

GTL's Manoj Tirodkar Buries his past with 8,000 cr Aircel tower deal

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He's back, and making waves

GTL's Manoj Tirodkar Buries His Past With Rs 8,000-Cr Aircel Tower Deal

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MUMBAI

MANOJ Tirodkar, the 45-year-old chairman & managing director of GTL Group, is a phoenix.

The man, who was ostracised by the market about a decade ago for allegedly having a hand in a stock market scandal at the turn of the century, last week lined up Citigroup and Barclays to advise him on the biggest-ever takeover in India in cash.

"Aircel is delighted to be associated with Manoj. Under his leadership and single-minded focus on value creation, his group has become the leading independent tower company globally. Manoj is sagacious, humble and hands on," said Gurdeep Singh, the chief operating officer of Aircel, the company whose towers were bought by Mr Tirodkar. SBI Capital, the investment arm of India's largest bank, organised debt of Rs 5,000 crore from a consortium of lenders to finance the acquisition.

Such fulsome praise from industry, along with the reposing of faith by lenders, is a remarkable turn of events for a man who had seemed down and out some years ago. The college drop-out, who is ranked 84th in the



RIGHT CALL: Manoj Tirodkar

Forbes list of richest Indians, featured along with Nimesh Kampani of JM Financial and hotelier PRS Oberoi, had humble beginnings in the chawls of Mumbai's Girgaum, famous for the spectacular Ganpathi immersion into the Arabian Sea.

BAD TIMES

The rise has had its share of rough and tumble. An association with fallen stockbroker Ketan Parekh pushed back his march by years. But this bulky Maharashtra has fought back in business, as he is now doing to his fitness with controlled diet.

"Between 2000 and 2005, life turned upside down," said Mr Tirodkar in an interview in his fourth-floor office overlooking the cranes and ships on the Mumbai Port Trust. "It changed my lifestyle, psyche...I stay aloof. I became kind of an introvert."

When the stock market scandal blew up in 2000, Mr Tirodkar was accused of having links with Ketan Parekh who was alleged to have rigged up the famous K-10 stocks, including GTL's earlier avatar Global Tele Systems. The market capitalisation fell to just about \$50 million from about \$2 billion.

Things soon got a lot worse. In 2001, Dilip Pendse, a friend and the then MD of Tata Finance, or TFL, was sacked when a subsidiary, Nishkalp, ran up huge mark-to-market losses. The Tatas filed criminal cases against Pendse, who had to spend time in Tihar jail.

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Tirodkar sets sights on telecom ancillary space

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MR TIRODKAR'S association with Pendse, in particular the fact that the dethroned TFL MD was close to joining Global Tele when the scandal broke out, became a millstone around his neck.

One of the cases in which Pendse was penalised by Sebi involved alleged insider trading in Global Tele shares, making things worse for Mr Tirodkar in terms of media and investor perception. In 2008, Pendse was absolved by the Securities Appellate Tribunal, or SAT, in that particular case.

ABSOLVED BY REGULATORS

Mr Tirodkar says all allegations that were swirling around him at one time were 'nonsense' and shows a letter from Sebi clearing his name. "KP was one of the investors in an e-commerce business. But I never lent him money. (And I was) never involved in rigging share prices." The core of the allegations against companies linked to Parekh was that their promoters lent money to the disgraced broker to rig share prices. But an investigation by Sebi and another probe by a joint parliamentary committee exonerated Mr Tirodkar of this charge.

Many cases relating to the scandal involving Parekh are still pending in courts. Mr Tirodkar has stopped meeting brokers since then.

On Pendse, "he is a friend," says Mr Tirodkar, leaning forward. But he says he was not involved in Pendse's business dealings and there appears to be nothing in the public domain to contradict this claim.

The perceived 'link' with Pendse was a greater problem for GTL than the alleged KP connections. Indeed, for a couple of years in the noughties, banks were reluctant to lend to his companies, according to persons familiar with the issue. But these problems clearly belong to the past. The current high-profile status of the GTL Group of companies is in striking contrast to most of the K10 entities. Companies such as Silverline, Pentamedia, DSQ Software, Global Trust Bank and even Himachal Futuristics — all Parekh favourites — have faded into oblivion and are no longer on investors' radar.

And Mr Tirodkar isn't the only well-known promoter whose reputation has been singed by association with the controversial broker. In 2008, the promoters of Zee Telefilm, an earlier version of Zee Entertainment,

were let off by Sebi but were warned for having given the "impression" that they were close to KP entities. Holding companies of Ranbaxy, then owned by the Singh family, had also faced lengthy probes because of Parekh's interest in the stock.

SELLING BUSINESSES

The lack of academic strength does not prevent this man, who started life as a charting broker in the shipping industry, from picking up a Peter Drucker, or reading up on the Oracle of Omaha, Warren Buffett. He has JRD Tata, Dhirubhai Ambani and NR Narayana Murthy for inspiration.

"I named my son Jai, after JRD," he says.

Half of Mr Tirodkar's wealth is in a foundation and GTL is liberal with welfare for the staff with insurance, medical and educational benefits. His leaning towards philanthropy and some failed businesses do not mean that his entrepreneurial edge is getting blunted.

"Numbers are his friends, but he does not have the patience to wait for a business to mature," says an associate who did not want to be identified. "He is sticking to the telecom business." He had wound up the software and the business process outsourcing business in the past. But Mr Tirodkar rubbishes the accusation. "Software business did not achieve scale," he says. "We became frustrated."

There is no point in holding on to a businesses for ever. What's the point when you don't cash out of the assets built, he says. "I am a strong proponent of monetising," says Mr Tirodkar, who studied in the Marathi medium at a school in Girgaum. "We hit the jackpot by 1999," he says, referring to the sale of the e-commerce business for Rs 4,500 crore in an all-cash deal. "We showed astute sense," in exiting before it all collapsed.

The e-commerce business was an accident when Global Tele, founded in 1987, could not muster cash to bid for cellular operators' licence. "Since we could not afford telecom licences in 1992, we took e-commerce licence for Rs 25 lakh," says Mr Tirodkar, who believes the prospects for telecom infrastructure companies are better than for the operators.

And that's why he had pushed for the deal to buy Aircel's tower business.

BIG DEAL

Last week, GTL agreed to buy Aircel Cellular's tower business for Rs 8,400 crore in an all-cash

deal that will catapult it to the world's largest independent telecom tower company. The deal surprised many who had written off the company along with DSQ Software and Pentafour, which were also part of famous K-10 stocks, but have almost vanished now. But Mr Tirodkar had pulled off a coup when he got a consortium of banks to lend it Rs 5,000 crore for the transaction. "We were clear that without an operator, our business would not achieve the scale we wanted," Mr Tirodkar says with a glance at the bust of Mahatma Gandhi in a corner.

But convincing Malaysia's billionaire-entrepreneur Ananda Krishnan was no cakewalk as he did not want to sell out the infrastructure. "Our strongest point while dealing with Aircel was that we were an independent and neutral company, not backed by any operator," says a happy Mr Tirodkar who has a long-term contract with Aircel as a customer. "We guaranteed 17% energy saving for them in three years. Our due diligence did not harass them."

After this "transformational deal", where does the company go? More of the same, as domestic rivals controlled by operators may find it difficult to lure customers. "Ancillary business is becoming powerful," says the man who was selling fax machines before getting into telecom equipment. "There is a deep distrust among operators." GTL, which has a market value of \$1.1 billion, in the next few years will have 50,000 towers in India, from 11,250 now.

GTL, GTL Infra and the promoters will contribute Rs 3,400 crore of equity. The two companies will together contribute around Rs 3,000 crore and they have the cash on their balance sheets to justify these numbers. The promoters will put in the rest, partly using the money left over from the sale of the e-commerce business. In the near future, Mr Tirodkar will concentrate on his passion, the unfashionable work of operating and maintaining infrastructure assets. "I like businesses where there is opportunity for operations and maintenance (O&M) like in telecom, power and aviation. These areas also typically involve interface with government authorities in order to obtain clearances." Aviation maintenance, Mr Tirodkar says, is an area where he plans to get into in a big way. Power transmission and distribution is another opportunity.

What is Mr Tirodkar plotting to do after growing from the chawls to plush farm houses? Retirement by October 3, 2014, when he will turn fifty. "Money is not my driver. I read. I am into architecture."