

# Vodafone, Airtel consortium 'Idea' has no takers

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The move by three major telecom service providers - Bharti Airtel, Vodafone Essar and Idea Cellular - to set up a consortium for passive infrastructure is gaining ground, but independent telecom infrastructure providers are yet to be convinced.

Infrastructure sharing makes a lot of sense, say analysts. It reduces capital expenditure and operational costs. Setting up of a single tower could cost Rs 27-30 lakh and more depending on the terrain.

A tower company would charge anything between Rs 45,000-50,000 per month from the anchor tenant (first tenant), while it could reduce the rate for single tenants.

However, passive infrastructure companies in the

country, including GTL Infrastructure (GIL), Quipo Telecom Infrastructure and Essar Telecom, are not keen on joining the consortium. Reliance Communications (RCom), which through its subsidiary TowerCo owns 14,000 towers, is also looking the other way.

These companies together with other operators such as Aircel Communications and state-owned BSNL and MTNL hold around 80 per cent of the total 1,20,000 towers in the country.

Moreover, these companies are also aggressively adding base transceiver stations (BTS) with the total expected to reach three lakh in next three years.

"Setting up a consortium is good move as it will help in reducing overhead and operational cost for the telecom companies. However, we intend to stay as an in-

## TOWER POWER

| COMPANIES     | TOTAL NO OF TOWERS |
|---------------|--------------------|
| TowerCo       | 14,000             |
| GIL           | 3,500              |
| Essar Telecom | 2,000              |
| Quipo         | 1,500              |
| Bharti        | 40,000             |
| Vodafone      | 5,000              |
| Idea          | 10,000             |

- Cost of setting up a single tower Rs 27-30 lakh
- Charges for anchor tenant Rs 45,000-50,000 per month & Rs 650-700 per tenant



dependent and neutral telecom infrastructure service provider, which is absolutely necessary for our kind

of business," GTL Chairman and Managing Director Manoj Tirotkar said.

"Moreover, as GTL sup-

ports multiple tenants and multiple technologies, it makes business sense to remain independent," Tirotkar added.

Bharti Airtel, Vodafone Essar and Idea Cellular are in advanced stages of setting up a consortium company for towers and believed to be in discussion with all the major telecom operators in the country.

According to sources close to the development, the companies are expected to make a formal announcement by December end. According to Quipo Telecom Chief Executive Officer Arun Kapur, "It makes sense for the three GSM players to set up a consortium as there is a lot of synergy among them.

Moreover, the firms are also looking at unlocking shareholder value by forming a separate company for towers."

"These companies are also our clients and we would be only happy with their growth. However, at this point in time, we don't have plans to join the consortium as we would like to pursue our own growth plans," Kapur added.

Essar Telecom and TowerCo executives, on condition of anonymity, also expressed similar sentiments and confirmed that they were not joining the consortium.

An analyst tracking the sector said the move by operators to hive off their tower business has resulted in the emergence of new companies, passive infrastructure or tower companies.

These companies would also help in reducing capex per operator, as a single tower would host a minimum of four and a maximum of seven tenants.