

## PE firms eye GTL Infra stake

DEV CHATTERJEE  
Mumbai, 25 July

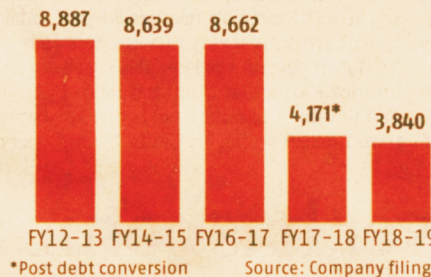
In a first transaction to sell a company which took the SDR (strategic debt restructuring) route, lenders are set to monetise their majority stake in GTL Infrastructure at a valuation of up to ₹15,000 crore.

Of the 19 companies, those which had the most aggressive approach towards buying the stake include private equity firm Carlyle Group, China Development Fund, Digital Bridge and American Tower. Brookfield, which is buying Reliance Infratel, and Crown Castle will also participate in the bid, said a banker close to the transaction.

The transaction, likely to be signed before year-end, might also see promoters exiting the company.

If the transaction goes through, it would be a first when promoters and lenders worked jointly to sort out the debt problem. This comes at a time when the banks are grappling with massive non-performing assets plaguing India

### MANAGING THE DEBT (₹ cr)



Inc. Following the Reserve Bank of India's prodding in June this year, banks have moved the National Corporate Law Tribunal (NCLT) against 500 firms to recover loans.

Global consulting firm EY and TAP Advisors are advising on the sale and have invited bids from potential investors. Bankers said telecom tower companies are attracting investments as a data revolution unleashed by the launch of Reliance Jio has increased demand. Bharti Infratel stock has gone up 21 per cent since January and is valued at ₹77,166 crore. Bharti Infratel is also in

talks with joint venture partners Vodafone and Idea Cellular to buy out their 53 per cent stake in Indus Towers at a valuation of \$20 billion.

"This is the first time any SDR would result in a success story. The promoters and lenders worked together to turn-around the company," said Abizer Diwanji of EY India which is advising the lenders.

GTL Infrastructure underwent a corporate debt restructuring and SDR scheme after its financials went into a tailspin following cancellation of 2G licences by the Supreme Court, suspension of right of first

refusal by Aircel and freeze on expansion by operators. The company had lost contract business worth ₹10,872 crore and ₹5,436 crore of earnings before interest, depreciation, amortisation and depreciation (Ebidta) since 2012. The banks converted the debt worth ₹4,000 crore into equity and, if the transaction is done, they would recover their entire money.

GTL officials said it started a dialogue with the lenders to put in place a strategy to get back in the pink. One of the first steps was to ensure interest servicing so that its debt was not downgraded and it did not raise any equity or debt capital. It also curtailed unwanted costs, monetised non-core assets and paid taxes in time. This helped it to remain a standard asset.

The company also pushed tenancy with the merger with Chennai Networks Infrastructure, which the group bought for ₹8,000 crore from Aircel in 2010. "The promoters contributed ₹1,000 crore in equity during CDR, thus, taking the total equity contribution at ₹5,900 crore. Promoters also

cancelled cross holdings worth ₹1,856 crore following the merger with the CNIL," said a company official.

The promoters also diluted stake in the merged entity from a pre-CDR of 80 per cent to 27 per cent after SDR. "All these steps led lenders to have confidence on the management as the company increased its revenues from ₹1,074 crore in 2010-11 to ₹2,282 crore in fiscal 2017. The revenue is expected to touch ₹2,620 crore in the fiscal 2018," the official said.

For full reports, visit  
[www.business-standard.com](http://www.business-standard.com)