

Dated: 18/03/2019

To
Mr. K.K. Bajaj,
B-62, Goyal Complex,
Near Sandesh Press,
Vastrapur,
Ahmedabad- 380054.

Through: Speed post/Courier

Re: Defamatory release of news items

Dear Sir,

For and on behalf of my client, Gujarat Urja Vikas Nigam Limited, Sardar Patel Vidyut Bhavan, Race Course, Vadodara – 390 007, and the Distribution Licensees in the State of Gujarat, namely Uttar Gujarat Vij Company Limited (UGVCL), Paschim Gujarat Vij Company Limited (PGVCL), Dakshin Gujarat Vij Company Limited (DGVCL) and Madhya Gujarat Vij Company Limited (MGVCL), I have to serve you the following legal notice:

1. My clients are the successor entities of the erstwhile Gujarat Electricity Board. While Gujarat Urja Vikas Nigam Limited has succeeded to the functions of bulk purchase and bulk supply of electricity, the distribution licensees purchase electricity primarily from Gujarat Urja Vikas Nigam Limited and supply to the consumers at large in the State of Gujarat.
2. My clients have, in the recent past, come across series of news items in Sandesh newspaper in the State of Gujarat wherein you

MSA PARTNERS

1

have made allegations against my clients and the Government of Gujarat, a summary of which is as under:

Sr. No	Date	Brief of news item
1	14.11.2018	<p>Burden on consumers due to high generation cost of GSECL power plants</p> <p>In the news item, it is stated that GSECL's power plants are operated at lower load factor leading to higher fixed cost burden on consumers of the state.</p>
2	11.02.2019	<p>Grievances raised before GERC due to increase in tariff of Rs. 0.94/unit to M/s. Adani Power. Collusion is exposed between Government & Adani.</p> <p>In the news item, it is stated that GUVNL has allowed increase in variable cost to Adani Power Ltd from Rs. 1.71/ Unit (in Quarter-II of FY 2018-19) to Rs. 2.71/Unit (Quarter-III of FY 2018-19) i.e. increase of Rs. 0.94/Unit even though the matter is pending before CERC for its approval.</p>
3	16.02.2019	<p>Irregularity in Power purchase by GUVNL putting burden of Rs. 254 Crs on the consumers of State.</p> <p>In the news item, it is stated that GUVNL is paying higher rate of Rs. 4.09 / Kwh to M/s GMR Chattisgarh, contrary to PPA with it, which has led to additional burden on the consumers of the State.</p>



3. My clients are shocked to come across such blatant defaming statements from you, which are completely false and have been made without any verification of facts. You have been regularly participating in the proceedings before the Gujarat Electricity Regulatory Commission (GERC) and also claiming to be an Energy Expert. Therefore, you ought to be well aware of the manner in which the electricity industry functions and also how power purchase activities are undertaken and also operation of the grid in adherence to regulations/orders of appropriate Electricity Regulatory Commission.
4. The insinuations of there being any wrongful burden being placed on the consumers or wrongful benefit being granted to private companies is baseless. You have proceeded to publish the news item despite the fact that all the facts could be verified with my clients and also through proceedings and records before the GERC. This is also not the first time such vague and false allegations made by you against my clients, which has the effect of misleading the consumers at large. In past also, you made such defamatory allegations and when my client issued a notice, you conveyed that you would not indulge into such allegations without verifying the facts.
5. Further, you did not even seek a clarification or verification of the factual position before making these baseless allegations in name of Energy Expert. A mere verification would have clearly indicated the following

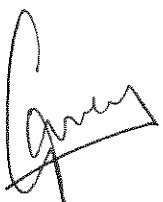


- (a) The increase in variable cost for M/s Adani Power Limited from Rs. 1.71/- per unit (Q2 of 2018-19) To Rs. 2.71/- per unit (Q3 of 2018-19) has nothing to do with any pending matter before the CERC. The increase in the variable cost is on account of change in law provisions as already approved by the CERC and for other payments made towards previous period pursuant to orders passed by the CERC/Appellate Tribunal for Electricity.
- (b) The procurement of power by way of Scheduling on real time basis is governed by way of merit order principle. By following such principle, the generator having lowest variable cost is first scheduled irrespective of the ownership of the generating station. No generating station is deliberately backed down contrary to the merit order principle. All these issues are also subject to regulatory supervision, in which proceedings you regularly participate. The Plant Load Factor would vary depending on the variable cost of respective generating station.
- (c) GUVNL has signed a PPA with M/s GMR under a flexible coal utilisation policy of Government of India at the rate of Rs. 2.81/- per unit. However, what appears to be considered by you is the short term power purchase by my clients from all sources which works out to Rs. 4.09/- per unit, resulting in the allegation of additional burden of Rs. 254 crores. This is factually erroneous as actual payment to M/s GMR was at



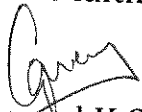
the PPA rate which could have been verified with my client before making such allegations.

6. The newspaper articles, which apart from being baseless and false, are also without understanding the functioning of the electricity industry, the regulatory supervision of the activities of my clients and nature of power purchases made.
7. My clients are all regulated entities under the provisions of the Electricity Act, 2003, subject to the supervision and regulatory control of the Gujarat Electricity Regulatory Commission (GERC), which is an independent regulatory authority. All power purchases made by my clients are subject to regulatory approval and prudence check by the GERC. Only upon the prudence check and satisfying itself about the power purchases made, the costs of such power purchases are allowed to be recovered in the Annual Revenue Requirements and retail supply tariff from the consumers.
8. It is also a well-known fact that my clients are amongst the best performing licensees in the entire country and the supply position in the State of Gujarat is one of the best. My clients are providing round the clock electricity to all its consumers at affordable rates, which need to be appreciated. In fact, my clients have gone out of the way and proceeded to procure power even from short terms sources by undertaking competitive bidding/power exchanges to meet the demand in the State rather than imposing power cuts.



9. Despite the above position, you have been making erroneous statements, vague and false allegations and wrongfully tarnishing the image of my clients, including the news article mentioned in para above. The said actions of yours have caused substantial loss and prejudice to my clients including loss of reputation and goodwill. The statements issued by you, amongst others, amounts to defamation for which you are liable to be proceeded against.
10. In the above facts and circumstances, I hereby call upon you to withdraw the statements made in the news article and further issue a public unconditional apology in the same newspaper to my clients.
11. It may kindly be noted that this is the last and final notice to you giving opportunity to restrain from publishing incorrect, baseless articles in the newspaper defaming my clients, failing which my clients would be constrained to initiate appropriate legal proceedings at your cost and risk.

Yours faithfully,



(Anand K Ganesan)

Partner

MSA Partners