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## BSNL to outsource mgmt of its 65,000 towers

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**S**tate-run telecom player Bharat Sanchar Nigam Ltd (BSNL) will soon float a tender for outsourcing operations and management of 65,000 towers across India, as it prepares to form the second-largest tower firm in the industry.

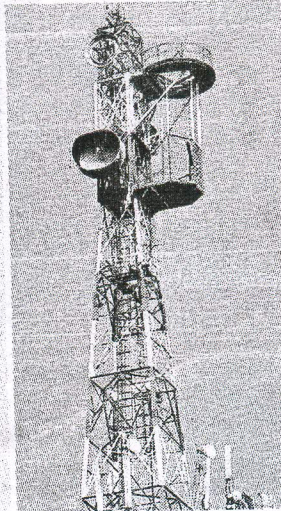
Indus Towers, a joint venture (JV) between Bharti Airtel, Vodafone and Idea Cellular, is the largest player in the tower industry with about 120,000 towers.

The contract is expected to be valued at ₹1,500-2,000 crore and an expression of interest (EoI) will be out within the next few weeks, chairman and managing director Anupam Shrivastava told *Business Standard*.

"The outsourcing will enable the firm to reduce its expenses cost by 15-20 per cent and the contract will be awarded in the next six months," he said. BSNL generates revenue of about ₹200 crore from the tower business, which is expected to go up to ₹2,000 crore.

### TUNING THE TOWERS

- \* BSNL to float tender
- \* Contract worth ₹1,500k-₹2,000k cr
- \* Last week, Cabinet gave in-principle approval for hiving off tower assets into a separate entity
- \* Currently, revenues from tower business stands at around ₹200 cr, expected to go up to ₹2,000 cr once new unit is carved out
- \* Of the 65k towers, only 5K towers are being leased out to private players



The public sector undertaking company will have a 100 per cent stake in the tower unit, which will be maintained at arm's length. The new unit, once formed, is expected to have a valuation of ₹20,000 crore.

Last week, the government gave 'in-principle' approval for hiving off BSNL's tower assets into a separate unit, and the outsourcing of operations and management

of all the towers is a step towards that direction. The department of telecommunications will constitute an inter-ministerial group consisting of representatives from public enterprises, department of pension and pensioners' welfare and department of economic affairs for working out the capital structure and organisational structure of the new tower unit.

BSNL has leased out 4,500 towers to Reliance Jio and about 1,500 to Bharti Airtel. As its towers are available even in remote areas, private telecom firms prefer to share BSNL's infrastructure rather than investing in setting up own network. The monetisation of other related passive infra assets also could help the firm to raise ₹10,000-15,000 crore. "We also plan to monetise our passive infrastructure — towers, factory, land assets and training centres — for generating 'additional income,'" he said. An increasing competition and constraints in its capacity expansion plan led BSNL to post a loss of ₹1,823 crore in 2009-10 for the first time since inception in 2000. The losses have now reached ₹7,600 crore. Shrivastava plans to invest ₹39,000 crore over the next five years to expand BSNL's core network.

BSNL is also focusing on launching data services with a plan to integrate WiFi with their mobile network to provide users a seamless experience of 3G and WiFi services.