

Quipo forays into telecom towers biz, to invest Rs 6,750 cr

New Delhi, Sep 02

Betting big on the buoyant telecom sector in India, Quipo Infrastructure Equipment Ltd will invest Rs 6,750 crore over the next two to three years to set up nearly 25,000 telecom towers across the country.

The company, promoted by infrastructure leasing firm SREI, would make the investment through its telecom subsidiary -- Quipo Telecom Infrastructure Ltd.

"The huge shortage of telecom towers in the country prompted us to venture into the area. We will set up 25,000 towers across the country to help service providers in penetrating the market efficiently," Quipo Infrastructure Vice Chairman and Managing Director Sunil Kanoria said.

He said it is estimated that India would require a whopping two lakh new towers over the next two to three years.

On an average one telecom tower needs an investment of Rs 27 lakh and presently the company has 1,200 towers across the country.

The company would set up new towers primarily in Tier II cities and has tied up with all major service providers to lease the towers.

"We forayed into this business in 2005 and initially had a hard time to market the concept. Now, with a number of service providers de-hiving their tower businesses, we have started leasing out these towers and expect it to contribute significantly to our top-line in years to come," Kanoria said.

The company expects telecom business to contribute nearly 40 to 45 percent to its revenues in the next few years.

"Construction equipment leasing presently contributes as much as 80 percent to our revenues, which is expected to come down once our telecom business gets in full swing," Kanoria said.

Quipo would fund the expansion through a mix of equity and debt is also looking at a possible listing in two to three years time.

"The company has a debt equity ratio of 1:2.5 and we want to maintain it at these levels. The present expansion would be funded partly by debt and equity and we are also actively looking at a possible listing once this expansion is over in the next couple of years," Kanoria added.

He said out of the Rs 6,750 crore capex, the company has earmarked an amount of Rs 1,000 crore to be invested in the current fiscal to set up 4,000 towers.

Private equity investor opulent venture capital ventures holds a majority 20.1 percent stake in Quipo Infrastructure while IDFC and Singapore's GIC hold an equal 15.57 percent stake each in the company. SREI Ltd has a 15.05 percent stake in the company.