



BGR ENERGY SYSTEMS LIMITED

443 ANNA SALAI, TEYNAMPET, CHENNAI 600018 INDIA

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BeSec/2016
May 27, 2016

The Manager, Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E), Mumbai – 400051

BSE Limited
Department of Corporate Services
P.J. Towers, Dalal Street
Mumbai - 400 001

NSE Symbol : BGRENERGY

BSE Scrip Code – 532930

Dear Sirs,

Sub : Disclosure under Regulation 30 of the SEBI (LODR) Regulations, 2015

Pursuant to regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2013, we hereby inform that the Company on 13th October, 2013 had entered into an EPC contract for the value of USD 246 Million for AL Nasiriya 500MW (4X125) Gas Turbine Power Plant project with the Ministry of Electricity, Republic of Iraq ("MoE").

In terms of the contract MoE provided a Letter of Credit for 50% of the contract value in favour of the Company and the Company had issued a performance bond equal to 5% of contract price i.e. USD 12.30 Million in favour of MoE. Due to unforeseen force majeure circumstances like the terrorists taking over various parts of Iraq and continued terror attacks across the country, the Company could not proceed with execution of the contract. The Government of India issued an advisory against travelling to Iraq due to severe security risks. Subsequently, unilaterally MoE suspended the LC without any reason. There was a threat of invocation of the bank guarantee of USD 12.30 Million issued to MoE and hence the Company obtained an order of injunction from Hon'ble High Court of Madras restraining the bank which has issued the guarantee from making any payment under the guarantee. The MoE have so far not contested the legal proceedings.



REGISTERED OFFICE:

A-5 PANNAMGADU INDUSTRIAL ESTATE, RAMAPURAM POST, SULLURPET TALUK, NELLORE DISTRICT, ANDHRA PRADESH 524401 INDIA TEL: 91 44 27948249

Corporate Identity Number: L40106AP1985PLC005318

The MoE on 21st April 2016 has issued a legal notice asserting their right to terminate the contract and disputing the force majeure conditions raised by the Company. Through this notice MoE gave an option to the Company for a mutual settlement demanding payment of compensation of 10% of the contract price within 60 days of acceptance of their proposal. The Company is seeking legal advise and propose to reject the claim of MoE.

Further material developments of the aforesaid matter, if any will be intimated at the appropriate time.

In view of these developments, the Company has now struck off a carryover contract value of USD 246 Million from its order book.

We request you to take the same on record.

Thanking you,

Yours truly,
for BGR Energy Systems Limited



R. Ramesh Kumar
President – Corporate & Secretary