



# 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.

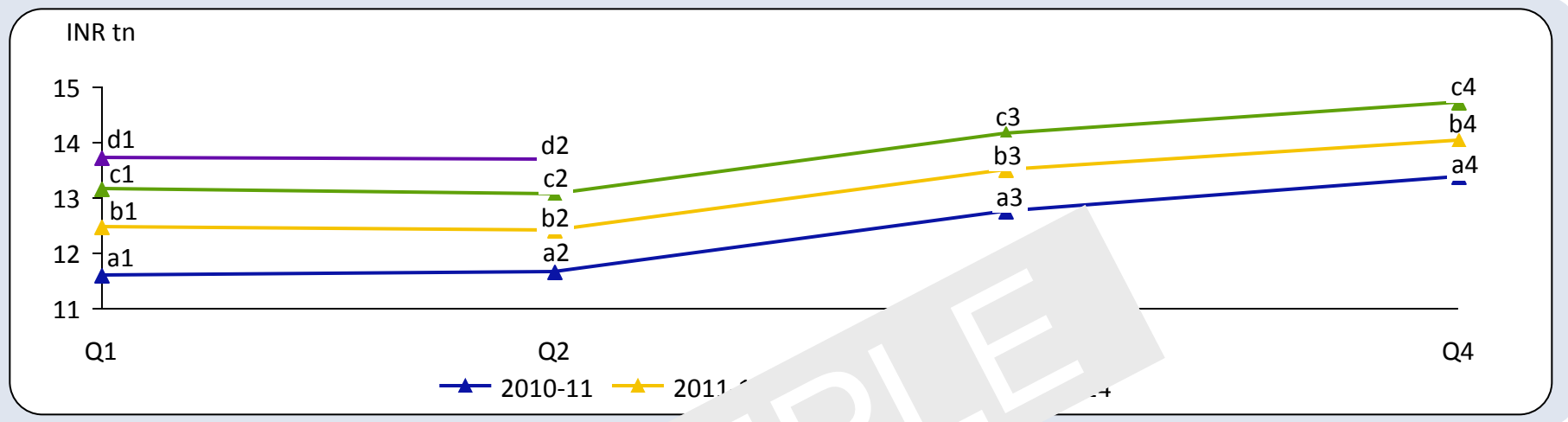
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## • **Macro Economic Indicators**

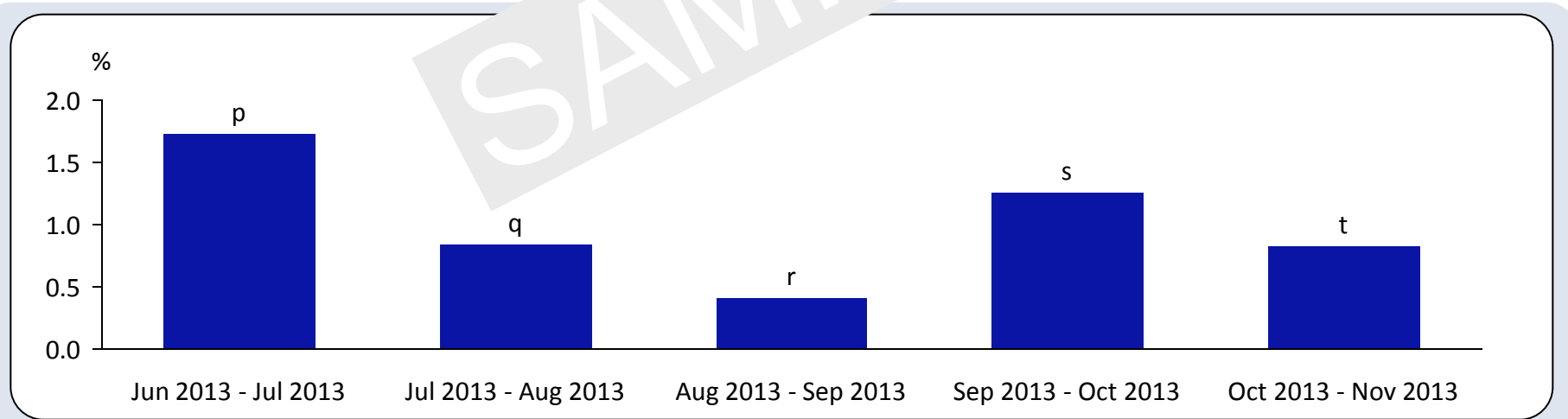
- Introduction
- Market Overview
- Drivers and Challenges
- Competitive Landscape
- Key Developments
- Strategic Recommendations
- Appendix

# 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--



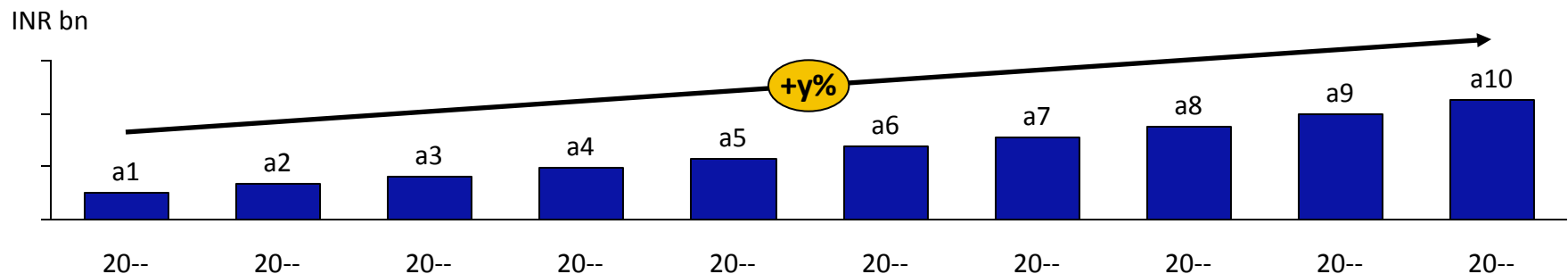
- Telecom Infrastructure consists of service deployment facilities and equipments
- Telecom towers are one of the prime components of telecom infrastructure sub-vertical
- India being an enormous country with rapidly increasing colossal subscriber base across the country, deployment of telecom towers 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)

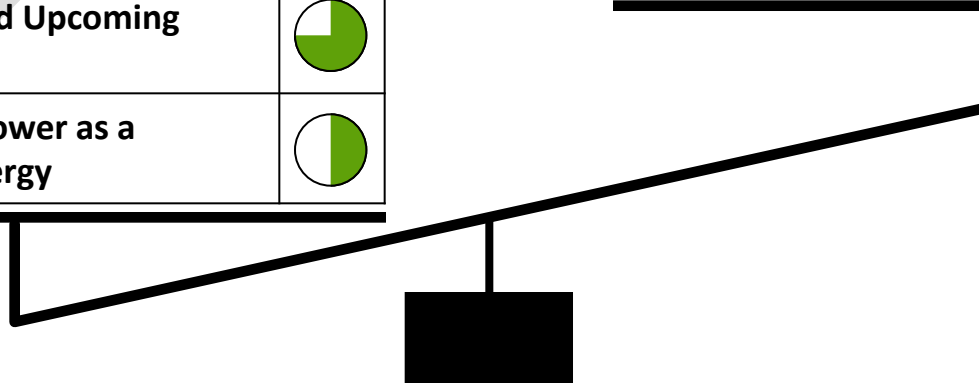
## Telecom Tower – Market Size & Growth



# Drivers & Challenges – Summary

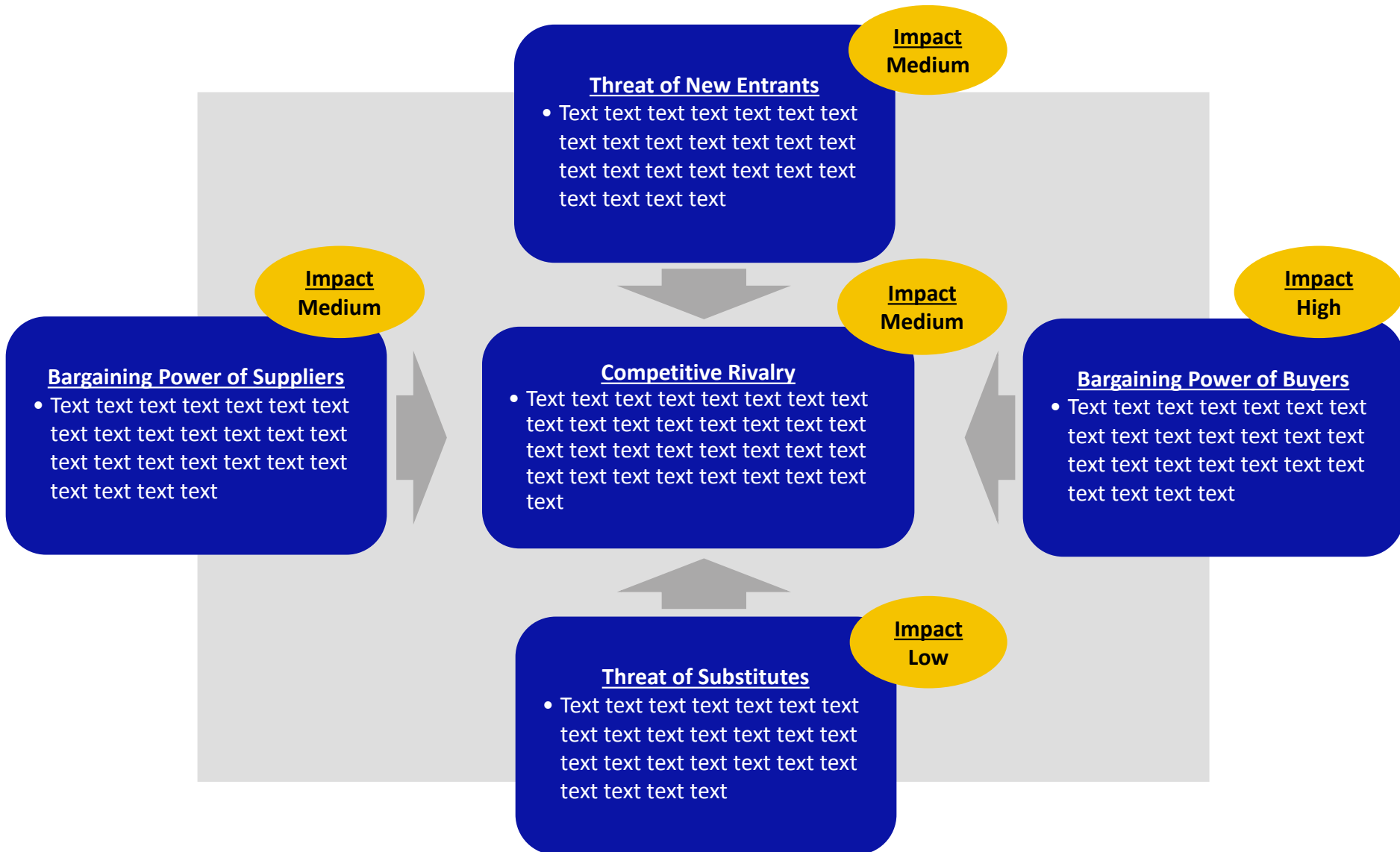
<b>Drivers</b>	
Growth in Wireless Subscriber Base	
Spectrum Scarcity	
Introduction of 3G and Upcoming Cellular Technology	
Emergence of Solar Power as a Positive Source of Energy	

<b>Challenges</b>	
Challenges Faced In Rural Setup	
Increasing Pollution and Radiations	



# Porter's Five Forces Analysis

# SAMPLE

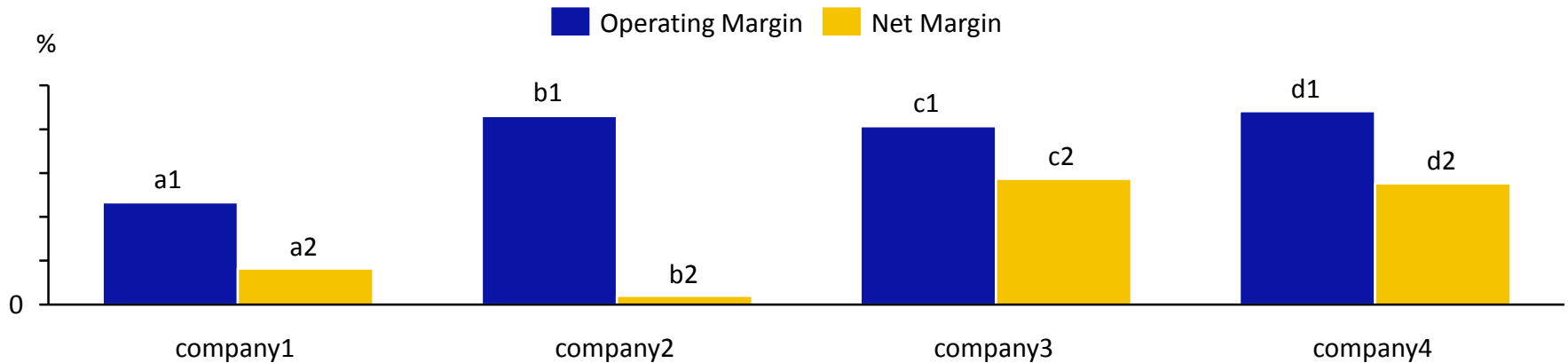




# Competitive Benchmarking (-/-)

# SAMPLE

## 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)

# SAMPLE

### 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)	
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### Offices and Centres – India



### Key People

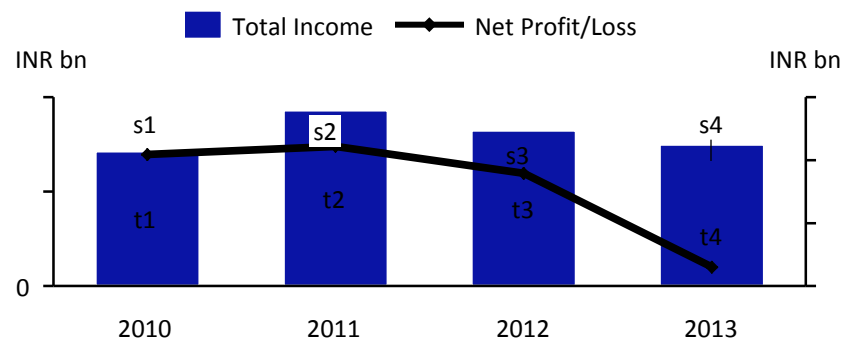
Name	Designation

# 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)	

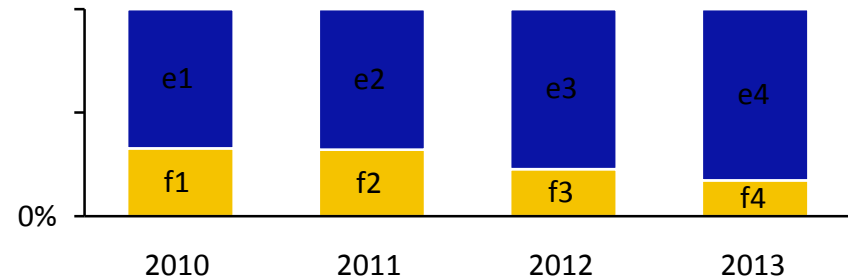
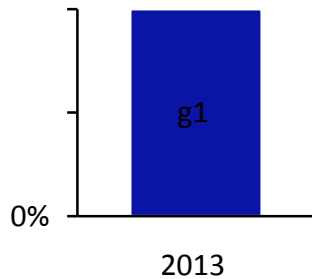
### Key Ratios

Particulars	y-o-y change (2013-12)	2013	2012	2011	2010
<b>Profitability Ratios</b>					
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	↓				
<b>Cost Ratios</b>					
Operating costs (% of Sales)	↓				
Administration costs (% of Sales)	↓				
Interest costs (% of Sales)	↓				
<b>Liquidity Ratios</b>					
Current Ratio	↑				
Cash Ratio	↓				
<b>Leverage Ratios</b>					
Debt to Equity Ratio	↓				
Debt to Capital Ratio	↓				
Interest Coverage Ratio	↓				
<b>Efficiency Ratios</b>					
Fixed Asset Turnover	↓				
Asset Turnover	↓				
Current Asset Turnover	↓				
Working Capital Turnover	↑				
Capital Employed Turnover	↓				

↑ Improved ↓ Decline

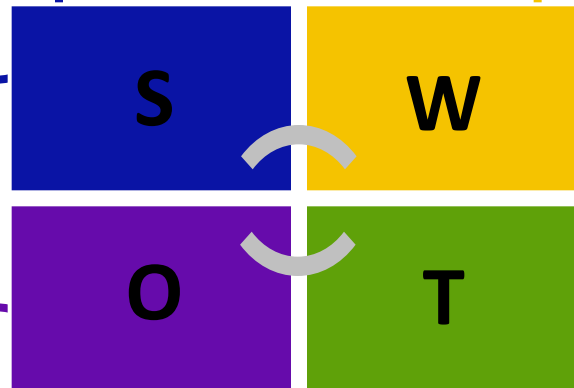
Company 1  
SAMPLE

## Key Geographic Segments

[illegible]

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

SAMPLE



# 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

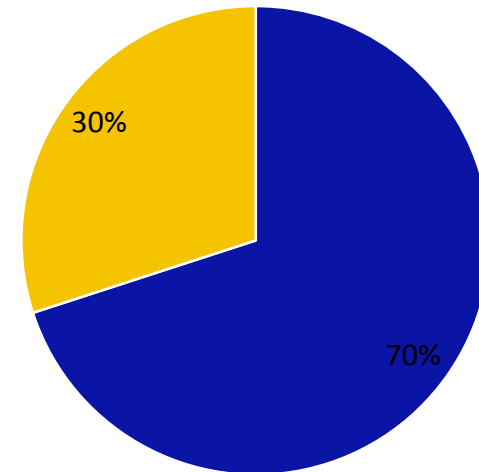
# Private: Domestic Company – Company 2 (2/5)

## Shareholders of the Company as on 28.09.2012

Name	No. of Shares held
X	
X	
Total	

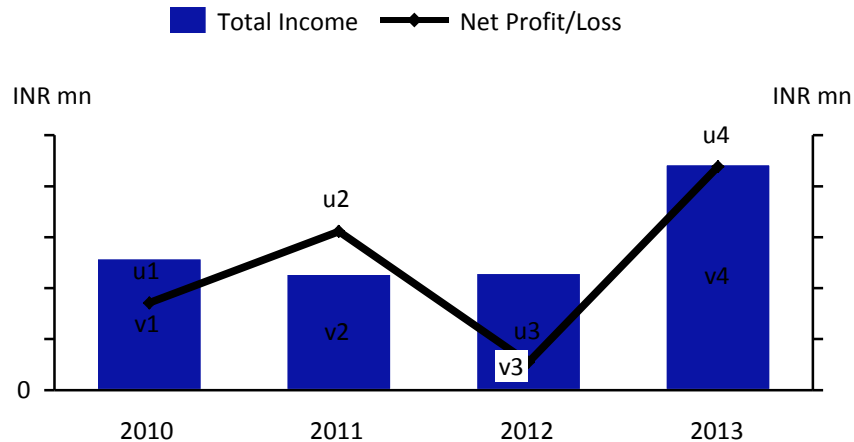
## Ownership Structure

Corporate Bodies Foreign holdings



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

## 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
<b>Profitability Ratios</b>					
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	↑				
<b>Cost Ratios</b>					
Operating costs (% of Sales)	↑				
Administration costs (% of Sales)					
Interest costs (% of Sales)					
<b>Liquidity Ratios</b>					
Current Ratio	↑				
Cash Ratio	↑				
<b>Leverage Ratios</b>					
Debt to Equity Ratio	↑				
Debt to Capital Ratio	↑				
Interest Coverage Ratio					
<b>Efficiency Ratios</b>					
Fixed Asset Turnover	↑				
Asset Turnover	↑				
Current Asset Turnover	↓				
Working Capital Turnover	↓				
Capital Employed Turnover	↑				

↑ Improved ↓ Decline



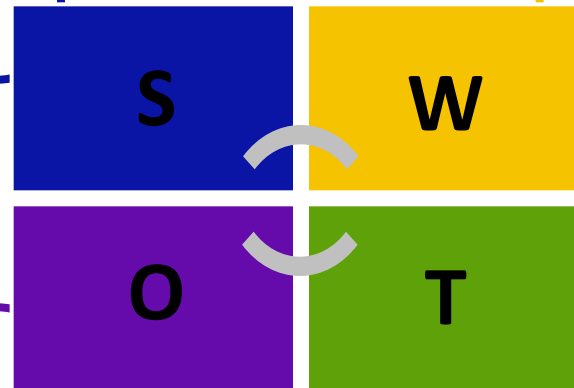
Company 2 (4/5)

## Business Highlights

[illegible]

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

SAMPLE



[illegible]

# Strategic Recommendations (-/-)

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

Recommendation1

Recommendation2

SAMPLE

# Appendix

Ratio	Calculations
<b>Operating Margin</b>	$(\text{Operating Income} / \text{Revenues}) * 100$
<b>Net Margin</b>	$(\text{Net Profit} / \text{Revenues}) * 100$
<b>Profit Before Tax Margin</b>	$(\text{Income Before Tax} / \text{Revenues}) * 100$
<b>Return on Equity (ROE)</b>	$(\text{Net Income} / \text{Shareholders Equity}) * 100$
<b>Return on Capital (ROCE)</b>	$\text{EBIT} / (\text{Total Assets} - \text{Current Liabilities}) * 100$
<b>Return on Working Capital</b>	$(\text{EBIT} / \text{Working Capital}) * 100$
<b>Return on Assets</b>	$(\text{EBIT} / \text{Total Assets}) * 100$
<b>Return on Fixed Assets</b>	$(\text{EBIT} / \text{Fixed Assets}) * 100$
<b>Operating Costs (% of Sales)</b>	$(\text{Operating Expenses} / \text{Sales}) * 100$
<b>Administration Costs (% of Sales)</b>	$(\text{Administrative Expenses} / \text{Sales}) * 100$
<b>Interest Costs (% of Sales)</b>	$(\text{Interest Expenses} / \text{Sales}) * 100$

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

# Sources of Information

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## 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*

# Thank you for the attention

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The Telecom Towers – India 2014 report is a part of Netscribes' Technology Series.

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