

TTSL, Quippo merge tower business

Tata Teleservices (TTSL) and Quippo Telecom Infrastructure have merged their passive infrastructure businesses to create India's largest independent telecom infrastructure company.



Sunil Kanoria

Under the terms of this strategic partnership, TTSL and Quippo Telecom will swap 51% and 49% stake respectively, in the infrastructure businesses held by them. The management rights in Wireless-TT Info-Services (WTTIL) the tower arm of Tata Teleservices will now move over to an independent & professional management run by Quippo Telecom.

Quippo will make an upfront cash payment of about Rs 24 billion, as also transfer its passive telecom tower portfolio of approximately 5,000 towers to WTTIL. The combined entity will have a portfolio of over 18,000 towers making it the largest independently managed tower company in India, with an enterprise valuation of approximately Rs 130 billion (\$2.6 Billion).

"When Quippo pioneered the

concept of shared passive infrastructure in 2005, there were no takers. Now, through this merger, the dream is being realized—resulting in a win-win situation for customers and stakeholders of Quippo and WTTIL," Sunil Kanoria, director, Quippo Telecom Infrastructure Limited and vice-chairman and managing director, Quippo Infrastructure Equipment Limited, said.

"This partnership presents a unique opportunity for telecom operators to focus on their core competencies without worrying about the availability of the infrastructure, capital expenditure, time-to-market, etc. This will, in turn, help reduce risks and improve profitability," he added.

"The deal is of strategic importance

Quippo Telecom pioneered the concept of shared passive infrastructure and is the first independent tower company in India.

Anil Sardana



Arun Kapur

and value enhancing for all stakeholders particularly so since it combines the proven expertise of management and operational capabilities of Quippo with the committed support of TTSL. Also, the Independent board would ensure high standards of corporate governance and a business code of conduct the same as what is followed at various Tata companies" Anil Sardana, Managing Director of Tata Teleservices Limited, said.

"This partnership makes for perfect fit Quippo is one of the most professionally-managed companies in this space and WTTIL is at the epitome of corporate governance. Furthermore, this alliance will allow TTSL to concentrate on its core area of expertise. Together, we will enhance the value proposition and shareholder value. The combined entity will reap the benefits of significant synergies through the merger, both at the operational and financial levels. This will help further increase the scale and reach of the entity, while ensuring better asset utilization, an upside in tenancy and reduction in capital expenditure," Sardana said.

"This deal is a testimony of the faith of our customers and stakeholders in our business strategy. This largest

| FINANCE |

Aegon Religare to infuse Rs 1.2 billion by July

Independent tower company will organically grow into an entity with over 50,000 towers by Year 2012 we are confident it will hold the largest tenancy ratio in the Indian telecom space as well," Quippo Telecom managing director Arun Kapur said.

Quippo Telecom pioneered the concept of shared passive infrastructure and is the first independent tower company in India, is one of the most aggressive players in the space. The financial advisors of the partnership are Citibank and Nomura for Tata Teleservices Limited and JM Financial for Quippo Telecom.

TTSL operates in more than 7,500 towns across 22 circles including Andhra Pradesh, Gujarat, Karnataka, Delhi NCR, Maharashtra, Mumbai, Tamil Nadu, Orissa, Bihar, Rajasthan, Punjab, Haryana, Himachal Pradesh, Uttar Pradesh, West Bengal, Kerala, Madhya Pradesh, Assam, north eastern states and Jammu & Kashmir.

Tata Indicom has a customer base of nearly 32 million. In November 2008, TTSL entered into an agreement with Japanese telecom major NTT DOCOMO, as part of which the Japanese company acquired a 26% stake in TTSL for \$ 2.7 billion.

Quippo operates an Infrastructure Equipment Rental Company, servicing the high-growth verticals of construction, oil & gas, telecom and energy.

Quippo Telecom's existing investor base includes reputed investors like GIC Singapore (owned by Singapore Government), IDFC Private Equity and Oman investment Fund (OIF). OIF, an investment arm of the Oman government has recently invested Rs 4.72 billion in the company for an approximate 16.6% equity stake. Earlier this year, Quippo lapped up about 1,000 towers from Spice Telecommunications primarily across Punjab and Karnataka circles. ■■

Aegon Religare Life Insurance will make fresh capital infusion of Rs.1.2 billion by July this year.

"When we kicked off our operations in India, we had plans to infuse Rs 3.7 billion in the first year of operations. Our current capital base is Rs 2.5 billion and another Rs 1.2 billion will be pumped in by June-July this year" Aegon Religare chief executive Rajiv Jamkhedkar said.

"We are looking at a capital base of Rs 10 billion by the end of four-five years. By that time, the company is likely to cover 500,000 lives," Jamkhedkar added.

Now the company has 49 branches across 500 towns in India and will

have at least 200 branches over the next couple of years, Jamkhedkar said.

To back up its expansion drive, Aegon Religare will hire more people. "At present, our strength is 1,200. Over the next 12 months, we will have manpower of at least 2,500. We will also increase the number of financial advisors from 1,400 at present to 5,000 during this period," he said.

He added that the company was now working on launching health plans. "We are working on developing a health policy," said Jamkhedkar.

The firm is a joint venture between financial services institutions Religare Enterprises and the Netherlands-based Aegon. ■■

| EMPLOYMENT |

10 million jobs at risk in the export sector

Nearly 10 million jobs in the export sector may be cut by March this year due to the global economic slowdown.

A. Sakthivel, president of Federation of Indian Export Organisations (FIEO) said the jobs could be lost between January and March due to recession and high interest rates.

"Already a million jobs have been lost and there are more to follow," he said.

A lot of developed economies, including the US, are in recession, dampening consumer demand across the world.

"Fresh orders are drying up due to lower demand. Buyers are cancelling the earlier orders or rescheduling the shipment," Sakthivel said.

China's price competitiveness seems to be biting into Indian exporters' pie as a lot of foreign buyers are looking at cheaper options.

"Buyers are also asking to reduce prices even for already executed contracts and are asking us to match China prices," he added. ■■

UNITED STATES

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