

THE HINDU Business Line

FRIDAY, JANUARY 05, 2018

GTL Infra hopes to get ₹2,000 crore from cancellation fee of 3,987 tenancies

Telecom tower firm to use proceeds to repay debt

RAJESH KURUP

Mumbai, January 4

Telecom tower company GTL Infrastructure is expecting to rake in about ₹2,000 crore as compensation for cancellation of 3,987 tenancies with telcos as part of industry consolidation. GTL will also gain another ₹120-300 crore from reducing infrastructure operating costs.

GTL Infra, which successfully came out of a Strategic Debt Restructuring (SDR), would use the proceeds to repay debt. The company has a total debt of ₹4,193 crore as of April 30, 2017.

Consolidation in the sector

GTL Infra had lost a total of 3,987 tenants following the spate of consolidation in the telecom sector.

It lost 2,230 tenancies from Tata Teleservices, 1,327 from Reliance Communications and another 430 from Sistema Shyam. GTL Infra's total tenancy - operators it hosts on mobile towers - stood at 51,424 as of September 30, 2017.

"This number had already ac-

counted for loss of all of the tenancies of RCom and a substantial portion of tenancies of TTSL. GTL Infra expects a further impact of 9,000-11,000 tenancies on account of consolidation of Vodafone India and Idea Cellular and Aircel over the next 12-18 months. However, with the estimated addition of 10,000 tenancies during this period, we believe this impact could be offset," it said in a regulatory filing.

GTL Infra had initially projected it to reach 56,000 by March 31, 2018.

"With respect to the ongoing mergers of Airtel-Telenor and Idea-Vodafone, there are a total of 2,589 tenancies currently out of lock in. Despite the expiry of the lock-in, these sites have been continuing for an average of more than two years and in addition the company is in active negotiations with the operators for relocation of certain overlapping tenancies," it said.

"Nevertheless, this would represent the worse-case scenario impact of this ongoing consolidation based on the existing contractual provisions," it added.

The second half of the current fiscal also saw "significant events" that were beyond management control. For instance,

TTSL did not transfer its contracted tenancy obligations to Airtel as part of the merger and issued exit notices, while RCom is also shutting down its wireless business.

GTL Infra also completed its merger with Chennai Network Infrastructure Ltd, a special purpose vehicle formed to park 17,500 towers and 21,000 tenants it acquired from Aircel in 2010. The effective date of the merger was December 22, 2017.

Following its SDR, the company had reduced its secured debt to ₹4,193 crore as of April 13, 2017. Its debt (optionally convertible FCCBs) were brought down to ₹560 crore from ₹1,442 crore.

Bright future

Post consolidation, remaining operators will need to expand and upgrade their networks to account for increased subscribers and continued demand for data services. The company is already on track to add close to 5,000 tenancies in the current fiscal and expects to add another 5,000 tenancies during April 2018 to March 2019.

GTL Infra is also pursuing a refinancing plan that will help it reduce annual debt servicing by ₹150 crore.