

**GTL may invest more in Aircel**

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# GTL-AIRCEL TOWER DEAL CONFIRMED FOR RS 8,400 Cr

*Largest all-cash asset purchase transaction in India: GTL*

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**G**TL Infrastructure, which announced the acquisition of Aircel's 17,500 telecom towers for Rs 8,400 crore today, will raise the money through a mix of debt and equity.

"This is the largest all-cash asset purchase transaction in Indian corporate history. We expect to fund this transaction through fresh equity of Rs 3,400 crore; this could go up to Rs 4,000 crore if required. The balance 5,000 crore will come through debt funded by a consortium of banks syndicated by SBI Caps," said GTL Infra Chairman Manoj Tirodkar.

He said the company may have to invest an additional Rs 700-800 crore in the acquisition. "Aircel has built these towers according to their requirements and the equipment needed is sufficient for two tenants as of now. Depending on the demand from customers we might have to invest Rs 700-800 crore. But this is not an immediate requirement," said Tirodkar.

With the Aircel acquisition, GTL's tower count will touch 32,500 by May 2010, by when



the deal is expected to be completed. Once this is done, the company would have invested a total of Rs 14,000 crore in the country, of which Rs 10,000 crore would have been invested for the development of passive telecom infrastructure in rural India.

In addition to the existing towers, Aircel had also committed for 20,000 more towers over the next three years. On completion of this roll out, GTL Infra is expected to have a portfolio of more than 50,000 towers across India.

The number of GTL towers in urban areas will increase, with the deal coming through, from the current 1,350 to 9,400

towers.

The company added that the total recurring revenue opportunity from this transaction alone is expected to be Rs 1,800 crore, with an Ebitda (earnings before interest, taxes, depreciation and amortisation) of more than Rs 1,200 crore by FY11. For the year ended March 31, 2009, GTL Infra reported revenue of Rs 274.6 crore and net profit of Rs 2.8 crore.

Indus Towers (in which Vodafone-Essar, Bharti Airtel and Idea Cellular are equity partners), Reliance Infratel and Bharti Infratel currently command over 90 per cent of the 200,000-tower market.

"This was one of the deals

that came at low valuation when compared to some recent similar transactions. Some of the deals like Quippo and Tata Teleservices had high valuations," said a banker involved in the deal, on condition of anonymity.

GTL Infra was advised by Citi and Barclays, Nomura, Rothschild and Standard Chartered were advisors to Aircel.

Aircel chairperson Suneeta Reddy said the company will use the cash to better its services. Promoted by Maxis Communications Berhad, the company plans to invest \$5 billion (Rs 22,800 crore) in India over the next three years.

Aircel aims to use these funds to increase its subscriber base from 31 million to 100 million by 2012, increase its base station from 40,000 to 80,000 and expand its value-added services.

"Today, we have a market share of 6 per cent. We want to touch 11 per cent in the next three years. I do not think the current price war is sustainable. We would like to differentiate ourselves on the basis of value added services (VAS). We feel that by 2012, VAS will contribute 25 per cent of the revenue," said Gurdeep Singh, Chief Operating Officer.