



ASHIKA CAPITAL LTD.

CIN: U30009WB2000PLC091674
SEBI Authorised Merchant Banker
SEBI Registration No.: INM 000010536

Strictly Private & Confidential

April 22, 2017
ACL: MUM: 2017-18: 0004

To
The Board of Directors,
GTL Infrastructure Limited,
Global Vision, Electronic Sadan – II,
MIDC, TTC Industrial Area,
Mahape,
Navi Mumbai – 400710.

To
The Board of Directors,
Chennai Network Infrastructure Limited,
Door No. 34/1 DL, New No. 403/L,
7th Floor Samson Towers,
Pantheon Road, Egmore,
Chennai-600008.

Dear Sir/Madam,

Ref: Fairness Opinion on the Proposed Scheme of Arrangement and Amalgamation between GTL Infrastructure Limited ('GIL') and Chennai Network Infrastructure Limited ('CNIL')

We, Ashika Capital Limited ('Ashika'), refer to the Engagement Letter dated April 11, 2017, wherein the management of the GIL has appointed us to issue a Fairness Opinion on the Share Exchange Ratio on the Amalgamation (as defined below) recommend by Haribhakti & Co. LLP ('Valuer') in their Valuation Report being issued in respect of the proposed Scheme of Arrangement and Amalgamation amongst GTL Infrastructure Limited ('GIL') and Chennai Network Infrastructure Limited ('CNIL') and their respective Shareholders and Creditors ('Scheme') under Sections 230 to Section 232 and other applicable provisions, if any, of the Companies Act, 2013.

We understand that, under the Scheme, the management of GTL and CNIL are contemplating that, upon the coming into effect of the Scheme and with effect from the Appointed Date, as defined in the Scheme, the Chennai Network Infrastructure Limited ('Transferor Company') shall be and stand amalgamated with and shall be deemed to have been amalgamated with the GTL Infrastructure Limited ('Transferee Company') [Amalgamation] pursuant to the provisions of sections 230 to 232 and other relevant provisions of the Companies Act, 2013 as a going concern, without any further act, instrument, deed, matter or thing so as to become, as and from the Appointed Date, part of the Transferee Company by virtue of and in the manner provided in the Scheme.



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Brief Background:

Chennai Network Infrastructure Limited ("CNIL" or "Transferor Company"), is a company incorporated on December 8, 2009 under the provisions of the Companies Act, 1956 and has its registered office at Old No. 34/1, DL New No 403 L, 7th Floor Samson Towers, Pantheon Road, Egmore, Chennai 600 008. CNIL is an unlisted company.

The Transferor Company is, inter alia, engaged in the business of building, maintaining and providing telecommunication infrastructure facilities to telecommunication service providers.

On July 19, 2010, the Transferor Company has acquired the passive infrastructure undertaking of and from Aircel Limited, Aircel Cellular Limited and Dishnet Wireless Limited pursuant to an order passed by the Hon'ble Madras High Court on June 16, 2010, sanctioning the scheme of arrangement between Aircel Limited, Aircel Cellular Limited, Dishnet Wireless Limited on the one hand and the Transferor Company on the other hand.

GTL Infrastructure Limited ("GIL" or "Transferee Company"), is a company incorporated on February 4, 2004, under the provisions of the Companies Act, 1956 and has its registered office at 3rd Floor, Global Vision, Electronic Sadan II, MIDC, TTC Industrial Area, Mahape, Navi Mumbai 400 710. Since November 9, 2006, the equity shares of the Transferee Company have been listed on BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

The Transferee Company is, inter alia, engaged in the business of building, maintaining and providing telecommunication infrastructure facilities to telecommunication service providers.

The Transferor Company and the Transferee Company belong to same group. Out of the paid-up capital of the Transferor Company, 27.53% (Twenty Seven Decimal Fifty Three per cent) is held by Tower Trust, ("Trust") through its trustees, Mr. Vijay Vij and Mr. D. S. Gunasingh (collectively, the "Trustees"). The Transferee Company is the beneficiary of the Trust.

In 2011, the Transferee Company and the Transferor Company had undergone a Corporate Debt Restructuring ("CDR") program based on which the lenders of the Company had restructured the outstanding debt obligations in line with the then applicable forecasts and revenue projections. Post implementation of the CDR, the financial performance and prospects of the Transferee Company and the Transferor Company were adversely impacted due to external developments, which were beyond the control of the management. To address the current debt issues, the CDR lenders of the Transferee Company and the Transferor Company, at a meeting of the Joint Lender Forum ("JLF") held on September 20, 2016, had unanimously agreed to invoke the Strategic Debt Restructuring Scheme for the Transferee Company and the Transferor Company. In terms of the CDR package of the Transferee Company and the Transferor Company and as per original sanction terms laid down by lenders and further under SDR Scheme, merger of the Transferor Company with the Transferee Company was envisaged.



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2



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Scope & Purpose:

The Transferee Company has appointed Haribhakti & Co. LLP ('Valuer') to carry out the valuation of GIL & CNIL and recommend the Share Exchange Ratio for the Amalgamation.

For arriving at the value of GIL, the Valuer has used Discounted Cash Flow Method (DCF) & Market Price Method and for CNIL, Discounted Cash Flow Method (DCF) & Comparable Companies Method have been used.

The Valuer vide its Draft Valuation Report dated April 20, 2017 & Final Valuation Report dated April 22, 2017 ('Valuation Report') has recommended that the equity shareholders of CNIL will be entitled to receive 1 equity share of face of INR 10/- each of GIL of Rs. 10/- each for every 1 equity shares of face of INR 10/- each held in CNIL.

The Transferee Company in terms of the Engagement Letter has appointed Ashika Capital Limited to examine the Valuation Report and such other information provided by GIL and issue a fairness opinion on the Share Exchange Ratio in respect of the proposed Amalgamation ("Fairness Opinion").

We have reviewed the methodologies as mentioned above adopted by the Valuer for arriving at the fair valuation of the equity shares of the Companies and also reviewed the working and underlining assumptions adopted to arrive at the values under each of the above approaches, for determining their respective share prices and to recommend the Share Exchange Ratio.

Scope of this Fairness Opinion includes commenting only on the fairness of the Share Exchange Ratio recommended by the Valuer and not on the fairness or economic rationale of the Scheme.

This Fairness Opinion is addressed to the Board of Directors of "GIL" & "CNIL". This Fairness Opinion is subject to the scope, assumptions, exclusions, scope limitations and declarations detailed hereinafter. As such the Fairness Opinion is to be read in totality not in parts and in conjunction with the relevant documents referred to herein. The same has been issued as per the requirement of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017.

This Fairness Opinion has been issued only for the purpose of opting on the fairness of the Share Exchange Ratio for the Amalgamation under the proposed Scheme and should not be used for any other purpose.



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Sources of Information:

For the purpose of examination and for arriving at the opinion, we have relied upon the following sources of information provided by the management of the companies:

1. Draft Scheme of Arrangement and Amalgamation.
2. Draft Valuation Report (as issued by Haribhakti & Co. LLP dated April 20, 2017), Final Valuation Report (as issued by Haribhakti & Co. LLP dated April 22, 2017) and extensive discussions held with the Valuer to understand the valuation methodologies.
3. Business and Financial information provided by the Company.
4. Audited Financial Statements of GIL & CNIL for the financial year ended FY 2015-16.
5. Provisional Profit and Loss Account and Balance Sheets of GIL and CNIL as on December 31, 2016.
6. Financial projections of GIL & CNIL from 1st Jan 2017 to 31st March 2022.
7. Shareholding pattern of GIL and CNIL considering the shares issued under SDR. We have considered this number of post dilution of shares.
8. Website of Stock Exchanges with regard to Share Price Data of GIL
9. Other information provided by the company including information provided through their management representation letter dated April 10, 2017.

Exclusions and Limitations:

We have relied upon and assumed, without independent verification, the truthfulness, accuracy and completeness of information that was provided or made available to us by the companies in all material respects for the purpose of this Fairness Opinion. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We express no opinion and accordingly accept no responsibility with respect to or for such information, or the assumptions on which it is based. The scope of our assignment did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information used during the course of our work. We have not performed any audit, review or examinations of any of the historical or prospective information used and, therefore, do not express any opinion with regard to the same. In addition, we do not take any responsibility for any changes in the information used for any reason, which may occur subsequent to the date of our Fairness Opinion.

This Fairness Opinion is prepared with a limited purpose/scope as identified/stated earlier and will be confidential being for use only to whom it is issued. It must not be copied, disclosed or circulated in any correspondence or discussions with any person, except to whom it is issued and to those who are involved in this transaction and for various approvals for this transaction.

This Fairness Opinion does not give any valuation or suggest any share exchange ratio. However, it is limited to provide its fairness opinion on the Valuation Report given by the Valuer.

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We shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly out of the use of or reliance on the information set out herein in this Share Entitlement Ratio.

Conclusion:

Based on the above information and explanations provided to us and on examination of the Scheme we are of the opinion that the Share Exchange Ratio considered for the purpose of Amalgamation of CNIL with GIL as per the Scheme of Amalgamation is fair and reasonable to the equity Shareholders of GIL.

Distribution of Fairness Opinion:

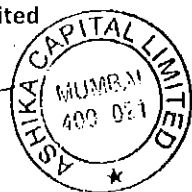
This Fairness Opinion is for the purpose of submission to Stock Exchanges and disclosure on GIL and Stock Exchange Websites as required under the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and shall not be disclosed or referred to publicly or to any third party other than the purpose as mentioned above.

In no circumstances, will Ashika or its directors, officers, employees and controlling persons of Ashika accept any responsibility or liability including any pecuniary or financial liability to any third party.

Thanking you,

For Ashika Capital Limited

Mihir Mehta
Asst. Vice President-MBD



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