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Date: March 8, 2018

The Secretary  
BSE Limited  
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The Secretary  
National Stock Exchange of India Ltd  
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Scrip Code: 532775  
Fax No.: 2272 2037 / 2272 3719

Trading Symbol: GTLINFRA  
Fax No.: 2659 8237 / 38

Dear Sirs,

**Re: Update on Material Developments**

This is further to the various disclosures made by GTL Infrastructure Limited ("**Company**") with regard to the captioned subject, in particular the disclosure issued on January 4, 2018.

**I. FURTHER DEVELOPMENTS**

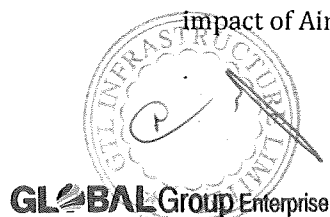
The disclosure contained the potential impact on tenancies as a result of the developments in the telecom sector. The Company expected loss of 9,000 - 11,000 over 12 to 18 months at the time.

The above estimates had factored (i) exits from Tata Teleservices, Reliance Communications and Systema Shyam Teleservices; and (ii) the likely downsizing of Aircel Limited. Aircel Cellular Limited and Dishnet Wireless Limited collectively ("**Aircel**"). Aircel had issued exit notices for six (six) telecom circles - 1,994 sites and we had initially estimated further downsizing involving a reduction of 6,606 additional tenancies.

On March 1, 2018, Aircel surprisingly and unexpectedly filed for bankruptcy before the National Company Law Tribunal, Mumbai ("**NCLT**") with an intent to undertake a resolution plan. At this stage, it remains unclear whether any restructuring or revival would be possible and the outcome of the insolvency proceedings remains to be seen.

In the event no revival is possible and Aircel becomes insolvent, the Company would lose all 23,727 of Aircel's tenancies. As a result thereof, the Company's tenancies will likely to close at 26,639 as on March 31, 2018 as against 51,587 tenancies as of December 31, 2017.

Given that Aircel contributed 43% of the revenues of the Company as on March 2017, the impact of Aircel's insolvency will be materially adverse for the Company.



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## II. OUR CLAIMS AND RELATED RECOVERY EFFORTS

As on the date hereof, Aircel has overdue outstandings towards infrastructure provisioning fees and past settlements of over **INR 384 crores**.

In addition, the Company had strong contractual arrangements with Aircel, with long term lock-in arrangements upto 2030. The Company had raised a claim of around Rs. 1,200 crores for the six circles sought to be terminated unlawfully by Aircel. Towards this end, the Company had initiated proceedings before the Delhi High Court to secure its interests and on January 29, 2018, the High Court had passed an Order restraining Aircel from disposing off its assets.

If Aircel were to become insolvent and consequently terminate contractual arrangements for all tenancies, the Company's dues which would have been recoverable from Aircel for the remainder of the contractual term would be **INR 12,791 crores** (including the six circles).

**Important Disclaimer:** Since Aircel is now before the NCLT and the Company is an unsecured operational creditor, it remains to be seen what residual value would be left for distribution after appropriation by the secured banks / lenders. In the event of liquidation, initial third party estimates suggest that there may not be any monies left after distributing proceeds to the secured banks / lenders of Aircel.

## III. DEBT RESTRUCTURING

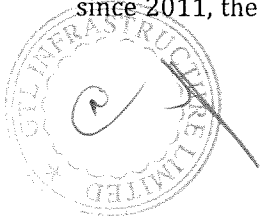
The Company and its lenders had initiated the Strategic Debt Restructuring Scheme ("**SDR Scheme**") on September 20, 2016. As part of the SDR Scheme, the lenders had converted part of their outstanding debt into equity shares such that lenders hold 51% of the equity share capital (on fully diluted basis) of the Company. The investor induction process, the second stage of the SDR Scheme, was well underway and the Company had initially received interest from several investors.

While the sale was to be completed by March 18, 2018, the Reserve Bank of India has recently issued the "*Resolution of Stressed Assets - Revised Framework*" dated February 12, 2018 ("**Revised Resolution Framework**") which, *inter alia*, withdrew the SDR Scheme.

The Company and its lenders are currently examining the contours and implications of the Revised Resolution Framework and exploring options to realign the debt with the revised cash flows, which has been necessitated on account of the extraneous circumstances, entirely beyond the Company's control. The lenders are exploring the sale of debt to asset reconstruction companies, securitization companies, non-banking financial companies and other eligible buyers. Updates in this regard will be provided in due course.

## IV. PATH FORWARD

The Company has become accustomed to external crises in the telecom sector in persistence since 2011, the latest being the recent carnage resulting in the unprecedented shutdown of the



telecom arms of leading corporate groups like Tata and Reliance ADAG. The Company has once again been pushed to a position from where it will require to rebuild itself.

However, the Company, in such circumstances, had proactively taken various steps to ensure smooth operations and contracted network uptime for its remaining customers, namely, Vodafone, Idea, Reliance Jio, Bharti Airtel and BSNL. These steps include:

- Realignment of debt with revised cash flows; and
- Reduction in fixed costs, including:
  - wages;
  - electricity and diesel charges;
  - operations and maintenance charges; and
  - ground rent.

Towards this end, the Company will be re-negotiating its arrangements with existing vendors. These steps will enable the Company to remain EBITDA positive during the turn-around phase.

The Company continues to believe that post consolidation, the remaining operators will need to aggressively expand and upgrade their networks to account for increased subscribers and continued demand for data services. The Company expects to add around 4,200 tenancies from the continuing operators during this financial year and expects this trend to continue. Needless to say this estimate is contingent on no adverse external factors yet impacting the telecom sector.


## V. OUTLOOK - IMPACT OF CONSOLIDATION

	FY 2017-18		Annualized Run rate*
	Earlier Outlook	Revised Outlook	
Tenancy (Nos)	55,000	26,639	-
Revenue (INR Crs)	2,600	2,267	1,325
EBITDA normalized (INR Crs)	1,350	978	427

\* Annualized run rate is considering the full impact of customer exits which primarily happened in the last two quarters of FY 2018.

Yours sincerely,

For GTL INFRASTRUCTURE LIMITED

  
**Nitesh Mhatre**  
Company Secretary

  
**Bhupendra Kiny**  
Chief Financial Officer

