

According to a report by rating agency Crisil, the ongoing consolidation in the telecom industry is going to be a threat to the tower companies. The telecom tower companies are expected to experience a margin contraction of about 7.5 percentage points by financial year (FY) 2020 as the operators are exiting co-locations.

During April-September, 2018 Bharti Infratel and other tower companies witnessed a drop of 3.50 percentage points in their operating margins.

The report highlighted that Vodafone Idea Limited (VIL) is in the process of exiting 27,500 co-locations or 3 per cent of the telecom masts industry post their merger and are planning to close more.

As per the report, the shutting down of operations by smaller telcos like Aircel and Telenor will also result in the shutting down of towers. In addition, the integration of Tata Teleservices with Bharti Airtel is also going to have an impact on the tower companies.

The report stated that these mergers have emerged as a threat for the tower companies, and also pointed out that the top three operators are estimated to hold 94 percent of revenue by FY20.

Meanwhile, the rental per tower is expected to decline by 7-9 percent due to the co-location exits and lower tenancies and the increase in the number of towers and exit penalties will limit the decline in the rental revenue of the industry.

Moreover, the co-locations alone will cost up to 4.50 percentage points of the margin for tower companies and the gaps have been maintained at 43-44 percent levels for the last four years.

Apart from this, the base trans-receiver stations (BTS) will also come down due to the migrations from 2G and 3G.

[About Us](#)

[We are Hiring](#)

[Contact Us](#)

[Subscribe](#)

[Privacy Policy](#)

[Advertise](#)

[Terms & Conditions](#)

---

Copyright © 2010, tele.net.in All Rights Reserved

