REF: GTL/CS-SE/2014-15/064 March 25, 2015

The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort
Mumbai 400001

The Secretary
National Stock Exchange of India Ltd.
Exchange Plaza, C/1, Block G,
Bandra Kurla Complex, Bandra East
Mumbai 400051

Dear Sirs,

Re: Manner of dealing with audit reports filed by listed companies.

Pursuant to provisions of Clause 31 and other applicable clauses, if any, of the Listing Agreement and Securities & Exchange Board of India (SEBI) Circular bearing Ref. CIR/CFD/DIL/7/2012 dated August 13, 2012, the Company filed Form B in respect of audit qualification in the Audited Accounts of the Company (GTL) for the FY 2012-13 with regard to share of loss in its associates viz. GTL Infrastructure Limited (GIL) and Chennai Network Infrastructure Limited (CNIL).

In this connection, after exchange of various communications between the Company, National Stock Exchange of India Limited (NSE), SEBI and personal hearing before Qualified Audit Review Committee (QARC) and as explained, the Company's case is unique as it along with its associate companies viz. GIL & CNIL are admitted under Corporate Debt Restructuring (CDR) mechanism under which there are long term restrictions for transferring any funds from these associates to the Company. Considering these long term restrictions and revised view of the Company, the Jt. Auditors of the Company have conveyed that "in the light of the revised view which was not taken into consideration / informed earlier by the management, we are now of the view that the accounting of the investments by GTL in GIL and CNIL be made in accordance with Accounting Standard (AS) 13 (Accounting of Investments) and not under Accounting Standard (AS) 23 (Accounting for Investments in Associates in Consolidated Financial Statements)."

Considering the above and as per the views stated by the Jt. Auditors vide their letter dated September 10, 2014 (copy attached), the qualification set out at Para 'a' of the Auditors' Report to the consolidated Audited Accounts of the Company for the FY 2012-13, in respect of share of loss in the Company's associates is no longer continuing / persisting. However, considering the then prevailing legal framework and in accordance with the clarification issued by SEBI vide its Circular No. CIR/CFD/DIL/9/2013 dated June 5, 2013, required disclosures will be made in the Audited Accounts of the Company for the FY 2014-15.

This may be brought to the attention of all the stakeholders of the Company.

Please acknowledge receipt.

Thanking you,

Yours truly,
for **GTL Limited**

Vidyadhar A. Apte
Company Secretary

Milind Bapat
Chief Financial Officer

Encl. as above

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

GODBOLE BHAVE & CO
Chartered Accountants
501, Kinara CHS Ltd.
Mhatre Wadi Road, Dahisar (W),
Mumbai 400 068.

YEOLEKAR & ASSOCIATES
Chartered Accountants
11-12, Laxmi Niwas,
Subhash Road, Vile Parle (E),
Mumbai 400 057.

Date: September 10, 2014

To,

The Chairman,
Audit Committee
GTL Limited
Global Vision, Electronic Sadan - II,
MIDC, TTC Industrial Area,
Mahape, Navi Mumbai 400710,
Maharashtra.

Dear Sir,

Sub: Audit qualifications of GTL Limited ("GTL / Company") - Cases referred to the Financial Reporting Review Board ("FRRB") in terms of Clause 5(d)(ii) of the SEBI Circular CIR/CFD/DIL/7/2012 dated August 13, 2012 with regard to Manner of Dealings with Audit Reports filed by the Listed Companies

1. We refer to the letter bearing Ref. No. GTL/ACCTS-AUDIT/2014-15/0257 dated September 9, 2014 ("**GTL Letter**") in the captioned matter.

2. We have provided the qualification in our Auditors Report on consolidated accounts to the shareholders forming part of the annual reports of the Company. This qualification is for non consideration of the Share of Loss in GTL's associates GIL & CNIL as not being in accordance with (AS) 23 "Accounting for Investment in Associates in Consolidated Financial Statements". The qualified opinion is in view of GTL's stand of accounting the share in these associates, post merger of GIL & CNIL.

3. We note the contents of the GTL Letter and see the merits in their argument that since GIL and CNIL being under Corporate Debt Restructuring (CDR) mechanism are operating under long term restrictions and hence face severe restrictions for transferring any funds to GTL.

4. We also note the opinions provided by (i) Justice (Retd.) B. N. Srikrishna dated July 21, 2014, Former Judge, Supreme Court of India and (ii) M/s Bansi Mehta & Co, Chartered Accountants dated August 1, 2014, opining that the financial restraints faced by GTL's associates, GIL & CNIL, in view of the CDR package sanctioned to both these companies, constitute severe long term restrictions significantly impairing the ability of GIL & CNIL to transfer any funds to GTL, as envisaged by Accounting Standard (AS) 23 and hence requiring accounting of investment in

associates GIL & CNIL as per Accounting Standard (AS) 13 (Accounting of Investments) and not under Accounting Standard (AS) 23 (Accounting for Investments in Associates in Consolidated Financial Statements).

5. In light of the revised view which was not taken into consideration / informed earlier by the Management, we are now of the view that the accounting of the investments by GTL in GIL and CNIL be made in accordance with Accounting Standard (AS) 13 (Accounting of Investments) and not under Accounting Standard (AS) 23 (Accounting for Investments in Associates in Consolidated Financial Statements).

6. Please inform us the future course of action the Company proposes to take in this regard.

Thanking you,

Yours truly,

For **Yeolekar & Associates**
Chartered Accountants

S. S. Yeolekar
Partner

For **Godbole Bhave & Co.**
Chartered Accountants

M. V. Bhave
Partner