

The Secretary BSE Limited Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Fort, Mumbai 400 001.	The Secretary National Stock Exchange of India Ltd. Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.
(BSE Code: 500160 NSE Symbol: GTL ISIN: INE043A01012)	

Dear Sir/s,

Re: Material Developments - Updates

This is in continuation to our letter bearing Ref. No. GTL/CS-SE/2017-18/029 dated March 1, 2018 and pursuant to Regulation 30 and other applicable regulations, if any, of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) and further to the various disclosures made by the Company from time to time, we have to inform that the Board of Directors of the Company, in its meeting held today has noted:

I. RECENT DEVELOPMENTS

- The second half of FY 2017-18 - significant headwinds within the telecom sector on account of (i) entry of new participants with aggressive pricing options; (ii) reduction of interconnect usage charges; and (iii) increasing unsustainable levels of debts of existing telecom operators¹.

II. IMPACT ON THE COMPANY

a. OME Business

- OME business - three major direct customers - Aircel Limited, Aircel Cellular Limited and Dishnet Wireless Limited (collectively, "Aircel"), Tata Teleservices Limited ("TTSL") and GTL Infra.
- TTSL: Contracted tenancies not transferred to Bharti Airtel - consequently, exit notices received - 2,556 tenancies lost and this business will cease to exist.

Aircel Limited

Aircel Limited, Aircel Cellular Limited and Dishnet Wireless Limited (collectively, "Aircel") was the single largest client of the Company (contributing more than 50% of revenue). On January 2, 2018, the Company received notices for 1,994 tenancy exits. This had a serious impact of revenue loss, low cash flows and declining profitability.

On March 1, 2018, Aircel 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.

¹ These factors lead to profitability/cash flow impact across all participants in the sector and for many of operators it became unsustainable to remain viable and/or continue operations. This is evidenced through (i) the Vodafone India Limited – Idea Cellular Limited merger; (ii) the Tata Group's decision to withdraw from the wireless space and consequent Bharti Airtel Limited – Tata Teleservices Limited merger; (iii) the Bharti Airtel Limited – Telenor Communications Private Limited merger; (iv) Reliance Communication Limited's decision to withdraw from the wireless space and the consequent acquisition of certain assets by Reliance Jio Infocomm Limited; and (v) Aircel decision to file for voluntary insolvency.

If Aircel were to go bankrupt, the entire revenue stream of around ₹ 600 Crore from Aircel a year would be lost. (We already have backlog of dues of over ₹ 135 Crore from Aircel)

▪ **GTL Infra**

GTL Infra has been a direct victim of the recent consolidation onslaught in the telecom sector. As stated above, TTSL, Reliance Communications, Telenor and SSTL have all either withdrawn from their wireless operations or sold to / merged with the existing larger telecom operators. This consolidation has resulted in significant loss of tenancies for GTL Infra. GTL Infra has indicated that it faces a possible reduction from 51,587 tenancies (as of December 2017) to 26,639 tenancies (projected as of March 2018).

▪ **Impact on the OME Business**

With the exit of TTSL, the likely exit (and certain significant scale down) of Aircel and the significant scale down of GTL Infra, there would be a considerable negative impact on the business the Company thereby jeopardising the long term continuity and stability of its revenues. This would undoubtedly impact **EBITDA, which would stand reduced to around ₹ 30 to 40 Crore**, subject to negotiations with GTL Infra (the sole customer) and residual costs of shutting down lost business.

b. **Impact on investments in GTL Infra**

The above mentioned impact on GTL Infra has had a consequent impact on the value of the Company's investments in GTL Infra. The exact impact on the value of the investments cannot be conclusively ascertained at this stage.

III. REVISED RESOLUTION FRAMEWORK

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 CDR and all other restructuring schemes. A preliminary analysis of the Revised Resolution Framework indicates that all restructuring proposals, including any one time settlement would need to be undertaken under the Revised Resolution Framework, failing which the Reserve Bank of India has directed all accounts in which a default exists to be referred to the NCLT under the Insolvency and Bankruptcy Code, 2016.


The Company is presently evaluating its options to submit a revised one time settlement proposal under the Revised Resolution Framework taking into account the material developments discussed above. The Company is also actively exploring options relating to the sale of the existing debt to asset reconstruction companies and other eligible buyers.

IV. CONCLUSION

In light of the above, there has been a material adverse impact on the revenues, EBITDA and asset valuation of the Company. The Company will continue to explore all activities and options to ensure maximum recovery for its lenders.

Thanking you,

Yours truly,
For GTL Limited


Vidyadhar A. Apte
Company Secretary &
Compliance Officer


Milind Bapat
Chief Financial Officer

Note: This letter is submitted electronically with BSE & NSE through their respective web-portals