



# INDIAN TELECOM INDUSTRY

---

SEPTEMBER 2021

**Relief package provides substantial respite to industry  
and ample time to carry out fundamental repairs**

*The recently announced relief package is a welcome step which will ease the headwinds faced by the industry. The moratorium on the dues provide an annual cash flow relief of Rs. 43,000-46,000 crore from FY2023 till FY2025, with an option to pay the accrued interest by equity or an option with Government to convert the dues to equity at the end of the moratorium. The period till October 2025 allows the industry to carry on fundamental repairs and increase tariffs to improve its cash flow generation*



- Major relief package announced by the Government to aid the industry structure in long term. It involves a series of reforms as well as liquidity easing measures, which will go a long way in improving the sector dynamics



- The 4 year moratorium on government dues provide an annual cash flow relief of Rs. 43,000-46,000 crore for the industry over FY2023 till FY2025 and provides sufficient time to undertake fundamental repairs and increase tariffs and organically deleverage their balance sheets



- This apart, the accrued interest on the moratorium can be paid by the telcos by way of equity, in addition to an option with the Government to convert the dues pertaining to the moratorium by way of equity. These can further ease the pressure when moratorium ends



- Apart from the liquidity measures, reforms like rationalisation of definition of AGR, abolition of SUC for future spectrum auctions, reduction in BG requirements, and reduction in interest rates on delayed payments can aid in improving the long-term health of the sector



- The Government has identified assets like towers of BSNL/MTNL which have multiple tenancies, as well as fibre assets under BSNL/BBNL for monetisation which is estimated to fetch Rs. 35,100 crore over the next 2-3 years



- The operating metrics of the industry have been steadily improving led by increasing data usage and steady conversion of subscribers to 4G from 2G, as reflected by consistently healthy growth in industry AGR. Further, revenues are expected to increase by 8-10% annually with healthy margins



- Debt continues to remain the industry's Achilles' Heel. Moreover, with the steady growth in revenue and profit generation, the debt coverage metrics are expected to improve as reflected by interest coverage of more than 3 times and debt/EBITDA of 3.9 times for FY2023

# Agenda

## 1 Industry Outlook



## 2 Relief Package to Aid the Industry Structure



## 3 National Monetisation Pipeline



## 4 Recovery in Telecom Sector Continues



## 5 Consolidated Industry Financials/ Peer Comparison



## 6 Company Profile





ICRA

## Analytical Contact Details



**Sabyasachi Majumdar**

*Senior Vice-President*

*Group Head*

**Prashant Vasisht**

*Vice-President*

*Co-Group Head*

**Ankit Jain**

*Assistant Vice-President*

*Sector Head*

**Deepak Jotwani**

*Assistant Vice-President*



sabyasachi@icraindia.com

prashant@icraindia.com

ankit.jain@icraindia.com

deepak.jotwani@icraindia.com



0124- 4545 304

0124 – 4545 322

0124 – 4545 865

0124- 4545 870





ICRA

## Business Development/Media Contact Details



**L. Shivakumar**

*Executive Vice-President*

**Jayanta Chatterjee**

*Executive Vice-President*

**Naznin Prodhani**

*Head Media & Communications*



shivakumar@icraindia.com

jayantac@icraindia.com

communications@icraindia.com



022- 6114 3406

080 – 4332 6401

0124 – 4545 860





***© Copyright, 2021 ICRA Limited. All Rights Reserved.***

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

**Thank You!**