



Telecom Towers – India

November 2014

Executive Summary

Market Overview

- In FY 20-- alone x1 telecom tower was added, taking the total no. of towers in the country to x2
- In terms of revenue, market size of telecom tower vertical is estimated at INR x3 bn, which excludes aspect1 and aspect2
- The market is expected to grow at a CAGR of x4% in revenue and x5% in earning till 20--

Drivers & Challenges

Drivers:

- Growth in Wireless Subscriber Base
- Spectrum Scarcity
- Introduction of 3G and Upcoming Cellular Technology
- Emergence of Solar Power as a Positive Source of Energy

Challenges:

- Challenges faced in rural set up
- Increasing Pollution and Radiations

Competitive Landscape

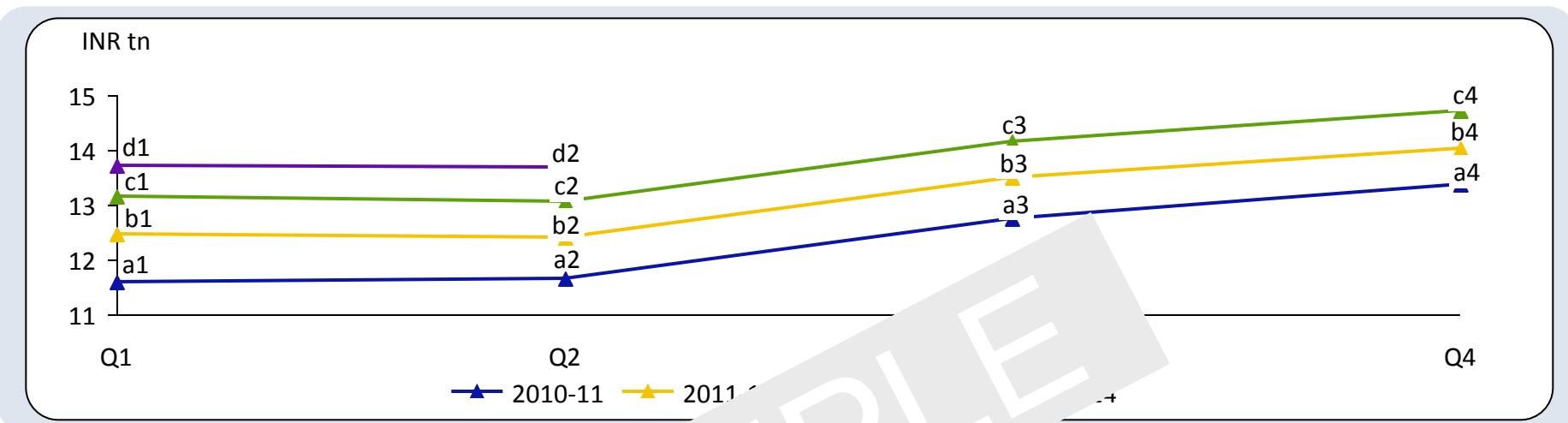
Key Players

Bharti Infratel Ltd.	GTL Infrastructure Ltd.	Bharat Sanchar Nigam Ltd.
Indus Towers Ltd.	Reliance Infratel Ltd.	Viom Networks Ltd.

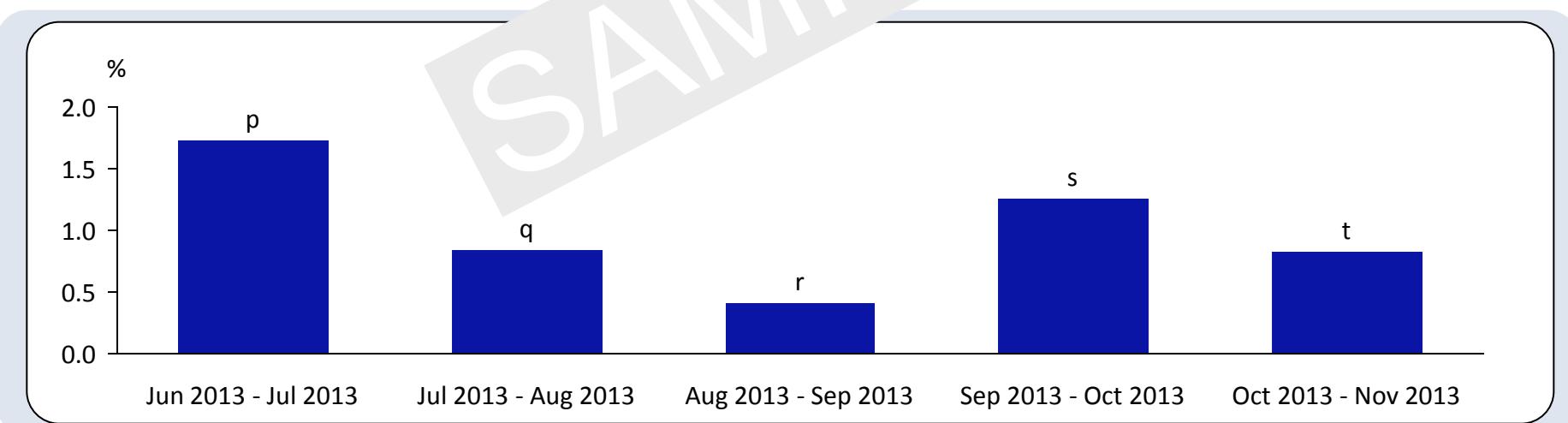
- **Macro Economic Indicators**
- Introduction
- Market Overview
- Drivers and Challenges
- Competitive Landscape
- Key Developments
- Strategic Recommendations
- Appendix

Economic Indicators (-/-)

GDP at Factor Cost: Quarterly



Inflation Rate: Monthly



Introduction

Telecom Industry – Overview

Indian telecom sector is the x1largest sector in the world and among the Asian emerging economies

The telecommunication sector in India has been the major contributor to the country's growth, accounting for around x2% of the total GDP in FY--

Telecommunications



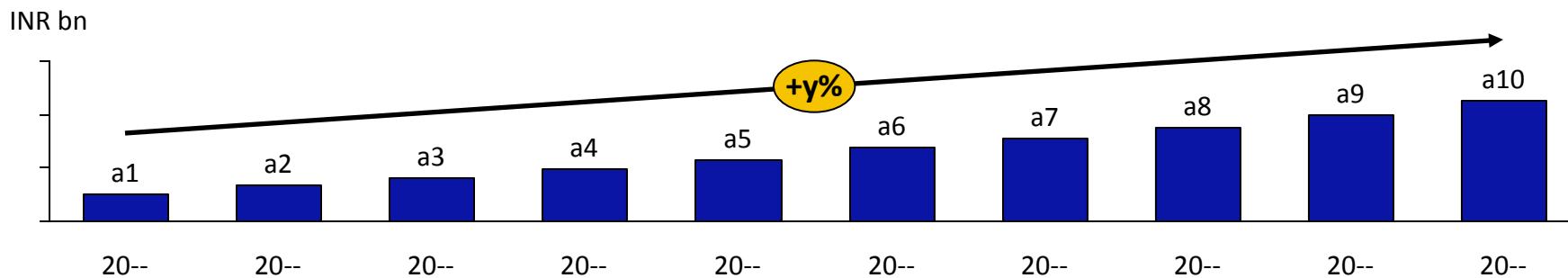
- Telecom Infrastructure consists of service deployment facilities and equipments
- Telecom towers are one of the prime components of telecom infrastructure sub-vertical
- India being an enormous country with rapidly increasing colossal subscriber base across the country, deployment of telecom towers will be essential to reach every corner of the nation
- Telecom towers can be broadly categorized in two types, Ground Based Tower and Roof Type Tower

Demand for telecom towers is high resulting in a rapidly growing industry and emergence of lucrative tower business

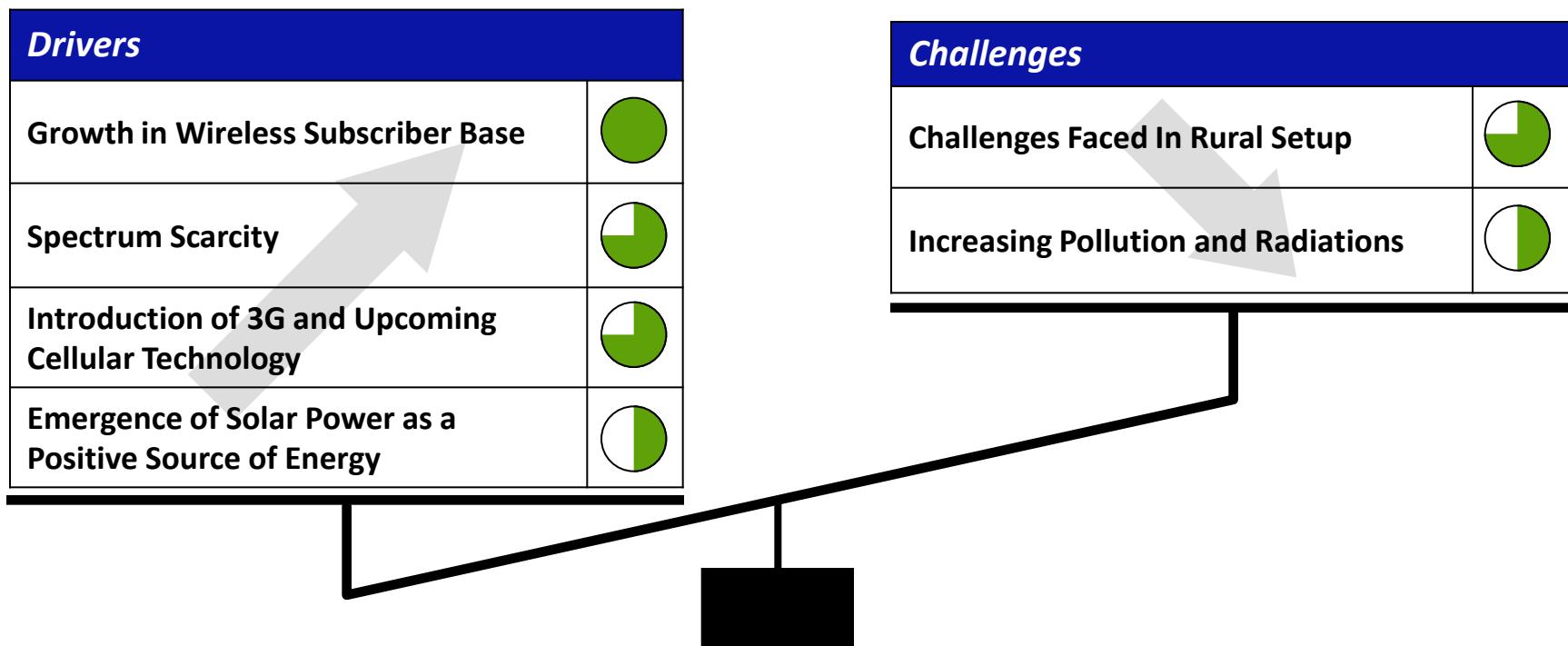
Market Overview – India

- Growth in mobile subscribers in India over the last few years has created huge opportunities for the telecom infrastructure industry
- In FY 20-- alone x1 telecom tower was added, taking the total no. of towers in the country to x2
- In terms of revenue, market size of telecom tower vertical is estimated at INR x3 bn, which excludes aspect1 and aspect2
 - The market is expected to grow at a CAGR of x4% in revenue and x5% in earning till 20--
- All leading mobile service operators are expanding and increasing their coverage by increasing their network, increase coverage through method1 and using method2
 - This is however limited by aspect1 in area1 where method3 is adopted
- Growing market for towers is also attracting the attention of private equity funds to invest in the companies
- Commercial terms between the tower company and its tenants are governed by Master Service Agreements (MSA)

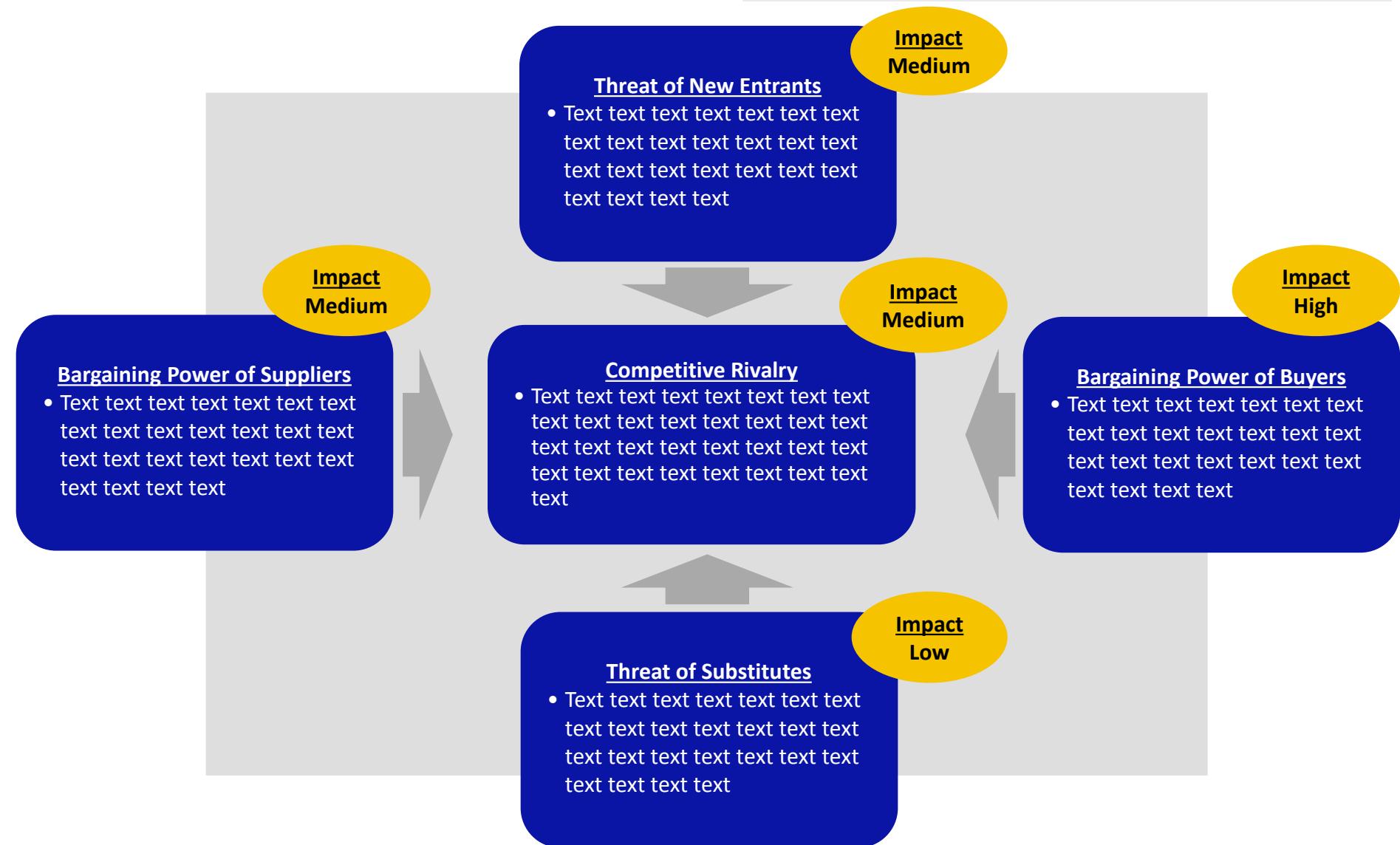
Telecom Tower – Market Size & Growth



Drivers & Challenges – Summary



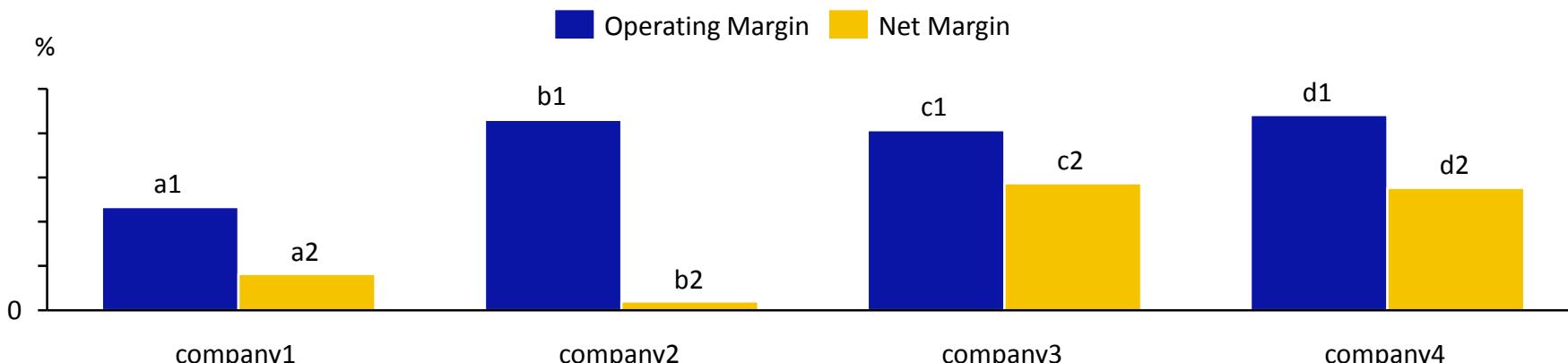
Porter's Five Forces Analysis



Competitive Benchmarking (-/-)

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Key Ratios of Top 4 Companies – Operational Basis (FY 2013) (1/3)



- Company1 recorded operating margin of -%, higher than that of company2, company3 and company4 which recorded operating margin of -%, - and -% respectively
- Thermax however recorded the highest net margin of -% higher than that of Ion Exchange, SPML and Va Tech Wabag which recorded net margins of -%, -% and -% respectively

Public: Domestic Company – Company 1 (1/4)

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Company Information

Corporate Address

Tel No.

Fax No.

Website

Year of
Incorporation

Ticker Symbol

Stock Exchange

Products and Services

Category	Products/Services
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Sectors (EPC)

Offices and Centres – India



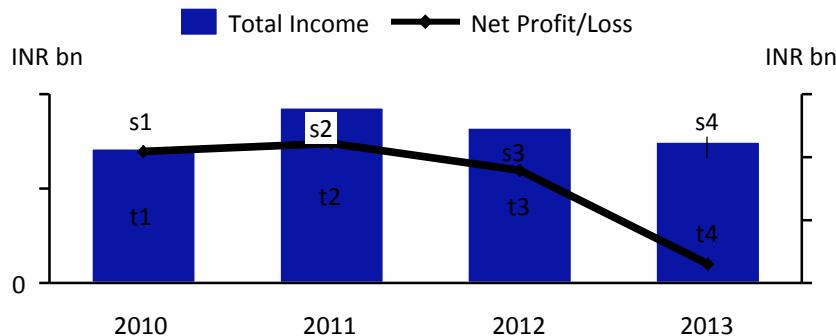
Key People

Name	Designation

Public: Domestic Company – Company 1 (2/4)

SAMPLE

Financial Snapshot



Financial Summary

- The company incurred a net loss of INR - bn in FY 2013, as compared to net profit of INR - bn in FY 2012
- The company reported total income of INR - bn in FY 2013, registering a decrease of -% over FY 2012
- The company earned an operating margin of -% in FY 2013, a decrease of - percentage points over FY 2012
- The company reported debt to equity ratio of - in FY 2013, an increase of - % over FY 2012

Key Financial Performance Indicators

Indicators	Value (17/01/2014)
Market Capitalization (INR mn)	
Total Enterprise Value (INR mn)	
EPS (INR)	
PE Ratio (Absolute)	

Key Ratios

Particulars	y-o-y change (2013-12)	2013	2012	2011	2010
Profitability Ratios					
Operating Margin	↓				
Net Margin	↓				
Profit Before Tax Margin	↓				
Return on Equity	↓				
Return on Capital Employed	↓				
Return on Working Capital	↑				
Return on Assets	↓				
Return on Fixed Assets	↓				
Cost Ratios					
Operating costs (% of Sales)	↓				
Administration costs (% of Sales)	↓				
Interest costs (% of Sales)	↓				
Liquidity Ratios					
Current Ratio	↑				
Cash Ratio	↓				
Leverage Ratios					
Debt to Equity Ratio	↓				
Debt to Capital Ratio	↓				
Interest Coverage Ratio	↓				
Efficiency Ratios					
Fixed Asset Turnover	↓				
Asset Turnover	↓				
Current Asset Turnover	↓				
Working Capital Turnover	↑				
Capital Employed Turnover	↓				

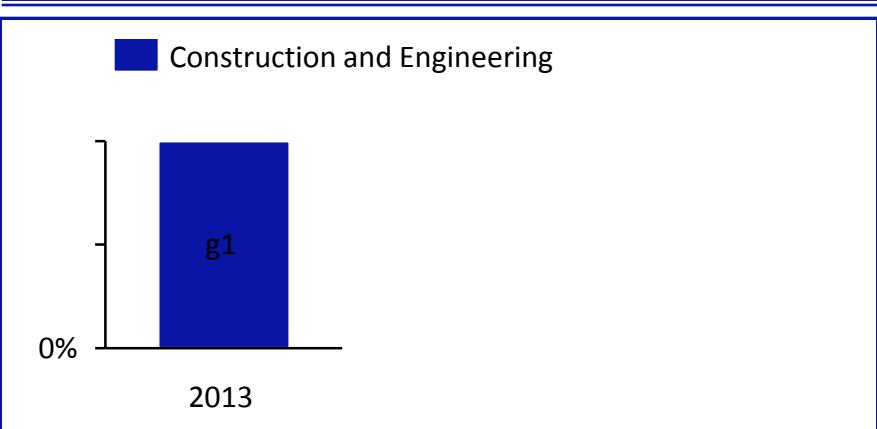
↑ Improved ↓ Decline

Public: Domestic Company – Company 1 (3/4)

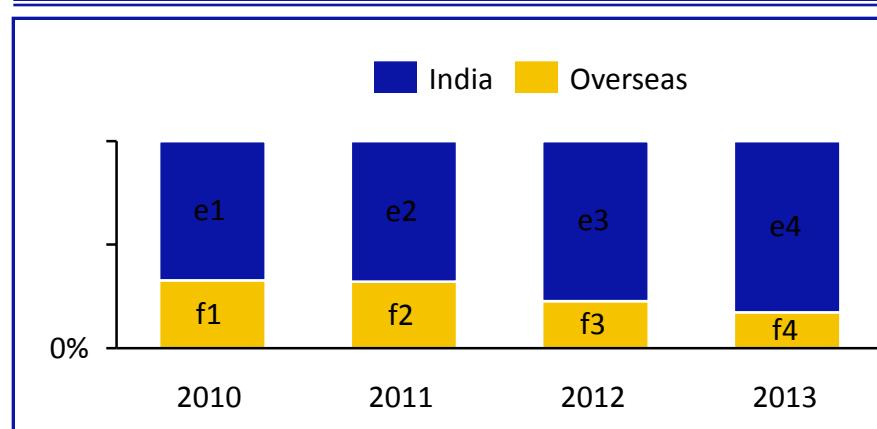
Company 1

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Key Business Segments



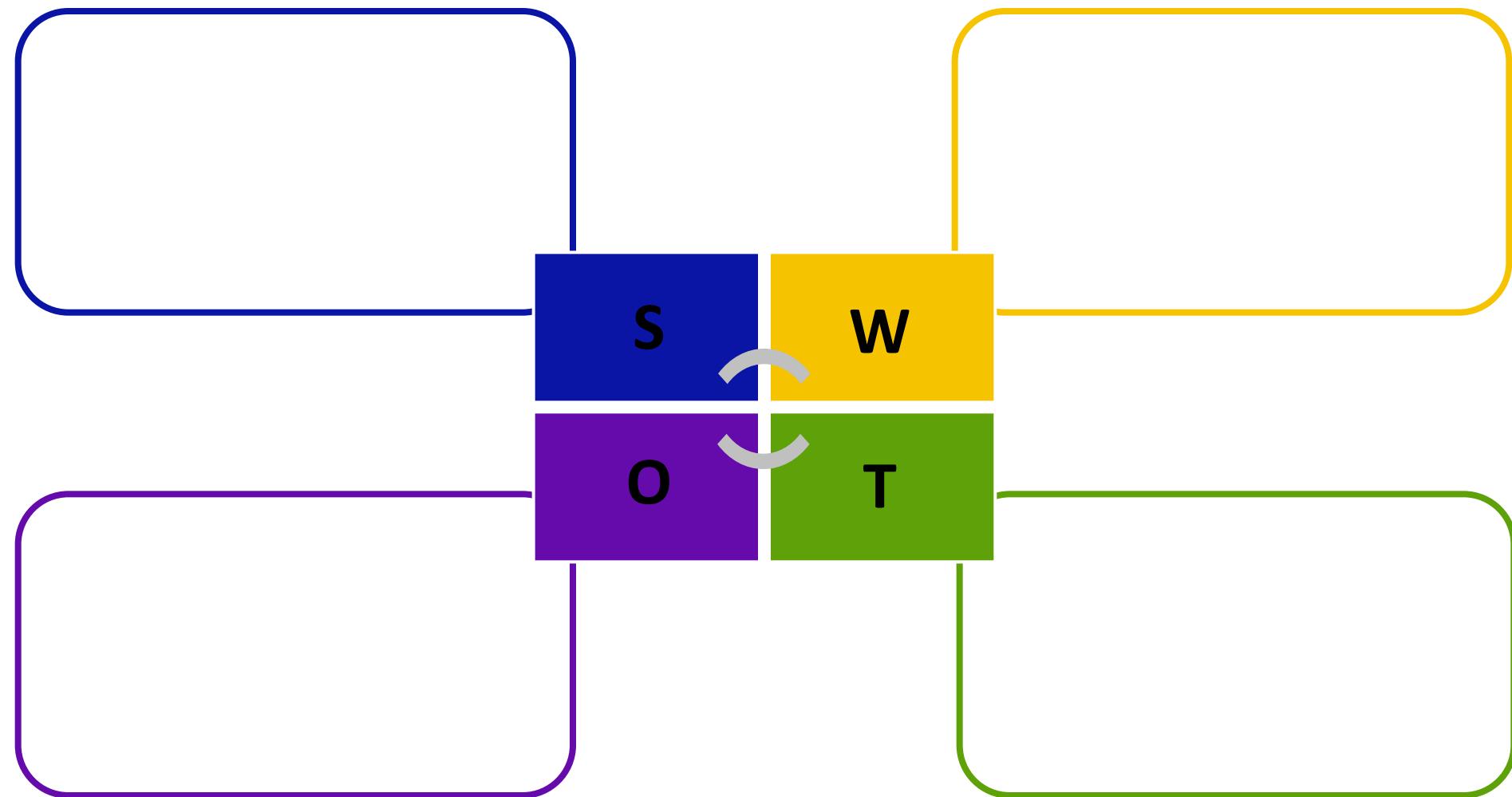
Key Geographic Segments



Business Highlights

Public: Domestic Company – Company 1 (4/4)

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Private: Domestic Company – Company 2 (1/5)

SAMPLE

Company Information

Corporate Address

Tel No.

Fax No.

Website

Year of Incorporation

Products and Services

Category

Products/Services

Products

Offices and Centres – India



Key People

Name	Designation

Private: Domestic Company – Company 2 (2/5)

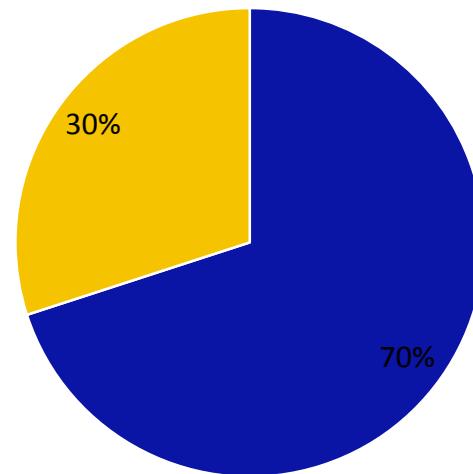
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Shareholders of the Company as on 28.09.2012

Name	No. of Shares held
X	
X	
<i>Total</i>	

Ownership Structure

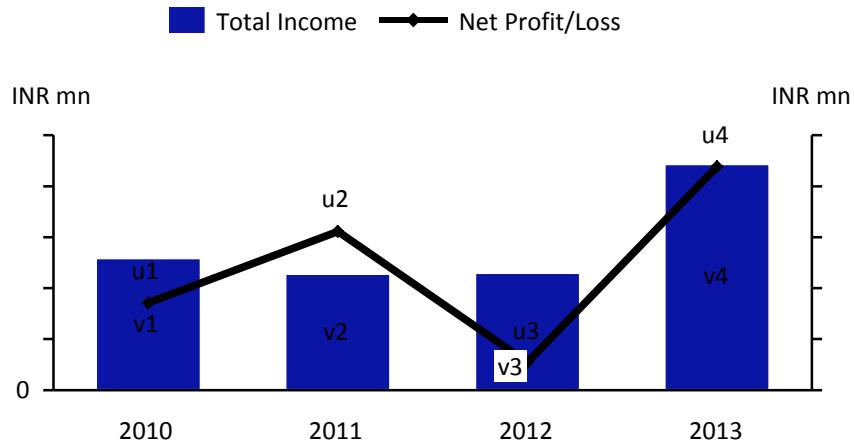
Corporate Bodies Foreign holdings



Private: Domestic Company – Company 2 (3/5)

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Financial Snapshot



Financial Summary

- The company earned a net profit of INR - mn in FY 2013, as compared to net loss of INR - mn in FY 2012
- The company reported total income of INR - mn in FY 2013, registering an increase of -% over FY 2012
- The company earned an operating margin of -% in FY 2013, an increase of - percentage points over FY 2012
- The company reported debt to equity ratio of - in FY 2013, a decrease of -% over FY 2012

Key Ratios

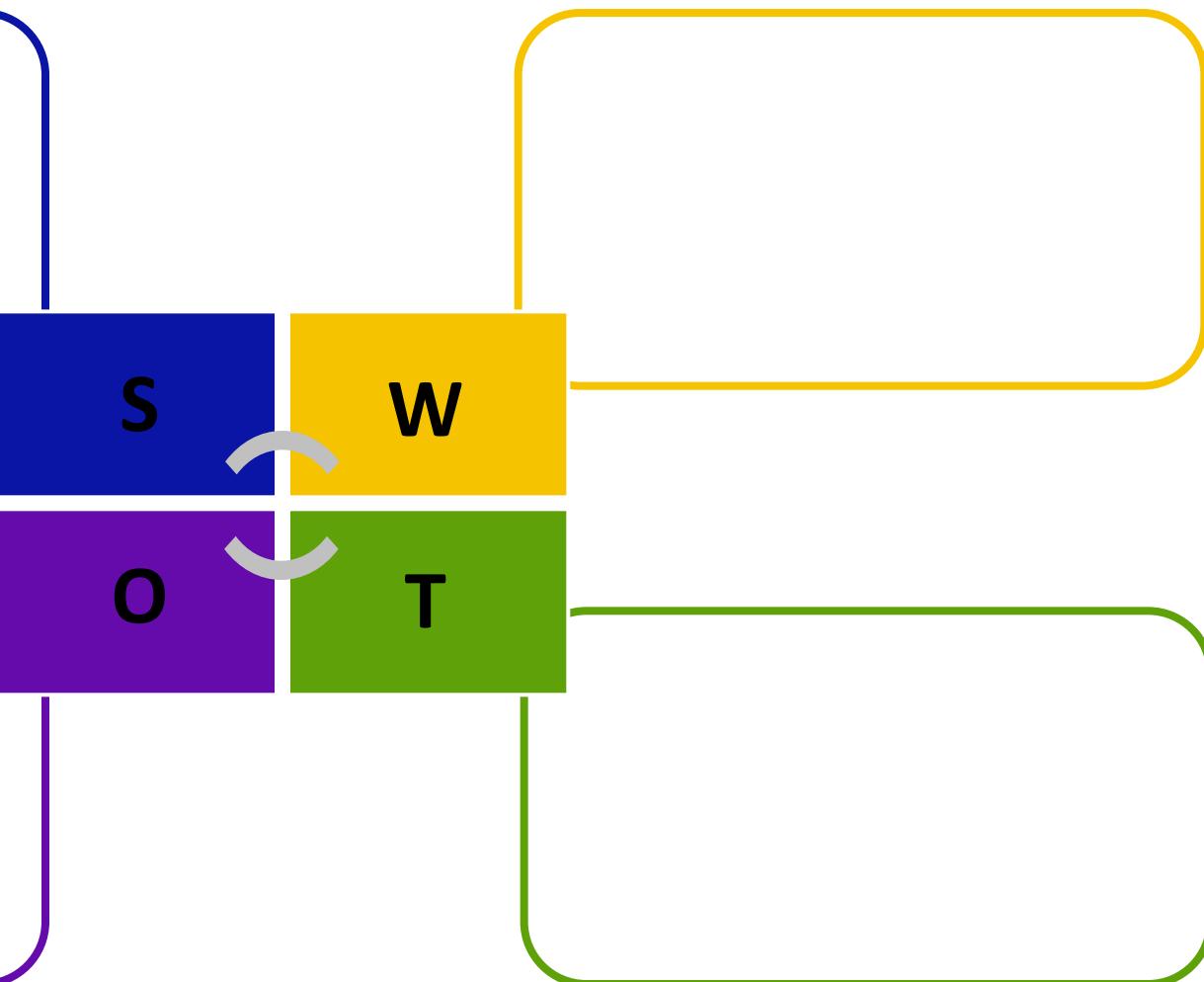
Particulars	y-o-y change (2013-12)	2013	2012	2011	2010
Profitability Ratios					
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Efficiency Ratios					
Fixed Asset Turnover	↑				
Asset Turnover	↑				
Current Asset Turnover	↓				
Working Capital Turnover	↓				
Capital Employed Turnover	↑				

↑ Improved ↓ Decline

Business Highlights

Private: Domestic Company – Company 2 – SWOT Analysis (5/5)

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Key Developments (-/-)

Development1

Development2

Development3

Strategic Recommendations (-/-)

- *Companies need to focus on specific1 and specific2 early to leverage on specific3*

Recommendation1

Recommendation2

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Appendix

Ratio	Calculations
Operating Margin	(Operating Income/Revenues)*100
Net Margin	(Net Profit / Revenues) *100
Profit Before Tax Margin	(Income Before Tax / Revenues *100
Return on Equity (ROE)	(Net Income / Shareholders Equity)*100
Return on Capital (ROCE)	EBIT / (Total Assets – Current Liabilities)*100
Return on Working Capital	(EBIT / Working Capital) *100
Return on Assets	(EBIT / Total Assets)*100
Return on Fixed Assets	(EBIT / Fixed Assets) *100
Operating Costs (% of Sales)	(Operating Expenses / Sales) *100
Administration Costs (% of Sales)	(Administrative Expenses / Sales) *100
Interest Costs (% of Sales)	(Interest Expenses / Sales) *100

Ratio	Calculations
Current Ratio	Current Assets / Current Liabilities
Cash Ratio	{(Cash & Bank Balance + Marketable Securities) / Current Liabilities)}
Debt to Equity	Total Liabilities / Shareholders Equity
Debt to Capital Ratio	{Total Debt / (Shareholders Equity + Total Debt)}
Interest Coverage Ratio	EBIT / Interest Expense
Fixed Asset Turnover	Sales / Fixed Assets
Asset Turnover	Sales / Total Assets
Current Asset Turnover	Sales / Current Assets
Working Capital Turnover	Sales / Working Capital
Capital Employed Turnover	Sales / (Shareholders Equity + Total Debt)

Sources of Information

PRIMARY RESEARCH

Interviews

Leading Industry Experts

SECONDARY RESEARCH

Print Media

Leading Newspapers

Magazines and Journals

Annual Reports of Companies

Electronic Media

Regulatory Websites

Telecommunication & Technology Magazines

Company Websites

Premium Databases

Open Sources

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