



REF: GTL/CS-SE/2014-15/049

January 19, 2015

<b>The Secretary</b> <b>BSE Limited</b> Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Fort, Mumbai 400 023.	<b>The Secretary</b> <b>National Stock Exchange of India Ltd.</b> Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.
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Dear Sir,

**Ref: GTL material updates and disclosures**

Pursuant to the provisions of Clause 36 and other applicable clauses, if any, of the Listing Agreement, we have to inform that while the Company and its Promoters have adhered to the most of the stipulations as per the Master Restructuring Agreement (MRA), developments in the telecom and power sector post CDR implementation and inter-creditor issues among the various sets of GTL lenders have impacted GTL's ability in meeting its commitments under CDR packages moving forward.

Pursuant to clause 5.1 (vii) of the MRA regarding Information Covenants, the Company vide letters dated October 13, 2014 and May 10, 2013 brought to the notice of the Lenders of such material events/occurrences beyond the management control in the business sectors to which the Borrower and/or any of the Obligors cater, including the telecom and power sector, impacting the business of the Borrower and/or the other Obligors, which have a Material Adverse Effect that made the business unviable.

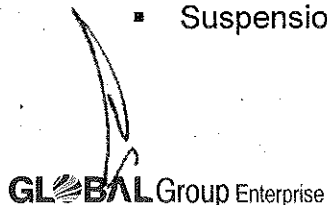
**Developments Post CDR**

The CDR package approved by the lenders in FY 2011 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



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### Power Sector

- No tariff revisions
- Slash in power tariffs by 20% in Maharashtra
- Refusal of lenders to offer SBLC despite approval in CDR package
- Higher T&D losses than disclosed by regulatory authority

These factors beyond management control and its resultant impact on cash flows has resulted into delay in payment of interest / principal dues to all sets of lenders

### Cancellation of MSEDCL contract

As informed by the Company vide its submission to BSE/NSE titled "Power Distribution Franchise Contract – Update" Ref: GTL/CS-SE/2014-15/045 dated November 18, 2014, MSEDCL terminated the Distribution Agreement. Apart from the operational and contractual issues one of the major reasons for cancellation of the contract by MSEDCL was the non-provisioning of PBG by certain lenders despite such limits approved in the CDR package.

Consequently the Company's annual revenue will stand reduced by approx Rs.1200 Crore and viability of business has further eroded substantially.

### Inter Creditor Issues:

The Company has ever since made all reasonable efforts within its control to implement the restructuring of the ECB Facility and NCD facility.

However, restructuring of the ECB Facility is yet to close on account of certain factors beyond management control such as the financial impact of adverse developments in the telecom and power sectors, 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. Resignation by the ECB Facility Agent (Standard Chartered Bank - London) and also the ECB Authorized Dealer (Standard Chartered Bank - India) 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, necessary approval from CDR lenders and 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.

Requests of GTL for release of certain interest / principal dues of ECB and NCD lenders have been denied by CDR lenders.



In light of the inter creditor issues, developments post CDR and alleged non *pari-passu* treatment to ECB / NCD lenders visa-vis CDR lenders notices have been sent by ECB / NCD lenders to 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 Account on *pari-passu* basis with the CDR lenders going forward; and
- iii) To create security in their favor.

### Actions by ECB Lenders

Furthermore certain ECB lenders have even filed recovery proceedings in the Courts of London as was informed to the Stock Exchanges vide our letter dated September 25, 2014 (GTL/CS-SE/2014-15/036). In the event of a decision favoring the ECB lenders by the London Court there is every possibility of ECB lenders proceeding for recovery of amounts against business / assets of GTL in India and the Company has taken appropriate legal steps in relation to this petition.

### Actions by NCD Lenders


In addition to the aforesaid proceeding, the NCD lender through its counsel had issued to the Company a statutory notice dated November 10, 2014. Subsequently on January 09, 2015, the NCD lender has filed a winding up petition before the High Court at Bombay *inter alia* seeking winding up of the Company and in the interim seeking an injunction against any disposal of assets & against making payments to the secured CDR lenders. Notice of filing was served on the Company on January 16, 2015. The Company will be taking appropriate legal steps in relation to the petition.

We request you to take note of the above developments.

Thanking you,

Yours truly,

For GTL Ltd

  
**Vidyadhar A. Apte**  
Company Secretary



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

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