

Atria Convergence Technologies Limited

March 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	175.40 (Reduced from 215.93)	CARE AA-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the rating assigned to long-term bank loan facilities of Atria Convergence Technologies Limited (ACT) primarily considers the company's established track record in the wired broadband service business. The rating also reflects the company's consistent operational and financial performance in FY25 and 9MFY26 (referring to April 01 to March 31). ACT's strong financial risk profile is characterised by comfortable operating profit margins, favourable debt coverage ratios, a robust capital structure, and a strong liquidity position. The rating continues to benefit from the experienced management team, supported by well-established private equity (PE) firms, True North and TA Associates. Together with other Internet service providers (ISPs), ACT has contested Department of Telecommunications (DoT) levy of license fee on revenue from pure internet services, which is currently under judicial review. Pending outcome, the company is making provision in its books. At present, ACT is adequately maintaining unencumbered liquid funds to meet the license fee liability, if crystallised. CARE Ratings Limited (CareEdge Ratings) will continue to monitor the adequacy of these unencumbered liquid funds, as this will be a key rating monitorable.

Rating strengths remain tempered by intense competition in the wired broadband industry, although ACT's subscriber base has grown at a consistent rate. The rating also takes cognisance of moderation in operating profit margins due to distribution expenses aimed at retaining and acquiring customers, although remaining healthy. The rating considers capital-intensive operations and the inherent technology and regulatory risks associated with the business.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained increase in scale of operations with enhanced geographical presence while maintaining operating margins.
- Significantly improving market share.

Negative factors

- Deteriorating operating performance with significant decline in revenue by 10% and profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins on a sustained basis.
- Major debt-funded capital expenditure (capex) or investments leading to an increase in the total debt/PBILDT exceeding 0.5x on a sustained basis
- Unencumbered liquid funds declining below the required level of provisions towards license fee.

Analytical approach: Consolidated.

CareEdge Ratings has considered the company's consolidated financials considering similar business undertaken by its subsidiaries. Entities considered for consolidation are listed under Annexure 6.

Outlook: Stable

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

Detailed description of key rating drivers:

Key strengths

Resilient performance and leadership among non-telco ISPs

The wired broadband segment recorded a robust ~19% compounded annual growth rate (CAGR) for three years ending FY25, supported by rising digital consumption, enterprise digitalisation, and government initiatives such as BharatNet. The industry recorded a growth of ~3% in FY25 and ~9% in 9MFY26.

Despite heightened competition from telecom service providers and alternative technologies, ACT recorded net subscriber additions of 2.5% in FY25 and 3.3% in 9MFY26, per Telecom Regulatory Authority of India data. The company remains the largest non-telco internet service provider in India. Although market share moderated slightly to 5.2% as of December 31, 2025 (from 5.5% as of March 31, 2025), ACT continues to differentiate itself through high network uptime, superior service quality, and

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

value-added offerings such as technology upgrades and bundled over-the-top (OTT) services, supporting customer retention and growth.

Stable financial performance

Operating income grew by 4%, reaching ₹2,204 crore in FY25, compared to ₹2,120 crore in the previous fiscal year. Revenue growth remained measured in FY25 due to modest growth in subscribers and an increasing average revenue per user (ARPU), considering intense competition from major telcos. Operating profitability decreased to 34.71% in FY25 from 37.07% in FY24, mainly due to distribution expenses aimed at customer retention and acquisition. Operating profitability remains healthy at 35.35% for 9MFY26. The entity's ability to maintain operating profitability will remain a key credit monitorable.

Robust capital structure with strong debt coverage ratios

As on March 31, 2025, the company had outstanding debt of ₹293 crore (PY: ₹363 crore), which includes long-term loan of ₹137 crore and a lease liability of ₹154 crore. In FY25, the company incurred capex funded through internal accruals. Planned capex for next three years ending FY28, is expected to be funded through internal accruals. Total debt (TD)/ PBILDT stood at 0.38x in FY25 compared to 0.46x in FY24 and is expected to remain below 0.5x for the projected years. Interest coverage remains comfortable at 17x for FY25 (PY: 23x). Net debt position, inclusive of license fee liability is expected to remain negative, which is considered a credit strength.

Strong management backed by well-established PE Firms

ACT is backed by well-established private equity (PE) firms, including True North and TA Associates, which together hold 94.66% stake in the company as of March 31, 2025. PE investors have demonstrated support in the company's business operations through providing funds and technical expertise. The company's daily operations are managed by a team of qualified and experienced professionals.

Key weaknesses**Prevalent competition in the wired broadband segment**

According to the Telecom Regulatory Authority of India (TRAI), the industry is highly fragmented, with 1,402 operators as on September 2025, including regional players. Apart from existing wired broadband providers, ACT faces competition from telecommunications service providers (TSPs) offering similar services at aggressive prices with bundled offerings. Predatory pricing by new or existing service providers in the broadband segment could adversely impact the company's market share and ARPU levels.

Capital-intensive operations and technology risk associated with the industry

Fixed broadband providers continue to invest in higher-capacity and lower-latency technologies to meet rising data consumption. The industry has largely transitioned from legacy copper-based networks (ADSL/VDSL) toward fibre-to-the-home (FTTH/FTTx) architectures, supported by GPON and increasing XGS-PON deployments, which enable multi-gigabit speeds. Technological changes such as introduction of fixed wireless access broadband services and low Earth orbit satellite broadband services, could impact operations of the wired broadband industry, similar to trends in the telecom industry. Rolling out a fixed broadband network requires significant capital investments over time, including design of a network for last-mile connectivity. Consequently, TSPs must incur ongoing operational and capital expenditures, which the management has articulated will be funded through internal accruals. Major debt-funded capital expenditure impacting the company's capital structure will be a key rating sensitivity.

Liquidity: Strong

The company has strong liquidity with a free cash and bank balance and unencumbered fixed deposits and investments of ₹1,324 crore as on December 31, 2025, and strong cash accruals, against which the company has a total bank debt of ₹100 crore as on December 31, 2025. This provides sufficient headroom for ACT's capex plans. ACT utilises book overdraft against FDs for its working capital requirements while major portion of its capital expenditure is met from internal accruals and cash surplus available in the company.

Assumptions/Covenants: Not applicable

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

Applicable criteria

- [Consolidation](#)
- [Definition of Default](#)
- [Liquidity Analysis of Non-financial sector entities](#)
- [Rating Outlook and Rating Watch](#)
- [Financial Ratios – Non financial Sector](#)
- [Service Sector Companies](#)
- [Infrastructure Sector Ratings](#)

About the company and industry

Industry classification

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

Incorporated on June 16, 2000, by Sunder Raju and K Nagaraju, ACT is engaged in providing wired broadband services in 30+ cities in India. True North (earlier known as India Value Fund) and TA Associates, which together held 94.66% stake in the company as on March 31, 2025. It is the largest non-TSP ISP in India with a market share of 5.2% as on December 31, 2025.

Brief Financials (₹ crore) - Consolidated	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	2,120	2,204	1,734
PBILDT*	786	765	613
Profit after tax (PAT)	276	257	NA
Overall gearing (x)	0.40	0.37	NA
Interest coverage (x)	22.85	16.83	NA

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

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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		-	-	31-12-2027	112.40	CARE AA-; Stable
Non-fund-based - LT-Bank Guarantee		-	-	-	63.00	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 2025-2026	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
1	Fund-based - LT-Term Loan	LT	112.40	CARE AA-; Stable	1)CARE AA-; Stable (08-Apr-25)	1)CARE AA-; Stable (05-Apr-24)	1)CARE AA-; Stable (07-Apr-23)	-
2	Non-fund-based - LT-Bank Guarantee	LT	63.00	CARE AA-; Stable	1)CARE AA-; Stable (08-Apr-25)	1)CARE AA-; Stable (05-Apr-24)	1)CARE AA-; Stable (07-Apr-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	Fund-based - LT-Term Loan	Simple
2	Non-fund-based - LT-Bank Guarantee	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.	SR Cable TV Private Limited	Full consolidation	Subsidiary
2.	Apercomm Private Limited	Partial consolidation	Associate

Note on complexity levels of rated instruments: CareEdge 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

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