

Tower Vision India Private Limited

March 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	650.00	CARE AA-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the rating assigned to bank facilities of Tower Vision India Private Limited (TVIPL) primarily factors the imminent amalgamating of the company with its parent entity, Ascend Telecom Infrastructure Private Limited (ATIPL; rated 'CARE AA-; Stable / CARE A1+') with 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. Considering the likely amalgamation, CARE Ratings Limited (CARE Ratings) has combined operational and financial parameters of TVIPL and ATIPL (together referred as Ascend group or group hereafter) for arriving at the rating of TVIPL, while factoring linkages with its ultimate private equity (PE) parent, funds managed by Global Infrastructure Partners (GIP). With 19,249 towers and 31,287 tenants, the consolidation has positioned the group 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.

The rating continues to draw strength from GIP's ultimate ownership, as funds managed by GIP holds a 100% stake in the group, strengthening the financial flexibility and stable demand outlook for the industry arising out of demand for data due to penetration of digitalisation. The rating continues to remain underpinned by the group'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. The rating also derives 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 non-convertible debentures (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 group's leverage. 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 the NCDs have significant bullet repayment at maturity, the group 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. While the group has recovered certain portion of overdue receivables from the weaker TSPs in 9MFY25, maintaining timely collection of receivables from its tenants will remain 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.
- 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: Standalone

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

CARE Ratings has adopted a standalone approach for rating TVIPL. CARE Ratings has also taken a credit view considering the eminent amalgamation of TVIPL with ATIPL, due to which financial and operational parameters have also been combined, going forward.

Outlook: Stable

The 'Stable' outlook reflects TVIPL's likely amalgamation with ATIPL and the expectation for the Ascend group 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**

TVIPL's overall operating metrics are consistently improving over the past years, with sustained growth in the company's tower base and tenancies. 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, Ascend group'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, the group's tenancy profile is well diversified, with stronger TSPs constituting major portion of total tenancies as on December 31, 2024.

The Ascend group has market access to all 22 circles and metros, with integration of companies providing greater negotiating capacity and rollout efficiencies to the group. The group boasts of 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 the 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 the revenues and profitability of towercos. The tenancy profile is well distributed over 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 the Ascend group stands at ₹2,133 crore in FY24, in line with CARE Ratings' expectations. The group 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 dues from a TSP. Realisation of synergy benefits due to integration of operations of ATIPL and TVIPL is also seen in the margin improvement in 9MFY25. The revenue is expected to increase further considering rollouts based on capex plans of 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 the 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 group has superior operating metrics, making it attractive for telecom operators. While the group's size is relatively small, it has shown consistent growth in revenue and the market share of the group has increased, though marginally, over the past few years. Per management, the group'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

The Ascend group has maintained a presence in the telecom tower business for over two decades, demonstrating a proven track record of operational excellence. In March 2022, New Silk Route (NSR) exited from ATIPL, 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). ATIPL with GIP now holds 100% stake in TVIPL.

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 the group with enhanced financial flexibility in raising funds, streamlined decision-making process, and strategic support from the experienced GIP partners who serve as nominee directors. The group 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, the 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 & 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. The 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, 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 the 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 the Ascend group due to deployment of third-party vendors for the maintenance of towers and also as the group 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. The group has been able to reduce its capex costs per tower through design rationalisation providing cost efficiencies. The integration of two companies has also enabled the group to receive bulk discounts as procurement of supplies is now being availed for larger orders.

Moderation in leverage

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. Due to the acquisition of TVIPL being partly funded by promoter debt, the leverage has increased and is likely to remain elevated in the medium term. The bank loan 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 of 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) of the group shall remain above 3x in the medium term.

However, the group 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 group's tenancies are fairly distributed among all 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 group has recovered overdue receivables from the weaker TSPs in 9MFY25, which led to an improvement in the collection efficiency on a consolidated basis from 90% in FY24 to 114% in 9MFY25. The group's ability to maintain 100% collection efficiency for monthly billings on a sustained basis remains a key credit monitorable.

Liquidity: Strong

The Ascend group on a consolidated basis had total balances of ₹596 crore as on December 31, 2024 [including cash & 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 group has unutilised fund-based limits of ₹60 crore, providing additional liquidity buffer to the group and is also expected to have strong accruals going forward. The 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

[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](#)

About the company and industry

Industry classification

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

TVIPL was incorporated in 2006 in New Delhi and was the first tower management company in India to operate as an independent unit. It is engaged in the ownership, management, and operation of wireless communication towers of all types across the country, spread across all telecom operators. Formerly, New York-based Lavien group was indirectly the majority shareholder (through the holding company Tower Vision Mauritius Limited [TVML]), while the balance shareholding in TVML was held by other institutional investors. In June 2023, ATIPL with GIP acquired 100% stake in TVIPL, and as on date, TVIPL is a 93% subsidiary of ATIPL and the balance stake is held by GIP EM Ascend 2 Pte Ltd. The company has a presence in all the 22 telecom circles with a tower base of 9,891 towers and 16,765 tenants as on December 31, 2024.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	1,142.70	1,229.90
PBILDT	523.00	545.90
PAT	161.50	207.90
Overall gearing (times)	1.90	1.20
Interest coverage (times)	2.74	3.74

A: Audited; NA: Not available; Note: these are latest available financial results

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
Fund-based - LT-Term Loan		-	-	30-09-2039	650.00	CARE AA-; 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	Fund-based - LT-Term Loan	LT	650.00	CARE AA-; Stable	1)CARE AA-; Stable (08-Apr-24)	-	-	-

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	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

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

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

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.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For detailed Rationale Report and subscription information,
please visit www.careedge.in**