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Etisalat in talks to share RCom's mobile towers

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Analysts tracking the sector say the move would help RCom in defraying its capital expenditure as also the operating expenditure that would be incurred on their own passive infrastructure

Mumbai: UAE-based telecom company Etisalat is in talks with Reliance Communications (RCom) for sharing its passive infrastructure. Etisalat owns 45% stake in Swan Telecom, which recently won a licence for starting telecom operations in the country.

Talks are centred around Swan Telecom using RCom's pan-India tower infrastructure for its telecom operations in India, according to information available to TOI.

RCom's tower business is managed by its subsidiary Reliance Infratel. Sources, who spoke to this paper, say the RComm-Etisalat pact could feature a revenue-sharing model for 15 years. Revenue from this pact could be around Rs 1,600 crore annually. RCom is also said to be in consultations with other operators for sharing its passive infrastructure.

Etisalat's entry in India, one of the largest and fastest growing mobile markets in the world, is part of its global expansion strategy. Three days ago, Etisalat was awarded the third national mobile licence for Iran, under a partnership with local player Taameen Telecom. Etisalat, which owns 49% of the consortium with Taameen, is coughing up euro 300 million for the licence, allowing the UAE company to launch 2G and 3G services in Iran.

The operator has been seeking acquisition targets for the past year, as competition in its domestic market has become increasingly fierce.

In September 2008, Etisalat had entered into an agreement with Swan Telecom to buy a 45% stake in the Indian mobile operator for $900 million in cash. Swan received licences in 2008 to launch GSM mobile operations, including a licence for universal access services, in 13 telecom service areas.

Etisalat currently operates in 17 international markets and has more than 74 million subscribers.

Swan's remaining 55% stake is held by several entities, including the company's main promoter, Dynamix Balwas or the DB Group, a Mumbai-based real estate and hospitality business group.

When contacted a RCom spokesperson says: "A number of new operators are in discussions with us for sharing our state-of-the-art nationwide passive infrastructure."

Analysts tracking the sector maintain the move would help RCom in "defraying its capital expenditure as also the operating expenditure that would be incurred on their own passive infrastructure."