Vodafone India and Idea Cellular have separately agreed to sell their respective standalone tower businesses in India to American Tower Corporation Telecom Infrastructure Private Limited (ATC TIPL) for an aggregate enterprise value of $1.2 billion.

Vodafone India and Idea Cellular are currently in the process of merging their operations, which is expected to be completed in 2018. The merger is currently awaiting various approvals from authorities.

Both the operators have a combined pan-Indian portfolio of around 20,000 towers with a combined tenancy ratio of 1.65x as at end-June 2017. Post merger, around 6,300 co-located tenancies of the two operators on the combined standalone tower businesses will collapse into single tenancies over a period of two years without the payment of exit penalties.

As per the terms of the agreement with ATC, Idea Cellular will sell its entire stake in Idea Cellular Infrastructure Services Limited (ICISL) to ATC TIPL while Vodafone India will sell a business undertaking.

The transaction is expected to take place during the first half of 2018, and is subject to customary closing conditions and receipt of necessary regulatory approvals. In case the completion of the sale of the standalone tower businesses precedes the completion of the proposed merger of Vodafone India and Idea, Vodafone India will receive $592 million and Idea will receive $615 million. Both Vodafone India and Idea as customers, and ATC TIPL as a mobile network infrastructure provider, have agreed to treat each other as long-term preferred partners, subject to existing arrangements.

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