

BSNL targets Rs 1,600 cr revenue from tower biz in 5 yrs

The company has around 70,000 towers

Press Trust of India / New Delhi November 22, 2012, 18:02 IST

State-run BSNL has set a target to garner Rs 1,600 crore in revenue in next five years from its telecom tower business, which its plans to hive off into a separate company.

In a recent performance review meeting of the Public Sector firm conducted by Telecom Minister Kapil Sibal, BSNL said that it expects to garner revenue of Rs 90.78 crore from tower business in the next financial year and Rs 1,600 over a period of next five years.

When contacted BSNL Chairman and Managing Director R K Upadhyay told PTI: "We have floated request for proposal (RFP) for appointment of consultant who will work on the entire roadmap. The RFP is open for submission this month."

The company has around 70,000 towers and it will explore various business models that can realise value of its infrastructure.

"It is for consultant to work out on projects that will lead to revenue maximisation for BSNL," Upadhyay said.

The plan to hive off BSNL tower business into a separate entity is in line with recommendation of the Sam Pitroda Committee for revamping business of the PSU, whose profit started declining from Rs 10,183 crore in 2004-05 before showing a loss in 2009-10.

The Committee has suggested to form separate "subsidiary company for tower related infrastructure to aggressively market to other public and private sector customers and unlock whole/substantial potential value through strategic stake sale, mergers and acquisition or separate IPO (Initial Public Offer)".

As per the presentation, last date for submission of bids is November 26 and consultant is expected to be appointed by this year-end. The consultant is expected to complete work by April 2013.

BSNL has also said that it expects to garner Rs 400 crore revenue annually by providing broadband connectivity to schools, Rs 250 crore per annum from rental income of its land and buildings, Rs 40 crore per annum from Wi-Fi networks and Rs 100 crore in FY 2014-15 from its telecom factory.

The PSU expects to connect 15,000 schools through broadband by March 2013.