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## NCLT dismisses bankruptcy proceedings against GTL Infra, GTL Ltd

The court said several companies owe money to GTL Infrastructure as it has made claims of Rs 13,393 crore against Aircel and others

The [National Company Law Tribunal](#) (NCLT) on Friday dismissed the [bankruptcy](#) proceedings against [GTL](#) Infrastructure, a [telecom](#) tower firm and its associate company GTL, saying both the [companies](#) are financially viable and have enough cash flow to repay their debt.

In two separate orders, the NCLT's Mumbai bench said [GTL](#) Infrastructure has repaid Rs 16,915 crore to its lenders between 2011 and 2018, which shows the company is reasonably healthy and can repay its sustainable debt. The company generates monthly revenues of Rs 120 crore, which is net of taxes, the order dated November 18 said.

The court said several [companies](#) owe [GTL](#) Infrastructure money as it has made claims of Rs 13,393 crore against Aircel and others. "Further, the tribunal has directed to pay Rs 900 crore to the corporate debtor. Moreover, the company has to recover Rs 49.84 crore from Tata Teleservices; Rs 20.38 crore from ATC, and Rs 351 crore from BSNL in pending arbitration proceedings. The amount received would be sufficient to repay the debt of the petitioner (Canara Bank)," the court said in its order.

After the Supreme Court's judgement in 2021 that cancelled 2G-based [telecom](#) licences, several [telecom companies](#) did not pay their tower rentals to [GTL Infrastructure](#) -- leading to financial stress. [GTL Infrastructure](#) currently provides services to Reliance Jio, Vodafone Idea and Bharti Airtel.

The court said the company's business is sustainable and is a viable concern under the current management, and the overall financial health of the company is not bad enough to be admitted under [bankruptcy](#). "The adjudicated and unadjudicated claims of [GTL Infrastructure](#) are far more than the debt claimed in the petition," the court said, while dismissing Canara Bank's petition.

Citing a [Supreme Court](#) judgement, the tribunal said it can be concluded that the existence of debt and default are not the only criteria in deciding an application under Section 7 of the [insolvency and bankruptcy](#) code (IBC) to admit a company for bankruptcy and the tribunal has the discretion to reject an application.

But the court said such discretion has to be exercised taking into account the viability of the company under the present management, feasibility of bankruptcy initiation, and overall financial health of GTL Infrastructure. If the bankruptcy is initiated, then all existing contracts with clients will be terminated, and the company will lose its cash flow which will be a loss for all stakeholders.

While rejecting bankruptcy proceedings against group flagship – GTL, the [NCLT](#) said more than 91 per cent of lenders in voting share have agreed to initiate the SARFAESI route to recover their loans and had approved the one-time settlement. Since its debt was restructured, GTL repaid an additional Rs 2,700 crore to lenders against its bank loans of Rs 3,300 crore.

Citing the Reserve Bank of India's circular dated June 7th, 2019, the court said the regulator has laid down clear guidelines on stressed assets. The RBI had clarified that any proposed action by the lenders is to be deemed as collective action. In GTL's case, lenders with more than 90 per cent in voting share had already decided to proceed with SARFAESI Act and Canara Bank, which has a mere 4.7 per cent share by value in secured interest, cannot go against the majority view. "Therefore, initiation of bankruptcy proceedings would be counterproductive," the court said and dismissed the bank's petition.

Source: [https://www.business-standard.com/article/companies/nclt-dismisses-bankruptcy-process-against-cash-strapped-gtl-companies-122112500977\\_1.html](https://www.business-standard.com/article/companies/nclt-dismisses-bankruptcy-process-against-cash-strapped-gtl-companies-122112500977_1.html)