

GTL set to buy Aircel towers

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GTL Infrastructure is poised to buy all 17,500 towers owned by mobile phone service provider Aircel in a deal valued at \$1.8 billion (Rs 8,400 crore). With this, GTL will take its tally to 31,500 towers, and breathe down Tata Quippo's neck, which, with more than 33,000 towers is the country's largest independent tower company.

According to sources close to the deal, the announcement is likely tomorrow. In an intimation to the Bombay Stock Exchange today, GTL said its board would meet tomorrow to con-

sider a matter related to opportunities of strategic acquisitions and investments. The company is believed to be in talks with various global banks to fund the acquisition.

Aircel, sources said, would initially hive off its tower assets into a separate company in which GTL would have a 51 per cent stake. Aircel Chief Executive Officer Gurdip Singh, when asked about the deal, said he would not like to comment. GTL Infrastructure's whole-time director Prakash Ranjalkar,

when contacted, said: "We are in talks but we cannot comment on the issue." An SMS to Sundip Das, the CEO of Maxis Communications, went unanswered. Maxis, one of the largest telcoms in Malaysia, has 74 per cent stake in Aircel.

With the rollout of new networks, telecom infrastructure is much in demand, which is perhaps reflected in the Rs 48-lakh that GTL may shell out for each of Aircel's towers. The cash that Aircel will get, sources

say, is likely to be used for its pan-India expansion and bid for 3G licence.

When Quippo bought 49 per cent of WTTIL, the infrastructure subsidiary of Tata Teleservices, it paid Rs 30 lakh

per tower. Late last year, American Tower Corporation bought 325 towers from Transcend at Rs 29 lakh each. Last year ATC bought 1,700 towers of Xcel Telcom for Rs 50 lakh apiece.

GTL was among the three players shortlisted to buy out tower assets of Aircel. Others were American Tower, Bharti Infratel and Tata Quippo. Tata Quippo, too, bid for Aircel in the range of Rs 6,000-6500 crore, which was lower than GTL's offer.

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Most frontline mobile service providers have sold their infrastructure, or farmed it out to a separate company, to cut costs. The acquisition costs of a tower is nearly double of what is needed to erect a greenfield tower (which is Rs 25-28 lakh). Independent tower companies look to acquire in order to save time as well as to cover gaps in their presence in various circles. Erecting 17,500 towers from scratch would take at least two years.

Essar Telecom Infrastructure, which has 4,500 towers is also talking to prospective buyers. According to sources, the company is looking at a valuation of Rs 47-48 lakh a tower. The valuation, according to experts, is also dependent on the number of tenancy rights (the number of operators which have already rented their towers) — the higher the tenancy, the better the valuation.

The consolidation spree in tower space started off in 2007 when Bharti Airtel, Vodafone Essar and Idea Cellular collectively decided to spin off their towers into an independent firm — Indus Towers, which currently has over 100,000 towers.

Reliance Infratel comes next with over 50,000 towers. A Reliance Equities report, released in September, says the number of telecom towers in India in 2010-11 is estimated to grow to 337,375 from an estimated 282,074 in the current year.