

January 16, 2024

## ATC Telecom Infrastructure Private Limited: Placed on rating watch with positive implication

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund-based limits	596.0	596.0	[ICRA]AA-, placed on rating watch with positive implication
<b>Total</b>	<b>596.0</b>	<b>596.0</b>	

\*Instrument details are provided in Annexure-I

### Rationale

#### Material event

American Tower Corporation has entered into a definitive agreement with Data Infrastructure Trust (DIT), an infrastructure investment trust affiliated with Brookfield Asset Management, to acquire 100% equity stake in ATC Telecom Infrastructure Private Limited (ATCTIPL) for a total consideration of around \$2.5 billion. Upon completion of the transaction, DIT will gain ownership of approximately 78,000 towers, thereby taking its total tower portfolio to around 253,000 towers, which will be the largest, followed by Indus Towers at around 204,000 towers (as of September 2023).

#### Impact of material event

Following the announcement, ICRA has placed the rating of ATCTIPL on watch with positive implications, as the development is likely to have a favourable impact on its credit profile in terms of a stronger parent. The extent of the full impact would be ascertained over a period of time, given the nascent stage of development and the dependence on various approvals and market dynamics. Moreover, the acquisition is likely to enhance DIT's scale with the addition of towers and a diversified tenancy profile, leading to operational synergies. The funding of this transaction at DIT's level and, thus, its loan-to-value remains a key monitorable.

ICRA would continue to monitor the developments, and take appropriate rating action, as more clarity emerges on this transaction.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position, rating sensitivities: [Click here](#)

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology for Telecom Tower Infrastructure Providers</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the standalone financial profile of the company

## About the company

ATCTIPL was incorporated in March 2004 as Tata Tele Info Limited (a 100% subsidiary of TTSL). Over the years, the company has witnessed changes in its shareholding and accordingly changes in its name. As on date, it is entirely held by ATC Asia Pacific Pte Limited. The company is an independent tower infrastructure provider with pan-Indian operations. The company's towers are spread across circles with healthy presence in metro and category A circles. As on September 30, 2023, the company had a portfolio of 77,172 towers and a tenancy ratio of 1.57 times.

## Key financial indicators (audited)

LTHL Consolidated	FY2022	FY2023
Operating income	5644.6	5046.2
PAT	639.9	-2316.8
OPBDIT/OI	74.4%	10.6%
PAT/OI	11.3%	-45.8%
Total outside liabilities/Tangible net worth (times)	1.83	1.84
Total debt/OPBDIT (times)	3.37	20.23
Interest coverage (times)	3.39	0.44

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Instrument	Type	Current rating (FY2024)		Chronology of rating history for the past 3 years				
		Amount rated (Rs. crore)	Amount outstanding as on Dec 31, 2023 (Rs. crore)	Date & rating in FY2024		Date & rating in FY2022		Date & rating in FY2021
				Jan 16, 2024	May 30, 2023	Mar 10, 2022	Aug 27, 2021	Jan 15, 2021
1 Fund-based limits	Long-term	596.0	NA	[ICRA]AA-; rating watch with positive implications	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Negative)	[ICRA]AA-(Negative)

## Complexity level of the rated instrument

Instrument	Complexity Indicator
Fund-based limits	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or

complexity related to the structural, transactional or legal aspects. Details on the complexity level of the instruments are available on ICRA's website: [Click Here](#)

**Annexure-I: Instrument details**

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Fund-based limits	NA	NA	NA	596.0	[ICRA]AA- Rating Watch with Positive Implications

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure-II: List of entities considered for consolidated analysis – Not Applicable**

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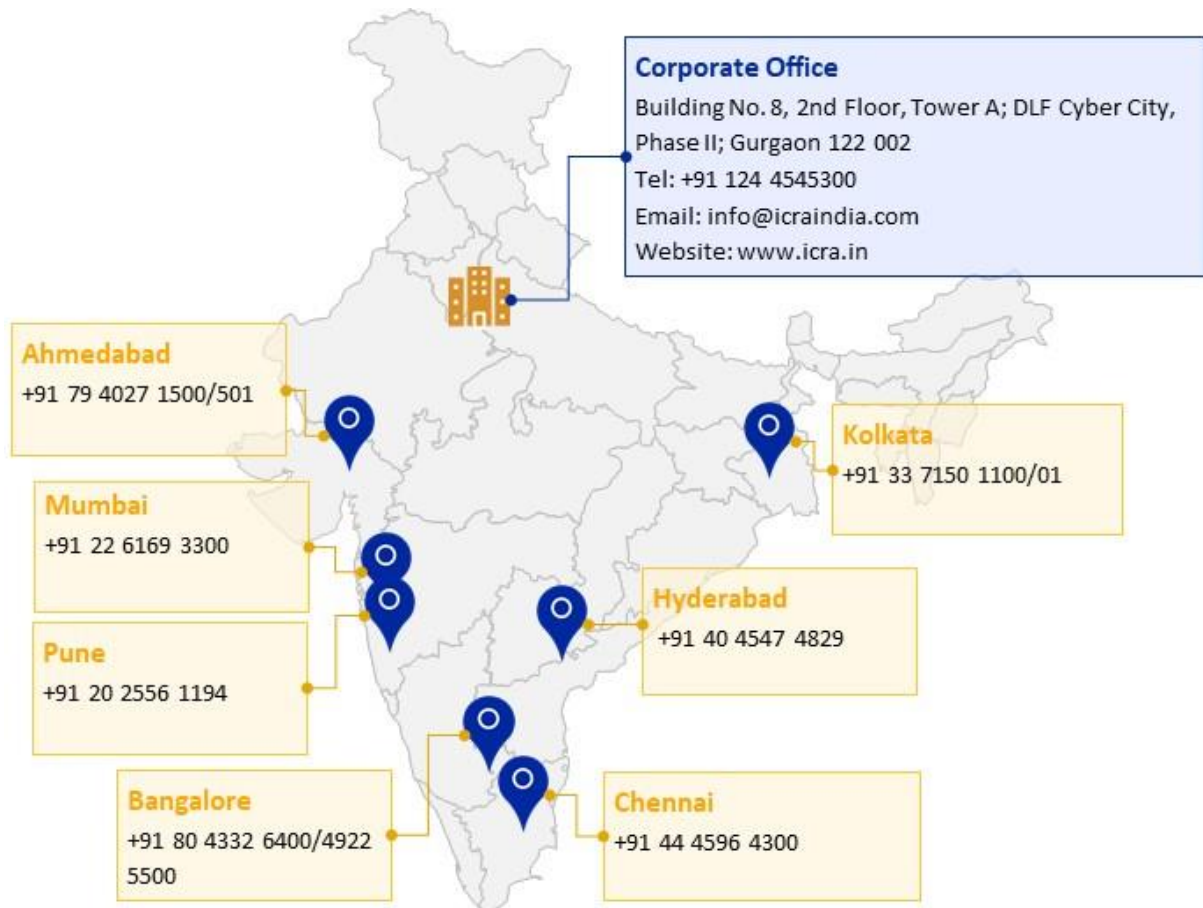
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