GTL Infra to have 80k towers

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The deal comes a month after the non-compete agreement between the two Ambani brothers—Mukesh and Anil—was scrapped. The last time RCOM wanted to buy out South Africa's MTN, the elder sibling had derailed the deal by invoking the right of first refusal in RCOM.

As part of the GTL deal, over 2 million shareholders of RCOM and the minority shareholders of Rel Infratel are set to receive free listed shares of the merged entity. "The swap ratio is expected to be in the range of 2-3 shares of GTL Infra for every one share of RCOM, and will depend on the quantum of debt that is reduced in Rel Infratel," sources told TOI. A detailed picture would be available within the next three weeks, the sources added.

The RCOM-GTL deal does not include the optic fibre network of over 200,000 km and related assets owned by Rel Infratel, which is to remain under RCOM's ownership.

Though the exact financial details of the deal are not immediatewly available, it is learnt that the deal is not based on the exact number of towers that RCOM owns but the tenants on those towers. The current and future tenants of RCOM's towers are said to have enabled a deal size of Rs 48 lakh per tower.

With the 50,000 towers owned by RCOM, the deal pitches GTL Infra into the No. 2 slot in India with a combined total 80,000 towers, behind Indus Towers' 1 lakh telecom towers. As against GTL, which is an independent and neutral firm, Indus is a consortium owned by leading telecom companies, including Bharti Airtel, Vodafone Group and Idea Cellular. The owners of Indus have pooled their assets to form the firm. GTL, on the other hand, continues to remain independent and neutral.

Upon closing, the merged entity will have over 80,000 towers and over 1,25,000 tenancies from over 10 telecom operators. The interests of RCOM as the largest tenant of the merged entity have been adequately protected through appropriate contractual arrangements, sources said.

Sources said RCOM decided to ink the deal with GTL because of "the benefits of scale that would be immediately available, as well as enjoying the future benefits when more tenants get added onto the towers".

The fact that GTL is an independent tower company also helped swing the deal in its favour. Globally, Crown Castle and American Tower Corporation are among the few telecom firms that are not controlled by telecom operators. For mobile companies, using independent tower networks is a major thrust area. "Though infrastructure sharing is the norm with most operators as of now, having a neutral, independent stand favours faster deployment and investment optimisation," an analyst with a brokerage house said.

It may be recalled that in January this year, GTL Infra bought 17,000 towers from Aircel, majority owned by Malaysia's Maxis, in a deal valued at Rs 8,400 crore. The company took on Aircel's debt of Rs 4,500 crore and paid cash for the remaining transaction.

By 2013, GTL plans to erect, engineer and manage 100,000 cell sites, the company told investors after its quarterly results in April this year.