



'Infrastructure sharing will become a necessity'

For telecom to penetrate the Indian hinterland and for telecom companies to arrest their sliding margins, sharing of infrastructure has gained paramount importance. Also, there is serious money to be made in the business. Realising the same, telecom companies have begun

“Sharing of cell-sites will translate into savings of 500 million for each major operator”

hiving off their infrastructure businesses into separate companies, Essar being the latest example. It is in this scenario, that GTL Limited has emerged as a serious contender in the Indian market. Taneesha Kulshrestha

talks to GTL Limited Chairman & MD, Manoj Tiroidkar to find out the company's future plans.

What does infrastructure sharing mean for the telecom sector and what opportunity does it present GTL?

In India, vast geographic

INTERVIEW

Manoj Tiroidkar,
Chairman and MD, GTL Limited

area, low (and falling) marginal ARPUs and an intensely competitive marketplace make sharing of passive cell-site infrastructure almost a necessity. As per TRAI, 240,000 additional towers would be needed to support another 300 mn subscribers by December-2010. As per our estimate an average tenancy of “2x” per tower could save conservatively \$3-4bn in capex for the whole industry.

This could translate to a saving of \$500 mn for each of the major players over the next three to four years. Additionally, huge pre-operations costs, O & M costs and Management Bandwidth would be freed through this process.

GTL Limited deploys 16,000 cell sites across 25 countries for more than 35 operators. We hope to add offer expertise to the Indian market

and benefit from the same.

What are your revenue expectations from the same?

The passive infrastructure concept is at a nascent stage in India, though it is a very matured model in advanced countries like USA. That said; many operators are experiencing this model either with neutral service providers like GTL Infrastructure Ltd or by hiving off their assets in a separate infrastructure company of their own. Business models are getting established gradually.

How many sites do you have at present and what is your target? What investment do you plan for the same?

By April 2007, GTL INFRA will have 1,200 towers. The Company plans to have 6,700 towers by March 2008.

Will you be constructing extensively in rural areas as well? What will be the share of rural areas in total expenditure outlay?

Currently Class B&C circles

are witnessing highest no. of net subscribers, they are being added to the extent of 6% month on month. GTL INFRA will to rollout 75-80% of the towers in semi urban and rural areas. All leading telecom operators have announced huge capex to expand their reach beyond the matured markets in metros and Class A cities. GTL INFRA will look forward to aiding their expansion.

Have you held initial talks with telecom companies like Airtel, Idea, etc? What has been the feel like?

GTL Infra has been in talks with all the leading operators in India. With the concept of passive infrastructure sharing gaining momentum, all operators are more than willing to venture into regions with lower ARPU. We firmly believe there are tremendous opportunities waiting to be captured.

Several other players including telecom companies themselves are entering into infrastructure management? How do you plan to face the competition?

Large operators such as Reliance (RCOM) and Bharti have demerged their existing towers into a separate Co to facilitate sharing. These companies are looking at setting up at least 70,000 additional towers in the next 2-3 years. GTL Infra will try and fulfill their requirement. As a strategy, GTL Infra would concentrate more on setting up green field sites, as there is duplication of towers in urban areas and limited load bearing capacity making the towers unfit for sharing.

What are the new opportunities for your company?

According to COAI's estimates, by 2010 the industry will require another 300,000+ towers. To add to this, the advent of data application technologies like 3G and WiMAX just being introduced, the Minutes of Usage (MOU) per subscriber would increase many fold. Considering the limited spectrum availability, even after sharing the Company estimates the need for 125,000 towers on conservative basis.