexibility and strong operational metrics. As on September 30, 2025, Indus had 2,56,074 macro towers in its portfolio and 4,15,717 corresponding co-locations and is the market leader in India in terms of the number of co-locations. In H1 FY2026, it had an average revenue of ~Rs. 67,924 per macro tower per month and ~Rs. 41,714 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 created in FY2023 after it received all the past overdue amounts from one of the customers that translated into a material improvement in its cash flows, liquidity and debt profile. Going forward, ICRA expects the collections to be timely and in the 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. 939 crore as on September 30, 2025, translating into comfortable debt metrics (including lease liabilities), reflected in a gearing of 0.58 times as on September 30, 2025 (0.04 times excluding lease liabilities in debt) and interest coverage of 11.45 times. The debt coverage metrics are likely to remain comfortable despite the assumption that an elevated annual capex and high dividend/buyback outflow would continue.

Moreover, the liquidity remains strong with a steady cash flow from operations, along with exceptional financial flexibility and availability of undrawn bank lines. Also, in the absence of any large exits with a major part of the portfolio renewed over the last three years, the committed revenue profile remains healthy with an average balance lock-in period of more than six years as on September 30, 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 a 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 ageing. Moreover, the collection efficiency from the vulnerable customers remains a key monitorable and any elongation in the receivable cycle can impact the cash flow generation.

In the previous fiscal, one of the promoters, BAL, increased its stake in the company and became a majority shareholder due to which Indus Towers became a wholly-owned subsidiary of BAL (51.03% stake in the company as on September 30, 2025). The board of BAL has recently approved the acquisition of an additional 5% stake in the company.

The [ICRA]AA+ (Positive) rating on the company's Rs. 375-crore non-convertible debenture (NCD) programme has been upgraded with the outlook revised to Stable 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 2,56,074 towers as on September 30, 2025, and a tenancy ratio of 1.62 times. The company is estimated to have a market share of more than 30% in tower and more than 40% in tenancy as on September 30, 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 a gearing (excluding lease liabilities) of 0.04 times as on September 30, 2025. The company reported healthy coverage indicators, indicated by interest coverage of 11.45 times for H1 FY2026.

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 by a major customer. This moderated the debt levels as well as improved the liquidity position, reflected in cash and investments of ~Rs. 4,424 crore as on September 30, 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 September 30, 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 the tenants. Further, the tower industry is critical for the telecom service provider industry. The 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 shareholder.

Credit challenges

Weak, although 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 same. This has resulted in clearance of the past overdue payments and healthy collection efficiency for the monthly billings. However, it remains a 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 the 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

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 the 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 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-ion 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 the cost efficiency and reduce the 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 September 30, 2025, stood at around Rs. 4,424 crore, while the total external debt stood at around Rs. 939 crore (excluding lease liabilities). The cash flow from operations is expected to remain comfortable.

Rating sensitivities

Positive factors – Not applicable.

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 1.5 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 September 30, 2025, Indus had a tower portfolio of 2,56,074 towers with a tenancy ratio of 1.62 times.

Key financial indicators (audited)

Consolidated	FY2024	FY2025	H1FY2026*
Operating income	17812	24280	10353
PAT	6036	9932	3576
OPBDITA/OI (%)	81.7%	85.0%	85.4%
PAT/OI (%)	33.9%	40.9%	34.5%
Total outside liabilities/Tangible net worth (times)	1.03	0.94	0.86
Total debt/OPBDITA (times)	1.41	1.02	1.18
Interest coverage (times)	19.8	14.3	11.5

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

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)	Date	Rating	FY2025		FY2024		FY2023	
					Date	Rating	Date	Rating	Date	Rating
Commercial paper	Short term	6,000.00	Nov 27, 2025	[ICRA]A1+	May 29, 2024	[ICRA]A1+	Jan 18, 2024	[ICRA]A1+	Feb 03, 2023	[ICRA]A1+
	-	-	May 28, 2025	[ICRA]A1+	-	-	May 30, 2023	[ICRA]A1+	Jun 03, 2022	[ICRA]A1+

Non-convertible debenture	Long term	1,375.00	Nov 27, 2025	[ICRA]AAA (Stable)	May 29, 2024	[ICRA]AA+ (Stable)	Jan 18, 2024	[ICRA]AA+ (Stable)	Feb 03, 2023	[ICRA]AA+ (Stable)
	-	-	May 28, 2025	[ICRA]AA+ (Positive)	-	-	May 30, 2023	[ICRA]AA+ (Stable)	Jun 03, 2022	[ICRA]AA+ (Stable)
Non-convertible debenture	Long term	-	Nov 27, 2025	[ICRA]AAA (Stable); Withdrawn	May 29, 2024	[ICRA]AA+ (Stable)	Jan 18, 2024	[ICRA]AA+ (Stable)	Feb 03, 2023	[ICRA]AA+ (Stable)
	-	-	May 28, 2025	[ICRA]AA+ (Positive)	-	-	May 30, 2023	[ICRA]AA+ (Stable)	Jun 03, 2022	[ICRA]AA+ (Stable)
Non-convertible debenture	Long term	-	May 28, 2025	[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	Nov 27, 2025	[ICRA]AAA (Stable)	May 29, 2024	[ICRA]AA+ (Stable)	Jan 18, 2024	[ICRA]AA+ (Stable)	Feb 03, 2023	[ICRA]AA+ (Stable)
	-	-	May 28, 2025	[ICRA]AA+ (Positive)	-	-	May 30, 2023	[ICRA]AA+ (Stable)	Jun 03, 2022	[ICRA]AA+ (Stable)
FB/NFB limits	Long term/Short term	6,600.00	Nov 27, 2025	[ICRA]AAA (Stable)/[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 28, 2025	[ICRA]AA+ (Positive)/[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	Nov 27, 2025	[ICRA]AAA (Stable)/[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 28, 2025	[ICRA]AA+ (Positive)/[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+
INE121J08020	Non-convertible debentures	07 Dec 2022	8.20%	07 Dec 2025	375.0	[ICRA]AAA (Stable)
INE121J08038	Non-convertible debentures	07 Dec 2022	8.20%	07 Jun 2025	375.0	[ICRA]AAA (Stable); withdrawn
-	Non-convertible debentures*	NA	NA	NA	1,000.0	[ICRA]AAA (Stable)
-	Term loans	FY2022- FY2023	5.2%-6.3%	FY2024- FY2026	632.0	[ICRA]AAA (Stable)
-	Fund based/Non-fund based limits	NA	NA	NA	6,600.0	[ICRA]AAA (Stable)/[ICRA]A1+
-	Unallocated	NA	NA	NA	4,268.0	[ICRA]AAA (Stable)/[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 FY2025

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