Digital Fibre Infrastructure Trust

April 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Issuer rating	-	CARE AAA; Stable	Reaffirmed
Long-term facilities	32,940 (reduced from 33,131)	CARE AAA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Issuer rating and rating assigned to long-term facilities of Digital Fibre Infrastructure Trust (DFIT; an infrastructure investment trust [InvIT]) derives comfort from its sole special purpose vehicle (SPV), Jio Digital Fibre Private Limited (JDFPL; rated 'CARE AAA; Stable'), which has a strong credit profile due to a fibre use agreement (FUA) 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 cashflows adequate for servicing of its debt obligations. Ratings are further underpinned by strong business linkages and strategic importance of JDFPL's operations for RJIL, strong competitive position of JDFPL on the back of large fibre footprint and high-quality asset base with favourable long-term growth potential fuelled by growing demand for fibre networks in India.

Ratings also draw comfort from DFIT's outstanding net debt (incl. deferred payments)/enterprise value (EV) on a consolidated basis, at 56% as on March 31, 2024, which can go up to a maximum of 70% per Securities and Exchange Board of India (SEBI) regulations.

Above rating strengths largely offset risks associated with highly capital-intensive nature of fibre network resulting in high leverage and susceptibility to volatile cashflows related to external (non-RJIL) tenancies.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Not applicable

Negative factors:

- Any material changes in the FUA with RJIL, adversely impacting JDFPL's cashflows.
- Deterioration in the credit risk profile of RJIL marked by its credit rating downgrade by 1 notch.
- Consolidated net debt of DFIT exceeding 60% of value of its assets impacting its debt coverage indicators.

Analytical approach: Consolidated

For arriving at DFIT's rating, CARE Ratings Limited (CARE Ratings) has considered a consolidated analytical view of DFIT and its sole SPV, JDFPL. Strong operational linkages of JDFPL with RJIL have also been considered. List of entities consolidated is mentioned in **Annexure-6**.

Outlook: Stable

CARE Ratings believes that fibre assets of JDFPL will remain strategically important for RJIL's operations and its long-term FUA with RJIL will result in steady annuity-like cashflows, leading to a sustained strong credit profile.

Detailed description of key rating drivers:

Key strengths

JDFPL's FUA with RJIL as an anchor tenant, assuring stable and annuity-like cashflows

JDFPL has executed a FUA with its anchor tenant, RJIL, for a tenure of 30 years, thus providing assured revenue visibility. Per terms of FUA, JDFPL will provide RJIL usage of contract fibre and ducts along with basic maintenance services. Per FUA, RJIL has paid upfront fibre fees, which will be amortised over the life of FUA. RJIL also pays fixed monthly fibre fees and monthly maintenance fees for using the designated number of fibre pairs. Any increase in operating costs or right of way charges will also be borne by the anchor tenant, ensuring stable profitability for JDFPL. Long-term nature of FUA provides annuity-like cash flows to JDFPL from RJIL, which has a strong credit risk profile. Cash flows under FUA with RJIL are expected to be adequate for servicing of JDFPL's senior debt repayment obligations. JDFPL's envisaged additional tenancies (non-RJIL), going forward, are expected to provide further cash flow cushion to JDFPL. However, fibre off-take from additional tenancies is expected to improve only gradually and will be monitorable.

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

Strong business linkages and strategic importance for RJIL
RJIL (a 66.43% subsidiary of Reliance Industries Limited [RIL] through Jio Platforms Limited), which requires fibre infrastructure for its operations, is the anchor tenant for JDFPL. Fibre infrastructure development is highly capital-intensive and time-consuming. Hence, it is economically prudent for RJIL to use fibre assets of JDFPL, thus establishing strong business linkages between the two entities.

Large fibre footprint in India and high-quality asset base
JDFPL has an extensive fibre footprint throughout the country (having a presence in all key geographies, covering all 22 telecom circles), across categories such as long-distance fibre, and intra-city fibre. JDFPL has high-quality infrastructure assets of 30.06 million fibre pair kilometre (FPKM) of National Long Distance (NLD), intra-city fibre, enterprise access, and Fibre to the Home (FTTH) as on December 31, 2024; which are likely to have strong demand from user categories, such as telecom and internet service providers, multi-service operators, data centres, and large enterprise customers, among others. A significant proportion of these fibre assets are intra-city and underground, which results in greater usability, higher tariffs, and lower operations & maintenance (O&M) expenses.

Long-term growth potential for fibre infrastructure business, driven by robust demand
India is currently the second-largest market for telecommunication services globally. Demand for optical fibre network is primarily linked with telecom and broadband market and will be driven by fibre deployment for connecting homes and businesses and base transceiver station (BTS) fiberisation to support mobile traffic growth and rising demand for optical communication for different purposes. RJIL, the anchor tenant, has consolidated its domestic market leadership position with ~45% market share in telecom and broadband business. Consequently, healthy growth prospects for domestic telecom and broadband industry and RJIL's dominant market position augment well for prospects of JDFPL and DFIT.

Liquidity: Strong
Consolidated debt profile of DFIT comprises senior debt [bank term loans of ₹73,467 crore (including external commercial borrowings), non-convertible debentures (NCDs) of ₹1,719 crore in JDFPL] and unsecured loans primarily from RIL promoter group entities of ₹32,940 crore in DFIT as on January 31, 2025. JDFPL has stable annuity-like cashflows from RJIL due to long-term FUA for 30 years, which are envisaged to be adequate for servicing of its senior debt, bank term loans and NCDs. JDFPL receives monthly fibre payments from RJIL, whereas servicing of its senior debt is on a quarterly basis. Servicing of unsecured loans in DFIT from excess cashflows received from JDFPL post servicing of its senior debt is also expected to be comfortable.
Tenure of FUA, which is more than duration of senior debt, and long life of assets are envisaged to aid in refinancing of debt, if required.

Key weaknesses
Capital-intensive nature of business
Fibre infrastructure business is highly capital-intensive, as entities need to incur a significant amount of capital expenditure for laying fibre networks. This leads to high leverage in DFIT, marked by consolidated total debt/ PBILDT of 7.55x as on March 31, 2024, inherent to an infrastructure asset. RJIL is the anchor customer for both, existing and new fibre lengths, assuring revenue to that extent. However, DFIT's consolidated total debt/PBILDT is envisaged to remain elevated in the medium term and expected to gradually improve with expected additional tenancies.

Susceptible to volatility in revenue due to external tenants
Telecom industry has consolidated into three to four players, which could limit tenancies for JDFPL. Telecom industry is highly regulated and competitive, which could affect cash accruals and leverage profile of telcos. Consequently, JDFPL's envisaged additional tenancies could expose it to counterparty risk.

Applicable criteria
Rating Outlook and Rating Watch
Definition of Default
Issuer Rating
Infrastructure Investment Trusts (InvITs)
Infrastructure Sector Ratings
Consolidation
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

DFIT was established by Reliance Industrial Investments and Holdings Limited (RIIHL – sponsor) on January 31, 2019, as a contributory irrevocable trust pursuant to an Indenture of Trust executed between the sponsor and Axis Trustee Services Limited. DFIT was registered as an InvIT on March 20, 2019, under SEBI Infrastructure Investment Trusts Regulations, 2014.
In DFIT, 15% units are held by RIIHL; 51% units are together held by Public Investment Fund (PIF) and Abu Dhabi Investment Authority (ADIA), whereas ~34% units are held by RIL promoter group companies – Jamnagar Utilities and Power Private Limited (rated 'CARE AAA; Stable/CARE A1+') and Sikka Ports and Terminals Limited (rated 'CARE AAA: Stable/CARE A1+'). DFIT has listed its units on Bombay Stock Exchange (BSE) from March 31, 2023.
DFIT holds 51% equity stake in its sole SPV, Jio Digital Fibre Private Limited, whereas 48.5% equity stake is held by RIL. JDFPL was incorporated in December 2018 to undertake business of operating optical fibre cable assets, transferred to it from RJIL. JDFPL has executed a FUA with its anchor tenant, RJIL, for 30 years, thus providing assured revenue visibility.

Brief Financials of DFIT – Consolidated (₹ crore)	FY23 (A)	FY24 (A)	9MFY25 (UA)
Total operating income	15,496	16,729	13,917
PBILDT	13,934	15,000	12,464
PAT/(Net loss)	-1,089	-808	-229
Overall gearing (times)	2.11	2.25	NA
Interest coverage (times)*	2.43	2.30	2.46

A: Audited; UA: Unaudited; NA: Not available. ***Excluding interest on unsecured loan
Note: above results are latest financial results available.

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 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	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Debt	-	-	28-09-2050	32,940	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	Debt	LT	32,940	CARE AAA; Stable	1)CARE AAA; Stable (05-Apr-24)	-	1)CARE AAA; Stable (20-Mar-23)	-
2	Issuer rating	LT	-	CARE AAA; Stable	1)CARE AAA; Stable (05-Apr-24)	1)CARE AAA; Stable (03-May-23)	-	-

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	Debt	Simple

Annexure-5: Lender details: Not applicable

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Jio Digital Fibre Private Limited	Full	Sole SPV of DFIT

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 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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