

GO SET TO GAIN TOP SPOT

GTL to acquire Aircel's tower biz for Rs 8,400 cr

Our Bureau
MUMBAI

GTL Infrastructure (GIL), which leases towers to cellular operators, has agreed to buy Aircel Cellular's tower business for Rs 8,400 crore in an all-cash deal that will make it the world's largest independent telecom tower company.

The world's biggest deal yet in the telecom tower space is to be announced on Thursday, said two people involved in the talks.

The deal will take the tower tally of Mumbai-based GIL, 30% owned by the GTL Group, to 32,500. That is 8,500 more than the tower assets of US-based Crown Castle and 6,500 more than American Tower Corp (ATC). It also fortifies GIL's position in the world's fastest-growing telecom market that is seeing cut-throat tariffs, but no let-up in expansion by cellular players.

Cellular operators are increasingly outsourcing passive infrastructure, IT and BPO services to focus on core services. Tower firms, which lease out passive infrastructure and get monthly rentals, benefit as they are



TOWERING PRESENCE: Right call

able to recover capex in 3-12 years based on the number of tenants.

The deal gives Aircel, owned by Malaysia's Maxis Communications, the money it badly needs for completing an all-India rollout and for bidding in the forthcoming 3G spectrum auctions. "Along with the towers, GTL will acquire the related broadband infrastructure as well," said another person involved in the deal.

► **Each tower valued at Rs 48 l: P 25**

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GIL deal values each Aircel tower at Rs 48 l

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GIL outbid rivals Tata-Quippo and Bharti Infratel, which were shortlisted over a dozen players, including ATC and Crown Castle, to clinch the deal.

To facilitate the deal, Aircel will spin off its business comprising 17,500 towers into a new entity in which GIL will pick up a 51% stake while group company GTL Ltd will acquire 30%. The remaining 19% will be bought by holding companies of the promoters, said the person quoted first. The GTL group is owned by Manoj Tirodkar.

These entities, he said, would chip in Rs 3,500-4,000 crore, in proportion to their equity interest in the acquired business. SBI Capital Markets has promised to syndicate debt worth Rs 5,000 crore for the deal. GIL will announce the details of the financial arrangement at the time of signing the deal.

The deal outshines earlier deals in the telecom tower space. Two years ago, Bharti Infratel, the wholly-owned telecom infrastructure subsidiary of Bharti Airtel, sold a 10% stake to foreign investors for \$1 billion. Last year, Quippo bought 49% in Wireless Tata Telecom Infrastructure, the Tata Teleservices telecom tower arm, for Rs 2,400 crore. Later, Quippo merged its telecom tower business with Wireless.

As per the deal, the value per Aircel tower works out to around Rs 48 lakh. When the Tatas merged their towers with Quippo Telecom Infrastructure, each tower was valued at Rs 61 lakh. In March 2009, ATC had paid Rs 41 lakh each for Xcel Telecom's 1,700 towers. "Going by these valuations, GIL has clinched the deal at a fair price," said a telecom analyst.

A GIL spokesperson had no comment while Aircel officials did not return calls. The GIL scrip rose 14.3% to close at Rs 43.05 on the BSE on Wednesday after ET NOW, this newspaper's business channel, reported contours of the deal. ET was the first to report about the imminent transaction in its December 24 edition.

Barclays and Citi advised GIL while Nomura, Rothschild and Standard Chartered were advisors to Aircel. After the deal closes out, Aircel will take another 20,000 towers on rent from GIL. These will be a combination of old and new towers that GIL will build. "The acquisition will bring in around Rs 650-700 crore in revenue to GIL," said the person quoted first.