

GTL will buy Aircel's towers for \$1.85 billion

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MUMBAI—GTL Infrastructure Ltd.'s board approved a proposal to buy Aircel Ltd.'s telecom-tower assets for 84 billion rupees (\$1.85 billion), making it the largest independent tower operator in India.

The company, which owns and leases out telecom towers, will buy 17,500 towers from telecom-services provider Aircel, the companies said Thursday.

Demand for telecom towers has risen in India as new mobile-phone service providers opt to lease infrastructure in order to cut costs and roll out services faster.

GTL Infrastructure plans to have 15,000 towers of its own by March, giving it a total of 32,500 after purchasing Aircel's towers. The tower count is comparable to that of global tower companies **American Tower Corp.** and **Crown Castle International Corp.**

Indus Towers Ltd.—a joint venture between **Bharti Airtel Ltd.**, the Indian unit of **Vodafone Group PLC** and **Idea Cellular Ltd.**—is the largest local tower company in India, with about 100,000 towers.

GTL Infrastructure will contribute up to 17.50 billion rupees in cash toward the acquisition, which will be done through a company specifically created for the deal. GTL Ltd., which owns 30% of GTL Infrastructure, said separately it will contribute up to 15 billion rupees.

GTL Infrastructure said it expects to pay the balance through debt, financed by a consortium of banks. The companies expect the deal to be completed over the next four to five months after regulatory approvals.

Aircel, a unit of Malaysia's **Maxis Communications BHD**, plans to use the proceeds "to better serve its customers across India," chairperson Suneeta Reddy said. Aircel will lease 20,000 sites from GTL Infrastructure over the next three years as part of the deal.

Several of the companies providing telecom infrastructure in India are owned by service providers. Some are expected to move these assets to independent companies to reduce cost.

"We believe that there will be continued consolidation in the [telecom-infrastructure] sector, which will further redefine the tower landscape in India," said Ravi Lambah, a managing director at **Citigroup Inc.**'s India investment-banking division. The division advised GTL Infrastructure on this transaction, as well as telecom operator **Tata Teleservices Ltd.** on its 2008 deal with **Quippo Telecom Infrastructure Ltd.** In that deal, **Tata Teleservices** sold 49% of its tower unit to **Quippo Telecom** for about 24 billion rupees to form a joint venture between the two companies. The venture now has 33,000 towers.

Over the next 12 to 24 months, Mr. Lambah expects tower companies to launch initial public offerings. **Reliance Infratel** already has filed a draft prospectus for an IPO. **Reliance Infratel Ltd.**, a unit of **Reliance Communications Ltd.**, has more than 48,000 towers.

GTL Ltd. said the Aircel lease-back deal may generate up to 85 billion rupees to 170 billion rupees in revenue over the next five years for the company. **Barclays PLC** and **Citigroup** were the financial advisers to GTL Infrastructure on the deal.