

# GTL Group repaid ₹28,120 crore to lenders in telecom sector shakeout

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**MUMBAI-BASED GTL GROUP** companies repaid ₹28,120 crore to lenders as of January this year—marking a key milestone in a 15-year restructuring cycle shaped by India's telecom sector downturn and recent court rulings that quashed criminal investigations against the group entities.

The repayments—made through internal cash flows, asset sales, equity conversion and negotiated settlements like OTS—followed years of restructuring triggered by industry-wide disruption after telecom license cancellations, operator exits and insolvencies among anchor tenants, top officials said.

The legal turning point for the Group came on February 27th when the Bombay High Court quashed FIRs (first information reports) related to GTL and GTL Infrastructure and “unknown persons”, ending investigations initiated by the Central Bureau of Investigation in 2023. The order will have far reaching impact in the banking

## QUICK TAKES

- Bombay HC says criminal proceedings cannot be used for 'roving or fishing' inquiries
- Commercial decisions of lender banks cannot be subjected to criminal scrutiny without evidence of fraud, says HC
- Forensic audit reports did not indicate fraud or diversion of funds by group companies

■ Mere breach of contract does not constitute criminal cheating without fraudulent intent from the beginning



sector, say analysts.

Repayments and settlements were undertaken across GTL, GTL Infrastructure, a telecom tower firm, and other group entities through operational cash flows and asset sales, without raising fresh debt or equity since 2011, company filings show.

Bankers said the group companies have so far repaid 42 of the 46 lenders. “There were several forensic audits, and other special audits which did not find any evidence of fund diversion,” officials said on Sunday after the two landmark judgements by the

Bombay High Court on Friday.

In the judgment concerning GTL, the Bombay High Court held that the investigation could not continue in the absence of identified offenders, stating that “the CBI cannot be permitted to continue the investigation in hope that some day it may identify the offender where no offender has yet been identified.” The court said there was no allegation of dishonest intention at inception.

The court also recorded that lender banks had not declared the account as fraud, and that the FIR had been filed against unknown directors and bank

officials despite a prolonged preliminary inquiry.

The Bombay HC order additionally cited Section 17A of the Prevention of Corruption Act, which requires prior approval before investigation involving public servants. The court concluded that the investigation in the FIR “cannot be permitted to continue any further and is accordingly quashed.”

In a separate judgment concerning GTL Infrastructure, a telecom tower company, the court said the CBI had failed to identify accused persons and that the FIR appeared to have been lodged for a “roving and fishing inquiry.”

The court observed there was “no indication, not even a whisper, of any foul play” by the company and that the forensic audit report did not indicate diversion of funds.

The judgment said the commercial wisdom of lender banks could not be subjected to criminal scrutiny in the absence of collusion or fraud, and that there was no allegation of dishonest intention at the beginning of the transaction.