

REF: GTL/CS-SE/2014-15/036

September 25, 2014

**The Secretary  
BSE Limited**

Phiroze Jeejeebhoy Towers,  
25th Floor, Dalal Street,  
Fort, Mumbai 400 023.

**The Secretary**

**National Stock Exchange of India Ltd.**

Exchange Plaza, 5th Floor,  
Plot No. C/1, G Block,  
Bandra Kurla Complex,  
Bandra (East), Mumbai 400 051.

Dear Sirs,

**Re: GTL Limited – Recent developments**

This intimation is being provided to you pursuant to the provisions of Clause 36 and other applicable clauses, if any, of the Listing Agreement entered into by the Company with the Stock Exchanges.

**Corporate Debt Restructuring:**

GTL Limited (**GTL / The Company**) has three sets of lenders viz. Rupee Lenders, lenders providing foreign currency external commercial borrowing (ECB Lenders) and foreign lender holding Rupee denominated non-convertible debentures (NCD Lender).

GTL restructured its domestic rupee debt under the Corporate Debt Restructuring (**CDR**) mechanism in December 2011 as approved by the CDR Empowered Group on December 23, 2011.

The Company had availed an ECB facility of USD 150 Million (**ECB Facility**) pursuant to a facility agreement dated September 8, 2006 from the ECB Lenders. Restructuring of the ECB Facility was approved by the RBI in FY 2012-13 as part of the Corporate Debt Restructuring mechanism, subject to necessary approvals.

The Company had availed a NCD facility of ₹1,400 Crore (**NCD Facility**) in February 2010. The restructuring proposal for the NCD facility was agreed on and sanction letter issued by the NCD Lender to GTL in March 2014. Closure of the restructuring documents is subject to receipt of necessary approvals.

**Inter Creditor Issues:**

The Company has ever since made and continues to make all reasonable efforts within its control to achieve closure and implementation of the restructuring of the ECB Facility and NCD Facility respectively.

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However, restructuring of the ECB Facility is yet to close on account of certain factors beyond management control such as inter-creditor issues among various lenders of the Company on matters relating to *pari-passu* sharing of security, payment of interest to ECB lenders etc.; and also due to the financial impact of adverse developments in the telecom and power sectors. Resignation by the ECB Facility Agent and also the ECB Authorized Dealer has further hampered GTL's efforts to restructure the debt.

Similarly, with respect to the restructured NCD Facility, while the Company and NCD Lender have bilaterally agreed the terms, consequent execution of the amended agreements and security documents to ensure *pari-passu* rights to NCD lenders to the Cash Flows and Security package of GTL is still awaiting approval of CDR Lenders. Resultantly, requests of GTL for release of certain interest / principal dues of ECB and NCD lenders are still under consideration with Trust and Retention Account (TRA) Bank. The Company has submitted all documents to the CDR Lenders as soon as the same were made available to the Company and has been following up for their approval

### **Developments Post CDR**

The CDR package approved by the lenders in FY 2011-12 envisaged improvement in the telecom and power sectors, additional capex deployment by telecom operators in 3G / 4G buoyed by new equity investments into these sectors.

However, since CDR implementation, below mentioned developments in the telecom and power sector have impacted the financial performance of GTL.

#### **Telecom Sector**

- Cancellation of 2G licenses upheld by Hon. Supreme Court in February 2012;
- Aircel Group's suspension of tenancy commitments in July 2013;
- Slower 3G & BWA growth since auctions;
- Freeze on expansion by Telecom Operators;
- Suspension of BSNL expansion.

#### **Power Sector**

- No tariff revisions;
- Slash in power tariffs;
- Refusal of lenders to offer SBLC despite approval in CDR package;
- Higher T&D losses.

These factors are well beyond management control and have had an impact on cash flows which has resulted into delay in payment of interest / principal dues to all sets of lenders



### Actions by ECB and NCD lenders

In light of the inter-creditor issues, developments post CDR and alleged non *pari-passu* treatment to ECB / NCD lenders vis-à-vis CDR lenders, notices have been received by GTL and IDBI Bank (as Monitoring Institution to CDR Lenders) advising the Company:

- i. to desist from making any further payment to CDR lenders till ECB / NCD interest / principal dues are paid;
- ii. to share the proceeds of TRA on *pari-passu* basis with the CDR lenders going forward;
- iii. to create security in their favor.

### Initiatives by GTL

The Company continues to make efforts to raise resources to facilitate an equitable settlement of its debts amongst CDR, ECB and NCD lenders.

Steps envisaged, subject to necessary approvals, are:

- Sale of Operations Maintenance & Energy business;
- Monetization of Investments in Tower Companies;
- Realization of Current Assets;
- Monetization of its non-core assets;
- Formation of JV or raising new capital; and
- Such other actions as may be deemed necessary in the interest of all stakeholders.

For the above initiatives, requisite approvals from Shareholders of the Company have been obtained at the 26<sup>th</sup> Annual General Meeting held on September 16, 2014 and through Postal Ballot, results of which have been announced today.

In accordance with the Listing Agreement, the Company will inform BSE / NSE of any future material developments.

Thanking you,

Yours truly,

For **GTL Limited**

**Vidyadhar Apte**  
Company Secretary

**Rahul Desai**  
Head – Capital Markets & Investor Relations