Ascend Telecom Infrastructure Private Limited

March 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	2,280.00 (Enhanced from 815.00)	CARE AA-; Stable	Reaffirmed
Short-term bank facilities	10.00	CARE A1+	Reaffirmed
Non-convertible debentures	1,169.00 (Reduced from 1,236.00)	CARE A+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has considered consolidated approach for arriving at ratings of bank facilities and non-convertible debentures (NCDs) of Ascend Telecom Infrastructure Private Limited (ATIPL) while factoring linkages with its private equity parent, funds managed by Global Infrastructure Partners India LLP (GIP). CARE Ratings takes note of successful integration of Tower Vision India Private Limited (TVIPL) post-acquisition by ATIPL in June 2023 and receipt of National Company Law Tribunal (NCLT) approval for amalgamation of TVIPL with ATIPL, while the merger is expected to be completed by end of FY25. With 19,249 towers and 31,287 tenants, the consolidation has positioned the entity as the fourth-largest player in the passive infrastructure telecom industry with relatively superior tenancy ratio of 1.63x. Looking ahead, CARE Ratings anticipates that the merged entity will capitalise on operational synergies, resulting in enhanced cost efficiency.

CARE Ratings has reaffirmed the long-term rating for NCDs as servicing of NCDs is from the cash flow available post debt servicing of term loans of ATIPL per the escrow agreement.

Ratings continue to draw strength from GIP's ultimate ownership, as funds managed by GIP holds a 100% stake ATIPL, strengthening the financial flexibility and stable demand outlook for the industry arising out of demand for data due to penetration of digitalisation. Ratings continue to remain underpinned by ATIPL's established track record of operations, consistently improving operational performance, revenue visibility due to long-term master service agreements (MSA) with telecommunication service providers (TSPs) having embedded lock-ins, escalations and early termination penalties, and an improved mix of operator's credit profile. Ratings also derive strength from ATIPL's strong liquidity position.
The presence of minimum cash balances over and above debt service reserve account (DSRA) covering three months' interest and repayment obligations for bank facilities and NCDs are other credit positives.

Post acquisition, there has been an increase in borrowings in the form of acquisition debt which has relatively moderated the leverage of the consolidated entity. The acquisition debt has been raised from foreign lenders at the holding company (Holdco) level and infused in ATIPL as NCDs, with terms mirroring the foreign debt. As NCDs have significant bullet repayment at maturity, the company is exposed to the refinancing risk. Thus, any significant dividend payments from cash flows beyond envisaged levels of will remain a key monitorable. However, longer useful life of the asset, moderate leverage and strong parentage of GIP mitigate the refinancing risk to an extent.

The rating strengths are tempered by the capital-intensive nature of operations, moderately leveraged capital structure, and expected increase in the exposure to TSPs with weak financial risk profile from their ongoing rollout of 4G augmentation and 4G/5G rollout. Despite the company's robust collection of receivables, including past dues from the weaker TSPs in 9MFY25, maintaining timely collection of receivables from its tenants will remain a key rating monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improving operations and significantly improving leverage while maintaining healthy tenancy ratio.
- Sustained efficiency of 100% in monthly collections of all customers.

Negative factors

- Declining tenancy ratio to below 1.50x on a sustained basis
- Significantly deteriorating collection efficiencies resulting in a stretched liquidity profile.
- Non adherence to debt covenants by ATIPL and TVIPL.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications

- Increasing debt (excluding lease liabilities)/profit before interest, lease rentals, depreciation and taxation (PBILDT) (including lease as expenses) beyond 3.5x on a sustained basis.
- Weakening in support philosophy of GIP to platform.

Analytical approach: Consolidated

CARE Ratings has adopted a consolidated approach for the rating assessment for ATIPL. CARE Ratings also considers the linkages between ATIPL and its private equity parent (GIP). Entities consolidated into ATIPL are listed under Annexure-6.

Outlook: Stable

The 'Stable' outlook reflects ATIPL is likely to maintain stability in its operating performance with a healthy business risk profile and sustained liquidity.

Detailed description of key rating drivers:

Key strengths

Healthy operating performance

ATIPL's overall operating metrics are consistently improving over the past years, with sustained growth in the company's tower base and tenancies at a compounded annual growth rate (CAGR) of ~10% and 7%, respectively, since FY20. The successful completion of the 5G spectrum auction in August 2022 has intensified competition among Telecom Service Providers (TSPs) to gain market share through 5G/4G rollouts, increasing coverage and capacity. This trend bodes well for the tower companies (towercos). The advent of 5G technology, driven by ever-rising data requirements has opened up new business opportunities for towercos.

As on December 31, 2024, ATIPL's consolidated tower base stands at 19,249 (compared to 18,114 in the previous year), with 31,287 tenants (compared to 30,121 tenants in the previous year). Notably, ATIPL's tenancy profile is well diversified, with stronger TSPs constituting major portion of total tenancies as on December 31, 2024.

The acquisition has expanded ATIPL's market access to all 22 circles and metros, where ATIPL was not present earlier, enhancing its size and providing greater negotiating capacity and rollout efficiencies. ATIPL now boasts a well-diversified geographical presence and tenant profile.

Revenue visibility due to long-term MSAs although renegotiation risk

Due to the inherent nature of the tower industry, ATIPL and TVIPL have entered MSAs with all major TSPs for leasing its tower portfolio on a long-term basis. The MSAs have lock-in periods embedded in the contract with escalation clauses for the infrastructure provisioning (IP) fees, power and fuel (P&F) recovery and lease rentals, with exit penalties in case of early termination of contracts and upfront deposits to be maintained by TSPs. Thus, these long-term MSAs provide revenue visibility over the medium term extended by the customer stickiness due to high switching costs. However, towercos also face renegotiation risk at the time of contract renewal, which may impact revenues and profitability of towercos. The tenancy profile is well distributed over various lock-in maturity tenures with stronger TSPs having higher proportion in the locked-in tenancies.

Pivotal role of passive infrastructure for TSPs; rising demand for data to support growth

Passive infrastructure providers play a vital role in smooth operations of TSPs and their growth is directly linked to the performance and outlook for the telecommunication industry. Over the past few years, major telecom operators have been shifting their tower assets from their business, to reduce capital expenditure (capex) intensity and have been sharing infrastructure to decrease rental costs. Infrastructure sharing provides significant benefits to the TSPs including improvement in coverage and better penetration at lower rental costs, decreases deployment time, increases operations and maintenance (O&M) efficiency, and makes network rollouts faster with ease of migration to the latest technologies. CARE Ratings observes, the rising data consumption by consumers requiring better coverage, combined with the introduction of 5G technology, is expected to support the growth in the business.

Comfortable financial risk profile despite relatively low market share

With the acquisition of TVIPL, the consolidated total operating income (TOI) of ATIPL stands at ₹2,133 crore in FY24, in line with CARE Ratings' expectations. ATIPL reported a consolidated TOI of ₹1,834 crore in 9MFY25, on the back of a positive demand scenario, and an improvement in the PBILDT margin to 60.6% led by reversal of provision for doubtful debtors upon recovery of past dues from a TSP. Realisation of synergy benefits due to integration of ATIPL's and TVIPL's operations is also seen in the margin improvement in 9MFY25. The revenue is expected to increase further considering rollouts based on capex plans of the TSPs for 5G/4G services, and for increasing network penetration and coverage to gain subscribers.

Towercos with a relatively large portfolio of towers offer certain advantages to TSPs, including rapid rollout over a large area and tenancy-driven discounts. Large towercos can access capital markets better to fund growth. These advantages make it somewhat difficult for smaller towercos to grow and the limited bargaining power with customers. Despite having a small market share of ~4% post the acquisition (pre-acquisition: 2%), the company has superior operating metrics, making it attractive for telecom operators. While ATIPL's size is relatively small, it has shown consistent growth in revenue and the market share of the company has increased, though marginally, over past few years. Per management, the company's core competencies are better service, lower operational costs, minimum network downtimes, and fast turnaround time for tower rollouts.

Strong investor profile and a demonstrated track record of operations

ATIPL has maintained a presence in the telecom tower business for over two decades, demonstrating a proven track record of operational excellence. Following inorganic expansion between 2012 and 2024, the company has consistently expanded its footprint.

In March 2022, New Silk Route (NSR) exited, resulting in 100% ownership of ATIPL by GIP [through entities such as India Infrastructure Fund II (IIF-II), GIP EM Ascend 2 Pte Ltd and GIP EM Ascend Pte Ltd]. GIP is one of the world's largest infrastructure investors with over USD 170 billion assets under management (AUM). The private equity (PE) firm focuses on core infrastructure sub-sectors, including transport, energy and utilities, telecommunications infrastructure, and urban infrastructure. The complete ownership structure has provided ATIPL with enhanced financial flexibility in raising funds, streamlined decision-making process, and strategic support from the experienced GIP partners who serve as nominee directors. ATIPL is led by a team of seasoned professionals, and its Chief Executive Officer (CEO), Dr Sushil Kumar Chaturvedi, brings over three decades of the telecom industry experience. Dr Chaturvedi has previously served as a Director of BSNL.

Favourable industry outlook

Post consolidation of the telecom industry in FY16-FY17, TSPs rationalised their passive infrastructure and in the process, cut down overlapping cell sites, reducing overall tenancies. There was further decrease in tenancies due to exit of weak players, which was somewhat offset by the entry of RJio. Currently, only a few big players having a dominant market share remain with smaller players capturing a minuscule share. The telecom industry's stabilisation has positively impacted the tower industry, with TSPs competing to expand their subscriber base and coverage.

Following telecom reforms by the Government of India (GoI) in September 2021, and the liquidity relief for the medium term, TSPs have increased their capex spending to comply with 4G and 5G rollout obligations and gain subscribers. 5G/4G rollouts have increased the demand for passive infrastructure in FY24 and FY25. Further network penetration in the hinterlands is expected to continue to boost this demand. The growth is also likely supported by the ongoing 4G rollout by BSNL and 4G augmentation and 5G rollout by VIL. However, as the credit profile of a key customer remains constrained, collection efficiencies from the same will remain a key monitorable. Going forward, growth prospects for the Indian telecom industry are healthy with telecom operators upgrading and expanding their network to meet demand for rising data growth with the evolution of new revenue streams. Towercos will look beyond traditional business models and capitalise on opportunities in areas such as high powered small-cells (HPSC), last mile wireless connectivity for internet service providers, and WiFi hotspots and fiberisation, among others. Forward looking and enabling policies by the government will be the enablers for the telecom infrastructure in the coming years playing a pivotal role for the telecom industry.

Key weaknesses

Capital intensive nature of operations

The passive infrastructure business is highly capital intensive due to the significant initial setup cost the towercos have to incur to build sites, with a gestation period of ~1-2 months before revenues from addition of tenancies start to be realised. Towercos also have to incur routine maintenance, upgradation and replacement costs for its existing tower base. However, these risks are partly mitigated for ATIPL due to deployment of third-party vendors for the maintenance of towers and also as the company does rollouts only on confirmed orders from anchor tenants supported by presence of shared tenant for increased tenancy ratios, which significantly mitigates the revenue risk. ATIPL has been able to reduce its capex costs per tower through design rationalisation providing cost efficiencies. The acquisition of TVIPL has also enabled the company is receiving bulk discounts as procurement of supplies is now being availed for larger orders.

Moderation in leverage

Upon, the consolidated leverage stood moderately high at FY24 end, with a net debt (including lease liabilities)/PBILDT (per Ind As 116) ratio of 3.68x as on March 31, 2024. Since ATIPL acquired TVIPL in June 2023, partly funded by promoter debt, the leverage has increased and is likely to remain elevated in medium term. The bank loans facilities hold a higher priority than the acquisition debt (NCDs). Consequently, the net debt (including lease liabilities)/PBILDT (per IndAs 116) for the bank loans improved from 3.24x as on March 31, 2023 to 2.95x as on March 31, 2024.

Given that the tower industry is capex-intensive, especially amid improved demand prospects, there is likely additional debt incurred for capex. CARE Ratings believes the net debt (including lease liabilities)/PBILDT (per IndAs 116) shall remain above 3x in the medium term.

However, the company will be able to maintain its gross debt (excluding lease liabilities)/ PBILDT (excluding lease expenses from PBILDT) below 3.50x throughout the tenure of the acquisition debt per the financial covenants.

Elongated collection periods, although witnessing improvement in current fiscal

While the tenancies of the company are fairly distributed among major TSPs, the exposure to TSPs with weak financial risk profile though reducing driven by higher addition of tenancies from strong TSPs, continues to be significant. However, the company has recovered overdue receivables from the weaker TSP in 9MFY25, which led to an improvement in the collection efficiency on a consolidated basis from 90% in FY24 to 114% in 9MFY25. The company's ability to maintain 100% collection efficiency for monthly billings on a sustained basis remains a key credit monitorable.

Liquidity: Strong

ATIPL on a consolidated basis, had total balances of ₹596 crore as on December 31, 2024 [including cash and bank, investments in mutual funds and DSRA of ~₹114 crore covering one quarter interest and principal obligations)] against debt repayment of ₹564 crore for FY26 (excluding lease liabilities). The company has unutilised fund-based limits of ₹60 crore, providing additional liquidity buffer to the company and is also expected to have strong accruals going forward. Bank loan covenants also stipulate restricted payment conditions for maintenance of ₹120 crore cash surplus over and above DSRA in the merged entity.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Consolidation](#)
[Definition of Default](#)
[Factoring Linkages Parent Sub JV Group](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Rating Methodology – Services Sector](#)
[Financial Ratios – Non financial Sector](#)
[Infrastructure Sector Ratings](#)
[Short Term Instruments](#)

About the company and industry
Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Telecommunication	Telecommunication	Telecom - Services	Other telecom services

Incorporated on March 28, 2002, ATIPL (earlier known as Aster Infrastructure Private Limited, AIPL), holds a Category I infrastructure provider (IP-I) license issued by the GoI. The company provides passive telecom infrastructure on lease to telecom operators and also offers allied services across India. The company has a presence in all the 22 telecom circles with a tower base of 9,358 towers and 14,522 tenants as on December 31, 2024.

The company is 100% held by funds managed by GIP as on March 31, 2024, which is one of the world's largest infrastructure investors, through IIF-II (managed by GIP), GIL EM Ascend 2 Pte Limited, and GIP EM Ascend Pte Ltd (investing vehicles in Singapore). ATIPL acquired TVIPL in June 2023 for ~₹3,000 crore and is in the process of merger of TVIPL into ATIPL.

Brief Financials, Consolidated (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)*	9MFY25 (UA)*
Total operating income	988.60	2,132.90	1,834.10
PBILDT	505.20	995.00	1,110.90
PAT	152.90	27.10	153.30
Overall gearing (times)	2.39	2.92	NA
Interest coverage (times)	3.90	2.09	3.06

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results
*Post-acquisition consolidated figures

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non-convertible debentures	INE889K08038	12-Jun-2023	11.35%	11-Jun-2028	1169.00	CARE A+; Stable
Fund-based - LT-Bank Overdraft		-	-	-	65.00	CARE AA-; Stable
Fund-based - LT-Term Loan		-	-	30-09-2039	2215.00	CARE AA-; Stable
Non-fund-based - ST-Letter of credit		-	-	-	10.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Bank Overdraft	LT	65.00	CARE AA-; Stable	-	1)CARE AA-; Stable (27-Mar-24) 2)CARE A+; Stable (02-May-23) 3)CARE A+; Stable (07-Apr-23)	1)CARE A; Stable (13-May-22)	1)CARE A-; Positive (07-Jan-22)
2	Fund-based - LT-Term Loan	LT	2215.00	CARE AA-; Stable	-	1)CARE AA-; Stable (27-Mar-24) 2)CARE A+; Stable (02-May-23) 3)CARE A+; Stable (07-Apr-23)	1)CARE A; Stable (13-May-22)	1)CARE A-; Positive (07-Jan-22) 2)CARE A-; Stable (06-Apr-21)
3	Non-fund-based - ST-Letter of credit	ST	10.00	CARE A1+	-	1)CARE A1+ (27-Mar-24) 2)CARE A1+ (02-May-23) 3)CARE A1+ (07-Apr-23)	1)CARE A1 (13-May-22)	-
4	Debentures-Non-convertible debentures	LT	1169.00	CARE A+; Stable	-	1)CARE A+; Stable	-	-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
						(27-Mar-24) 2)CARE A+; Stable (02-May-23)		

LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non-convertible debentures	Simple
2	Fund-based - LT-Bank Overdraft	Simple
3	Fund-based - LT-Term Loan	Simple
4	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Demello Telepower Private Limited	Full	Subsidiary
2	Tower Vision India Private Limited	Full	Subsidiary

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Rajashree Murkute Senior Director **CARE Ratings Limited** Phone: +91-22-6837 4474 E-mail: rajashree.murkute@careedge.in Maulesh Desai Director **CARE Ratings Limited** Phone: +91-79-40265605 E-mail: maulesh.desai@careedge.in Prasanna Krishnan Lakshmi Kumar Associate Director **CARE Ratings Limited** Phone: 91-120-4452014 E-mail: prasanna.krishnan@careedge.in

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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