



TATAS, QUIPP0 MERGE TOWER BIZ

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[Rs 13,000-Cr Entity Born, Quippo To Take 49% & Management Control]

Tata Tele, Quippo merge tower biz

Our Bureau
NEW DELHI

QUIPP0 PAYS

Quippo Telecom Infrastructure (QTIL) to pay Rs 2,400 cr for 30% in WTTIL while it would transfer 5,000 towers to the new company for the remaining 19% stake.

18K TOWERS

New entity to be 2nd largest firm in terms of number of towers. The branding exercise of would take place once the merger is complete.



TARGET 50K

New entity to invest about Rs 5,000 cr by '12 to ramp up tower count to 50,000. Trai data says India needs 330,000 towers by 2010.

TOUGH FIGHT

Indus Towers, which has 83,000 towers and is the largest company in tower business space, will get tough fight from the merged entity.

TATA Teleservices on Monday announced that it had sold 49% stake in its telecom tower and infrastructure arm to Srei group company Quippo Telecom Infrastructure Ltd (QTIL). As per the deal, QTIL will make an upfront cash payment of Rs 2,400 crore and also transfer its 5,000 towers to the Tatas tower company—Wireless Tata Telecom Infrastructure (WTTIL). "In exchange, Quippo will get 49% stake and management control of the merged entity. The merged company is mostly likely to be called Quippo. We are also looking at a listing of this new company in the near future," Quippo vice-chairman and managing director Sunil Kanoria told ET.

The combined entity will have over 18,000 towers with an enterprise valuation of about Rs 13,000 crore (\$2.6 billion). The total deal size is Rs 6,350 crore (\$1.27 billion). This implies, Quippo's 5,000 towers have been valued at about Rs 3,900 crore. Tower companies hold the physical infrastructure which carry cellular traffic.

ET first reported in October 2008 that QTIL will transfer all its telecom assets to WTTIL and will also invest additional funds in the Tata-owned company in return for a 49% stake in the merged entity. Citigroup and Nomura advised Tata Teleservices, while J M Financial advised Quippo on the deal.

All major telcos in the country have hived off their tower businesses into separate companies. Bharti Airtel, Vodafone Essar and Idea Cellular have merged their physical infrastructure across 16 circles to form Indus Towers which has 83,000 towers and is the largest company in this space. Last year, Bharti Infratel, which has over 25,000 towers and also holds a 42% stake in Indus sold 12.5% stake to foreign investors for \$1.25 billion

valuing the company at \$12.5 billion. In 2007, Reliance Communications offloaded a 5% stake in its telecom infrastructure company—Reliance Telecom Infrastructure (RTIL)—for \$337.5 million at a valuation of \$6.75 billion.

Asked if the Tatas were happy with the valuation of their tower arm, when compared to the other deals in this segment, Tata Teleservices MD Anil Sardana said the financial slowdown has had no impact on the deal and that the WTTIL's valuation was at par with those commanded by other players in the industry. But, analysts and industry watchers feel WTTIL's valuation should have been \$3-\$3.5 billion if earlier deals by rival companies



MORE CLARITY: Talk till you drop

are considered as the benchmark. The Tatas have been trying to sell stake in its tower arm since September 2007.

Mr Kanoria said the Quippo-WTTIL combine would invest about Rs 5,000 crores by 2010-12 to ramp up their tower count to 50,000. "Infrastructure sharing is the way forward. We are in talks with all new entrants like Swan, Datacom and Unitech who were granted telecom licenses last year. As these companies launch services and as existing players expand their footprint, there will be ample business opportunities for standalone

tower companies," he said. He also added that Tata Teleservices would account for about 50% of the revenues of this merged entity.

Telecom regulator Trai data says the country needs 330,000 telecom towers by 2010, up from about 220 million currently, to make the projected 500 million cellular subscriber base possible. Put simply, to maintain the current growth trends, India needs to add about 110,000 in FY09, which is equivalent to building 50% of the cellular infrastructure it has created over the last 12 years within the next 12 months. Therefore, all service providers in India are working towards large scale sharing of passive infrastructure to cut down expansion costs and keep tariffs low.

For Quippo this will be its second major deal. In January 2008, the group had bought out the entire physical telecom infrastructure (which included about 850 towers) of Spice Communications or about Rs 500 crore. Spice was later acquired by Idea Cellular, the latter has a lease back deal with Quippo to continue using these towers for the next few years.

The deal with Quippo comes close on the heels of Tata Teleservices offloading a 26% stake to Japanese communications major NTT DoCoMo for \$2.7 billion.

Mr Sardana also said that Tata Teleservices planned to launch pan-India GSM services by 2009-end. "We have got spectrum to launch GSM services in 13 of the 22 telecom circles. We have placed orders for GSM equipment with Nokia Siemens, Huawei, ZTE and NEC," he added. Last year, the company had said that it would invest \$2 billion for rolling out GSM services. Mr Sardana added that the Tatas were on track to build a \$2 billion worth GSM network that could accommodate 60 million customers on this technological platform.

Tata Tele plans to launch GSM mobile services by year-end



We have got spectrum to launch GSM services in 13 of the 22 telecom circles and have placed orders for GSM equipment with Nokia Siemens, Huawei, ZTE and NEC. We will roll out the services by the end of this year, hopefully.

ANIL SARDANA MD, TATA TELESERVICES

06.01.09 - Economic Times

TTSL sells 49% of tower arm for Rs 2,400 crore

Corporate Bureau
New Delhi, Jan 5

The country's sixth-largest telecom company by subscriber base, the Tata group's Tata Teleservices Ltd (TTSL), on Monday announced the sale of 49% of tower arm Wireless-TT Info-Services Ltd (WTTL) to Quippo Telecom Infrastructure Ltd for Rs 2,400 crore in cash.

In addition, Quippo Telecom—which belongs to the SREI group—will transfer 5,000 of its own towers to WTTL and take management control of the company, even though TTSL still holds 51% stake. Subject to regulatory approval, Quippo Telecom will then be merged with WTTL. The merged entity will have 18,000 towers, thereby becoming the largest independently managed tower firm in India with a valuation of \$2.6 billion (around Rs 13,000 crore).

The company will invest Rs 5,000 crore over the next three years, of which Rs 2,000 crore will be in the current year itself. The number of towers will be increased to 50,000 in the next two years. According to Sunil Kanoria, vice-chairman & managing director, Quippo, half of the new entity's revenues would come from TTSL alone.

TTSL managing director Anil Sardana said currently WTTL had the highest tower-sharing ratio in the country, which would be maintained going forward. Sardana said the \$2.6-billion valuation was "good and even better than peers", and that the overall slowdown had had no effect. This is Quippo's second deal in the tower segment following the December 2007 purchase of Spice Communications' tower business for Rs 500 crore.

Telecom towers have been shared among operators since



Tata Teleservices managing director Anil Sardana (left) shakes hands with Quippo Telecom Infrastructure vice-chairman & managing director Sunil Kanoria after signing the agreement, in New Delhi on Monday *fe photo*

2006, opening up a whole new revenue stream for mobile operators. Ever since then, major telecom players like Bharti Airtel, Vodafone-Essar, Idea Cellular and Reliance Communications have hived off their tower businesses and drawn attractive valuations.

For instance, Bharti Infratel, a wholly-owned subsidiary of the country's largest telecom player, Bharti Airtel, two years ago sold 7-9% stake for \$1.35 billion to a clutch of international investors including Temasek Holdings, Goldman Sachs, Macquarie, and AIF Capital. The company has a valuation of \$10-12 billion. Bharti Infratel has over 25,000 towers.

Bharti Airtel also has a three-way

joint venture—Indus Towers—with Vodafone-Essar and Idea Cellular, which has over 70,000 sites and commands a valuation of over \$12 billion. Similarly, Reliance Communications Ltd has hived off its 46,000 towers to Reliance Telecom Infrastructure Ltd, which has a valuation of \$6-8 billion. It has also sold 5% stake to a clutch of foreign investors for Rs 27,000 crore.

Sardana said TTSL hopes to complete its GSM rollout by the end of the current calendar year. The country's second-largest CDMA mobile operator with around 32 million users last year entered the GSM segment with an investment of \$1.5 billion. The company already has spectrum for 13 of its 22

circles. Sardana said orders for equipment have been placed with leading vendors like Noika Siemens, Huawei and NEC.

TTSL recently sold 26% stake to Japanese telecom major NTT Do-Como for \$2.7 billion. According to Sardana, NTT has applied to the Foreign Investment Promotion Board for approval, even though current regulations though allow up to 49% foreign direct investment under the automatic route and up to 74% through FIPB.

With NTT on board, TTSL is expected to have a major advantage in 3G services, which are yet to be launched in the country, as its Japanese counterpart is very strong in data applications.

06.01.09 - Financial Express (New Delhi)

TTSL, Quippo merge tower biz, create Rs 13k-cr entity

BS REPORTER
New Delhi, 5 January

Telecom service provider Tata Teleservices (TTSL) today merged its infrastructure business with independent infrastructure equipment rental company Quippo Telecom Infrastructure (QTIL) to form the country's largest independently managed tower company with an enterprise valuation of Rs 13,000 crore.

Unlike Indus, which is a combined venture between rival telecom operators Bharti Airtel, Vodafone Essar and Idea Cellular, this entity will be run by independent professionals.

India's largest company Indus owns about 80,000 towers. Reliance Communications has also hived off its infrastructure arm, Reliance Infratel, which has around 40,000 towers.

Under the agreement, QTIL — promoted by the Kanorias of Srei Infrastructure Finance — will make an upfront cash payment of about Rs 2,400 crore for 49 per cent share in the new entity through which it will gain management control. This amount will be invested as capital expenditure for TTSL.

Subsequently, Quippo Telecom will demerge its own towers' business (QTIL) and transfer their passive telecom tower portfolio of about 5,000 towers to TTSL's tower arm Wireless-TT Info-Services Limited (WTTIL). The combined entity will, therefore, have a portfolio of over 18,000 towers.

On the other hand, TTSL will retain 51 per cent stake in the merged entity, while management rights in WTTIL will be handed over to an independent manage-

SCALING HEIGHTS

- TTSL will retain 51 per cent stake in the merged entity, which will have a portfolio of over **18,000 towers**
- Under the agreement, QTIL — promoted by the Kanorias of Srei Infrastructure Finance — will make an upfront cash payment of about **Rs 2,400 crore** for 49 per cent share in the new entity through which it will gain management control
- The transaction is expected to be completed by the first quarter of FY10
- Quippo will invest **Rs 2,000 crore** this year to set up **8,000-10,000 towers** and will scale this up to **Rs 5,000 crore** in two to three years



ment led by Quippo Telecom. QTIL will, therefore, possess the ability to nominate key professionals such as the managing director and chief financial officer and representation on key committees. The board of directors will comprise representatives from both companies, led by an independent chairman.

The transaction is expected to be completed by the first quarter of FY10, subject to judicial clearance.

"This new entity is valued at Rs 13,000 crore, which we expect to spurt up further. We view this as a big opportunity since the new entrants in telecom will need to share the passive infrastructure as it will be expensive for them to set up their own. Also, with 3G and broadband wireless access (BWA) auctions around the corner, it gives

such companies a lot of opportunities to grow," said TTSL Managing Director Anil Sardana.

"We are aiming to set up more than 50,000 towers within the next two years, and expect the highest tenancy rate in the world," added Sardana. While the towers currently have a tenancy ratio of about 1.5 a tower, it is expected to go over 2 in the next couple of years.

The company is poised to invest over Rs 5,000 crore for the expansion of its business in three years.

Sunil Kanoria, director, QTIL, and vice-chairman and MD, Quippo Infrastructure Equipment, said, "Over and above the upfront payment of Rs 2,400 crore, we will invest Rs 2,000 crore in 2009 as we set up 8,000-10,000 towers and will scale this up to Rs 5,000 crore in

the next two to three years."

"Listing of the company is certainly something that we will look at in due course of time," he added.

Last year, both companies made strategic acquisitions to expand their base. In early 2008, QTIL acquired about 1,000 towers of Spice Telecommunications across Punjab and Karnataka for nearly Rs 600 crore. In November 2008, TTSL had entered into an agreement with Japanese telecom major NTT DoCoMo, as part of which the Japanese company acquired a 26 per cent stake in TTSL for \$2.7 billion.

As part of NTT DoCoMo deal, the Japanese firm and Tata Sons, the parent of Tata Tele, will make an open offer for up to 20 per cent of listed unit Tata Teleservices (Maharashtra). The offer was slated to open on January 8, 2009, but has been delayed as it still awaits approval from the Securities and Exchange Board of India.

Meanwhile, close on the heels of rival CDMA operator Reliance Communications' recent launch of its GSM services, TTSL is also expected to launch GSM in the coming months. "We will announce our GSM services shortly. We have spectrum in 13 circles and hope to get spectrum in the rest of the circles soon," said Sardana.

He further said, "We have already placed all our equipment orders with Nokia-Siemens, Huawei and ZTE and for transmission with NEC. By the end of CY09, we hope to launch our services in all the circles in the country. We have earmarked \$2 billion for our GSM rollout, which is enough to accommodate about 60 million subscribers."

06.01.09 - Business Standard (New Delhi)

Tata Tele merges tower biz with Quippo

Quippo to get management control with 49% stake in merged entity

Our Bureau

New Delhi, Jan. 5

Tata Teleservices on Monday announced its decision to merge its mobile tower company - Wireless Tata Tele Info Services Ltd (WTTIL) - with Quippo, a tower firm owned by the SREI Group and Singapore Government.

Post merger, Quippo will have 49 per cent stake in WTTIL while Tata Teleservices will hold the balance.

Under the terms of the deal, Quippo Telecom will pay Rs 2,400 crore (\$ 493 million) to Tata Teleservices and also transfer its existing telecom infrastructure comprising 5,000

towers to WTTIL. Once the merger is completed, the company will have 18,000 towers with an enterprise valuation of \$2.6 billion (about Rs 13,000 crore). The merged entity will be managed by Quippo despite being a minority shareholder.

Mr Arun Kapur, Managing Director of Quippo Telecom Infrastructure Ltd, said, "This 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."

Mobile subscriber base is expected to touch 500 million by 2010 for which at least 3.8



lakh more towers are required. In a bid to tap this opportunity, telecom players have demerged their infrastructure into separate tower business to unlock the value by selling minority stake.

Bharti Infratel, with ownership of 60,000 towers, had sold

about 10 per cent stake to a consortium of investors for about \$ 1 billion. Prior to this, Reliance Communications had sold 5 per cent stake in its tower company for \$337 million. Quippo had also bought out 1,000 towers owned by the Spice Group.

"Indian tower companies are seen to have huge growth potential riding on low current population coverage coupled with high sharing potential as new operators roll out their services," said an analyst.

Tata Teleservices had received interest from as many as 15 companies when it had announced its intention of selling

equity in the tower company.

Explaining the rationale for partnering Quippo, Mr Anil Sardana, Managing Director of Tata Teleservices Ltd, said, "This partnership makes for perfect fit—Quippo is one of the most professionally-managed companies in this space. Furthermore, this alliance will allow Tata Tele to concentrate on its core area of expertise. The deal is of strategic importance and value enhancing for all stakeholders - particularly so since it combines the proven expertise of management and operational capabilities of QUIL with the committed support of TTSL."

06.01.09 - Hindu Business Line (New Delhi)

'Tower'ing merger



Sharing infrastructure: (From left) Mr Anil Kumar Sardana, MD, Tata Teleservices Ltd; Mr Hemant Kanoria, Chairman & MD, Srei Infrastructure Finance Ltd; and Mr Sunil Kanoria, Vice-Chairman and Managing Director, Quippo Infrastructure Equipment Ltd; at a function in the Capital on Monday to announce the merger of tower unit of Tata Teleservices with Quippo. - Ramesh Sharma

06.01.09 - Hindu Business Line (New Delhi)

Tata Tele, SREI group in pact for tower business

HT Correspondent
Mumbai, January 5

TATA TELESERVICES Ltd (TTSL) has merged its tower business with Quippo Telecom Infrastructure Ltd, a company promoted by the Kanorias of SREI Infrastructure Finance Ltd. Quippo will pay around Rs 2,400 crore in cash to Tata Teleservices, and transfer its 5,000 telecom towers to Wireless-TT Info-Services Limited (WTTIL), the tower arm of TTSL.

While Quippo will have management control of the new company with a 49 per cent stake, TTSL will own the remaining 51 per cent. Quippo's existing investor base includes GIC Singapore (owned by the Singapore government), IDFC Private Equity and Oman investment Fund (OIF).

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 13,000 crore (\$2.6 billion), said the release. "This alliance will allow TTSL to concentrate on its core area of expertise," said Anil Sardana, managing director, TTSL.

The company has set a target of over 50,000 towers by Year 2012, said a joint release from the companies, quoting Arun Kapur, managing director, Quippo Telecom.

The management rights in WTTIL shall now move over to the independent & professional management run by Quippo Telecom, to make it an independent tower operator without being managed by a Telecom company.

The financial advisers of the partnership are Citi and Nomura for TTSL and JM Financial for Quippo Telecom.

letters@hindustantimes.com

06.01.09 - Hindustan Times (Mumbai)

Tata Tele, Quippo merge tower biz:
Tata Teleservices on Monday merged its tower arm with Quippo Telecom to create a Rs 13,000-crore entity with 18,000 towers. **P 21**

Tata, Quippo merge tower biz

Create Rs 13,000Cr Entity, 18,000 Towers Make It India's 2nd Largest Company

TIMES NEWS NETWORK

New Delhi: Tata Teleservices Ltd (TTSL) on Monday merged its tower arm with Quippo Telecom, a pure play tower company, to create a Rs 13,000-crore (\$2.6 billion) entity with 18,000 towers. According to the company, this makes it the second largest firm in terms of number of towers.

Though Quippo Telecom will hold 49% in the new entity, Wireless-TT Infoservices Ltd (WTTIL), it will have management control. The remaining equity will be held by Tata Teleservices. Quippo Telecom Infrastructure (QTI), a Srei group company, will pay Rs 2,400 crore cash upfront for 30% stake in WTTIL and transfer 5,000 towers to the new company for the remaining 19% stake.

The branding exercise of the new

entity will be undertaken once the merger is complete.

The telecom tower market is witnessing significant activity. Indus Towers, a tripartite independent venture between Bharti Airtel, Idea and Vodafone Essar owns 70,000 towers after merging their individual infrastructure assets in 16 telecom circles in India. Reliance Communications owns 13,000 towers.

This company will organically grow into an entity with over 50,000 towers by 2012. "We are confident it will hold the largest tenancy ratio in the Indian telecom space as well," Quippo Group president and QTI MD Arun Kapur said. The joint entity will invest about Rs 2,000 crore in 2009-10 to build 8,000-10,000 towers, Quippo Infrastructure Equipment MD Sunil Kanoria said.

"The combined entity will, there-



QUIPO TO CONTROL MANAGEMENT

fore, have a portfolio of over 18,000 towers thereby making it the largest independently managed tower company in India, with an enterprise valuation of approximately Rs 13,000 crore (USD 2.6 billion)," Anil Sardana, MD, TTSL said. He said the entity would be listed later.

"Consolidation gives benefits of scale. Tower players must have a large portfolio of shareable towers to be able to continue in the business," an analyst said. The financial advisors of the partnership are Citi and Nomura for TTSL and JM Financial for Quippo Telecom. TTSL operates in 22 telecom circles and Tata Indicom has a customer base of nearly 32 million. In November 2008, Japanese telecom major NTT DOCOMO acquired a 26% stake in TTSL for \$2.7 billion.

Private Equity and Oman investment Fund (OIF). OIF, an investment arm of the Government of the Sultanate of Oman recently invested Rs 472 crore in the company for roughly 16.6% equity. Earlier this year, Quippo lapped up about 1,000 towers from Spice Telecommunications primarily across Punjab and Karnataka circles.

06.01.09 - Times of India

टाटा टेली और किप्पो के टावर कारोबार का विलय



♦ साल के अंत तक जीएसएम सेवा शुरू करेगी टीटीएसएल

नई दिल्ली, एजेसियां : देश की छठवीं बड़ी टेलीकाम कंपनी टाटा टेलीसर्विसेज (टीटीएसएल) और किप्पो टेलीकाम ने अपने टावर कारोबार का विलय किया है। किप्पो देश की पहली स्वतंत्र टावर कंपनी है। इस विलय के पूरा होने के बाद 13 हजार करोड़ रुपये के बाजार पूंजीकरण वाली देश की दूसरी सबसे बड़ी मोबाइल टावर कंपनी अस्तित्व में आएगी। इसमें टाटा समूह की टाटा टेली की 51 व किप्पो की 49 फीसदी हिस्सेदारी होगी।

भारती एयरटेल, आइडिया और वोडाफोन अपने टावर कारोबार का पहले ही विलय कर चुकी हैं। इसके बाद इंडस टावर के नाम से बनी इनकी नई कंपनी के टावरों की संख्या सर्वाधिक 70 हजार हो गई है। इस बीच टीटीएसएल ने कहा है कि वह इस साल के अंत तक जीएसएम मोबाइल

सेवा शुरू कर देगी। कम हिस्सेदारी के बावजूद विलय के बाद टाटा की सहयोगी कंपनी वायरलेस टीटी इंफोसर्विसेज (डब्ल्यूटीटीआईएल) के मैनेजमेंट का जिम्मा स्वतंत्र रूप से किप्पो टेलीकाम ही संभालेगी। इस सौदे के तहत किप्पो 2 हजार 400 करोड़ रुपये की अदायगी के साथ अपने 5 हजार टावरों को डब्ल्यूटीटीआईएल को सौंप देगी। विलय के बाद बनी इस नई कंपनी के पास देश भर में 18 हजार टावर होंगे।

अनिल अंबानी की रिलायंस कम्युनिकेशंस (आरकॉम) कुछ दिन पहले ही अपनी जीएसएम मोबाइल सेवा देश भर में लांच कर चुकी है। इस तरह आरकॉम दोहरी टेक्नोलाजी आधारित मोबाइल सेवा देने वाली देश की पहली कंपनी बन गई है। अब बाजार को टाटा टेली की जीएसएम सेवा का इंतजार है। इस साल यह सेवा शुरू कर टाटा टेली दोहरी टेक्नोलाजी आधारित मोबाइल सेवा देने वाली दूसरी कंपनी बन जाएगी। टीटीएसएल पहले से ही सीडीएमए मोबाइल सेवा मुहैया करा रही है। कंपनी को पिछले साल जीएसएम टेक्नोलाजी वाली मोबाइल सेवा शुरू करने का लाइसेंस मिला है।