Altius Telecom Infrastructure Trust
(erstwhile Data Infrastructure Trust)

February 21, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Issuer rating	-	CARE AAA; Stable	Reaffirmed
Non-convertible debentures	7,900	CARE AAA; Stable	Reaffirmed
Non-convertible debentures	2,000	CARE AAA; Stable	Reaffirmed
Non-convertible debentures	1,500	CARE AAA; Stable	Assigned

Details of instruments/facilities in Annexure-1

Rationale and key rating drivers

Issuer rating and rating assigned to instruments of Altius Telecom Infrastructure Trust (ATIT; an infrastructure investment trust [InvIT]) continues to draw comfort from its key SPV, Summit Digitel Infrastructure Limited (SDIL; rated 'CARE AAA; Stable'), which has a strong credit profile due to a non-cancellable master service agreement (MSA) for a long period of 30 years with Reliance Jio Infocomm Limited (RJIL; rated 'CARE AAA; Stable/CARE A1+') as an anchor tenant, which provides stable annuity-like cash flows. Rating is further underpinned by strong business linkages, strategic importance of SDIL's operations for RJIL, and with expected growth in SDIL's tenancy ratio considering favourable long-term growth potential for telecom infrastructure business in India.

Ratings also factor in ATIT's market leadership position (by no of towers) in the Indian telecom tower market post recent acquisition of Elever Digitel Infrastructure Private Limited (EDIPL; erstwhile ATC Telecom Infrastructure Private Limited) from American Tower Corporation in September 2024, resulting in a portfolio of ~2,50,000 towers across India.

ATIT's debt coverage indicators marked by external debt/PBILDT and debt service coverage ratio, are expected to remain stable post-acquisition, considering prudent funding mix and healthy envisaged cash flows from EDIPL supported by healthy tenancy ratio of its tower portfolio. ATIT's ratings continues to draw comfort from its strong liquidity and consolidated net debt/enterprise value of 51% as on December 31, 2024.

Rating strengths are partially offset by capital-intensive telecom tower business due to significant capital expenditure incurred for setting up tower network, resulting in moderate leverage, and susceptibility to cash flow volatility due to increased exposure to weak tenants post-acquisition of EDIPL.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Not applicable

Negative factors

- Deterioration in credit risk profile of RJIL.
- Any change in strategic importance of SDIL to RJIL and/or any material changes in MSA with RJIL, adversely impacting SDIL's cash flows.
- Consolidated external debt/PBILDT remaining above 7x on a sustained basis.
- Net debt/enterprise value of assets exceeding 60% on a sustained basis.
- Liquidity stretch due to deterioration in collection efficiency for weak tenants.

Analytical approach: Consolidated

For arriving at credit rating of ATIT, CARE Ratings Limited (CARE Ratings) has considered a consolidated analytical view of ATIT and its underlying special purpose vehicles (SPVs), SDIL, EDIPL and Crest Digital Private Limited (CDPL). Strong operational linkages of SDIL with RJIL have been considered. Entities consolidated in ATIT are listed in **Annexure-6**.

Outlook: Stable

CARE Ratings believe ATIT's leadership position (by no of towers) in Indian telecom tower market shall result in strong cash flows, leading to a sustained strong credit profile.

Detailed description of key rating drivers:

Key strengths

Leadership position in Indian telecom tower business

SDIL has a diversified tower portfolio of 174,451 towers as on December 31, 2024, across all 22 telecommunication circles in India, making it second-largest tower platform in India. SDIL has a fairly young tower portfolio, which is strategically located with

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

minimal coverage overlap with competitors and has sizable space to accommodate multiple tenancies whereby ~89% tower portfolio has a tenancy potential of 2-4 tenants.
With the acquisition of EDIPL's business, having ~76,057 towers as on December 31, 2024, ATIT has become a market leader (by no of towers) in Indian telecom tower market with 2,50,508 geographically well diversified towers. This large and widespread portfolio of quality towers provides ATIT a strong market position and competitive advantage.

SDIL's long-term MSA with RJIL as an anchor tenant, assuring stable and annuity-like cash flows
SDIL had signed a non-cancellable MSA with its anchor tenant, RJIL, for a long tenure of 30 years from September 01, 2020, for leasing of its telecom towers to RJIL, which protects it from lease renewal risk, and thus, provides strong revenue visibility. Per MSA, RJIL will have to pay tariff to SDIL for tower usage. Rent for tower sites and power expenses will be treated as pass-through, fully compensated by RJIL. Long-term agreement provides annuity-like cash flows to SDIL from RJIL, which has a strong credit risk profile. Until March 31, 2021, RJIL was the sole tenant of SDIL. Later, SDIL executed 10 years MSAs with other telecom service providers (TSPs) in India, namely, Bharti Airtel Limited, Bharat Sanchar Nigam Limited, and Vodafone Idea Limited. As on March 31, 2024, SDIL has onboarded other TSPs for 10,953 towers.

Strong business linkages and strategic importance of SDIL for RJIL
RJIL (a 66.43% subsidiary of Reliance Industries Limited [RIL] through Jio Platforms Limited), requires tower infrastructure for its operations and is the anchor tenant for SDIL. RJIL is RIL's (rated 'CARE AAA; Stable/CARE A1+') telecom arm and is the largest player (in terms of subscriber base) in the Indian telecom industry.
SDIL has a strategically located telecom towers portfolio, with ~70% towers with a fiberised back-haul, leads to a significant competitive advantage for RJIL, resulting in strong business linkages and strategic importance of tower assets of SDIL to RJIL for its seamless operations.
Project execution risks related to setting up of new towers is borne by engineering, procurement, and construction (EPC) contractor, which is a RIL group company, and towers are transferred to SDIL post-completion at a fixed price. Operation and maintenance (O&M) of SDIL's towers is also handled by RIL, underlining high importance of SDIL's tower portfolio for seamless operations of RJIL.

Comfortable financial risk profile
ATIT had unit capital of ₹26,126 crore and external debt of ₹31,204 crore as on March 31, 2024, primarily to fund 174,451 tower portfolio of SDIL and 5,703 sites of CDPL.
Later, in September 2024, ATIT acquired 100% equity stake in EDIPL for enterprise value of ₹18,149 crore through external debt of ₹12,795 crore and unit capital of ₹5,786 crore. ATIT had unit capital of ₹31,631 crore and external debt of ₹43,707 crore as on December 31, 2024. Post acquisition, consolidated net debt/enterprise value of assets of ATIT has reached to 51% as on December 31, 2024 (48% as on March 31, 2024). However, Care Ratings expects ATIT's debt coverage indicators to remain comfortable post-acquisition considering healthy cash flows from EDIPL's tower portfolio having healthy tenancy ratio of ~1.57x.
ATIT had external debt/PBILDT of 6.39x as on March 31, 2024 (external debt/PBILDT of 6.10x as on March 31, 2024 incl. interest on capital advance of ₹228 crore) which is expected to improve post-acquisition of EDIPL to ~5.60x by end FY25.
SDIL has anchor tenancy of RJIL for all 174,451 towers and shared tenancy for 10,953 towers resulting in tenancy ratio of 1.06x as on December 31, 2024. Thus, healthy tenancy of EDIPL's towers, SDIL's strong anchor tenancy and expected improvement in SDIL's shared tenancies, is expected to result in strong cash flows, which is expected to be adequate for servicing of ATIT's envisaged consolidated external debt.

Long-term growth potential for telecom tower business
India is the second-largest telecommunications market in the world, with consistent growth in subscriber base, which stood at 1,188 million as on November 30, 2024. In FY23, government's auction of 5G spectrum led to rapid deployment of pan-India 5G services by industry's leading players, where strong growth in 5G subscriber base is expected in the medium term. Expected growth in 5G penetration shall lead to higher demand and densification of fiberised towers, which support 5G technology. Going forward, with a sizeable and widespread portfolio of towers, ATIT is expected to garner more tenancies from other telcos in the near-to-medium term. Overall, healthy growth prospects for domestic telecom industry and strong prospects for shared tenancies amid rapid 5G rollout augur well for ATIT's growth prospects. With rapid deployment of 5G technology, requirement of small cell sites is expected to increase to improve network coverage in institutional, commercial, and residential buildings, translating to healthy demand prospects for players such as CDPL.

Liquidity: Strong
ATIT's consolidated net external debt of ₹42,046 crore, against enterprise value of ₹83,011 crore, results in healthy consolidated net external debt/enterprise value of 51% as on December 31, 2024.

ATIT, through SDIL, has stable annuity-like cash flows from RJIL due to long-term MSA for 30 years. SDIL and EDIPL's tenancies from other telecom service providers with a MSA of 10 years provides additional cash flow cushion. These cash flows are expected to be comfortable enough for servicing ATIT's envisaged consolidated debt, where tariff payments from TSPs are received monthly and servicing of its debt is on a quarterly/half-yearly/yearly basis. MSA's tenure with RJIL being long against tenor of external debt and long residual life of assets imparts strong financial flexibility to ATIT and aid in refinancing of debt at favourable terms, if required. Parentage of a strong group, Brookfield, ensures financial flexibility to fund capex requirements as well.

Key weaknesses

Capital intensive business, leading to moderate leverage

Telecom tower infrastructure business is capital-intensive, as companies need to incur a significant amount of capital expenditure for setting up towers, which increases consolidated leverage of ATIT resulting in consolidated external debt/PBILDT of 6.39x on March 31, 2024. However, CARE Ratings expect ATIT's consolidated debt/PBILDT to gradually improve considering healthy tenancy ratio of EDIPL and expected growth in tenancy ratio of SDIL.

Susceptibility to volatility in cash flows due to increased exposure to weak tenants

Domestic telecom industry is highly regulated and competitive, which can affect cash accruals and leverage profile of telecom companies. Until FY22, RJIL, which has a strong credit profile, was primary tenant of SDIL, however, as SDIL has started on-boarding other tenants, exposing SDIL to counterparty risks in terms of delay in payments by some of these other tenants. EDIPL has almost one-third of its tenancies from a TSP with weak financial risk profile. ATIT's ability to maintain healthy collection efficiency, especially for weaker tenants will be a key rating monitorable.

Applicable criteria

Rating Outlook and Rating Watch
Definition of Default
Issuer Rating
Consolidation
Infrastructure Investment Trusts (InvITs)
Infrastructure Sector Ratings
Financial Ratios – Non financial Sector
Liquidity Analysis of Non-financial Sector Entities

About the trust and industry

Industry classification

Macro-economic indicator	Sector	Industry	Basic industry
Telecommunication	Telecommunication	Telecom - Services	Telecom - Infrastructure

ATIT, formerly known as Data Infrastructure Trust, was originally incorporated by Reliance Industrial Investments and Holdings Limited (RIIHL; a wholly-owned subsidiary of RIL) on January 31, 2019, as a trust under provisions of the Indian Trusts Act, 1882. Trust was registered as an InvIT with SEBI on March 19, 2019. In August 2020, on receipt of approval from Department of Telecommunications (DoT), BIF IV Jarvis India Pte Ltd (Brookfield group) became sponsor to InvIT by subscribing to 89.79% units of InvIT (58.88% holding as on December 31, 2024). Post this, InvIT acquired a 100% equity stake in SDIL. InvIT's units were listed on Bombay Stock Exchange (BSE) on September 2020. Axis Trustee Services Limited is the trustee and Data Link Investment Manager Private Limited is the investment manager of ATIT. SDIL is ATIT's first investment and is engaged in operating telecom tower assets, which have been transferred to it from RJIL. In March 2022, ATIT acquired CDPL, a leading indoor coverage solutions provider in India. Later, in September 2024, ATIT acquired EDIPL which is also engaged in operating telecom tower assets.

(₹ crore)

Brief Financials of ATIT (Consolidated)	FY23 (A)	FY24 (A)	9MFY25 (UA)
Total operating income (TOI)	11,100	12,878	13,515
PBILDT	4,288	4,886	5,431
PAT	797	1,119	673
Overall gearing (times)	1.75	2.35	NA
Interest coverage (times)	2.06	1.95	2.14

A: Audited; UA: Unaudited; NA: Not available; Classified per CARE Ratings Limited's standards.
Note: The above results are the latest financial results available.
ATIT's 9MFY25 financials includes EDIPL's performance from date of acquisition which is from September 12, 2024 to December 31, 2024. Hence, ATIT's 9MFY25 financials are not exactly comparable with its past financials.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Covenants of rated instruments/facilities: 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	INE0BWS07011	30-Aug-2024	8	30-Aug-2034	1,850	CARE AAA; Stable
Debentures-Non-convertible debentures	INE0BWS07037	09-Sep-2024	9.99	10-Sep-2029	1,660	CARE AAA; Stable
Debentures-Non-convertible debentures	INE0BWS07029	09-Sep-2024	9.99	09-Sep-2029	6,240	CARE AAA; Stable
Debentures-Non convertible debentures	Proposed	NA	NA	NA	1,650	CARE AAA; Stable
Issuer Rating	-	-	-	-	-	CARE AAA; Stable

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	Issuer Rating	LT	-	CARE AAA; Stable	1)CARE AAA; Stable (14-Aug-24)	1)CARE AAA (RWD) (15-Jan-24) 2)CARE AAA; Stable (14-Dec-23)	1)CARE AAA; Stable (26-Dec-22) 2)CARE AAA (Is); Stable (02-Dec-22)	1)CARE AAA (Is); Stable (05-Jan-22)
2	Debentures-Non-convertible debentures	LT	7,900	CARE AAA; Stable	1)CARE AAA; Stable (14-Aug-24)	-	-	-
3	Debentures-Non-convertible debentures	LT	2,000	CARE AAA; Stable	1)CARE AAA; Stable (14-Aug-24)	-	-	-
4	Debentures-Non-convertible debentures	LT	1,500	CARE AAA; Stable	-	-	-	-

LT: Long 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

Annexure-5: Lender details: Not applicable

Annexure-6: List of entities consolidated in ATIT as on December 31, 2024

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Summit Digitel Infrastructure Limited	Full	Subsidiary
2	Crest Digital Private Limited	Full	Subsidiary
3	Elever Digitel Infrastructure Private Limited	Full	Subsidiary
4	Roam Digitel Infrastructure Private Limited (RDIPL)#	Full	Subsidiary
5	Crest Virtual Network Private Limited (CVNPL)#	Full	Subsidiary

#RDIPL and CVNPL are currently non-operational.

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

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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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