

# GTL set to announce \$1.8 bn Aircel tower deal this week

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**TELECOM INFRASTRUCTURE**

## GTL set to announce \$1.8bn Aircel tower deal this week

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BANGALORE/NEW DELHI

Telecom services firm **GTL Infrastructure Ltd** is set to announce a \$1.8 billion (Rs8,226 crore) buyout of mobile phone firm **Aircel Ltd's** tower business this week to become India's biggest operator of telecom towers, according to people familiar with the development.

GTL Infrastructure, backed by a \$1.2 billion loan from **State Bank of India (SBI)**, has clinched the transaction that's now pending the completion of formalities, said the people, who didn't want to be named.

The line of credit from SBI is likely to go towards refinancing the existing debt of Aircel's tower business as well as for the cash payout in the deal.

With the complete buyout of Aircel's tower business, GTL will become a significant independent player in the shared telecom infrastructure space. GTL took the deal away from rivals **Quippo Telecom Infrastructure Ltd** and **Bharti Infratel Ltd**, the other two shortlisted bidders, in the last few weeks, the people familiar with the matter said.

On completion of the deal, GTL will not only have a portfolio of 30,000 towers but also win the fast expanding Aircel as a key customer. It will also take GTL well past its organic growth target of 24,000 towers by the end of 2014.

Clinching the deal is critical for GTL in its ambition to become the largest independent



**New heights:** An Aircel store in Faridabad. With the tower deal, GTL will win the fast expanding Aircel as a key customer.

player in the shared telecom infrastructure business. Quippo had raced past it after a merger deal with **Tata Teleservices Ltd's** tower operations, and international giants such as **American Tower Co.** have been turning aggressive with acquisition-led growth.

The Tata-Quippo combine is currently the largest independent telecom tower firm with at least 26,000 sites.

Once the deal is announced, Aircel, which is 74% owned by Malaysia's **Maxis Communications Bhd**, will go through the process of demerging the tower business. Emails sent to GTL and Aircel spokespersons had not elicited any response at the time of filing this story.

GTL has around \$110 million in cash, which makes the impending transaction a substantially leveraged one. The deal carries an enterprise valuation of around \$1.8 billion for the tower business, with earlier reports pegging the cash

component at \$800 million.

Gaining from the deal, Maxis is also likely to put on hold plans to sell a stake in Aircel. Last year, it had initiated a process of divesting up to a 26% stake in Aircel to fuel its \$5 billion expansion plan in the next four years.

Australia's **Telstra Corp.**, **France Telecom SA** and **AT&T Inc.** were reportedly in the race to buy into the firm, which is trying to build a national presence after being restricted to Tamil Nadu for years.

"The tower deal and the recent \$3 billion initial public offerings of Maxis in Malaysia gives it enough liquidity for the time being. So the stake sale in Aircel can be on the back burner," a banker said on condition of anonymity.

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