

# 9 new players look to enter tower business

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The passive telecom infrastructure industry is witnessing action, with at least nine tower companies waiting on their wings to enter the segment.

"The telecom infrastructure business is expected to post an exponential growth similar to that being recorded by the cellular industry. The growth of telecom connections at 7.3 million users per month would require the installation of 330,000 towers within the next couple of years and here lies the opportunity," BPL Mobile CEO S Subramaniam told *Business Standard*.

Moreover, the opportunity is also due to the fact that mobile operators are hiving off towers into a separate business to

concentrate on their core competencies. At present, among all the operators, there are around 110,000 towers in the country.

US-based American Tower Corporation (ATC) and Crown Castle International are among others looking at entering the country, while Isarel-based Tower Vision has already commenced operations for Spice Telecom. ATC has received the Foreign Investment Promotion Board (FIPB) approval to set up a wholly-owned subsidiary. These companies are also looking at buying stakes in Indian operators who have announced hiving off their tower business. ATC and Crown Castle are in talks with Reliance Communications that has recently sold 5 per cent in its tower subsidiary.

Similarly, other domestic majors are also making their pres-

ence felt in the country. For example, TVS group had announced its intention to enter the sector through its subsidiary TVS Interconnect Systems (TVS-ICS), while Essar Telecom Tower Infrastructure, Quipo and Xcel have also announced their foray into this business.

Sumit Modi, an analyst with Emkay Shares said: "At present, there are no great barriers in India for entering into this segment, as against the US, where the zoning law acts as a barrier."

The tower sharing business is a very lucrative business especially when there are 6-7 operators present in each service area. While the tower business benefits the telecom operators by reducing the capex and opex, it generates significant back-ended cashflows by front-ending the capex, he added.