

GTL acquires Aircel tower biz for \$ 1.8 bn

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Mumbai: In an attempt to become a dominant player in the mobile tower market, GTL Infrastructure, which leases towers to cellphone operators, has agreed to acquire the telecom tower business of Aircel and its subsidiaries for Rs 8,400 crore (\$1.8 billion).

According to a source, GTL outbid domestic rival Tata-Quippo and multinationals American Tower and Crown Castle to buy 17,500 towers of Aircel, a unit of Malaysia's Maxis Communications. The deal is the largest in the telecom tower segment in India, both in terms of value and the number of towers acquired.

The deal will take GTL's total tower position to 33,000 and will give the company access to another 20,000 towers which are being set up over the next three years. GTL Infra will have a portfolio of more than 50,000 towers across all 23 telecom circles by FY13. The transaction is expected to be completed by May 2010.

The deal will be funded by an equity investment of Rs 3,400 crore from GTL Infrastructure and its promoters and debt funding of Rs 5,000 crore by a consortium of banks led by SBI Capital.

GTL Infra will directly contribute Rs 1,750 crore in equity for a special purpose vehicle to complete the acquisition, and parent Global Group will bring in Rs 1,650 crore, GTL chief operating officer Prakash Ranjalkar told reporters here on Thursday.

Along with the towers, GTL will acquire the related broadband infrastructure as well, an analyst tracking the telecom sector said. Going by the past deals, GTL has bagged Aircel towers at a fair valuation, an analyst said, requesting



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anonymity. GTL will also have Aircel as an anchor tenant. Following the transaction, Aircel will be reinvesting the proceeds across India.

The transaction rationale ensures "immediate recurring revenue of Rs 700 crore for the next 15 years on a per annum basis". The additional commitment of at least 20,000 anchor sites over the next three years will also provide "additional recurring revenue of Rs 700 crore. The total recurring revenue opportunity from this transaction alone is bound to be around Rs 1,400 crore," an analyst who attended the meeting said.

The deal ensures a comprehensive tower footprint on a pan-India basis. GTL also announced an investment of Rs 10,000 crore for the development of passive telecom infrastructure in rural India.

Telecom firms are looking to cut costs in India, given the new 14 million subscribers being added per month. Sourcing telecom masts from independent tower companies has therefore shown the way to several new mobile operators in the country.