



REF: GTL/CS-SE/2014-15/045

November 18, 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 Sir,

Re.: Power Distribution Franchisee Contract – Update

We draw your attention to our earlier letter bearing Ref. No. GTL/CS-SE/2014-15/036, dated September 25, 2014, about certain recent developments, whereby the Company had appraised your exchanges and the investor fraternity about various developments post implementation of the Company's Corporate Debt Restructuring package, including the developments in the power sector beyond its management control which had impacted its cash flows.

Further, pursuant to the provisions of Clause 36 and other applicable clauses, if any, of the Listing Agreement, we inform you that:

- The Company had entered into a power distribution franchise agreement ("Distribution Agreement") with Maharashtra State Electricity Distribution Company Limited ("MSEDCL") for Aurangabad division in February 2011.
- The Company has incurred losses of approximately Rs. 178 Crore (excluding claims made by the Company of Rs.126 Crore yet to be paid by MSEDCL) in relation to its power distribution business. The said losses have principally resulted from continuing higher transmission & distribution losses coupled with several unresolved operational and contractual factors, and the Company now is not in a position to continue to sustain these losses.
- As GTL had made repeated claims on MSEDCL to resolve all of its outstanding commercial issues, to GTL's surprise, on November 10, 2014 MSEDCL *vide* its termination notice terminated the Distribution Agreement, effective November 17, 2014, and pursuant to the said termination the Company has co-operated in handing over the related power distribution network and infrastructure to MSEDCL.

Page 1 of 2



- Consequently, while the Company's annual revenue will stand reduced by approximately Rs. 12 Billion; further losses arising from the Company's power distribution business will henceforth be avoided.
- MSEDCL has raised a demand of Rs. 393.07 Crore against the Company. As a consequence MSEDCL has initiated the process for invocation of the guarantees of up to Rs. 151 Crore, which had been provided by the Company to MSEDCL in terms of the Distribution Agreement.
- That having been said, the Company and MSEDCL are in discussion for settlement of their respective commercial claims, including *inter alia* the Company's identified outstanding claim of Rs.352.64 Crore and any other claims in relation to any misrepresentations or breach of covenants.

Please acknowledge receipt of the same.

Thanking you,

Yours truly,
for **GTL Limited**


Vidyadhar A. Apte
Company Secretary


Milind Bapat
Chief Financial Officer

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