



## PE Funds, AMCs Keen to Buy 51% in GTL Infra

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# Global, Domestic PE Majors, AMCs Show Interest in GTL

**Selling 51% Stake** GTL Infra promoter Manoj Tirodkar looking to exit the co by fiscal-end

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Mumbai: GTL Infrastructure has received interest from global PE players and asset management firms such as Brookfield, Carlyle, Goldman Sachs and KKR, besides local ones like IDFC and Piramal for selling over 51% by March next year, a move that will lead to change in ownership with exit of promoter Manoj Tirodkar.

People familiar with the matter said the company has entered into non-disclosure agreements with quite a few of the 19 investors keen to buy the stake and is pushing for a valuation of over ₹15,000 crore for sale. Some have even shown an interest in buying more than 76% stake. At this, the price will be over ₹9 a share. Shares in GTL Infra slipped 1.42% to close at ₹5.55 on the Bombay Stock Exchange on Friday, giving the company a market cap of over ₹2,304 crore.

"Given the EBIDTA multiples we have seen in similar deals in the past, a strong balance sheet and complete turnaround, we believe valuations, as stated by you, are realistic to achieve," said one of the people, who did not want to be named.

The person was referring to recent deals in the tower sector where American Tower Corporation bought a majority stake in Viom and Canada's Brookfield took over Reliance Communications' controlling stake in Reliance Infratel, transactions at 10-11 times Ebitda.

In FY18, GTL Infra, combined with unit Chennai Network Infrastructure (CNIL) – the two companies are in the process of being merged – expects revenue of over ₹2,600 crore, up nearly 15% on year, an earnings before interest, tax, depreciation and amortization (Ebitda) of over ₹1,300 crore, up over 16% on year, with debt of just over ₹3,800 crore, down from ₹4,193 crore a year back.

While KKR declined comment, GS, Brookfield, Carlyle, Piramal Group and IDFC did not respond to ET's queries.

## Unlocking Value

GTL Infra has received interest from investors including Brookfield, Carlyle, Goldman Sachs, KKR, IDFC and Piramal

Some firms have shown interest to buy 76% stake



In FY18, GTL Infra, combined with CNIL expects revenue of over ₹2,600 crore

The residual debt of GTL Infra and CNIL combined is expected to be below ₹3,800 crore by the end of 2018



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MANOJ TIRODKAR, chairman at GTL Infra

"We remain committed to completing the divestment process as a matter of our very strong desire to unlock value and repay the entire debt and equity upside to our lenders," said Tirodkar, chairman at GTL Infra.

Having been hit hard by the 3G licence cancellations, Aircel backing out of tenancy commitments and slower-than-expected rollout of 3G and 4G services, GTL

Infra has managed to gradually turn around its operations, helped by first a debt restructuring in 2011, when lenders took a haircut, and the ongoing strategic debt restructuring (SDR), which is expected to culminate in new owners taking over the company.

After the merger of CNIL and GTL Infra and restructuring of bonds, Global Group is expected to have around 27% holding and 23 banks will have 51% with public and bond holders owning the rest.

As per SDR guidelines, lenders must get an exit of minimum 26%. Between FY11 and FY17, the company has paid ₹5,900 crore and given equity worth over ₹7,400 crore to banks. "The company is endeavouring to complete the sale process before the regulatory timeline of March 18," said GTL Infra in a statement to BSE on Friday.

Last year in September, the tower firm saddled with a debt of ₹8,662 crore started its SDR programme, which has brought it down to ₹4,193 crore. "Residual debt of GTL Infrastructure and CNIL combined is expected to be below ₹3,800 crore by end 2018. We are also in the process of refinancing debt, to further reduce finance costs," said the person quoted above.

The company is in the process of restructuring its bonds, which are due for redemption in November. After the restructuring, the "unsecured debt will reduce from the current levels of ₹1,441 crore (\$193.5 million) in March 2017 to around ₹655 crore (\$100 million)," a move which has been approved by its lenders.

He added that GTL Group companies will end up settling all their debt with lenders and will have zero exposure across the group when a transaction involving 51% sale takes place by March 2018. Total debt of the group as of March this year was ₹5,571 crore. The company has appointed EY and TAP Advisors as investment bankers for the stake sale.

The deal, when it goes through, will be another consolidation in the telecom tower industry, after the ATC-Viom and Brookfield-Reliance Infratel deals. Other deals in the market include potential sale of Vodafone and Idea Cellular's standalone towers, besides their stakes in market leader Indus Towers.