

# GTL Infra to buy Aircel tower biz

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Rs 8,500-cr deal will put new entity in big league of third-party tower cos

**Our Bureau**

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The year has begun with a bang in the telecom space with GTL Infrastructure going in for a buyout of Aircel's 17,500 cellular transmission towers.

The total consideration is in the range of \$1.8 billion or Rs 8,500 crore, sources say.

Once the deal goes through, the combined entity will own 33,000 telecom towers, making it one of the country's largest third-party mobile tower companies.

GTL, in the process, has pipped rivals such as Bharti Infratel, Crown Castle and Tata-Quippo which were also in the race to acquire Aircel's tower business.

"Strategically speaking, the deal will put GTL back in the big league of third-party tower companies. The greatest

**Expanding network**



- Aircel has 17,500 towers across different circles of Tamil Nadu, Chennai, Karnataka and Maharashtra among others
- Bharti Infratel, American Tower Corporation and Tata-Quippo were the other companies that had evinced interest
- Merchant bankers say the enterprise valuation of the deal is in line with global deals in the same space
- GTL to fund the deal using a mix of debt, equity and internal accruals
- Formal announcement to be made on Thursday

advantage is it will now have an assured tenant in Aircel for its towers," Mr Priyank Chandra, Research Analyst, Dolat Capital Market, told *Business Line*.

**VALUATIONS DOWN**

Other analysts feel that the

valuation sought by Aircel for the towers business is lower than similar deals in the past, reflecting waning investor interest in telecom. The Aircel purchase works out to an average of Rs 48.5 lakh a tower.

On the other hand, when the Tatas merged their towers

with Quippo Telecom Infrastructure, each tower was valued at Rs 61 lakh. In March, ATC reportedly paid \$90,000 (Rs 41 lakh) apiece for Xcel Telecom's 1,700 towers.

"Valuations have surely tapered off from what they were about a couple of years ago given the maturity of the market. It does limit Aircel's ability to generate incremental revenues but we feel that the valuations are in line with similar deals across the globe," a merchant banker associated with the transaction said on the condition of anonymity.

The entire transaction is expected to be completed in the next four months, he added.

A formal announcement on the GTL-Aircel deal is expected on Thursday. In a regulatory filing today, GTL Infra

said that it has advanced its board meeting scheduled for January 18 to January 14 for 'consideration of opportunities for strategic acquisition (s)/investments...'

Tower sharing has enabled operators lower their costs dramatically. A single tower can accommodate base stations from three-four operators.

Most new operators have got into tower sharing deals with companies such as GTL Infra, Tata-Quippo, and Reliance Infratel to lower costs and speed up the rollout.

Aircel, a part of Maxis Communications Berhad, Malaysia, is present across 18 telecom circles and has spectrum secured for the remaining five. On the BSE, the GTL Infra scrip ended up by almost 14 per cent at Rs 42.90 on Wednesday.