

Aircel lines up Rs 6,300 crore to spruce up network in India

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■ The telco, with a 6% market share, will also use funds to launch services in five circles

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Mumbai, Jan 14: Aircel, a unit of Malaysia's Maxis Communications, said it would be investing around \$1.4 billion (about Rs 6,300 crore) in the current fiscal for its Indian operations, compared with \$1.9 billion (around Rs 8,500 crore) last year. The company, which entered India in 1999, has attained a market share of 6% with a subscriber base of 31 million in 17 circles.

"We would be investing around \$5 billion (Rs 22,500 crore) in our Indian operations within the next three years, of which we will be spending around \$1.4 billion this financial year," said Aircel's CEO, Gurdeep Singh on the sidelines of striking its tower unit deal with GTL Infrastructure on Thursday. The investment will be made to expand network expansion as well as achieve a pan India presence by

launching services in five more circles. This is expected to increase Aircel's subscriber base to 100 million with a marketshare of 11% by 2012. Regarding listing Aircel on the Indian bourses, Singh said the company is fully funded. "As of now, we are fully funded for an accelerated growth. As and when the need arises, we will take up that option," he said.

The company, which is set to be a pan India player by June 2010, is yet to launch its mobile services in Madhya Pradesh, Gujarat, Punjab, Haryana and Rajasthan. Singh said that the new circles will be Ebitda positive only after 30 months from launching of services. Further, he projected that the company would grow its reach from 40,000 towers at present to 80,000 by 2012. Aircel will also expand its wi-max reach from 50 cities at present to 100 cities by then. Talking about the fierce competition in the Indian

telecom space, Singh said that per-second billing is not sustainable. "Per-second plan is not sustainable given that the Ebitda and margins are constrained. A few more companies may enter the space intensifying the competition," he added. He opined that VAS and data would be the biggest differentiating factor as these would also offset the tariff cut impact. Currently, VAS and data constitute 11% of the company's revenue which is expected to grow 25% by 2012. Going ahead, the company will also refine its focus on the enterprise, corporate and SMB offerings.

Singh said that 3G will not be a revolution in the mobile industry; instead, 2.5G, if harnessed in a correct manner, can deliver wonders for operators and subscribers. He mentioned that consolidation is inevitable but the shake out might take 12 to 16 months from now.

GTL to fund Aircel deal via internal accruals, debt

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Mumbai, Jan 14: GTL Infrastructure (GTL Infra), which has acquired Aircel's 17,500 towers for Rs 8,400 crore, said it would fund the acquisition through internal accruals and debt. GTL's group companies would invest Rs 3,400 crore, while the rest would be a Rs 5,000-crore debt funded by SBI Capital. It is an all-cash deal, taking GTL's debt to equity ratio to 1.2.

Of Rs 3,400 crore, GTL Infra will invest Rs 1,750 crore, while the remaining will be funded by parent companies, including GTL Ltd. In addition to the existing towers, Aircel will also commit 20,000 towers over a three-year period. GTL would receive Rs 700 crore on the back of rentals from this deal every year, taking the Ebitda margin to 60-65%.

The firm will pay an interest of 10.5% on the Rs 5,000-crore debt for a period of ten years. GTL will get fixed rentals on 17,500 towers for 15 years.